Evening Briefing
Back to School
Wednesday 9 September 2015

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Moderator: Lisa Scharfenorth, Eversheds
Speakers: Dr Angus McIntosh, Real Estate Forecasting
Charles Tillett, GSK
Matthew Flood, LandSecurities

September is back-to-school-time, after the long summer break, so it seems a good opportunity to look once again at our profession. What is new in the curriculum? What are the new hot topics? What's changed over the summer? And do you want to stay ahead of the curve?

We assembled a panel of experts to lead our evening briefing meeting, kindly hosted by Eversheds in their office, just off Cheapside, with an impressive view across the rooftops of the City of London.

President elect **Philip Cohen** introduced the panellists and reminded us of upcoming events before **Lisa Scharfenorth** of Eversheds, standing in for Helen Thomas (originally billed as our hostess but unavoidably called away), introduced the panellists each of whom was to have 10 minutes to fill us in.

Angus McIntosh was first off with the economist's perspective. Giving a brief overview of recent economic history - from fluctuating oil prices to economist theories (not governments) including current monetary disciplines - he described how we have got to where we are now. How QE loves real estate and how that has led to inequality: a world, which more resembles the 19th than the 21st century, with savers being punished, and owners of bricks and mortar rewarded. And while the economy is growing, manufacturing is not, employment growth is slow but mainly due to self-employment increasing, chiefly among the over 50s - the generation which has it all. We and Government should, he said, be investing in the north of England. For occupiers the challenge is the same: facing the triple of relocation: property, people and technology. Instead debt is the elephant in the room, technology is a driving force for change but property remains a much safer investment bet than equities or gilts.

And following on, **Charles Tillett** the director at GSK responsible for decision support and risk management, across the real estate function, gave us an idea of what all that meant in real terms. GSK, he said, over its three main divisions had traditionally followed a high margin/low volume strategy. In the last three years this strategy has shifted to one of increasingly low margins, high volumes with many consequences felt across the business. With operations in 100 countries worldwide, and an operational platform covering R&D, manufacturing, and sales, the changing demands being placed on this diverse portfolio are requiring an increasingly enterprise-level approach. In response the RE function is responding with an increasingly sophisticated model providing higher value added services across the platform.

Finally **Matthew Flood** of Land Securities provided the developer's perspective. Faced by a combination of challenges from the economy and the market, the trends are exemplified by GSK. Putting the customer at the heart of buildings has led to a change of ethos he said, quoting Martin Sorrell: 'A company's biggest asset leaves the building at 6pm every evening'. Changing geographies means that traditional 'silo areas' are being revised - Amazon is moving into the City and hedge funds are leaving Mayfair - and there is a greater focus on working environments and practices. Occupiers will pay for the right product - but what is the right product? And, given the length of time between initiation and completion, who is the end user going to be? LandSec is aiming to answer part of the question by providing a vibrant public realm at ground level and roof-top terraces because key for occupiers is keeping their talent and if the developer can help by providing quality of place so much the better. Developers, he pointed out, need to be alive to these trends, embrace change and deliver customer service.

Questions and answers were followed by more networking and conversations which lasted long and were amply supported by Eversheds kind hospitality.

A most informative evening.

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