

The Voice of the CEO - post Brexit and the US presidential election

Thursday 17 November 2016, Lloyd's, Lime Street, London EC3

Host: Philip Cohen, president, CoreNet Global UK Chapter
 Moderator: Clemency Burton Hill
 Speakers: Jo Allen, chief executive, Frogmore
 Ilaria del Beato, chief executive, GE Capital UK
 Guy Grainger, EMEA chief executive, JLL
 Chris Watling, chief executive, Longview Economics



This event was a double treat for both members and non-members - the chance to have a look inside the iconic Lloyd's building in the centre of London's financial district, and to hear at first hand from three leading CEOs in real estate and banking just how the shock vote to leave the EU and the US presidential election will affect their strategic thinking and decision making going forward.

The session was introduced by UK Chapter president **Philip Cohen** who in turn introduced us to an impressive panel: **Clemency Burton Hill**, the BBC broadcaster and journalist, and question master and moderator for the morning; **Guy Grainger**, ceo at JLL for the EMEA region; **Jo Allen**, ceo at Frogmore; **Ilaria del Beato**, ceo at GE Capital UK; and finally **Chris Watling**, ceo Longview Economics.

Kicking off the event, **Chris**, who founded Longview Economics in 2003 to provide analysis and commodity research, led us at a brisk canter over the post referendum landscape, by which he is really excited. 'Global politics are changing', he said, 'and this is for the good in the long term', drawing parallels between the Brexit vote and Trump's election. Which Trump emerges is important - the campaigning or the conciliatory version is the question? 'He is growth friendly, he may well ditch the wall and not raise tariffs as much as feared.....The markets are rising again and Trump may well prove more of a Reagan than a ranter.' As to Brexit: the concerns over negotiations are in his view overrated; in the long term corporate tax rates could be cut dramatically - the EU is not a free trade area but a regulated employment union and 60% of the European service sector is particularly heavily regulated. Finally the eurozone cannot survive without full political union. 'There are opportunities outside the EU' he said. 'Channelling savings into mortgages is unproductive, properly savings should go into investment. Changes to the central bank and the monetary system offer us a massive opportunity.'



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It soon became clear that the rest of the panel were not entirely in agreement with this glowing view of the future. While **Guy** was cautiously optimistic ('in seven years' time London and the UK will be fine') he did note that transaction volumes had reduced by 40% and decisions on new office relocations had virtually stopped - possibly waiting on the results of the French and German elections next year? Meanwhile **Jo** described the Brexit situation as 'like driving through fog' - but noted counter-intuitively that the investment market is currently 'red hot' with international capital flooding the UK market, 'because it's seen as a safe haven?'. And **Ilaria**, who runs a regulated bank, told us that corporate customers from the mid-market upwards are demonstrating uncertainty and a lack of confidence - 'we are not lending because no one wants to make a decision'.

Asked if there was much evidence of re-location from the UK, again the response was mixed. There seems to be a problem for the financial services industry over passporting, though Chris thinks this overstated, and certainly the alternative cities (Dublin, Frankfurt and Paris) lack the infrastructure (material and cultural) and talent of London. Ilaria said she believes banks may have to take out separate licences in Europe. Jo said there are limited alternatives in terms of quality of space while Guy said he thinks technology will come to the rescue.

And to the question 'What about current actual occupiers?' the response was equally mixed. Jo finds that 'supply lines are quite tight - there is no oversupply', there is 'not enough new space..... the development pipe is being turned off', while Guy pointed out that the property industry 'is always on or off'. Speculative developments on hold, he said, leads to refurbishments becoming more prevalent. Brexit plays a role in this he thinks but more important are the changing demands of the workplace seen by the success of cities such as London, Birmingham and Manchester. Jumping in here, Chris said he believes that this is encouraging as it demonstrates flexibility and that the real risk post-Brexit will be bad choices by the government. To which Ilaria commented that while she is fearful for the US under Trump, at least the Senate and the House of Representatives will provide some sort of moderating brake on more extreme policies.

Finally Clemency asked whether a twin-track Europe could encourage Britain to rejoin the EU, to which the general response seemed to be that Europe is probably in for a rocky ride, politically and economically, and that perhaps the UK is better off out, at least for the time being.

After a brief Q&A session the meeting broke up with, for those lucky ones who had signed up in time, a tour of the world famous Lloyd's trading floor, the Underwriting Room, with its mix of old and new, and a quick trip up to



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the top floor in the external glass lifts which give a stunning view of the London skyline.

A really terrific event confirmed by comments from members afterwards:

'It was one of the liveliest and most captivating panel discussions I have been to in a long time with the CEOs presenting real insight into their challenges ranging far wider than just property. The economist was incredible in his delivery and content as even I could follow the logic.'

'The event at The Lloyds Building was superb. A real insight into how political, financial and market forces are influencing our real estate industry. The speakers were of the highest calibre and it was exactly the type of event that helps inform senior members of our industry what may lie ahead.'

'The tour of the building was excellent. It was led by a retired Underwriter who had worked in the actual building for over 35 years so understood how the estate works for the insurance industry, which was nothing like the typical FM/RE tour. Absolutely fantastic "behind the scenes" type tour.'

'Great way to spend the morning: Event was informative, insightful, interesting & indulging.'

'The tour of the Lloyds building was far more fascinating than I had expected and had me regaling my family with nuggets of history for the entire evening.'