CoreNet Global UK Chapter

Breakfast Forum
Predictions and Resolutions
Thursday 9 January 2013

Resolutions and Predictions 2014
Thursday 9 January 2014, PwC, 7 More London Riverside, London SE1

Introduced by: Neil Austin, RBS, UK Chapter President
Moderator: Ian Smith, CBRE, past president UK Chapter
Speakers: Dan Bayley, head of Central London Offices, BNP Paribas Real Estate
Gerald Kaye, Development Director, Helical Bar
Nick Giraudeau, Global Head of Portfolio Optimisation, HSBC

A wet January morning saw CoreNet Global UK Chapter members assembled for what has now become an annual event - the Predictions and Resolutions Breakfast Briefing - this time courtesy of PwC in their new building on the Thames beside Tower Bridge.

A strong turn-out of around 100 settled in, to be welcomed by UK Chapter President **Neil Austin** who reminded us of a few important forthcoming dates. He also told us, to a cheer, that the UK Chapter membership is still increasing and is now almost 700.

Chairing the meeting, **Ian Smith**, ran briskly through the AGM before introducing the speakers and the main topic of the morning. Predictions, he pointed out are notoriously difficult. However listing some of those from 2013 there seemed to be a fairly good hit rate: benign economic outlook, elusive recovery, inputs costs rising, and significant tenancy leverage all proved right. On the other hand there has been no ‘austerity-led drift to the fringes’, nor any marked rental growth.

For the agency community, **Dan Bayley**, described what he saw as a steady recovery since 2010 in central London, followed, in the last 18 months, by the Thames Valley and finally, towards the end of 2013, the regions. The biggest deals in London have been with media and technology businesses (News International and Google) - not escaping to the fringes but merely moving out of the centre - while outside London the only centre with a real ‘tecchie buzz’ is Manchester. His resolutions: advising pragmatic sustainability and planning ahead, his prediction: that Stratford will be the regeneration centre of the year as far as urban mixed-use developments are concerned.

Speaking as a developer, **Gerald Kaye** agreed that there had been a more positive outlook in 2013 with signs of an improving economy on which the US is leading the way though the eurozone is still notably sluggish. Politically he predicted that UKIP will achieve second place in the May European elections and Scotland will stay in the UK. In property he noted steady rental growth with rent-free periods coming down. Development is taking place not at the ‘fringe’ but in ‘villages’, Cross Rail is changing the dynamics - Kings Cross is commanding higher rents than the City. Construction costs are rising and there is no capacity so landlords are in the ascendancy.

Finally **Nick Giraudeau,** as the occupier, gave us his predictions with reference to HSBC as an international bank with long standing links to the Far East. Discussing bank branch formats and footprints he pointed out the huge change in customer interactions with bank and branch. Increasing internet access and a drop in actual visits to branches is a clear trend and CRE is helping define formats to deal with this.

Looking at rightshoring he described the massive opportunities HSBC and others are finding in China, a primary area for knowledge based businesses. Finally looking at workplace evolution he told us that one size does not fit all, that multiple workplace strategies can take advantage of technology to improve space utilisation.

Summing up, Ian said Dan seems to be advising us to move to Stratford, Gerald to move to urban villages and Nick to back HS2. Several predictions regarded England's success or otherwise in the world cup and Andy Murray's success, or not, at Wimbledon.

The Q&A session covered growth, changing attitudes of landlords, returning 'talent', the status of the corporate finance director and the British market in the global context. On which, fired up, we departed to face the new year.