

## Bringing world events back to London

Wednesday 25 January 2017

Savills, Margaret Street, London W1

Moderator: Philip Cohen, President CoreNet Global UK Chapter 2016

Speakers: Penny Mordaunt, MP  
Chris Urwin, Aviva  
Julian Lyon, Savills

The Predictions and Resolutions Breakfast Briefing has become a UK Chapter standard. Every year we find three individuals prepared to provide us with their take on the property world, from the point of view of the occupier, the landlord and the agent.



This year the format was changed slightly as we were lucky enough to have enrolled **Penny Mordaunt, MP**, Minister of State for Disabled People, Health and Work, to give us the government view, alongside **Chris Urwin**, who leads Aviva's global real estate research team, and **Julian Lyon**, a director in Savills' worldwide occupier team.

Our outgoing president, **Philip Cohen**, was the moderator for the morning and introduced each of the speakers before running us rapidly through the formalities of the annual AGM. Official business over it was on to the main event.

Because **Penny** had to be back at the House of Commons she had the first turn and kicked off by predicting uncertain times ahead, with Brexit, Trump and China looming large. On Brexit she did reassure us that a lot of preparatory work had been undertaken before last June's referendum; on Trump she pointed out that his presidency offers the opportunity to reset relations with Russia. Further she was not able to comment as her 'boss', the prime minister, was about to visit the US. On other topics she was much more forthcoming. As the Minister for Disabled, she has a remit which crosses all departments, and she is particularly keen to improve employment and life prospects for the mentally disabled, who being less visible, are often less understood than the physically disabled. She is working on a Green Paper, currently out for consultation, which is looking at how employers can improve access to work for all types of disability. On disability access she pointed out that only six of the premier league football clubs currently provide disabled facilities; on the Equalities Act she noted that proposed changes will lead to improved access to public transport. Finally she turned to entrepreneurs, many of whom she said, are providing workable solutions to their own disabilities and need to be encouraged. A brief Q&A session based around help for employers in terms of capital allowances and access to buildings and she had to leave. A fascinating insight into the life of a minister.



**Chris Urwin** then took over to provide us with the investor's perspective. First, on Brexit, he noted that market conditions seem to be currently more favourable than had been feared. However a Hard Brexit could threaten us with 'Little Britain' and a long hard slog. Central London would be

the most exposed with the inevitable loss of jobs, regional office markets would suffer less. The impact on the retail market is already beginning to show, through higher prices, and an increase in the CPI, while wages remain static, squeezing consumer spending. The labour market is showing signs of slowing with retailers especially hit (see above) though logistics still seem to be in good shape. On Trump: he noted that the President creates uncertainty in two ways. Firstly we don't know what policies he is going to enact. Secondly we don't know how long he is going to be around. This uncertainty affects global markets, an uncertainty added to by the forthcoming elections in France, Germany and the Netherlands. The global economy is however in a better shape than 12 months ago and the European economy has just had four good quarters. As far as real estate is concerned, we need, he said, to concentrate on realities - focus on what really matters. Are there too many shops? And what about offices when 35% of jobs are at risk of automation over the next 20 years? As he sees it, Cambridge, Manchester and London are hotspots driving the growth of the knowledge economy. But in his overall view 2017 is not going to be easy and investors need to remain focussed on the long rather than the short term.



Finally **Julian Lyon** pointed out that while the triggering of Article 50 will lead to a two-year process of withdrawal, it will take 10-20 years to analyse its success or failure - will the UK end up as a northern version of Hong Kong or a pariah state? In the meantime, he noted that, especially for real estate occupiers, London, Washington and New York are key locations and where the battle for talent is the number one concern. In the London market the shock of Brexit has caused a medium term hiatus - occupier costs are ratcheting up, surveys chart clients reducing property holdings or staying put - all of which tend to show that

the current recovery could be fragile. In manufacturing for instance in the automotive industry currently strong in the UK, the weaker pound makes UK labour look cheaper than France or Germany, but productivity needs to improve if we wish to stay in the game. For corporate occupiers he foresees an improvement in choice and a stabilising of headline rents, a greater sense of responsibility towards disabled workers (echoing Penny Mordaunt), a greater interest in the happiness of workers and a productivity gap between private and open plan offices. His predictions included a revaluation of business rates, accelerating changes due to incoming lease accounting rules and improving technical innovations. His resolutions include improving access for the disabled, and fixing Guildford town centre.

**Philip Cohen** then took over as moderator of the Q&As, first asking us all a question that completely stumped us. Who predicted, in 1917, that 'this year must surely be better'? - it was of course Tsar Nicholas of Russia. 'We hope' he said 'that 2017 is a great deal better for us than 1917 was for the Russian royal family'. Philip then gave his not too serious Predictions and Resolutions for the year. He hoped that his first prediction did not come true: that Marie Le Pen will win the French Presidency elections. His second prediction was that Leicester City will become the first winners of the Premiership title to be relegated the next season and his third was that there would be advances in medical science which will enable three parent babies, with the first successful triumvirate being Donald Trump and Vladimir Putin who will jointly impregnate Katie Hopkins - the resulting spawn will be named Damien who will go on to be the new leader of UKIP ! With regard to his Resolutions, Philip said that he intended to spend more time in the office... whether that be in the office in the City or the office at home, just more time actually in the office ! And his final resolution was that any presentation he gives or event he facilitates this year he will not mention the words Tottenham Hotspur... so he failed that resolution immediately!

Lastly it was the official hand-over to the new UK Chapter president for 2017, **Ben Johnson**, who thanked Savills for hosting this most successful event (over 100 attended). He also thanked Philip

for the drive and enthusiasm he had put into restructuring the Chapter's executive board and committees, keeping the Chapter at the fore front among CoreNet chapters worldwide. He introduced us to the president-elect, **James Crisp**, and the new chair of the Chapter's Young Leaders **James Rawdon-Mogg**, as well as noting the promotion of **Christina Sigliano** and **Sam Pickering** to join the board, before thanking those stepping down: **Will Colthorpe**, **Adam Hoy**, and **Robin Harris**.



At which point we thanked everyone in the traditional way and gradually departed to face our own predictions and resolutions for 2017.