



# PREDICTIONS AND RESOLUTIONS 2024

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**A CAUTIONARY TALE WITH  
AN OPTIMISTIC TWIST**





# MEET THE **SPEAKERS**



**SUSANNAH  
STREETER**  
GLOBAL FINANCIAL  
COMMENTATOR



**CHRIS  
KANE**  
EVERYTHINGOMNI



**JANE  
MUIR-SANDS**  
HSBC



**ADAM  
HOY**  
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(Moderator)

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# INTRODUCTION



Global financial commentator Susannah Streeter joined CoreNet's annual Predictions and Resolutions event, to give the keynote speech. As she is often asked to do, she gazed into her personal crystal ball of expertise and presented her take on the state of the market in the year ahead. Susannah was joined by a panel of industry leaders who contributed to the discussion, Adam Hoy, GSK and CoreNet UK Chapter President (Chair), Chris Kane, EverythingOmni, and Jane Muir-Sands, HSBC. The below reports on Susannah's keynote speech, with comments from the panel included throughout.

Laura Berman, AHMM and CoreNet UK Charity Committee Lead, reports.



# PREDICTIONS & RESOLUTIONS

While the past few years have been full of cautionary tales, the data is indicating that the global economies are showing a cautious optimism about the future. In fact, in some of the financial markets there has been somewhat of a wave of exuberance. On the face of it, this might seem irrational. Interest rates are stratospheric there is continued war and violence in Ukraine and the Middle East, the World Bank is warning of another global slowdown, and looming threat of climate change creeps ever closer. Not to mention that in 2024 more that 70 countries are going to the polls, including the US and the UK, which could send waves of volatility across the financial markets. And yet, markets such as the S&P500, Dow Jones, and NIK are reaching record highs.

**“The pandemic and the geopolitical shocks that we’ve been faced with over the past couple of years are real cautionary tales. You can’t simply look at history to find out what’s going to happen in the future, but the data is indicating certainly a bit more cautious optimism.” Susannah Streeter**

But there are only a handful of stocks propelling the market, namely the ‘Magnificent 7’[1] tech giants: Apple, Amazon.com, Alphabet, Meta Platforms, Microsoft and Nvidia. The two main drivers fuelling these market gains are the expectation that interest rates will fall and the frenzy for all things AI. However, not all industries are experiencing these heady highs, and the real estate market is certainly one that isn’t.





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## Even within a financial storm, there is shelter

Investment in commercial property has fallen to a ten-year low, labour costs are at a high, energy prices could go even higher, and rising inflation has impacted everyone. The underlying causes of inflation, such as high wage growth and core inflation, are easing off again. So, there is hope, in the form of rate cuts, on the horizon and although we don't know how soon this will happen it should provide more stability for the property sector.

In January, business recovery specialist Begbies Traynor published a 'Red Flag Alert'[2] confirming that 47,000 companies are in critical financial distress, 30% of which were from the property and real estate sectors. "But even within a storm", Susannah reassured, "there is shelter". Companies that have recurrent revenue from reliable sources of income "provide a potential bright spot, even in times of volatility". The property sector is therefore more resilient, particularly residential property as there is still a high demand for good, affordable housing.



Retail, unfortunately, is not faring so well. The sector is going through a period of consolidation as sales volumes continue to fall. While towns and city centres are taking the brunt of the damage caused by the hybrid working revolution, suburbia is surviving. Out of town shopping centres and retail parks are seeing more footfall and more Greggs[3], while consumers' need to get goods as quickly as possible (without leaving the house even for a vegan sausage roll) is driving the ongoing demand for logistics hubs.

**"In terms of how we use, consume, invest, build, and construct commercial real estate, Covid has not only changed the game, it has changed the entire stadium."**  
**Chris Kane**

Clearly, we have to work harder to get people back into the office to help our towns and city centres. While workplaces offer opportunities for collaboration and creativity, they don't always enable efficiency. In fact, the flexibility that working from home affords has allowed women to work more hours than they did before the pandemic [4]. Having previously been victims of the 'good daughter penalty' or 'motherhood penalty'[5], women can now build on their financial resilience and, subsequently, help to close the gender pay gap and the gender pensions gap.

This pattern can be replicated across society, but flexibility is crucial and we have to create the right spaces to support this. There is an opportunity for our industry to bring fresh ideas and utilise new technologies to find the solutions.



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## Taking with one automated hand, and giving with the other

We can't talk about new technologies without mentioning the advent of AI. On the one hand there is excitement about how AI is going to revolutionise the world, but on the other hand there is concern about AI replacing people's jobs. For now, AI can't lay a carpet, but it can smooth out the production process. With large, reliable data sets that are available in the real estate industry, AI could act as a co-pilot for roles such as architects and engineers.

"Stop thinking just about real estate in terms of workplace strategy, facility management, design and take a leaf out of Leonardo Da Vinci's book 'realize that everything connects to everything else'."

Chris Kane

When Susannah asked the audience who they thought which country would be the biggest beneficiary of AI, answers included India, Taiwan, and France. In fact, in 2023, Capital Economics ranked the US, Singapore, and the UK as the top three countries that will benefit from AI[6]. The US is already home to powerful tech giants and it has the ability to attract the best talent from around the world. The small but mighty Singapore is always innovating and using the latest technology to get ahead. Not only that, but they are also able to adapt and diffuse technology at speed. On home turf, while the UK is still weighed down by Brexit and a sluggish economy, we are able to innovate, attract talent, and diffuse technology. Not a bad position to be in! The absence of China at the top of the list might also be a surprise, but it actually places way down at number 18.





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China's heavy investment into AI is hindered by obstacles that prevent the adaptation and diffusing of technology, such as the authorities cracking down on new tech forms and the chip wars with the US. This may signal the dawn of two spheres of influence, which might result in political fractures. However, the knock-on effect of this is a wave of reshoring that would bring opportunities to the commercial property sector as manufacturing hubs are brought closer to home.

**"We cannot run buildings to give us predictive maintenance and insights if we don't actually understand and haven't got the data from across the building management systems." Jane Muir-Sands**

On a more local scale, AI and automation is already changing our day to day lives. But the proverb "more haste, less speed" might have come to the minds of supermarket bosses when they realised that the increase of self-checkouts correlated to a rise in theft [7]. "Rather than being a panacea and a cost cutting drive for supermarket chains," Susannah says, "it is causing them more of a headache".

Those same supermarket bosses might look over to the coffee shops and wonder what is causing their recent flush of popularity, especially in light of the soaring cost of both living and a flat white. The answer lies in us, humans. Not only does an isolated shopping experience make deliberate theft and accidental pocketing of a tube of toothpaste more likely, but it also makes you feel lonely. While some of us might like the speed of whizzing through a self-checkout, for many people the lack of social interaction can be damaging to their wellbeing[8]. Human interaction can lift your spirits in a way that a robotic voice saying 'unexpected item in bagging area' just can't do. Can the property industry breathe life back into the retail sector?



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## A climate crisis catch-22

And talking about life, the topic of our planet's future can't be glossed over. The Arctic is experiencing climate change four times faster than the rest of the world, with serious impacts on the region's environment and economy. As the polar ice melts, new shipping routes and areas of economic exploitation are opening up. Resources previously protected by the ice can now be accessed[9], such as minerals that are needed for electric vehicles.

**"The macroeconomic cost increases and global uncertainties are creating very real challenges that we are all facing every day. We have to look at how we offset these, to provide fabulous experiences and innovate in order to do this." Jane Muir-Sands**

While the Arctic landscape feels the heat, so too do the communities near the equator: four out of five people who will experience the effects of climate change will be in Southeast Asia. The innovative Singapore is not only building the new Terminal 5 at Changi Airport five and a half meters above sea level[10], but it is also planning to raise the entire city state, investing in drainage and flood protection infrastructure, and researching nature based solutions[11]. Real estate companies have opportunities to invest in Asia to support this type of development, and similar opportunities will flow back home to the UK as natural disasters such as flooding events happen ever more frequently.

**"When you are managing global portfolios, you have to be on the forefront and manage with resiliency."**  
Jane Muir-Sands

## Reasons to be cheerful

While Susannah's outlook might seem pessimistic at points, she considers herself a "glass half full kind of person". Interest rates will be coming down, and the UK economy has proved resilient in the face of crisis before. And while the property industry has a difficult road ahead, the optimists and trailblazers among us will also see the opportunities that these challenges undoubtedly present.

**"All of these changes—technological, ways of working, and climate—are going to be extremely challenging but they also present a lot of opportunity."**  
Susannah Streeter



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