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Speaker 1: Hello everyone. We're celebrating MSCI's 40 years of real estate indices globally. I am Varun Malik. I am the head of client coverage for real estate, for Asia Pacific and I have with me Sigrid Zialcita – CEO of APREA. Sigrid, welcome. Let's get stuck in. When did you start working within the real estate industry? How did you get it and what was your first role?

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Speaker 2: Sure, well, I started working in this industry, Varun, right after I completed my graduate degree in Economics in 1998, I was actually in the United States at that time. I took a job at Price Waterhouse Coopers in New York city. I was an associate at their gaming and hospitality industry services. I worked with a lot of US hotel leads at that time and as well as some hotel equity analysts at large investment banks like Barrister, when it was still in existence and Goldman Sachs. Afterwards they moved to Washington DC, after the 09/11 attacks, eventually ended up working for Cushman and Wakefield where I saw the transformation in Real Estate.

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Speaker 1: And when, and what did the investing in real estate look at that time?

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Speaker 2: At that time, I would say that real estate was still taking off. Rents and prices were all going up in the US pretty much across all the markets. The landscape at that time was very buoyant. Lots of jobs were being created across the United States and one differentiating factor that the US markets had, compared to the rest of the world, was transparency. There were databases that contained historical information and all of the good things that we wanted to send this feed transactions data, all the details that we create for, and as a real estate economist, it was really a dream job for me. I had the ability to do lots of forecasting, about the markets, and able to help the firm in terms of, and clients that we had at that time, in terms of having, like, making that decision in terms of the rents, what to ask for, is it the time to buy or build, all scenarios for possible.

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That's because ditto were at our fingertips. However, one thing I would say was that real estate, very much locally focus, and I think this is also true for the rest of the world. There were foreign investors, you know, I do recall that, but their foray into real estate was that it was, was not as significant as we have today. I've seen some investors coming from Europe, Canada, of course, and some big investors from Korea. And, afterwards, you know, I moved to Asia, so, I move nine years ago. And this was actually because of Cushman and Wakefield deciding to expand its footprint, out here in Asia Pacific. I set up the research and consulting firm for a C&W. With the intent of having to replicate what they had in the US at that time.

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That was really a tough assignment. The region was not used to something like having to use databases, sharing of information was not really something that people embrace, not to mention that each country had a different system of tracking our real estate. But things have slowly changed, you know, since then, real estate has become global. There were many things that contributed to this, low interest rates, which we've had for the longest time that have sustained the search for yield. And that meant capital went everywhere. Many countries also opened their doors to foreign investments, as a way to actually grow their economies. And that meant also having to remove some of the hurdles or some of the things that the bottlenecks for investments, essentially creating a more business friendly environment.

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Speaker 1: What would be, you say the biggest role that in an organisation like APREA that you represent, plays across the different topics we've discussed today?

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Speaker 2: So, you know, APREA, as an organisation for the investment community, you know, we represent, all investor groups, including REITs real estate investment trusts. It is important that we are able to be the, to protect the interest of all our stakeholders. Okay. And how we do that, as a champion for this industry, a few things, you know, we try to make sure that we improve the cross border investment - lobbying, working with the government, making sure that we have ground rules for doing business that would level the playing field for everyone. Second would be removing barriers to entry barriers to doing investments, especially in the real asset sector. A third thing would be the sharing of information, you know, Asia we're still make, we are improving, but we need to, to embrace that, kosher of sharing best practices, elevating industry standards that promote the industry transparency, and as a group, for the investment community and a trade body for the investment community, we try to make sure that those things, you know, we actually work for.

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But the other thing too, Verun, we also care about diversity and inclusion. It's one of the things we are passionate as an organisation, real estate is global today, right? But we have, for us to be able to achieve, to achieve longterm growth and prosperity. We need to be able to co-exist in a way that we are respectful of all our cultural differences and differences in general. We have so many countries in this region across the world we have to work with, and we are only able to do things and work together if we actually embrace both diversity and inclusion.

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Speaker 1: So Sigrid, in your opinion, what has been the most profound change to investing in real estate since your move to Asia?

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Speaker 2: I would see real estate has become more global in nature today. Many things have contributed to that. Low interest rates, that have fuelled the search for yields across the world. And capital went in every part of the world that was possible. Many also have opened their doors, you know, at foreign investments, we've seen countries kind of, remove some of the policies that were a deterrent to foreign investments, Reid regimes were recreated. And also with that, I thought what was interesting was that we've also seen the race of the institutional investor, ownership in Asia, before all of this happened was really close to a few. Okay. The big names, the big families who own big chunks of real estate in Singapore, in Hong Kong, in China, Japan, you know, the usual big companies, but when we had real estate increasingly changed its ownership because capital was flowing everywhere.

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What we've seen all as is the rise of institutional ownership we've had, we've seen like pension funds, insurance companies. You've got REITs as well. We've got family offices that essentially demanded transparency and other things, you know, that they were used to. So it kind of like changed how we do real estate in this part of the world where everything was like, being kept, we had our own way of doing things, but now there was a much more sophisticated way of doing things because there has to be a way for this organisation to be able to build their portfolios across geographies, but at the same time in a more sophisticated manner.

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Speaker 1: Right. And, Sigrid, I guess, it's building on that point. What do you think this geographical diversification has brought or will bring to the industry as we look forward?

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Speaker 2: Okay. Well, it's a good question. The first one, okay. For geographical diversification, it's always good to have it because each market is different. If you look at the Asia Pacific - Singapore, Hong Kong, Japan, Australia, we all have different market dynamics. So as an investor, you got to have the diversification to build a resilient portfolio. And it also makes sense not to have any bias by the way, towards your domestic market, because I'm speaking here in Singapore, there are not too much assets that you can acquire, right? Ownership here is very concentrated when people buy they tend to, to hold on to the asset for very, very, very long time. I think our transaction velocity here in Singapore is quite low relative to other markets. Right. And it's also true for some of the markets we have in Asia. So product availability is one.

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Okay. So we have no choice. Many of the investors really have no choice, but to go overseas and look for opportunities. The other thing too is pricing. Because of limited product availability in many of these markets, pricing can be out of reach for many investors. You look at our gateway cities here. Our prices are among

the highest in the world, and it's not a surprise because their rents too are among the highest in the world. Right? So what we're seeing is that a lot of these Asian investors are really looking everywhere for opportunities, you know, it can be the US it can be Europe. It can be any part of Asia, but what we have seen, by the way of, which is quite interesting for Asian investors, you know, we've seen, cross border investments in our part of our region, really escalate over the last five years.

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And the factors are low interest rates. You know, you've got, again, better governance. You also have more business friendly environments that are fostering this kind of confidence, but not to mention, do I think you've got more sophisticated investors today. Singapore investor has been, I think, ahead of the game compared to the rest of Asian investors when it comes to overseas investments, but the Chinese also have caught up, you know, they were the first, the second ones, to go outside of a region to make all of these massive bets. Right. So we're seeing a lot of that now, and in Hong Kong as well, in Australia, but then again, because of what we have is not enough,

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Speaker 1: You know, with all these good things about growth and urbanisation, what do you think is the biggest challenge that's facing real estate in the future? And I asked this specifically around what role may real estate data play in combating these, especially as it relates to markets like China?

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Speaker 2: That's a tough question. There's so many challenges, but I think the ideal that everyone wants to have, or to see, okay, is to have a built environment, okay. That is efficient, that's safe, it's smart, healthy, and sustainable. So five attributes, easier said than done, but I think possible. The role of real estate data and analytics is really crucial in building this kind of environment. I think with the appropriate technology, we're seeing that now many have the platforms to be able to collect information, and more important, to synthesise information that allows us to make better choices, better decisions, you know, in terms of what product to build, in terms of what kind of tenant mix to have, and you know, pricing, and also what will make people safe. But more importantly, I think this will also cultivate investor confidence, which we need. Because investments, at the end of the day, will be contingent on, are people confident? Do they have some form of certainty when they make investments? Because people don't like... there's an aversion to investing when it's uncertain, when things are not transparent. So there is definitely a need for better information, because it allows us to make better decisions, better and informed decisions.

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Well, Sigrid, thank you for your time. It's been a humbling and insightful chat. I look forward to these in the future. Take care.

