

Real Estate Trends 2020

Speaker: From abstract to urgent: Why climate risk is today's priority. Is your property portfolio fit for a society that is decarbonizing? Have you considered how attractive your properties may be in a world experiencing climate change? Beyond protecting against acute, physical risks like wildfire or even safe-guarding for longer-term, chronic risk such as rising sea levels, climate change presents a significant and perhaps more immediate transitional risk for real estate investors. Improved financial metrics are essential to embed such risk analysis into investment decision-making.

No building is an island: Why caring about the community pays. Where do social impacts factor into your investment process? Inner city regeneration projects can be beneficial for both investors and society, increasing local employment or perhaps creating more affordable housing. On the flipside, a city's social issues affect their attractiveness to potential inhabitants and may influence asset returns. Investors are increasingly keen to factor social impact into their investment decision-making.

Top-down versus bottom-up analysis: A meeting of minds. You work hard to analyze and manage specific risks to your assets, but do you ever feel like you are only seeing half the picture? With real estate now occupying a greater slice of asset-class portfolios, investors must monitor the effects of high-level macro issues such as economic growth in tandem with asset-specific risk analysis to evaluate a fuller picture.

What lies beneath: There is more to real estate performance than location and purpose. Do physical asset and cash-flow characteristics factor into your top-down strategy formation? Non-market performance drivers such as lease length or vacancy should no longer be considered idiosyncratic to individual assets and attributed to stock selection. As increasing data is generated and technology developed, many more drivers of performance beyond sector and geography will be measured and managed systematically.

Real estate portfolios don't exist in a vacuum: How market forces impact the asset and the portfolio. When it comes to your real estate investments, context is key to the perception of 'good' performance. What level of risk did you take? How much did the market buoy return? How did the real estate help diversify the broader portfolio? Answers to these questions can be found by relative market analysis within and across asset classes. To do so, real estate investors must evolve to take their data and analytics to the next level.

MSCI Real Estate Trends, what's on your agenda today?

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