2017 THE CHALLENGES AHEAD

In good old PIE tradition, we asked CEOs and heads of real estate to look into their crystal ball and foretell the future. What will 2017 hold and how will this past year be remembered?

Q HOW WOULD YOU DESCRIBE THE REAL ESTATE YEAR 2016?

EKATERINA AVDONINA
DELIN CAPITAL ASSET MANAGEMENT

This year will be remembered as a year of political shock waves. First Brexit and then the election of Trump to the White House proved that political unpredictability is now at the core of the financial system, with both events wiping billions of dollars from markets, albeit temporarily. Whilst the overall market conditions in the real estate arena have remained largely unchanged, the uncertainty around the political futures of the UK, the US and the rest of the Eurozone is now dominating both the political and economic agendas of real estate investors.

BERNHARD BERG
CORPUS SIREO

For Corpus Sireo it has been a busy and significant year. We are now fully exploiting the new possibilities that have come along with our owner since 2014, Swiss Life Asset Managers. They are being leveraged especially in the areas of new funds and investment vehicles as well as acquisitions for these products. Together with our sister companies in Switzerland, France and Germany, we manage own and third-party assets with a total value of over €62bn. We are eyeing further growth, particularly in the new fund business and are seeking to expand our activities to new countries.

MANFREDI CATELLA
COIMA

In 2016, we have seen over €8bn invested by international companies in the Italian real estate sector, with a significant 13% growth at the end of 3Q16 compared to the same period in 2015. This confirms Italy's attractiveness relative to other EU countries. We have also seen a deep transformation of real estate investors' characteristics, with an increasingly diversified base of capital committed to the market. Together with opportunistic capital invested typically by private equity investors, long-term capital has also been invested by sovereign wealth funds and insurance groups. 2016 also saw the first REIT IPO in 10 years, offering a new way to invest in Italian real estate.

PHILIP CHARLS
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

You could say it was a game of two halves for the listed European real estate industry in 2016, with a steady first six months, followed by the market shocks of the Brexit vote and Trump's election win in the US in the second half. Overall this has meant lower growth and continental Europe, at +4.0% total returns year-to-date, strongly outperforming the UK at -29%. But you have to remember that REITs are first and foremost an income story and with dividend yields broadly similar at about 3.6% / 3.4% respectively for both areas, the UK market will remain very attractive for investors.

RICHARD CROFT
M7 REAL ESTATE

A market where income is becoming the key driver of value. The reality is that in a world where we are going to be lower for longer (on the balance of probabilities), real estate is one of the few asset classes that offers sustainable cash flow. The discount between prime and secondary has continued to narrow in spite of the geopolitical upheaval or maybe because of it. The Brexit vote has had an impact on UK liquidity, but not specifically on pricing as ultra low interest rates protect against any real market distress. Conversely, Brexit appears to have improved the liquidity for most Northern European assets, specifically the Netherlands and Germany.

JÜRGEN FENK
HELABA

The year 2016 has been and still is characterised by political aspects. The Brexit was a big issue, as were the elections in the US, migration and right-wing populism. Persistently low interest rates and the corresponding investment pressure have continued to influence markets. All of this has led to uncertainty in some segments on the one hand and strong competition and an increase in risk-taking on the other. All in all, I still expect investment volumes to attain similar levels as those seen in 2015.

CURTH FLATOW
FLATOW ADVISORY PARTNERS

The year 2016 was a fast-paced, very successful year for us. There is more and more capital in the real estate market, direct and indirect. Investors' interests are becoming more diverse; in particular, the preferences for locations are expanded due to the limited availability of product in A-locations.

GÁBOR FUTÓ
FUTUREAL

Historically low interest rates and major stock markets at an all-time-high create very low investment returns and a search for yield. CEE real estate in one of the last places to find outstanding real returns. Strong capital inflows continue to the region even against the backdrop of a massive shift to the political right and upheaval in Poland. Hungary has become more interesting again and re-entered the investment map. Investment demand there is further strengthened by a re-rating to investment grade and strong activity of local institutions (open-ended funds and the central bank) as well as a massive improvement in lending conditions and the reduction of the corporate income tax rate to 9%.

WENZEL HOBERG
TRIUVA

After the record year 2015, investment markets remain very tight in 2016. Increasing competition in combination with low yields forced managers to increase speed and quality of services. The improving fundamental economic data supports the strong letting market. The impact of the Brexit vote is still unpredictable. However, Triuva was able to secure four deals in the UK in a post-Brexit market environment.

THIERRY LAROUE-PONT
BNP PARIBAS REAL ESTATE

Europe confirmed the high level of attractiveness to global investors in 2016. With a low interest rate environment, we think this will continue in 2017. The UK has been impacted by a decrease in investment volume in 2016. But the market as a whole should offer many opportunities given the post-referendum context. After some correction in terms of values, the UK will remain a key country in the European investment market. In Germany, prices have significantly increased in recent years, but this is more of a catch-up effect than a surge in prices. Moreover, rents remain pretty moderate compared to other European markets. In France, the increase in commercial real estate prices is moderate compared to the UK or Germany. Since 2015, GDP growth in France has been more robust (+1.3% in 2016), notably led by the Paris region, and employment is growing. For other countries like Spain or Italy, potential for growth is very strong.

FERNANDO GUEDES DE OLIVEIRA
SONAE SIERRA

With the arrival of new investors, with substantial improvement of the economic environment and a context of low interest rates, the general situation for the sector has been one of investment and growth. This growth was also driven by endogenous factors, including a commitment by companies in the sector to innovation and the improvement of their assets through actions such as expansions, renovations and changes of use.

DAVID PAINE
STANDARD LIFE INVESTMENTS

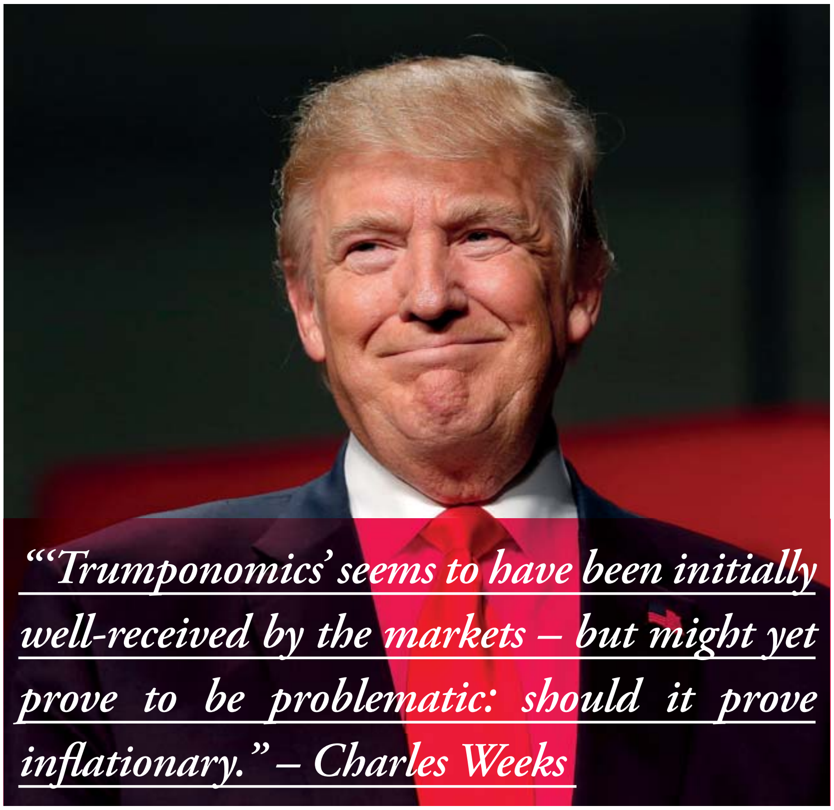
Unquestionably, a year of surprises. 2016 started with an unexpected emerging market rally in 1Q which set the tone for some further surprises

Ekaterina Avdonina
Managing Director
Delin Capital Asset Management

Bernhard Berg
CEO
Corpus Sireo

Manfredi Catella
CEO
Coima

Philip Charls
CEO
EPRA



through the rest of the year. Volatility returned to the UK market, but a more steady and predictable year evolved in continental Europe. Core markets had been slowing for a while and major political events such as the UK's EU referendum and the US election have added uncertainty to real estate markets internationally, accelerating slowdowns in those further through the cycle. However, real estate has demonstrated resilience, still delivering robust returns in general, particularly in Europe. In the face of Brexit, deal flow has held up remarkably well in the UK, illustrating London's international appeal and relative global liquidity. On the continent, deal levels have been stifled by a lack of suitable product coming to market, whilst appetite has been strong. Investors continued to demonstrate an appetite for CRE debt, despite the return of traditional players to the sector.

ANDREAS SCHULTZ
WARBURG-HIH INVEST

Demand continued strong for core properties in continental Europe continued to be strong as well as in the UK. Unexpected political developments (like Brexit and Trump being elected as next US President) have led to higher volatility in real estate markets, but security-minded investors did not change their investment strategies focusing on core assets. We also saw stronger capital migration within Europe and investors seeking additional investment in foreign countries for both market and currency diversification.

MATTHIAS THOMAS
INREV

2016 was a year full of surprises. Brexit as well as the outcome of the US elections were unexpected and increased short-term uncertainty in both the investment as well as the rental markets and impacted the flow of capital into the real estate sector. European real estate remained in a low-yield environment, driven by central banks' quantitative easing programmes. However, despite the increased uncertainty, real estate continued to be an attractive asset class relative to bonds. Shortage of prime assets spurred investors to take vacancy as well as development risks and to increasingly pursue value-add and opportunity strategies, moving up the risk curve.

DICK VAN HAL
BOUWINVEST

It would be no exaggeration to say that 2016 was a 'blow-the-lights-out year' for Bouwinvest. The hot Dutch residential investment market helped drive our returns for investors far higher than we originally anticipated. Residential assets form the largest portion of Bouwinvest's portfolio, and while we expected to improve on the very good 11% returns overall in 2015, we didn't project that we would sprint deep into the double digits this year. Our performance was also supported by another robust year for the international portfolio.

PIERRE VAQUIER
AXA IMRA

Investors continued to look to real estate for income and diversification and so the asset class had another strong year. However, it has been far from straightforward with the UK referendum and Trump's election creating a great deal of uncertainty. Despite great returns, the market has been a difficult one to navigate.

CHARLES WEEKS
BARINGS REAL ESTATE ADVISERS EUROPE

A year where we learned that the impact of shock results might not be quite as obvious as first envisaged or anticipated. That Brexit hasn't meant the immediate macro and UK property market meltdown that was automatically assumed. Similarly, in the US, 'Trumponomics' seems to have been initially well-received by the markets – but might yet prove to be problematic: should it prove inflationary, it could stoke higher global interest rates which is never great for property investors. But should a spending splurge and tax cuts boost US economic and rental growth prospects, that can't be a bad thing to an export surplus generating Europe. Of course, that also assumes the US does not enact strong protectionist policies – which is a distinct possibility if we believe the rhetoric. The concern that we have for real estate markets globally, is that nobody can be sure of the implications of these events. We also cannot be sure how these shifts might play out for other European markets that have elections approaching in 2017 – in particular France, Germany and the Netherlands. We will likely remain mired in uncertainty for a few more years to come.

SASCHA WILHELM
CORESTATE CAPITAL GROUP

The current macroeconomic environment is characterised by low interest rates and unpredictability regarding future economic, financial and political developments. Meanwhile Germany is viewed as a safe haven, due to its solid economic figures. This has led to increasing interest in investments in German real estate that provide stable and largely predictable cash flows. Therefore, we have a lot of capital in the market looking for investment opportunities, which inevitably brings along competition, especially within the core sector where we find comparatively high prices and decreasing margins. However, within the core-plus and value-add sector, we still see attractive investment opportunities with significant spreads between real estate returns and risk-free bond returns.

RICHARD WILKINSON
ERSTE GROUP

The performance of Europe's real estate markets has been solid this year, even if overall investment volumes have slipped. The single biggest game changer over the past year was definitely the unexpected outcome of the UK referendum on EU membership. By increasing political and economic uncertainty, the Brexit vote has further raised the attractiveness of the relatively high and stable income returns to be found in core real estate markets and assets across Europe. Investors are strongly focusing on prime assets, for which yields are contracting.

ROB WILKINSON
AEW EUROPE

A game of two halves? Or perhaps not in the end as markets have stabilised somewhat post Brexit and institutional appetite for real estate remains as strong as ever. The low interest rate environment and volatile equity markets are relatively favourable for real estate investors.

Q IN 2017, WHERE DO YOU SEE MOST VALUE AND WHAT WILL BE THE BEST STRATEGY?

EKATERINA AVDONINA
DELIN CAPITAL ASSET MANAGEMENT

Core income-driven strategies and value-add strategies will dominate the focus of real estate investors. Real estate returns will remain an attractive diversifier to equities and bonds. Repricing of bond markets / fixed income products and increasing inflation may lead to a decreasing allocation towards real estate assets, which in turn may have a negative impact on core pricing, which we consider to be a primary risk.

BERNHARD BERG
CORPUS SIREO

Although prices in higher-yielding segments like regional markets or outside the typical office and retail sectors have remained high in 2016, we still believe in the value of core properties in secondary German markets. Furthermore, we plan to invest in booming markets like healthcare or residential in urban agglomerations, which depend less on economic cycles but are supported by relatively stable demographic trends.

MANFREDI CATELLA
COIMA

I see opportunities in both the core / core-plus and the value-add / development sector in Italy. Cities like Milan are catching up with the most advanced European cities, which have seen huge development investments in the last 10 years. With the completion of our Porta Nuova in 2015, one of the largest projects in Europe, Milan has proven to be a reliable market for regeneration projects. Considering the expected asset disposals by various banks, public institutions and closed-end funds, we expect attractive valuations going forward as well as long-term value creation.

PHILIP CHARLS
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

The central theme for next year will be the same as ever: those listed companies with the highest-quality assets in the strongest markets and the best management teams will lead the way. An interesting area to watch in 2017 could be the fast-growing

Richard Croft
CEO
M7 Real Estate

Jürgen Fenk
Board Member
Real Estate
Helaba

Curth Flatow
Managing Partner
Flatow Advisory
Partners

Gábor Futó
Co-founder, Chairman
Futureal

specialist listed sectors including residential, healthcare, student housing, self-storage, hotels and data centres.

RICHARD CROFT
M7 REAL ESTATE

More than ever, income will be key to delivering value and in this uncertain world offers a better risk-adjusted return profile than pure capital value uplift strategies. The yield arbitrage between secondary regional real estate and the cost of senior debt is at very attractive levels and we, therefore, continue to see great opportunity and are investing significantly into well-diversified (by geography, sector and tenant) pools of regional multi-tenanted real estate across Europe.

JÜRGEN FENK
HELABA

Germany remains a sought-after, if not the most sought-after, market in Europe. Berlin, Hamburg, Frankfurt and Munich are among the most attractive cities for investors from all over the world. Alternative investments, such as student housing, hotels and retirement / assisted living become ever more sought-after and offer good return prospects. However, these investments will only be profitable if you are familiar with them.

CURTH FLATOW
FLATOW ADVISORY PARTNERS

Very clearly in investments in real estate debt. The market is becoming more diverse and offers attractive risk-return profiles for capital – be it in the whole loan or mezzanine segment.

GÁBOR FUTÓ
FUTUREAL

In my view, in 2017 the best strategy globally will be to reduce exposure to all risky assets and build a large cash cushion in light of the following risks: (i) inflation finally starting to move, bringing the possibility of higher rates and the turn of the credit cycle; (ii) the massive political shift to the right globally may result in protectionism, more conflicts and a weakening of the EU; (iii) the end of the Chinese credit bubble is another year closer.

WENZEL HOBERG
TRIUVA

Focus on your strengths. The very competitive market might tempt managers to search for alternatives, e.g. other risk-return profiles. That could be a risk when markets change or managers cannot control the risks. Therefore, concentrate on your core qualities and act very selectively. Consolidation will happen eventually.

THIERRY LAROUE-PONT
BNP PARIBAS REAL ESTATE

The real estate industry is undergoing a deep-seated transformation and has not escaped the underlying 'uberisation' movement. We are shifting from a product industry to one of services and functionalities, from a supply to a demand economy. We must rethink the city. The interaction of buildings, the reversibility of spaces and the pooling of services are becoming pivotal issues. Generally speaking, our teams work to stay a step ahead of the expectations of markets, major investors and occupiers. Large tenants mainly look for new buildings which must be very well located, close to common transport as well as with high-quality technology and services.

FERNANDO GUEDES DE OLIVEIRA
SONAE SIERRA

We currently stand at a confluence amid unprecedented levels of change: technology, demographics, urbanisation, greater global connections and climate change are just five of many mega trends which are significantly shifting the paradigms of consumerism, commerce and real estate. In this context, we have positioned ourselves at the forefront of what is effectively a retail revolution. We are already seeing different retail formats emerging in our tenants' stores, with retailers offering online shopping in store and giving greater importance to in-store experience and displays. With our operations now spanning a diverse range of markets, our market intelligence and innovation teams are actively interrogating future trends so that we can evaluate and redefine our value proposition to stakeholders in each market, across all stages of our product lifecycle.

DAVID PAINE
STANDARD LIFE INVESTMENTS

We believe that continuing to dial down risk in the UK direct market would be prudent in the context of continued uncertainty, although we are forecasting a more gradual softening in drivers than in previous cycles. In Europe, we still believe core markets offer attractive risk-adjusted returns, in the context of loose monetary policy and modest economic growth. Active asset management strategies in Germany, France and the Nordics could produce attractive high single-digit returns on a three-year horizon, particularly where new supply remains constrained. As a late-cycle performer and as a result of tighter supply-side dynamics, we believe the Netherlands could also be interesting. In 2017, the range of returns between global regions is likely to be narrower than at any time over the last five years. The best strategies will therefore limit additional market risk when comparable levels of returns are available in the more robust markets in each region.

ANDREAS SCHULTZ
WARBURG-HIH INVEST

Core real estate investments will be the choice also in 2017. Competitiveness in regard to the quality of location and building will remain the key to investment success, as these factors will secure stable income and sufficient returns in the long-term. In European countries like the Netherlands, compressed yields are being at least partly compensated by falling interest on debt capital. So leverage effects on equity, even on lower acquisition yield levels, can still be achieved. That means we are focusing more on fundamentally rising markets like Poland, for example.

MATTHIAS THOMAS
INREV

Irrespective of the risk appetite of investors, diversification of real estate portfolios across regions and sectors will continue to provide investors access to return opportunities with some downside protection. In addition to diversification, non-listed real estate vehicles will enable investors access to expert management, new markets and sectors to successfully execute these strategies.

DICK VAN HAL
BOUWINVEST

It is clear that 2017 is going to be fraught with international economic and political challenges after the dramatic upheavals we've seen this year with Brexit and the US election results. But Bouwinvest is fortunate that its home market in the Netherlands is doing well economically and in terms of consumer confidence. We expect the local office and retail sectors to grow further next year, underpinned by the benign economy and a strong housing market, and that this will attract more domestic and international institutional capital flows to these sectors.

PIERRE VAQUIER
AXA IMRA

Uncertainty will continue into 2017 with the French and German elections, so a defensive Core real estate strategy is best for Europe. We will continue to take more risk with European logistics and explore development options in this sector. In addition, Asia Pacific, particularly Australia, continues to offer investors good value.

CHARLES WEEKS
BARINGS REAL ESTATE ADVISERS EUROPE

Uncertainty must mean core defensive, rock-solid income still has merits for several years to come – especially for the more risk-averse institutional investor. Simply, core property is a much 'safer haven' than alternative asset classes. In addition to capital preservation, we also see long-term income growth potential for core assets because the mega trends (demographics and technology) are the structural tailwinds driving ever greater location concentrations favouring the best-quality properties. Risk-adjusted returns from high yield debt also look favourable.

SASCHA WILHELM
CORESTATE CAPITAL GROUP

In order to be successful in a highly competitive market you have to be creative and flexible. The ability to adapt quickly to changing circumstances is crucial. Corestate's investment focus currently lies on high street retail investments in secondary cities and on micro living. We also look at residential in secondary cities, as it represents a solid investment case for our institutional clients. But this focus may change depending on our clients' demands as well as the dynamics of the real estate markets.

RICHARD WILKINSON
ERSTE GROUP

Although investors are currently scaling down their return expectations, I think they will continue to see value in real estate across most of Europe in the coming year. This is mainly due to the continued low-interest rate environment and the low yields offered by sovereign bonds. In central and eastern Europe, for example, investors will likely focus on prime real estate and the office and logistics segments, with healthy inflows spread across most of the region's markets.

ROB WILKINSON
AEW EUROPE

Where there is less competitive demand for real estate. Core remains highly sought after and we therefore typically favour core-plus or value-add strategies in Europe.

Wenzel Hoberg
CEO
Triuva

Thierry Laroue-Pont
CEO
BNP Paribas Real Estate

Fernando Guedes de Oliveira
CEO
Sonae Sierra

David Paine
Head of Real Estate
Standard Life Investments

"The Brexit vote has had an impact on UK liquidity, but not specifically on pricing as ultra low interest rates protect against any real market distress." – Richard Croft

Q WHAT WILL BE THE MAIN CHALLENGES NEXT YEAR?

EKATERINA AVDONINA
DELIN CAPITAL ASSET MANAGEMENT

DCAM is a real estate investor, manager and developer of logistics assets, and we focus on sustainable locations which appeal to a majority of occupiers, with a particular focus on e-commerce players. Due to the unprecedented growth of logistics occupier demand, we consider the availability of land to be our key challenge for next year.

BERNHARD BERG
CORPUS SIREO

Taking the next steps to significantly grow our funds business and expanding our activities to new countries are our major priorities for 2017. Finding new clients for our asset management services arm and sourcing the 'right-fit' people for our growth journey also means that we have to be really focused on appealing to these target groups not only through our offerings and performance but also as a corporate brand. Finding the right product in tight markets has undoubtedly posed a challenge to us and other market contenders in 2016 yet again. Although we have successfully managed to score some very attractive single assets and portfolios for our existing funds with Swiss Life and for third-party fund investments, we expect the sourcing of products to remain a big challenge in 2017.

MANFREDI CATELLA
COIMA

Milan could emerge as an international city. It will, however, be key to continue to implement fast-track entitlement processes and incentive packages in order to attract long-term capital that can team up with Italian platforms and contribute to the country's economic development. Developing Milan as a gateway city will be as important as making other cities and locations attractive, too – for a deeper Italian market. It will also be important to develop the liquidity of the real estate market, in particular through REITs. With the market cap of the four main listed REITs equal to 0.2% of the entire stock exchange's market cap, the Italian segment needs to speed up growth.

PHILIP CHARLS
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

Clearly the political, economic and market fallout from Brexit and Trump's win will become much clearer next year. With general elections in Germany, France and the Netherlands in 2017, and populist sentiment growing across Europe, it looks like we are set for an extremely volatile period and possibly the greatest challenge to the existing western liberal democratic order since the end of World War II. An ominous harbinger of what could be to come is the fact that the share prices of US prison REITs jumped about 60% after Trump's victory.

RICHARD CROFT
M7 REAL ESTATE

Where do I start with only 100 words! I think the biggest challenges, especially in the UK, will be at a level higher than real estate. How will Brexit be achieved? What will be the ultimate cost? What will be the impact on society later on in 2017 and into 2018 when the reality of Brexit is known and starts to sink in more widely. This must have an impact on real estate and in particular in London. That's before we get started on Trumpism. The reality again though is that income is in itself going to be the key asset of 2017, so managing and protecting that will be our main challenge.

JÜRGEN FENK
HELABA

High profits will be difficult to achieve. Against this backdrop, there is the danger that more risks are taken. Discipline is one challenge. Another challenge is to not miss out on future trends: digitisation, smart homes and properties, urbanisation. The real estate sector is obliged to break new ground and learn to apply new and different thinking to parts of the business. Another challenge is the increase in geopolitical uncertainties regarding Brexit, the new US President and the upcoming elections in Europe.

CURTH FLATOW
FLATOW ADVISORY PARTNERS

The search for suitable product in general and the associated further price increases will be investors' main challenge – and in this context the ability to finance assets. We expect higher equity requirements and further price hikes.

GÁBOR FUTÓ
FUTUREAL

The main challenges will be global shocks coming from the risks mentioned above.

WENZEL HOBERG
TRIUVA

To find suitable product and raise capital in an ever more competitive market. Watch the market development very carefully.

THIERRY LAROUE-PONT
BNP PARIBAS REAL ESTATE

As no. 1 in continental Europe, we make 50% of our fees abroad and have a very balanced business model, allowing to absorb the real estate market cycles. Concerning real estate services, we wish to maintain our position as no. 1 in France and Germany; to reinforce our position in retail, logistics and hotels with the expansion of our European teams. Finally, thanks to our platforms based in Asia and the Middle East, we focus on bringing investment from growth areas to European core markets and using the power of BNP Paribas' global positioning and access to clients to do it.

FERNANDO GUEDES DE OLIVEIRA
SONAE SIERRA

We have identified key trends as posing risks and opportunities for our business strategy, and these have influenced the restructuring of our company. For example, there is a lack of development opportunities for shopping centres specifically in mature markets, whilst the trend towards urban regeneration is creating opportunities for developers of mixed-use schemes. We are reinforcing our competencies in this area to be able to offer development services for mixed-use schemes, where retail is a core component, in partnership with others. We have foreseen that greater sector professionalisation may lead to an increase in outsourcing. With growing competition, we are ever more pressured to keep our operations profitable, hence our focus on expanding our services to external clients, which enables us to add volume to our business and allocate our resources efficiently. Over the longer term, environmental sustainability, climate change and related socio-economic aspects could pose greater challenges both in terms of increased regulation, costs, physical and infrastructural risks to assets and changes in terms of retail logistics and consumer behaviour. In this context, our strategic focus on creating shared value and reducing the environmental impact of our business puts us in a better position to manage these risks.

DAVID PAINE
STANDARD LIFE INVESTMENTS

Lingering economic uncertainty and the gradual discovery of what Brexit and a Donald Trump government in the US means for global markets will impact the real estate investment decision-making process. Europe also faces a politically heavy year, with the potential for further surprises to emerge in France and Germany. Remaining focused on (and reacting to) materially important exogenous events, whilst holding your nerve through the background noise caused by intense media coverage, will be a challenge.

ANDREAS SCHULTZ
WARBURG-HIH INVEST

Asset shortage in all major markets remains the key problem. We also expect a stronger impact by political circumstances, not only in regard to interest rates and capital markets. Elections in Germany, the Netherlands and France could alter the political landscape significantly. On the capital side, we do not expect strong changes as – from our point of view – there is not too much room for a change in monetary policy on a European level.

MATTHIAS THOMAS
INREV

With elections coming up in the Netherlands, France and Germany, combined with the expected triggering of Article 50 by the UK in 2017, management of geopolitical risks will be very high on the agenda of institutional investors, irrespective of the asset class. This all may bring disharmony to regulatory regimes, constrain managers' access to different sources of capital, as well as

Andreas Schultz
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Pierre Vaquier
CEO
AXA IMRA

precipitating changes in business structures and domiciles for the real estate fund management industry. Along with challenges come opportunities: 'big data' provides an exciting opportunity for the growth of the sector by giving investors more and better data on user / end-customer behaviour and with that the chance to tailor real estate to the needs of the user.

DICK VAN HAL
BOUWINVEST

Meeting our acquisition targets. It is hard to find product which fits our strategies against a background of strong demand and limited supply in core markets.

PIERRE VAQUIER
AXA IMRA

Investment volumes are likely to be lower next year, so the challenge will be to find good-quality assets in a quieter market. We will look beyond the traditional real estate sectors in order to find assets that meet our requirements: alternatives and infrastructure are likely to feature more and more.

CHARLES WEEKS
BARINGS REAL ESTATE ADVISERS EUROPE

Navigating uncertainties in the marketplace and making sure that our client portfolios are well-positioned to benefit from future growth opportunities across the continent for core, value-add and opportunistic strategies where markets are conducive – but also positioned defensively, such that they can withstand future shocks or unexpected events. Getting that balance right will be critical to successful performance. To that extent, in 2017 it will be more about "heightened selectivity" in terms of stock selection and the need for local skill and expertise to execute business plans at the individual asset level.

SASCHA WILHELM
CORESTATE CAPITAL GROUP

Competition will remain intensive. A lot of players with a focus on core assets in primary city areas will have difficulties to find enough product. I personally expect a consolidation in the market for real estate investment managers. Especially small investment managers find it difficult to meet growing regulatory demands and cannot handle the associated costs. Corestate finds itself in a privileged position to take advantage of this situation. External growth through acquisition of distressed and complementary real estate investment managers is part of our strategy.

RICHARD WILKINSON
ERSTE GROUP

While investors' appetite for property is set to stay strong, one of the main challenges in 2017 relates to political uncertainty, which has the potential to derail the slow economic recovery taking place in Europe. The next twelve months will see a wave of elections across Europe and the first concrete steps in the Brexit process, with both potentially contributing to further uncertainty about the path down which Europe as a whole is likely to continue. Real estate will remain an attractive asset class, with investors continuing to focus on prime assets.

ROB WILKINSON
AEW EUROPE

Navigating the political uncertainties next year (Brexit, elections in France, Germany, Trump administration) and the impact they may have on real estate investment markets.

Q WHAT PRIVATE MILESTONE WAS MEMORABLE FOR YOU IN 2016?

EKATERINA AVDONINA
DELIN CAPITAL ASSET MANAGEMENT

After heading the investment team at DCAM for a number of years, I took over the management of the business with a change of direction in mind.

BERNHARD BERG
CORPUS SIREO

Last summer, my new professional role as CEO of Corpus Sireo took me back to Cologne, where I had last worked six years ago. I really liked Cologne at the time, and staying there during the week now is a real plus for me. If time and travel allow, I enjoy venturing out into town and just soaking up the city's great energy with its many young people, dynamic urbanism, great art scene and mix of cultures.

MANFREDI CATELLA
COIMA

My family set up our investment management platform, today known as Coima SGR, in 1974. Just over 40 years later, we have managed to raise more than €1bn from world-class investors, including some of the most active SWFs, for the platform. It is a fantastic team and family achievement!

PHILIP CHARLS
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

Maybe a milestone that didn't happen… We have been so busy at EPRA this year that I haven't been able to get out on the golf course and improve my handicap at all.

RICHARD CROFT
M7 REAL ESTATE

Agreeing to buy a race horse! Having grown up near Newmarket, there was always something thrilling about horses and the races from a young age – and having closed a deal recently that was unexpected, a few of my co-founders and I decided to invest in a horse to mark the occasion. On the plus side, owning a horse is cheaper than buying a professional sports team, and who doesn't like getting dressed up and having a few drinks in the sun and watching romp home, hopefully not coming last! On the downside, owning a racehorse is probably not one of my better investment decisions. It almost certainly won't pay off, but then again hope does spring eternal!!

JÜRGEN FENK
HELABA

Reading books! Since my time is limited and our environment is getting more and more digital, reading printed books this summer was a private milestone. My favourite was *The healthy workplace* by Leigh Stringer. It's a well-researched book designed to shed light on how simple changes to our office workplace can increase work productivity, reduce medical costs and create healthier, happier employees.

CURTH FLATOW
FLATOW ADVISORY PARTNERS

The private purchase of a commercial property together with my two oldest friends as well as watching the wonderful development of our little daughter together with my wife.

WENZEL HOBERG
TRIUVA

I moved from London to Frankfurt (before the Brexit…).

DAVID PAINE
STANDARD LIFE INVESTMENTS

Becoming an empty nester after our second child headed off to university in the summer; and navigating the challenges created by an increasingly unpredictable political landscape at a personal and business level.

MATTHIAS THOMAS
INREV

Hiking in Yosemite National Park during the summer with the entire family.

PIERRE VAQUIER
AXA IMRA

Since 2014, we have sponsored an organisation called 'Les Nuits du Piano,' whose main purpose is supporting talented young musicians, notably pianists. Following our move into new headquarters at Tour Majunga earlier this year, we have been able to invite them several times to give recitals to both our clients and employees, which has given me great pleasure.

RICHARD WILKINSON
ERSTE GROUP

When looking back at 2016, I'll always remember it as the year in which the term 'empty nest' took on a new meaning for my wife and me, as both of our children now no longer live at home.

ROB WILKINSON
AEW EUROPE

Taking the kids to the Grand Canyon – a truly spectacular sight no matter how many times you see it!

Charles Weeks
Head of Real Estate
Barings Real Estate Advisers Europe

Sascha Wilhelm
CEO
Corestate Capital Group

Richard Wilkinson
Head of Group Commercial Real Estate
Erste Group

Rob Wilkinson
CEO
AEW Europe