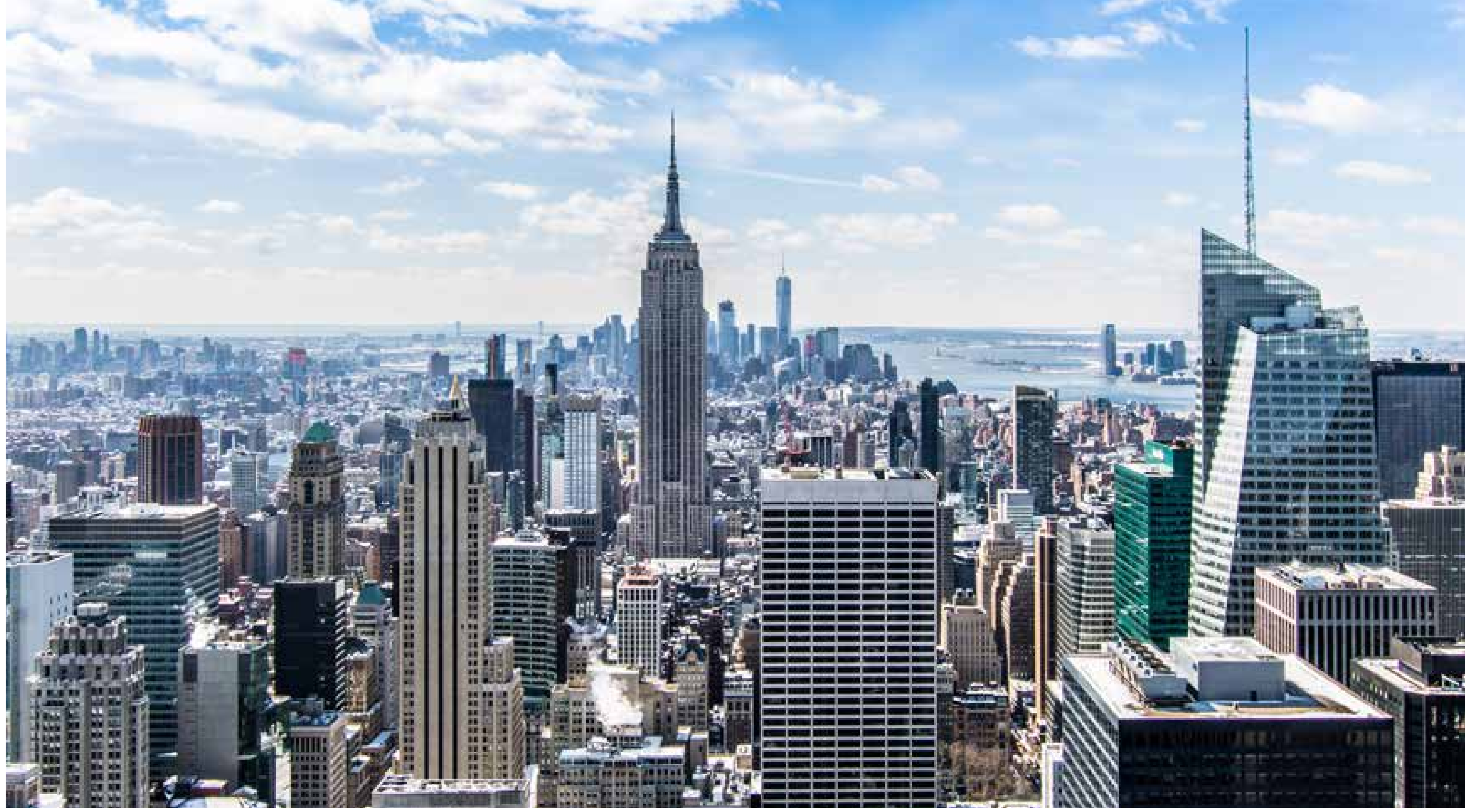
Valuation challenges and opportunities ahead

In late October, **Tell Media Group**, in cooperation with **Aberdeen Standard Investments**, **Principal Global Investors** and **Schroders**, invited Nordic investors to discuss real estate. Tell Media Group founder Niklas Tell and Nordic Fund Selection Journal editor Caroline Liinanki moderated the roundtable.

By: **Caroline Liinanki**



The discussion started with Caroline Liinanki asking the pension fund participants about some of the main surprises over the past six months, both when it comes to their real estate portfolios and for real estate in general.

JAKOB KÆR NIELSEN: "Overall, I've been positively surprised to see that the economy has done fairly well. Despite the lockdown, the economy was in many instances actually highly functioning. That's, of course, an outcome of the central banks and the governments around the world having supported the economy. When it comes to real estate, valuations haven't come down as you've seen in prior crises. For instance, home occupancy pricing has increased a fair amount over the past nine months, which may be an outcome of people working from home. Among the bad surprises, shopping centres have, of course, taken a hit and also hotels. I really didn't see that coming – that the whole hotel sector will struggle for a number of years going forward."

JOHANNES EDGREN: "I think there has been some good and some bad but in general, I've been positively surprised by the rent collection rates. Even though there has been a delay in some of the rents, the actual collection rate has been quite good if you waited a few months. And there hasn't been that many tenant defaults or tenants leaving. When looking at our residential or logistics funds, the rent collection rate has been the same as before, so I think the income side has been surprisingly positive. The hotel sector was, of course, a bit surprising and I didn't see that coming either. Not that there would be an almost total close down of the entire sector. There's also the long time period before the sector will recover. That has been one of the negative surprises."

MIKAEL FALCK: "I would agree to a large extent. I'm probably a bit surprised by what now seems to be a really prolonged recovery period for hotels. But I'm also positively surprised that some of the trends that we've seen in the industry have been strengthened by Covid. Retail is obviously hard hit but we've seen that, as a niche sector, outer town retail boxparks have held up very strongly. And that's, of course, an effect of people working more from home and being able to focus more on their homes and renovating their terraces and so on. Another specific sector would be offices in second and third tier cities in the US. We've seen a clear trend of people moving out from the tier one cities, such as New York, San Francisco and Los Angeles, to the second-tier cities. And that, it seems, has only been strengthened by Covid. There's obviously a big question mark on how things are going to turn out with offices but within this specific sub-sector, it has been really good."

EVA GRANLUND: "I agree with the picture that's been painted about rent collection. We're positively surprised as well and have very high rent collection numbers. Initially, we experienced a limited number of tenants that withheld rent despite showing no or little signs of having difficulties and that is, of course, disappointing. However, it was just a few cases and that has changed. Otherwise, we've been very positively surprised by the good dialogues between tenants and landlords and by the great co-operation. In addition, the governmental support to companies has for sure helped maintaining stability. There hasn't actually been any chaos, which you might have expected going into something like this."

ANDREW THORNTON: "Within Principle, there are 18 000 people worldwide and nobody would have believed at the beginning of the year that getting all of those people to work from home within about three days was a scenario you had to paint. But the ability of people to work from home effectively has been astonishing. I would put that in both the good and the bad camp, because as investors in offices, we want people to like their office environment. Certainly, as we went through the initial phase, we were worried about what this meant for offices. However, I think people are starting to get tired of working from home and are totally appreciating the days they've had back in the offices. But I do think there will be a more balanced outcome. Trying to get the same 18 000 people back into the office has been way harder than getting them to work from home initially."

TROELS ANDERSEN: "In terms of negative surprises due to Covid, I would say the whole uncertainty and the speed of the impact. I don't think anyone could have foreseen how the world would change this fast, basically within what felt like three days. But it definitely hasn't all been negative. It's a good time for being a long-term investor with capital to invest and we've seen a very interesting deal flow because of transactions falling apart."

NIKLAS TELL: APART FROM GENERAL UNCERTAINTY, WHAT ARE THE SPECIFIC CHALLENGES FOR REAL ESTATE INVESTORS AT THE MOMENT?

TROELS ANDERSEN: "On a very general level, I think one of the main challenges is trying to navigate in a time where everything seems to be changing on a pretty regular basis. And leading back to what Andrew said about bringing people back to the office after they've had to work from home for a period of time. I think that's a structural change and we need to try to be ahead of the curve. The future of the office is challenging, as well as how to navigate within that segment right now."

JAKOB KÆR NIELSEN: "It really comes down to valuations. As a pension fund, I'm required to value the assets to the best of my ability. And my shopping centre exposure across Europe is perhaps the one sector that's really hard to value or price these days. We do rely on all the common standards, so we know how to best approach it but it's just so hard with lagging prices. My valuation committee keeps asking me questions about whether this is a value that I really believe in and whether that will change in the coming quarters. And I have to say that most realistically, they will come down even further. And then the top question is, of course, why that hasn't been corrected so far. I guess lagging prices is just the nature of real estate but that's something I've been struggling with in my daily work."

MIKAEL FALCK: "I have to echo the challenges on the valuation side. From our point of view, it's fairly rare that we would make our own assumptions and second guess third-party appraisers. We do it but it needs to be a fairly extreme case. As I'm responsible for all the alternatives, I've seen what has been happening on the valuation side in private equity and infrastructure as a comparison. The update in valuations has probably lagged a bit more in general on the real estate side than, for instance, on the private equity side. As such, there's still a lack of visibility and the challenge is

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ROUNDTABLE – REAL ESTATE

JOHANNES EDGREN
VER
Senior portfolio manager at VER, the State Pension Fund of Finland, where he is responsible for indirect real estate and REIT investments. He has worked at the pension fund since 2008, when he joined as an analyst. Prior to that, he worked as an analyst at the real estate manager DTZ.

JAKOB KÆR NIELSEN
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Chief portfolio manager at Danica Pension and responsible for its international real estate portfolio. He joined the pension company in June last year. Prior to that, he worked as an associate director at the investment manager Patrizia Global Partners.

MIKAEL FALCK
Kåpan Pensioner
Head of alternative investments at the Swedish pension fund Kåpan Pensioner, where he has worked for the past five years. Prior to that, he spent more than a decade at Nordea Investment Management working with a wide range of asset classes.

really finding accuracy in those valuations and I guess the verdict is still out. So we need to see how all of this turns out. And going back again to the hotel sector: the longer this pandemic restricts people from travelling, the worse it's going to get."

EVA GRANLUND: "I can only agree that we still have some price discovery to deal with and I believe we won't know the answer to this until we see deal flows again. And the only kind of deal flows we've seen throughout the pandemic have been on the very core side, where we've seen prices steepening even further on very core assets with very good tenant covenants. So I think what we're seeing is a flight to quality. On the other side of the spectrum, we haven't really seen where the yields and valuations are on value-add type of deals. And I think we won't really know until another few months when we see some deal flows. That's obviously a problem for valuations. Another challenge is the economic uncertainty. Will we see more bankruptcies amongst tenants and so on? Worst-case, this could lead to a credit crunch. And we will probably see more vacancies in real estate going forward before everything stabilises again. That's at least what we're expecting, because during times like these, tenants are less likely to take big decisions and move to new offices. At the same time, new developments will come onto the market and that will create more vacancies, so that's something we will monitor closely going forward. Another thing to mention is not being able to travel, do proper site visits and be local with the feet on the ground. That's a problem because you miss out on the informal information flow and that's very important when you deal with tenants as you need to understand their needs. We're very local property managers but we still want to touch and feel what we're working with."

ANDREW THORNTON: "What we're all struggling with at the moment is the huge disconnect between what's happening in the real economy on the one side and what's happening in the capital markets on the other – whether that's yields at historic lows, our expectations of rents and values falling or our concerns for the future. And I think there are a couple of reasons behind that. The first is a lot of commentators have been very much focused upon the health situation rather than the health of the economies. So people think when there's a vaccine and when infection rates go down, then it will be fine and we will get back to normal. But the huge cost of what we've been through this year still has to be paid for. Businesses will struggle, personal finances will be worse and there will be more unemployment. I don't think the economic hit is really being priced into the cash flows that we've been asked to underwrite. The deals that we're seeing are the better-quality income streams but until we start to get real price discovery in the occupancy markets, it's still going to be hard for us to work out where things should really be priced in the capital markets."

JOHANNES EDGREN: "I agree with valuations and the pricing of properties being slightly difficult at the moment. Firstly, there's a general increase in the risk premia so you push out on yields or adjust market trends. You might do more market-wide adjustments rather than looking at the individual properties. But once the real economy starts to kick in, you will see actual vacancies in properties and potentially tenant defaults and also what the rental levels will be for individual properties. I think it will probably take one or two years before you really start to see the real economy effect on individual properties. And I think that those are two different things. The first is just the general feeling that you have to adjust the value somehow in this current environment, but then the actual property-by-property situation will emerge later and then you will see individual opportunities or problems. That's more difficult to quantify at the moment: how does this affect individual properties and different tenants and sectors."

CAROLINE LIINANKI: EVEN IF WE DON'T HAVE FULL CLARITY ABOUT WHAT THE IMPACT WILL BE, HAS EVERYTHING THAT HAS BEEN GOING ON MADE YOU REASSESS YOUR STRATEGY FOR REAL ESTATE?

JAKOB KÆR NIELSEN: "Overall, the strategy is in place as before. I'm very fond of the core plus value-add type of risk and I'm really looking forward to 2021 where hopefully these opportunities will come about. If it was just up to me, I would probably take on a bit more risk in 2021."

MIKAEL FALCK: "Again, the verdict is still out so we need to see how all of this plays out but in our underlying strategy, where we take a long-term view, nothing has really changed. I would actually go back to saying that some of the trends we saw has just been strengthened. A typical example is within retail with digitalisation and the move to online shopping. It's interesting what Jakob said on where you would like to be on the risk scale. The way we've structured our portfolio is really quite simple. Sweden is our home market and we consider everything outside of Sweden as the rest of the world. In Sweden, we apply a core/beta play where we've established companies that in turn own the underlying real estate assets and everything outside of that goes through funds. Outside of Sweden, we try to pick up a bit on the risk scale and for that, we would much rather go for value-add or opportunistic strategies as opposed to core. In general, core looks expensive today, even before Covid. The search for yield and low interest rates have driven up those valuations and that has only been strengthened by the pandemic. So we continue to support a bit higher risk strategies of taking on non-core assets and refurbishing or repositioning them to core and feeding into this continuously strong demand for stable yielding assets. That, of course, entails a higher degree of uncertainty and higher risk but we would much rather support a manager that has the flexibility to move around and can act if stressed or even distressed opportunities appear."

JOHANNES EDGREN: "Since we lack any direct property investments, which typically in Finland is this unlevered core portfolio, we have both core and more value-add or opportunistic funds in our portfolio. In the last few years, we've also liked the strategy of manufacturing core, so these core-plus value-add type of funds where the end product can be sold at a good price to the core market. We still believe in that. Especially in the coming years, there should be more good opportunities coming to the market. Another thing that we will probably focus even more on going forward is diversification. I think having a more diversified portfolio, both geographically and between sectors, has really showed its value. The majority of our portfolio is in Europe, but we have some exposure to Asia, especially in the logistics market. Slightly counterintuitively, one of our better performing funds at the moment has some logistics investments in China, where this whole thing started but is now pretty much over. That market has also evolved more towards increased e-commerce."

CAROLINE LIINANKI: DO THE REST OF YOU AGREE THAT YOU WANT MORE DIVERSIFICATION GOING FORWARD? YOU COULD PERHAPS OTHERWISE ARGUE FOR HAVING AN EVEN MORE CONCENTRATED PORTFOLIO FOCUSING ON, FOR EXAMPLE, LOGISTICS OR RENTAL HOUSING.

TROELS ANDERSEN: "Our house view is that diversification is still key, because of this constant change where it's difficult to foresee what will happen next."

ANDREW THORNTON: "We've probably seen a lot fewer benefits of geographic diversification when the whole world reacts in the same way but diversification by sector and asset type has been important. However, I don't think that means we should just jump onto the latest bandwagon. If you like science parks, try to buy one today without having to pay huge pricing premium. Perhaps you need to look at real estate in a different way. Not the traditional sectors but rather the risk profile you want to take, whether that's Covid resistant strategies or perhaps healthcare or logistics. Or even just picking up on the current disdain that I'm hearing around hotels, which probably means it will be the first of the sectors to re-price. It's certainly the first where we will see the operational revenues changing. It's also the one where there's the biggest disconnect between the long-term markets you might like, so London, Paris etc, and where the worst occupancy rates are right now, because people are not traveling to those gateway cities. If you want to look for disconnect, it may well be that you want to look in the least obvious places today. And as we know, from the last cycle, it was those that were brave in 2009 that got the good deals. We need to be openminded. We need to challenge our own thinking and traditional and conventional ways of looking at real estate and start to identify those different nuggets where we might get some excess returns. The temptation is to focus on the problems and not the opportunities."

EVA GRANLUND: "Obviously, diversification is something very positive and we will continue to be diversified. And we will continue to look at the big mega trends of urbanisation and population growth. We have our winning cities strategy and invest in cities rather than countries. We like cities with a diversified economy and that are good places to live in. As everybody mentioned, this crisis has accelerated certain trends but we also see that retail has a story going forward. We're obviously very careful on pricing but certain types of retail, such as grocery anchored retail, will still have a place in our portfolios. We will probably also look to invest into mixed use, meaning assets that have a mix of, for example, retail and residential."

NIKLAS TELL: MANY HAVE MENTIONED A FLIGHT TO SAFETY. HAS ANYTHING OF WHAT IS NOW HAPPENING WITH THE PANDEMIC CHANGED YOUR VIEW ON WHAT IS CORE OR QUALITY? IS A SAFE REAL ESTATE INVESTMENT THE SAME NOW AS IT WAS A YEAR AGO?

JAKOB KÆR NIELSEN: "These things change on a continuous basis. Ten years ago, retail shopping centres would probably be the most core assets and everybody was chasing shopping centres. But these days, everybody is certainly not chasing shopping centres. Some things in real estate doesn't change, for example the importance of location, but we need to be active and manage our exposure to adjust to that new way of thinking. So what's core today? Residential

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Aberdeen Standard Investments
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ANDREW THORNTON
Principal Global Investors
Chief executive of Principal Real Estate Europe, which is part of Principal Global Investors. He has led the real estate platform, originally known as Internos Global Investors, since its launch in 2007. Prior to that, he was a founder and COO at Invesco Real Estate Europe.

Photo: Håkan Målbäck

EVA GRANLUND
Schroders
Head of Nordic real estate investment at Schroders, where she has worked since 2016. Prior to that, she worked as a senior investment manager at the property company Vasakronan. She has also held positions at SEB Merchant Banking and UBS Global Asset Management.

is perhaps the most core you can be today and, of course, prime offices and prime logistics. That's probably what I believe is core today but things can change."

MIKAEL FALCK: "I wouldn't say our perception of what's more or less risky has changed, at least not over the short-term. It's more longer term trends that have impacted that. A typical example here in Sweden would be social real estate, which in other countries sometimes is referred to as social infrastructure. That's in essence real estate with longer term and lower risk tenants. That has probably been one of the most core sub-sectors and asset classes. In our domestic portfolio, our largest sector holdings are within social real estate. However, the valuations have started creeping up because of their popularity, which makes you question whether you want to continue building out the portfolio and buying at these elevated levels. So it's nothing in the perception or risk per se – rather the balance between valuations and running yield that you're getting from the assets. I think that in itself is affecting our perception of risk more."

CAROLINE LIINANKI: WE'VE TALKED A LOT ABOUT THE CHALLENGES AND PROBLEMS SO FAR BUT WHAT DO YOU SEE AS THE MOST INTERESTING OPPORTUNITIES AT THE MOMENT?

ANDREW THORNTON: "We're seeing a lot of interest in things like data centres right now, which is obviously a reaction to what we're all doing today here on the video conference. It's a sector that's very operational and that requires a huge degree of expertise. There's a risk, I fear, that people will pile into some of these sectors without the operational capability and knowledge, because it hits a macro theme. And I think we should be very cautious when going into new sectors to make sure we understand the operational risk, the players and the way to manage these things. It's not always as easy as seeing a strategy and jumping in. The execution of some of these things can be a little bit tricky and that's why we focus a lot on location, barriers to entry and sustainability of income for any emerging sector strategies."

JAKOB KÆR NIELSEN: "If you're really seeking opportunities, you have to be ahead of the curve or be a contrarian investor and that can be also fairly challenging. From a personal view, I do believe that the office challenge is a bit over-exaggerated. Even though I believe people will work from home to a much greater extent going forward, I really do believe that the office demand will survive fully. It might just be that there will be more space between employees when they do decide to show up at their offices. It has actually been shown that the interest is still there, even though few new leases are being signed. That being said, I will try it if I really believe in it. Most of the times, we will seek out a trusted partner with a specific knowledge of the area or the sector to help us with these investments."

EVA GRANLUND: "I also have to say that I definitely don't believe the office is dead. Maybe we will see some opportunities because of all this uncertainty. I believe that we will need the office going forward. We need to meet to solve problems and it seems that efficiency goes down if everybody works from home all the time. And we generate more ideas when we meet. There's also the legal aspect of working from home a lot. Looking at the possible ergonomic side effects of working from home, whose responsibility is that? I think there are a lot of questions that we need to deal with around working from home, so the office is definitely going to be needed as well going forward. Some people probably think it has been nice to be home for a while but I think people are going to want to come back. And maybe we will see more co-working. Companies that are usually located downtown will sign up to a co-working space closer to where people live, so that people can commute into office hubs. Maybe that's an interesting opportunity to look into for investors."

JOHANNES EDGREN: "When it comes to things like data centres or student housing, I'm always a bit worried about the depth of the market, so how much capital can be deployed in these new or more emerging sectors. Therefore, I think we will probably still look mostly at opportunities in larger and more liquid markets, so the large cities in Europe: Paris, London and some of the German market. There are also more transactions and easier to deploy capital. In some cases, there could also be some opportunities. A large part of the inner city of Paris has been priced as CBD [Central Business District] but hopefully this crisis will shake things up a bit and properties will maybe be priced more according to risk or characteristics. But in general, I think we're still seeing opportunities in these larger trends. I think there are some short-term opportunities, especially in the more core plus strategies, but I would still expect us to stick to residential and offices in the larger liquid market."

NIKLAS TELL: AS INVESTORS, WHAT ARE SOME OF THE CHALLENGES AND WHAT DO YOU NEED TO MONITOR WHEN YOU SELECT EXTERNAL PARTNERS IN DIFFERENT AREAS?

MIKAEL FALCK: "I guess this goes for many of the alternative asset classes whenever we do due diligence on an external manager – not just within real estate. But local knowledge is even more emphasised in real estate. For me, it's really about getting comfortable with the local knowledge in all of its aspects. In some real estate sectors, political connections become even more crucial, for example. For a new housing development, it's about having the right connections all the way. And when getting into new sub-sectors that probably are not as deep or liquid as others, it's even more important to have a track record, to show that you've been active in that specific local market within those specific sectors and that you're able to identify, understand and manage all relevant risks."

JAKOB KÆR NIELSEN: "During the pandemic, the managers that I really liked were the ones keeping a high information frequency and provided information on a detailed level. That was so essential for me for the portfolio management but also for reporting internally on what's going on in the underlying asset classes. The one shopping centre manager I did have reported detailed information with a high frequency and that was just so critical for that relationship. There are a number of other items playing in here, for instance the prudent person principle, which requires that we're able to monitor the risk going forward at a higher level and are able to dig into some further details that we didn't necessarily need to dig into before. So going forward, increased information will be a part of manager relationships from many points of view."

JOHANNES EDGREN: "I agree. Some managers have been very proactive with providing information about what's happening in the portfolio. That's very helpful for us because in order to trying to track the European, not to mention the Asian, real estate markets from Helsinki, we're very dependent on local information from different managers. I think most of the managers have been very good in their communication. Some we have had to prod a little bit to try to get the same type of information from them. Not only for real estate but for all illiquid investments, we've discussed how to do new investments since as part of our process is to visit new managers at their offices. Establishing new relationships and investing with new managers is more difficult. That has meant that we haven't invested with new managers during this crisis, but mainly re-ups or new initiatives with existing managers."

NIKLAS TELL: FROM AN ASSET MANAGER PERSPECTIVE, ARE THERE THINGS THAT YOU THINK INVESTORS SHOULD FOCUS MORE ON WHEN THEY DO DUE DILIGENCE?

TROELS ANDERSEN: "Well, I would throw out three things: alignment of interest, continuity and stability. If I would be an investor, that would be my main focus when looking at potential managers. And perhaps also the alignment of interest as one of the priorities – I think that's very important."

CAROLINE LIINANKI: ESG AND RESPONSIBLE INVESTMENT ARE OBVIOUSLY IMPORTANT ASPECTS FOR ALL ASSET CLASSES THESE DAYS BUT WHAT ARE SOME OF THE KEY FACTORS FROM AN ESG PERSPECTIVE WHEN INVESTING IN REAL ESTATE?

MIKAEL FALCK: "ESG has obviously become very central for all investors and managers. I think real assets in general, but especially real estate, provides excellent opportunities to implement ESG and sustainability issues in a very concrete way. It might be energy efficiency or the use of more environmentally-friendly material in new builds but it's really an asset class where we can show what we're supporting. But there's, of course, always lots more to do."

JAKOB KÆR NIELSEN: "Personally, I'm a big proponent of ESG. That said, in 2019 it seems as if it was almost the most important item on the agenda and almost a hype. Now, everybody has included it in the processes and it has become an everyday part of how you invest in real estate. So what will happen next? From a Danica point of view, we track on a quarterly basis how many certified assets we have in both the Danish and the international portfolio. Going forward, we would also like to have a more standardised framework. Most likely, we will use GRESB and push for that. And that's simply a matter of getting a standardised reporting tool. I know that it's only as good as any model but it's something that could help us in using as a framework for the ESG discussions, instead of each manager having their own framework. I'm also looking forward to the new EU regulation, which will decide whether something is a green asset or not. That's very important for Danica and the ESG people are working on really figuring that out because it's something that's really going to impact how we invest going forward."

EVA GRANLUND: "I would say that on the environmental side of ESG, everybody has made good progress and

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>
> *– Troels Andersen, Aberdeen Standard Investments*

reporting into GRESB has become more common. One thing we probably could spend a little bit more time on is the social impact to drive positive change in the community around the building, by, for example, opening buildings up for people living in the area. If you have a gym, it could be used by people from the area in the evenings. If you have a cafeteria, we can open that up so people can go there and have lunch. By just adjusting lighting outside the building, we can make them feel much safer. By working with the greenery and plants, we can work with the health side of how people feel in the buildings. If we have a vacant premise, we could potentially offer that to the local community. So there's more we can do on the social side, as the next step in the ESG integration. Another thing is climate risk, which will be a hot topic going forward. When we invest, we will think more about the risk for weather impact and we will, for example, look at the flood tables and water tables."

TROELS ANDERSEN: "I completely agree with you, Eva. Many investors and managers have had a huge focus on the 'E' for the last couple of years and now, I think there will be a change towards focusing more on the 'S' and the 'G'. And I'm sure that's going to influence investment decisions going forward for all of us to a much greater degree than before."

JOHANNES EDGREN: "As a fund investor, one problem for us is how to report onwards, so gathering the information from the different managers and then trying to assemble it. I think most managers can't afford not to take ESG seriously but many managers probably do more than they report. If you look at a typical quarterly report for a fund, it might include a page about ESG initiatives, but I think there's still more reporting or standardised reporting that can be done on a quarterly basis. From our point of view, one challenge is getting more standardised information from the funds around the ESG part and we would also like to have that communicated to us as part of the quarterly report. But otherwise, I'm very happy that a lot of our managers that previously haven't been as active in this space have now started to really make ESG integration part of their day-to-day activities."

CAROLINE LIINANKI: LOOKING AT 2021, WHAT YOU SEE AS SOME OF THE MAIN TRENDS IN REAL ESTATE AND WHAT WILL BE THE MOST INTERESTING OPPORTUNITIES?

TROELS ANDERSEN: "In terms of trends, I think we will see that residential overall will play an even bigger role in a lot of portfolios in the future. I also think investments related to e-commerce as well as logistics are going to be a cornerstone in many investors' real estate portfolios. In terms of opportunities, I think the most attractive opportunities will probably be found where the markets right now don't fully work. That could, for example, be hotels and that could be some parts of the retail sector. Investors are currently running away from these asset classes but that doesn't mean that it's all bad."

EVA GRANLUND: "Next year, I think recovery is on the way. So we will probably see a somewhat bumpy start with a few bankruptcies, maybe slightly higher vacancies and lower rental growth. But I believe we will see investment activity picking up again and there will be some interesting opportunities next year that we will keep our eyes open for. Otherwise, I think climate risk will be a topic that we will talk about more than we've done before. It will be an interesting year, for sure."

JAKOB KÆR NIELSEN: "An interesting trend for me is the reconfiguration of offices and what will happen in that space. We should really start to see that in the first half of 2021. I'm an optimist when it comes to the office and even though I might be wrong, it's going to be a joy for me as an investor to see how the demand for space will develop in the coming quarters. Many of these decisions, which were to be taken in 2020, have been postponed but they really need to be taken. And being an optimist, I do hope it will be for the better and that demand for space might even remain flat in the short to medium term."

ANDREW THORNTON: "I think within real estate, we have a very unique opportunity, because we're involved in the way people live, work, shop and play and the spaces that facilitate all of that. That gives us a big responsibility but a big opportunity at a time like this when it has been a huge dislocation to re-imagine how things could work better. I love dislocation, because it makes you think. And if we take this opportunity, we will end up in a much better place than we would just by continuing business as usual from 2019."