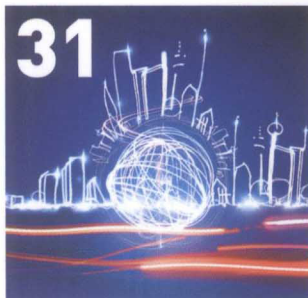


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SPECIAL
REPORT

A NEW DEAL FOR REAL ESTATE

Powerful forces are changing the way property is occupied, owned and traded



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SOCIETAL CHANGE

Talking about generations

Our attitude to home, work and consumption is changing, as the baby boomers move into retirement and rising generations come to the fore. Ben Cooper looks at the impact of society's changing priorities on property ownership and occupation

WHEN you imagine a typical retirement home, Wi-Fi-connected shared work areas and on-site gyms might not be the first things that come to mind. But times are changing. A new generation of residential properties is emerging to suit the next generation of retirees, offering more comfort, freedom and amenities than ever before. And it doesn't stop there: at the other end of the age scale, the millennials just starting out on their careers are finding hip, slick offices waiting for them, fit for their new way of working. Suddenly, property investors, owners and occupiers are talking about the generations. Tired old nursing homes and homogenous offices just don't suit modern needs,

regardless of age group. Neither does retail property space that isn't suited to the times. So what's provoked this change in occupier appetite? And what do landlords and investors need to do to win at the generation game? At the base of De Rokade residential tower in Groningen, the Netherlands, you will find

"People want to keep intellectually engaged and mentally alert. If older people feel stimulated, they stay young"

Alex Ely, Mae Architects

almost everything you need from a modern neighbourhood hub: gym, car park, barber shop, cafes and a convenience store. Nothing unusual there, you might say. But De Rokade is not a tower block for young professionals—it's a home for exclusively older residents. Part of the Maartenshof continuing-care facility, the striking tower is a far cry from the care homes that are all too familiar to many. It's an example of the way that landlords are starting to think about housing, now that the baby-boomer generation is retiring. With people living longer—a 2015 JLL report identified a 22% increase in the number of over 65-year-olds by 2025—and many markets globally showing a lack of supply, it is hardly surprising that investors are keen to get in on the opportunity.



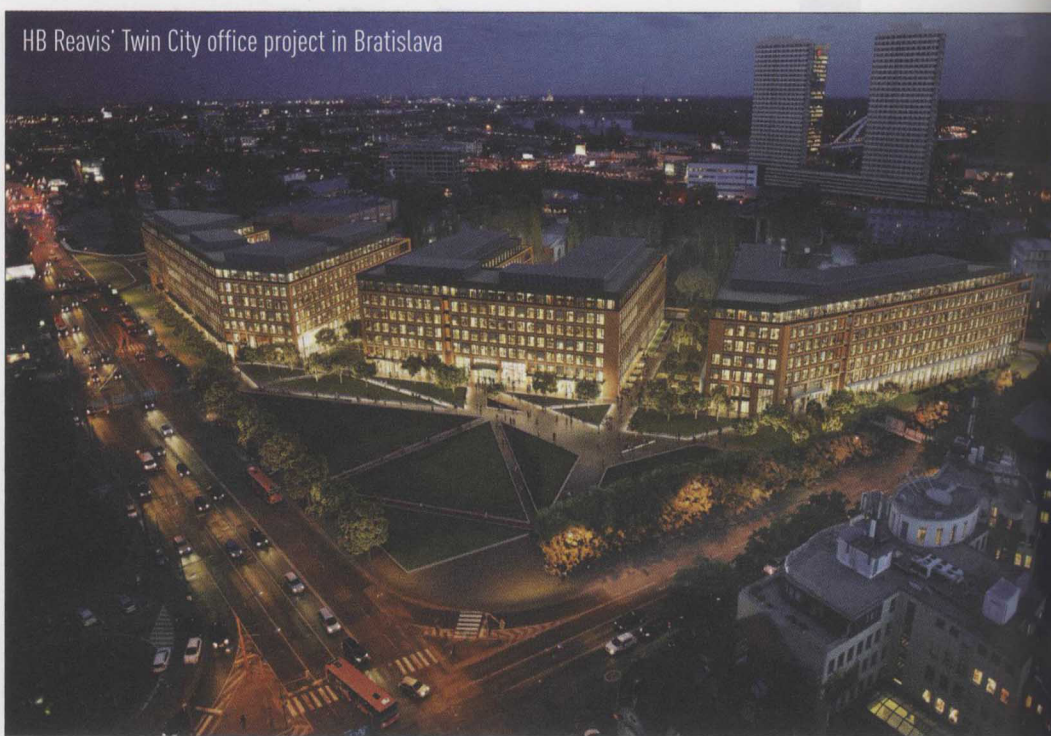
As JLL's director of healthcare investment, alternatives, Phil Schmid, explains: "For the current generation of retirees coming through, their experience of care homes is when they were looking after their parents. This generation doesn't want the same for themselves: they want to take charge of their environment and they want to carry on living an active life." According to Alex Ely, principal of Mae Architects, which is working on a number of residential schemes including Pegasus Life's state-of-the-art Chimes scheme in central London, the work-life balance is even being considered for older people. "There are now schemes that are taking into account people who are retired but are engaged in consultancy or non-executive work," he says. "That means having proper IT facilities and workspaces within a dwelling. People want to keep intellectually engaged and mentally alert. If older people feel stimulated, they stay young."

But while one generation is retiring, another still has plenty of time to go in the world of work. As the millennials — those born between the mid-1980s and the late 1990s — have come of age, so has technology. The web has gone from being a half-thought to a global obsession, transforming everything from communications, information exchange and shopping to entertainment, travelling and dating.

Out of this revolution, a whole new breed of businesses and tech entrepreneurs has emerged, from giants such as Google and Facebook to self-employed creatives. And just as the baby boomers are not content to retire into the old-fashioned homes in which their parents lived, so the millennials do not want to go into the same office spaces that housed their parents.

Last year CBRE, as part of its Millennials: Myths And Realities report, asked 13,000 22- to 29-year-olds across 12 countries about their living, working and recreational preferences. When it came to working environments, 78% said that the quality of space on offer would be an important factor in deciding on an employer, with a large proportion saying that they would be willing to change jobs to achieve a better working environment — even if it meant a longer commute, a less attractive location or a smaller, less prestigious company. Tomas Jurdak, UK CEO of international developer HB Reavis, which is engaged in a host of office projects throughout Europe, including the ultra-modern Twin City office project in Bratislava, says this is precisely why new

HB Reavis' Twin City office project in Bratislava



builds have to be thought out very carefully. "It's not just about office space," he says. "It's about behaviour as well — in other words, how people spend their days and how they behave differently at different times of day. People want to be able to move around the office during the day. In creative jobs, you need time for thinking and coming up with ideas, and then collaborating. And you need different areas for each. You need that flexibility."

Flexibility is another key word in modern retailing, no matter which generation you are targeting. According to a recent report by Accenture, millennials expect to have very good links between retail channels, with 68% saying they demand an integrated multichannel offer. However, 82% said they still prefer bricks-and-mortar shopping — just like their parents' generation.

Not that there are not distinctions, of which anyone in retail property needs to be well aware. As Katja Nies, retail consultant at Apleona GVA Real Estate Advisors in Germany, says: "The key difference between the two generations is that millennials live a transparent life, share information through social networks and publicly 'like' or 'dislike' retailers on social-media platforms. Therefore, the millennials take an active part in shaping the retail industry and the public perception of brands. Both landlords and investors have to be innovative and offer extraordinary shopping experiences and leisure facilities in their retail properties in order to gain a competitive advantage over online shopping."

"It's not just about office space, it's about behaviour as well — how people spend their days and how they behave differently at different times of day"

Tomas Jurdak, HB Reavis

Global shopping-centre developer Westfield says there is another trend being driven by the millennials to which property owners should pay heed — and one that has been almost unheard of up until now. In its *How We Shop* report, published in November 2016, Westfield points to the rise of what it calls the 'sharing economy', and the growing trend among cash-strapped younger people of renting clothing that could well lead to a new generation of stores.

Flexible workspaces, social-media billionaires, IT-savvy retirement homes and clothing-rental schemes are just a few examples of how things have moved on. The old concepts of what the generations want have changed: now the spaces and the places need to change — or become a thing of the past themselves.

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