



# **Living in the 21<sup>st</sup> Century Valuing tomorrow's occupiers to stay in business**

**Professor Yolande Barnes  
Chair, Bartlett Real Estate Institute**

Financial  
Environmental  
Social  
Technological  
**Biological**



Financial  
Environmental  
Social  
Technological  
**Biological**









I follow.

We fly.

Wee dye.

Keep out.





DEATH'S DISPENSARY.

OPEN TO THE POOR, GRATIS, BY PERMISSION OF THE PARISH.





MODEL HOUSES FOR THE LABOURING CLASSES, EXHIBITED BY PRINCE ALBERT.

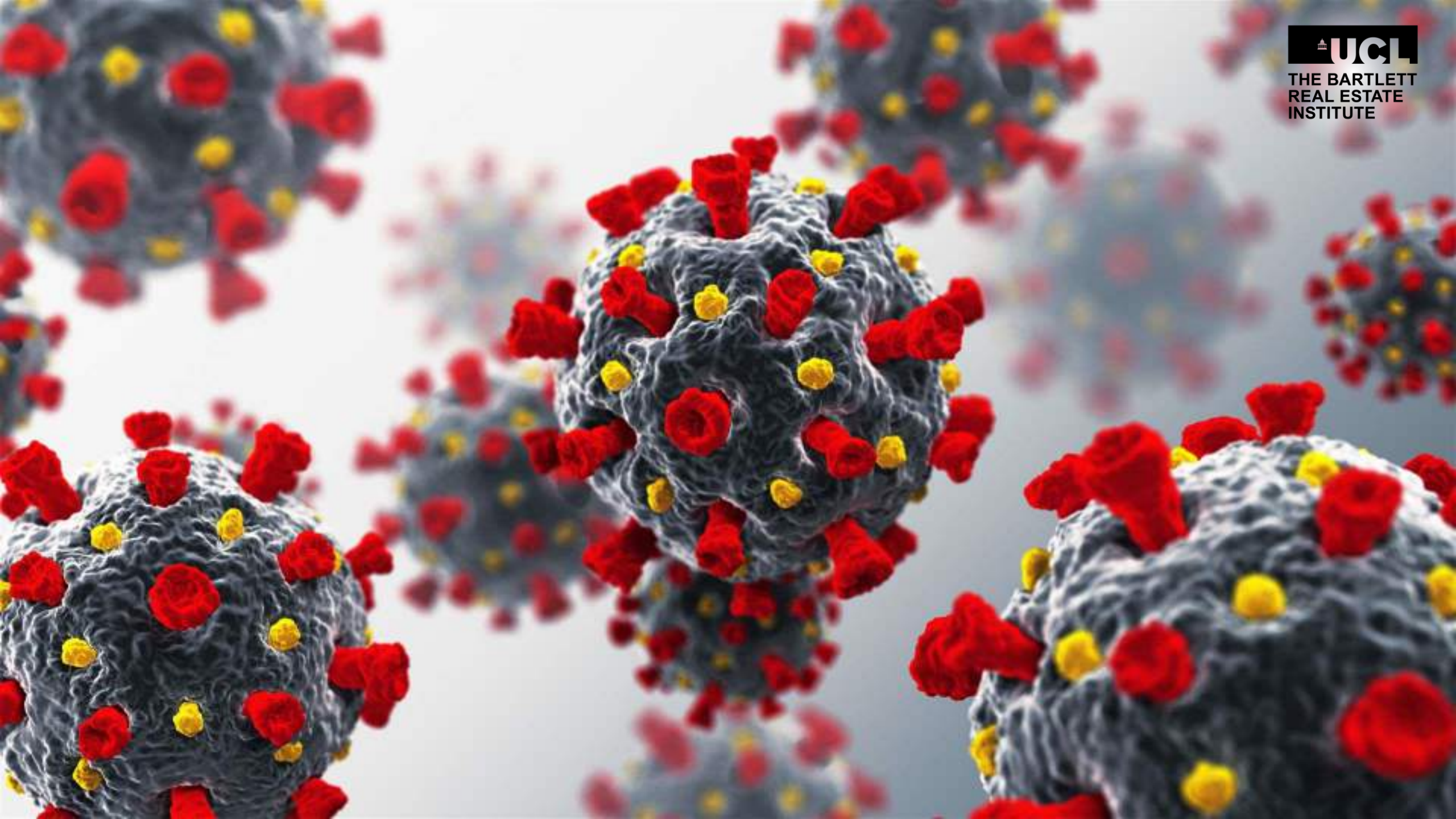


D COMPANY

YORKSHIRE BANTAMS.

ILKLEY. <sup>Mich</sup> 1915.





**Then: looms in crofts Now: zooms in lofts**



**UCL**







**-6.8%**



**-4.0%**



**+0.4%**



**+0.4%**

**+32.7%**

**+26.7%**

**+19.8%**

**+19.7%**





+32.7%



+26.7%



+19.8%

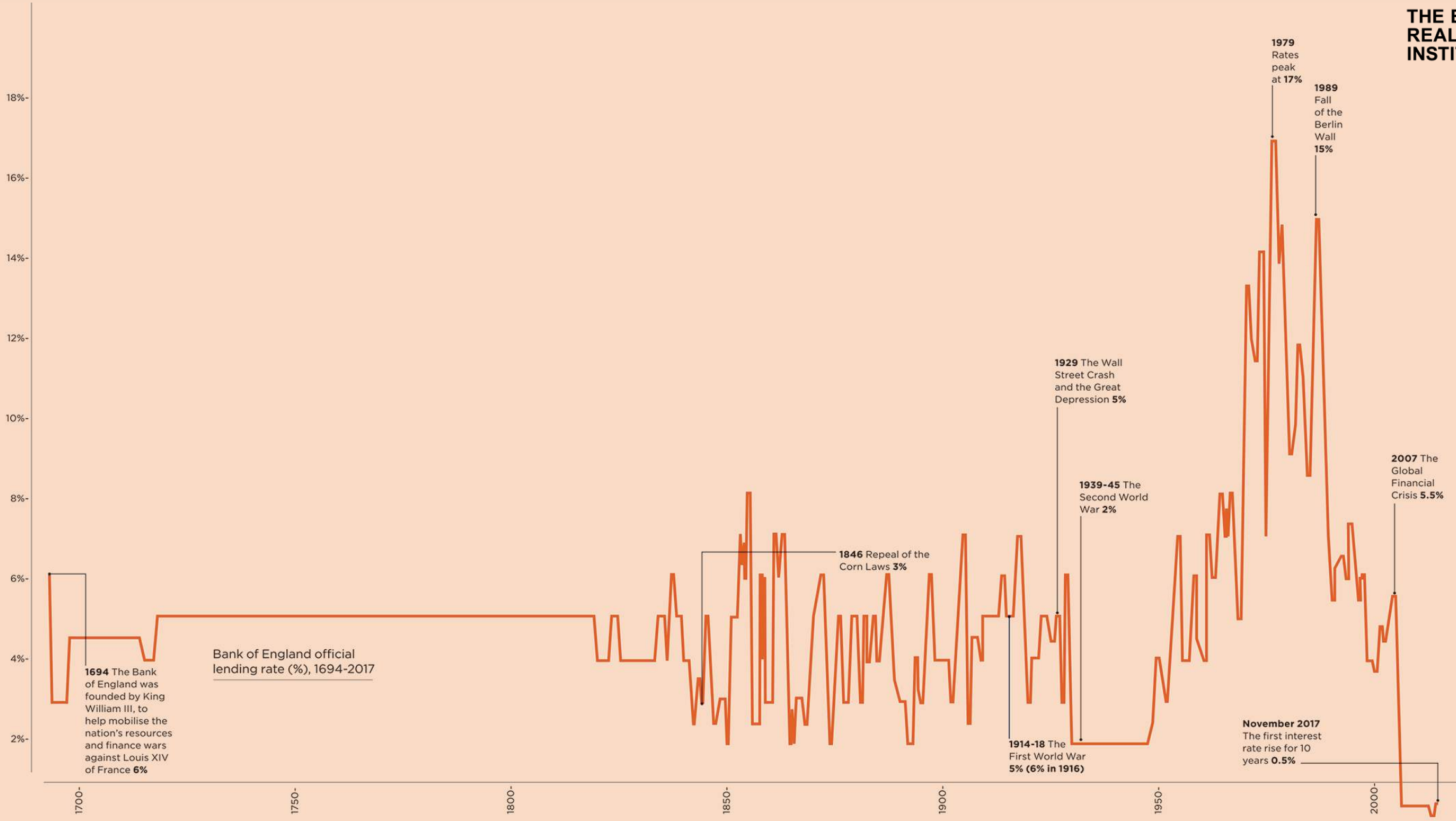


+19.7%



# Financial Environmental Social Technological

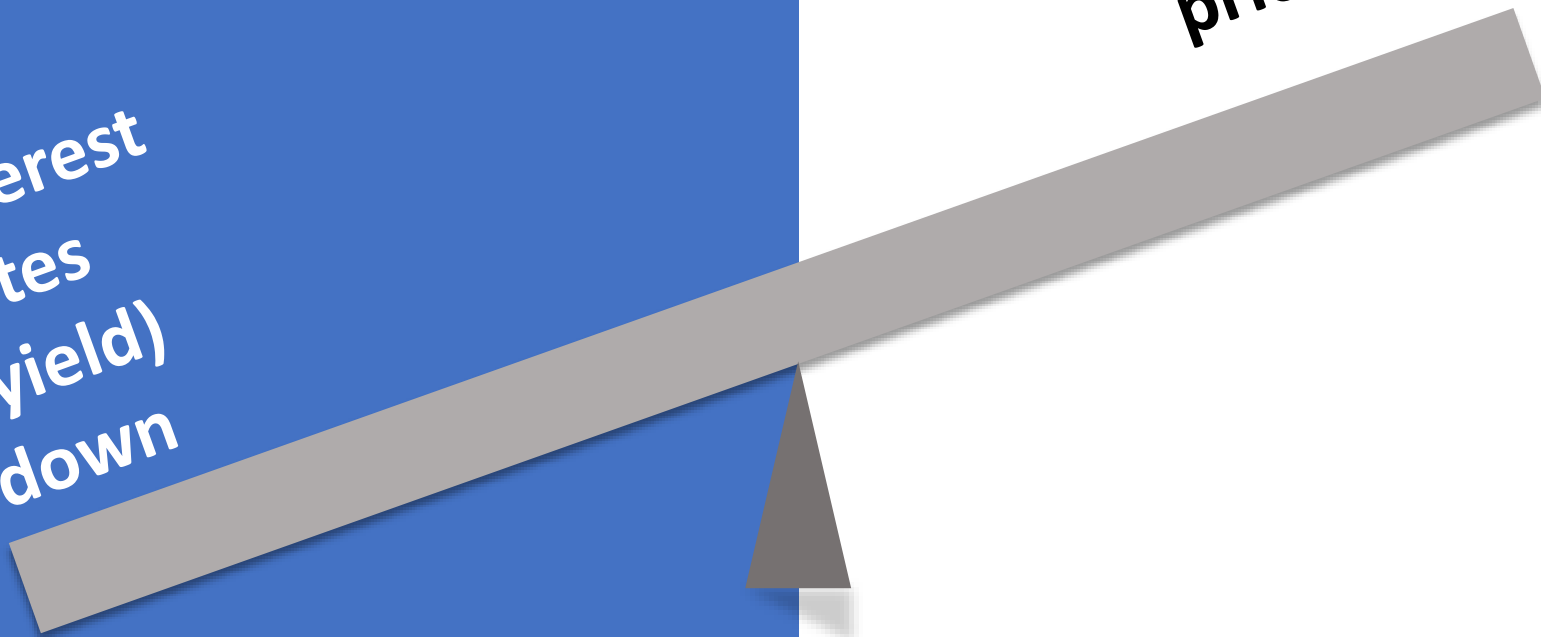




Source: Bank of England & Savills World Research

**Interest  
rates  
(yield)  
down**

**Asset  
prices up**



## **20<sup>th</sup> century**

- **High interest rates – short payback periods**
- **High inflation – money illusion**
- **Downward yield shift – automatic asset price inflation**

## **21<sup>st</sup> century**

- **Low interest rates – long payback periods**
- **Low inflation – value add & cashflows**
- **No yield shift – no capital growth without rental growth**

# Financial Environmental



富嶽三十六景  
神奈川沖  
波裏

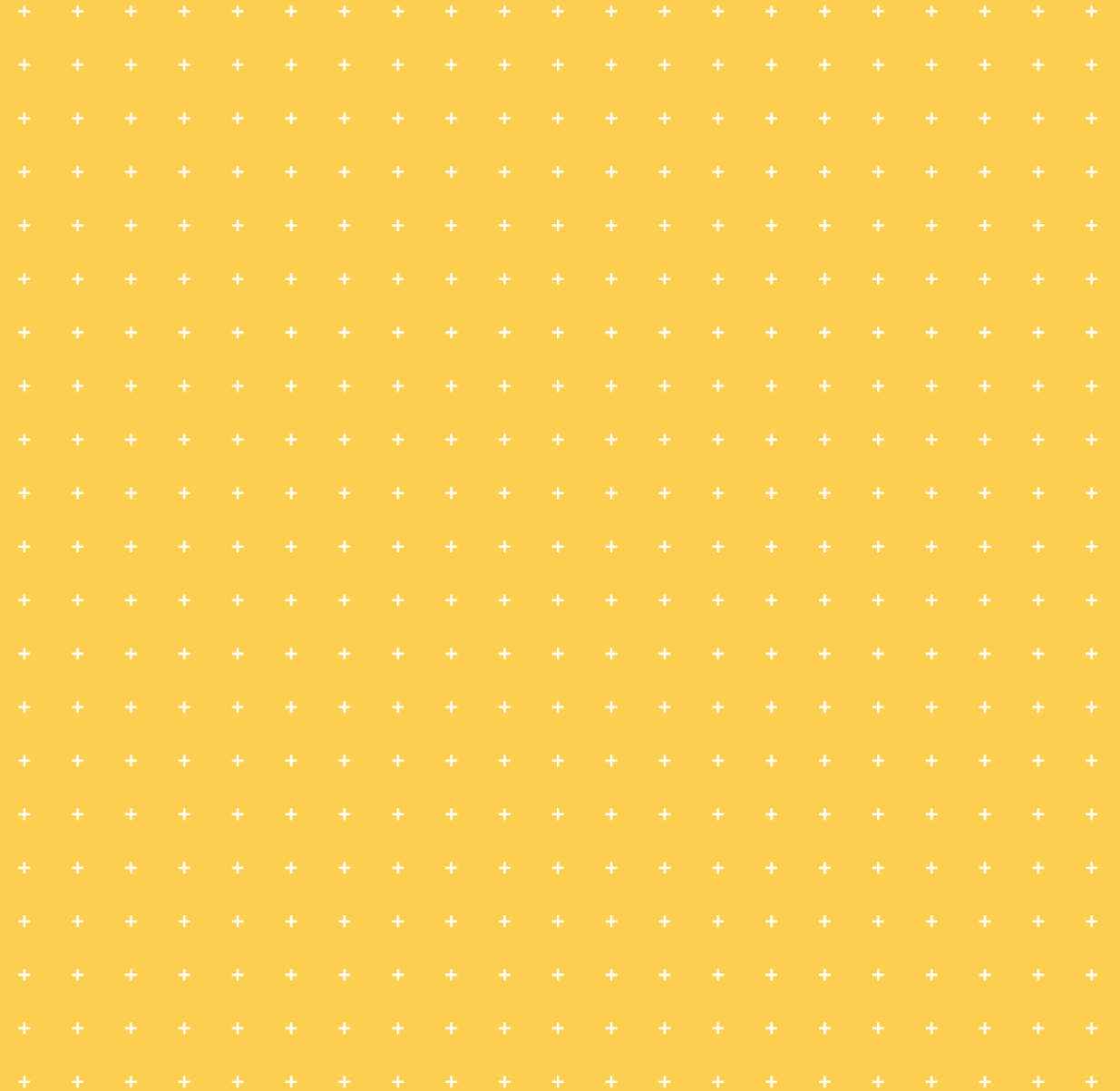


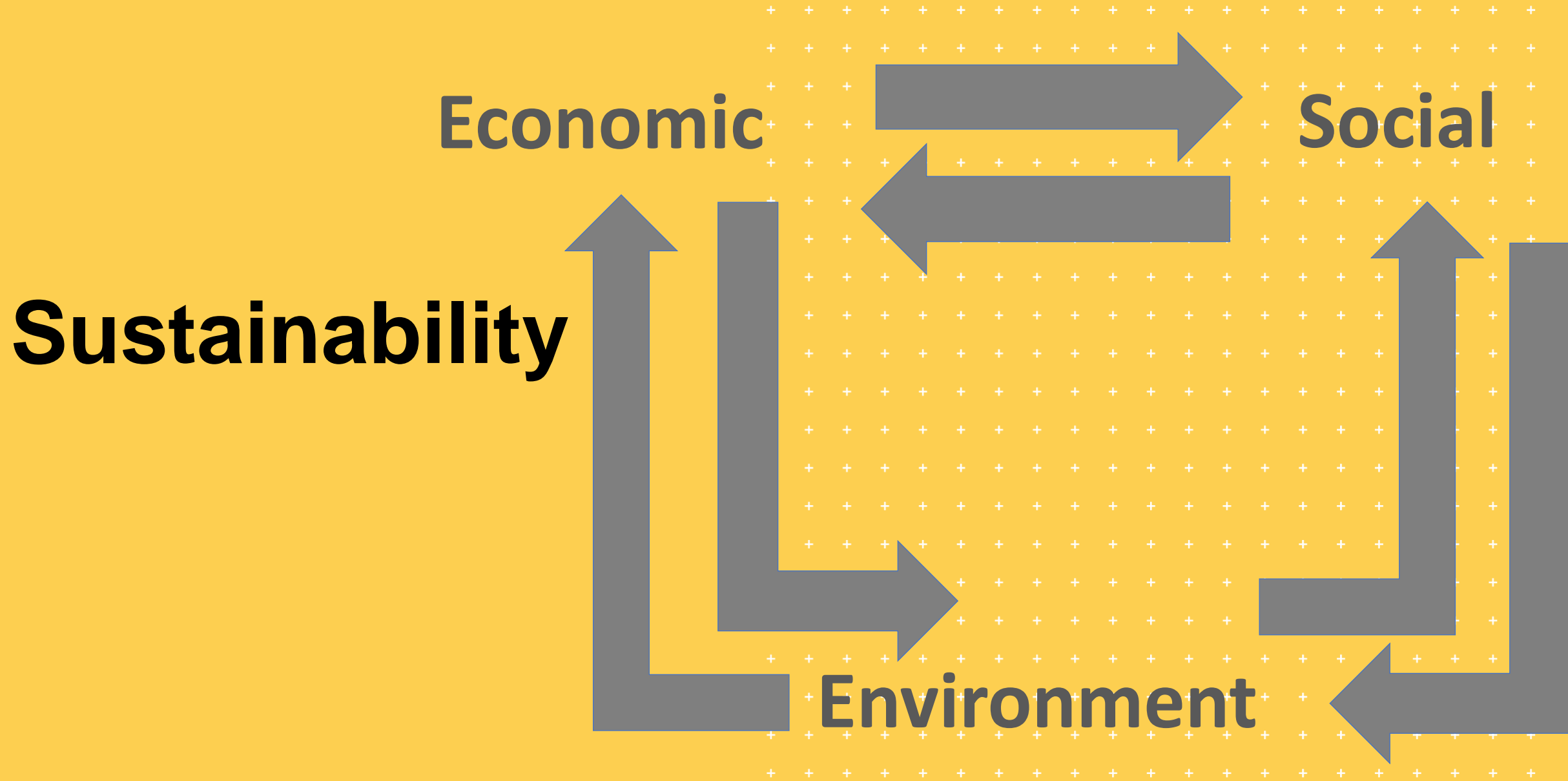




Global warming +3.3 c degrees Sea levels + 7.1m    Global warming +1.1 c degrees Sea levels + 2.4m

# ESG



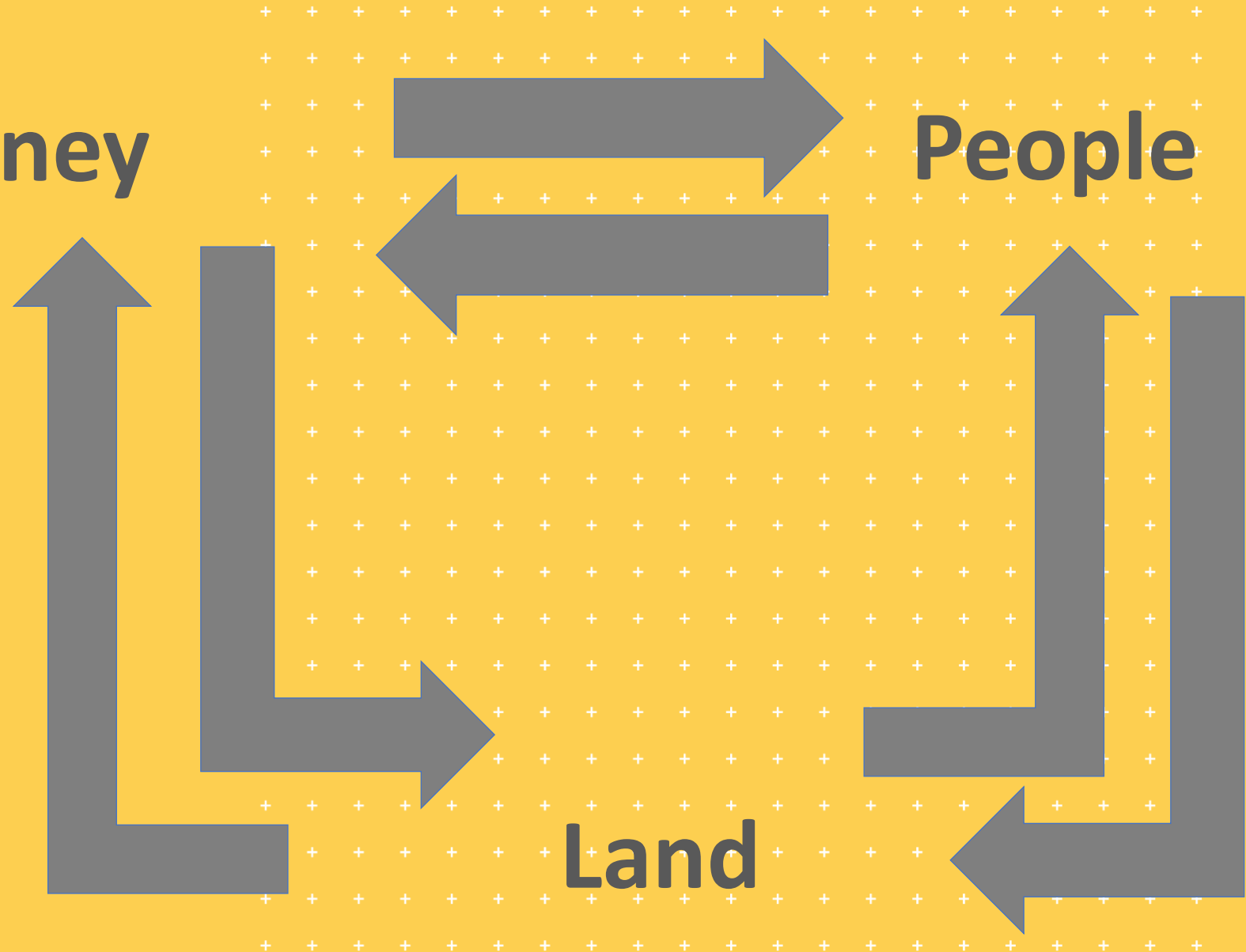


**RE Value**

**Money**

**People**

**Land**



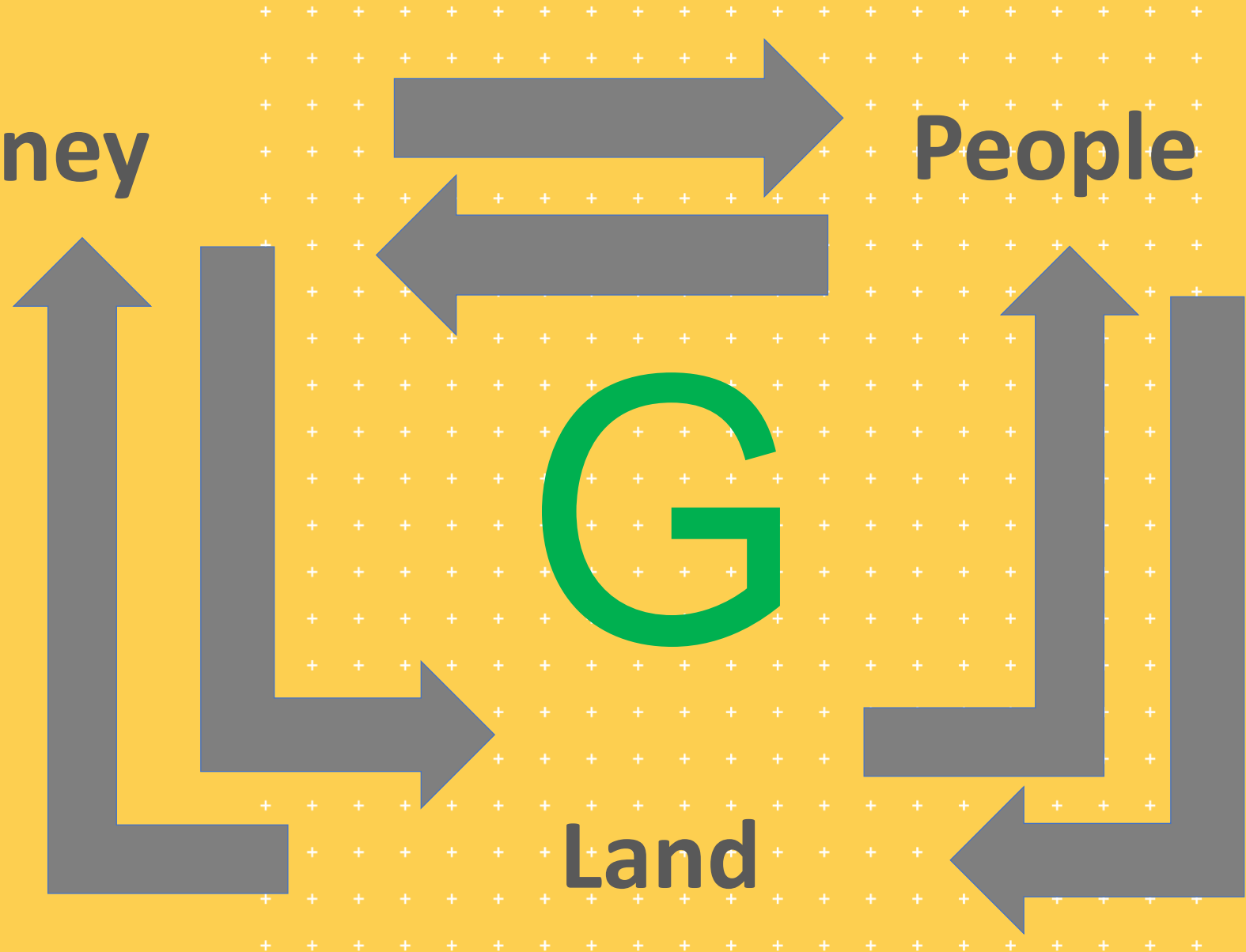
**RE Value**

**Money**

**People**

**G**

**Land**



Financial  
Environmental  
Social









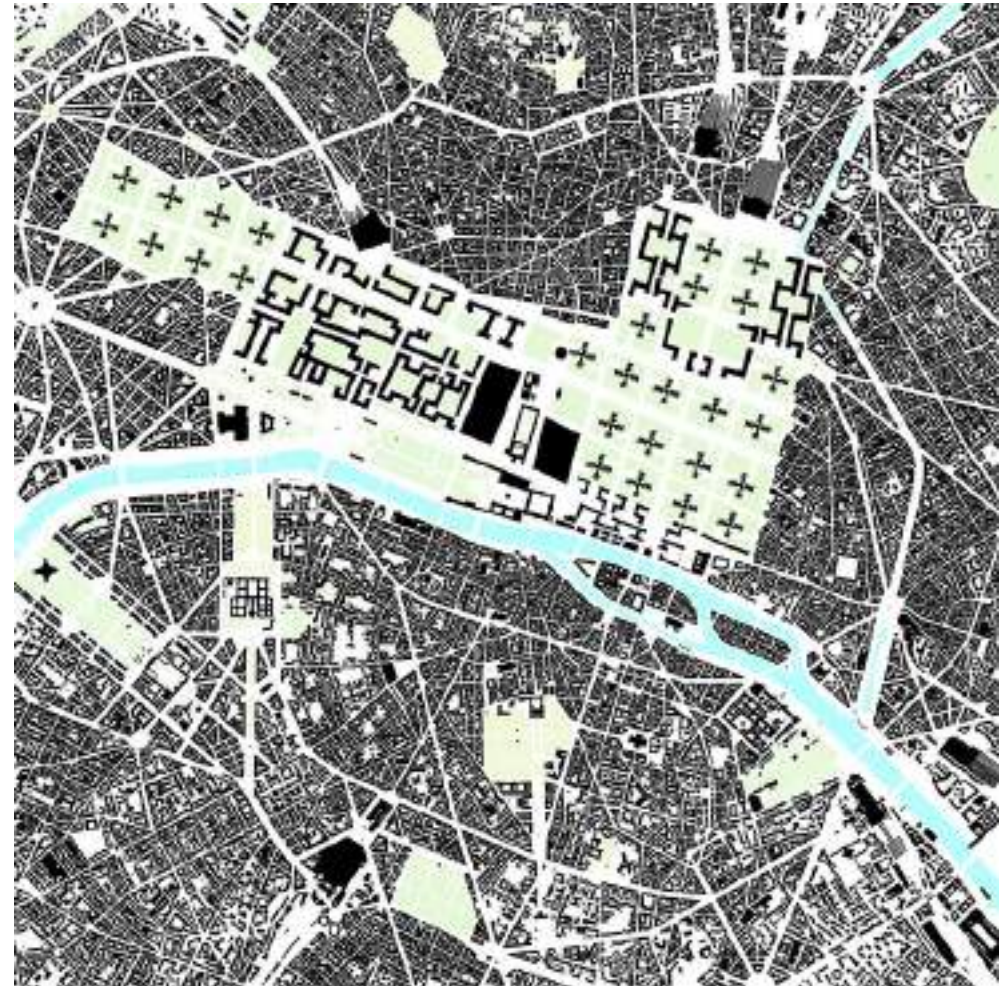


## Form follows finance

Fungus

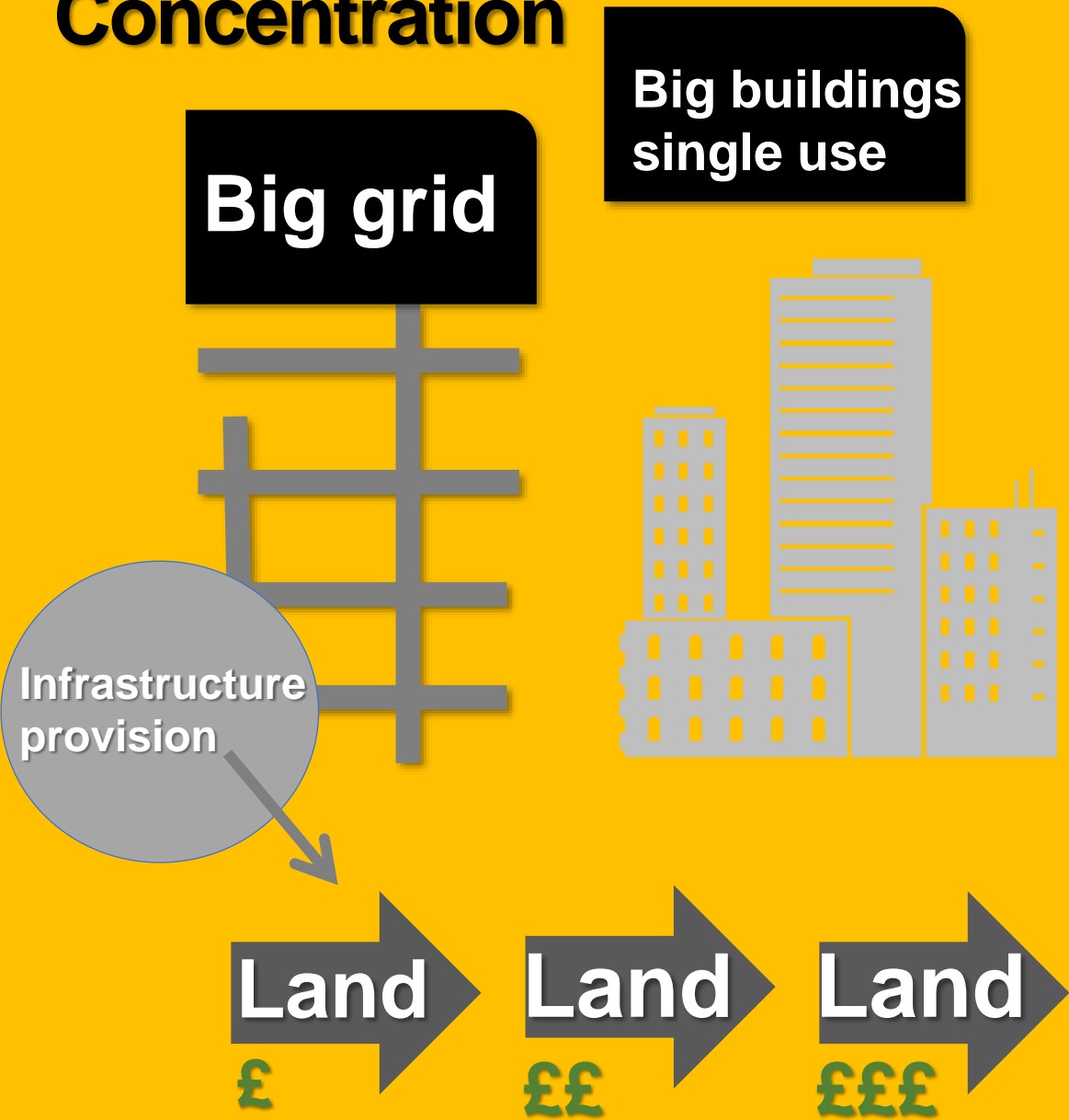


Light and air

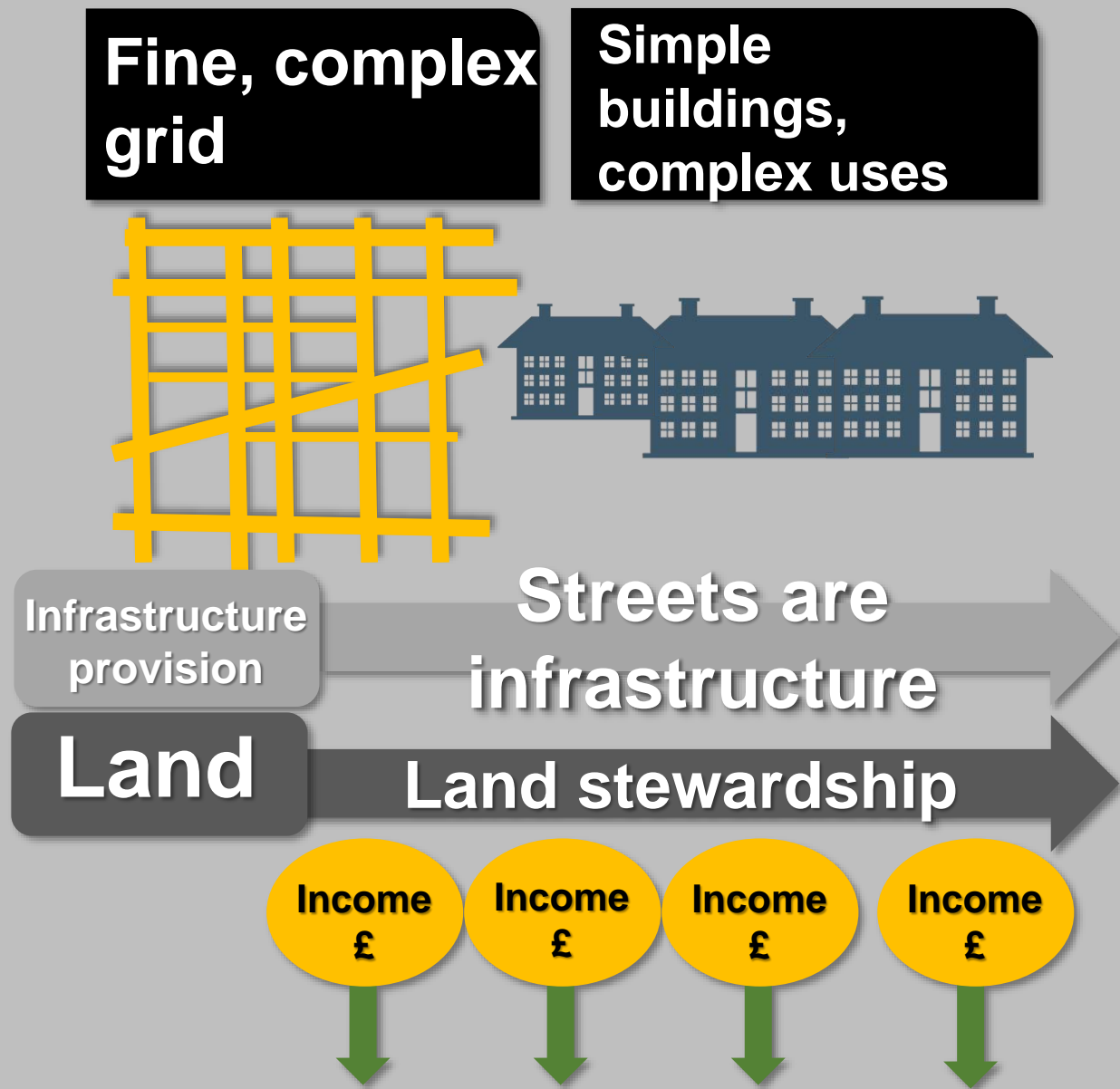




# 20<sup>th</sup> C Capital Concentration



# 21<sup>st</sup> C Management for income



THE BARTLETT  
REAL ESTATE INSTITUTE

The future looks more like this



UCL





# We need to rethink real estate

## Global asset classes

- Retail
- Offices
- Hospitality
- Residential
- Industrial/Logistics



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## Human activity

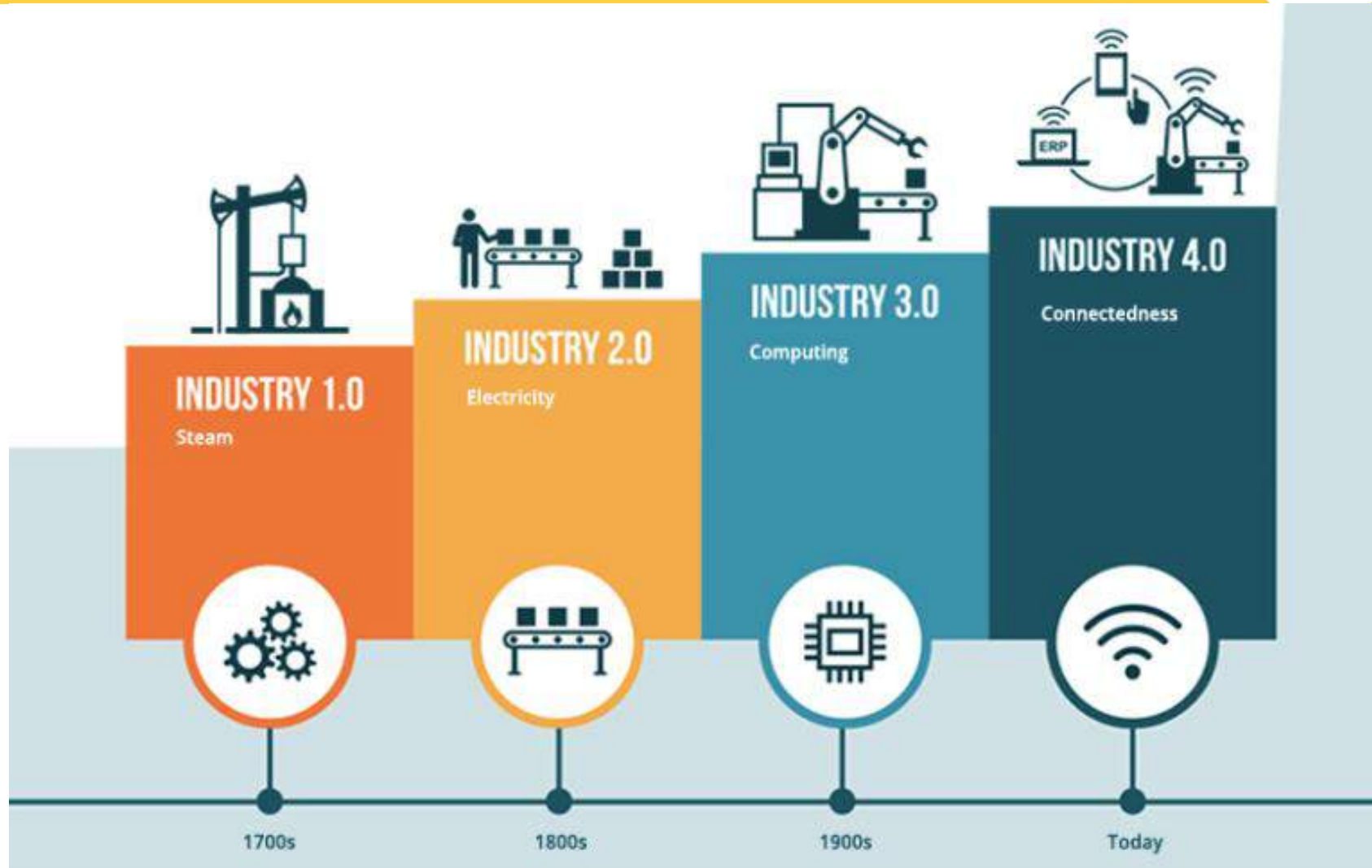
- Live
- Work
- Play
- Visit
- Make
- Trade
- Stay
- Eat

Financial  
Environmental  
Social  
Technological





# The fourth industrial revolution is changing real estate





## The 5th age city looks more like the 1<sup>st</sup>



**1. Agrarian**



**2. Early Industrial**



**3. Mercantile**



**4. Financial**



**5.**

**Digital**

Proximity to other people

Proximity to raw materials

Proximity to markets

Proximity to finance

Proximity to other

# Will it be real estate or virtual estate?



Apr 29, 2018, 08:42am EDT

# Digitization, Digitalization, And Digital Transformation: Confuse Them At Your Peril



**Jason Bloomberg** Former Contributor ⓘ

Enterprise & Cloud

*I write and consult on digital transformation in the enterprise.*

	In business	Affecting Real Estate	In Real Estate
Digitisation	London Stock exchange 1980s	Mail order catalogues go online.  New demand for distribution warehouses	Estate agents on internet
Digitalisation	Online trading platforms	Consumer behavior changes as e-tailing takes increasing share	Online conveyancing
Digital Transformation	High speed and technical trading, new types of investment	New business originating entirely online thrive, old retailers go out of business.	Tokenisation

## Summary

Digitization

Converting analogue information to digital

Digitalisation

Activities become possible that were previously unavailable (Social and business)

Digital  
Transformation

The nature of the thing itself changes

# RE Digital Transformation

(Digitised and digitalised RE and virtual entities that have an impact in the real world)

e.g. Tenancy rights conferred by online Airbnb booking

e.g. Scanned 3D models on online sales platform

## Virtual Estate

(Exists only as zeros and ones e.g Art NFTs)

## Real Estate

(Land and immovable assets attached to it)

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