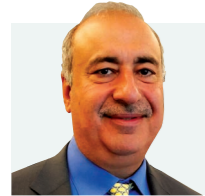


Is property immune to Covid-19?



Economic outlook Raed Hanna

Just as we were moving away from the turmoil of Brexit, we find ourselves facing a new hurdle: Covid-19. I say hurdle and not wall because real estate is a resilient industry and it will overcome this.

It is a huge hurdle, though. The usual rules of economics seem to have disappeared and we have been left in a place of contemplation and bewilderment. We have seen our marquee event Mipim postponed and many other interruptions to business.

So how will this latest crisis affect real estate? I think the quoted property companies are going to face the biggest challenges. With monumental falls in the stock markets across the world, REITs and PLCs alike are seeing their share prices plummet. For already struggling players such as intu, coronavirus

could be the final nail in the coffin. With many quoted property companies looking 'cheap', I believe it will not be long before the vultures start circling.

I dare say, over the coming weeks, we will see many PLCs and major industry professionals issuing warnings as to their performance and revenues.

In recent years, we have seen a huge influx of investment into the UK from China, Korea and Malaysia. They may well now focus on their local markets for a while.

The construction industry is beginning to see its supply chain interrupted and to have concerns over labour. These

issues will undoubtedly affect delivery and timing in all sectors of real estate development. A genuine worry is a downturn in new schemes as projects are cancelled or postponed, because owners are wary of market sentiment or are unable to secure builders, their builders are banned from working on non-essential projects or their own employees are unable to work because they have to self-isolate or fall sick.

Tenants are going to start feeling the pinch pretty soon,

too. Many tenants are really going to struggle now they are closed for business for the foreseeable future.

We are already getting feedback from our hotelier clients whose trade has dwindled to nothing. The loss of income is affecting tenants' ability to pay rents. This could lead to lending covenants being

breached. Despite the welcome reduction in base rates, I think we are going to have to see some collaboration between tenants, landlords and lenders to work through this.

But property is a tough industry used to dealing with huge challenges. It may well be that this unfortunate event will be an opportunity for many to work in a market that has been crowded and highly priced for the past few years.

Uncertainty leads to opportunities and the chance to work in a marketplace that has some distress, creating openings and a slightly more liquid environment with willing vendors and an abundance of cash looking to invest. Every property cycle will always have opportunists looking to take advantage.

Ultimately, while the pain will be prolonged it will be finite. We will get through this and people will look back on this time with some pride as once again the property industry proves how robust, diverse and competitive it can be. **Raed Hanna is managing director of Mutual Finance**

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The property industry will prove how robust, diverse and competitive it can be

We must retain heritage buildings



Regeneration game Richard Upton

Browsing through a junk shop one weekend, I found an old shield with a motto emblazoned across the bottom, *Respicens Prospiciens*: 'Looking backwards, looking forwards'.

That shield once belonged to the Tennyson family. Now it hangs on the wall at U+I because it's striking and the motto encapsulates our

approach to regeneration.

Some think regeneration should start with a wrecking ball. Almost by definition, the places that we focus on are neglected and unloved so the temptation is to knock them down and start again.

It's tempting and easy but invariably, it's the wrong decision, not only because retaining

buildings is more environmentally sustainable, but because when you tear down the old without a second thought, people often feel as if something has been lost.

Tired, old buildings may not look that great on the surface, but dust them down and something special can be found. Call it a sense of place, call it belonging, call it soul; it matters and it provides a degree of authenticity that the shiny, new stuff just can't replicate.

That's why we think it's better to adopt a different mindset: one that focuses on keeping what's there.

There's a fine balance between

the soul of the old and the lure of the new. There are often competing interests too - and planning requirements to consider.

But just because it's difficult doesn't mean we shouldn't try. In fact, we *have* to try, because stitching together old and new creates better places. Families who have lived there for generations know this is still their place. Newcomers feel as if there is a history to their new home.

That's what heritage is all about - not just the grand, well-funded sites but the smaller, dirtier assets that can still generate interest and

We are all reshaping how we live



Home truths Helen Gordon

If 2019 was the year of uncertainty, 2020 is the year that started upbeat but by the end of the first quarter we were reeling from something we had never heard of.

Witnessing the emergence of coronavirus from a distance in disbelief, I found it impossible to imagine facing the awful situation that other countries were in. I, like many, have never experienced anything that has had such a deep impact on so many people's lives.

Without question, these are, and will continue to be, challenging times, and we must pull together to support each other, but most importantly our employees and customers.

With the prospect of long periods of self-isolation now a reality, for many, their homes have never been such a safe haven. A protective space, a workplace, a temporary school, a social space and more. For the first time, we are existing largely within our own four walls.

Our homes are being repurposed to enable us to fulfil our many roles in life. We do this out of necessity rather than choice, but in doing so, we are likely reshaping the way we live our lives for the long term.

In recent weeks, space, design and wifi provision in the home have all taken on even greater levels of importance as we navigate through the blur between work and home life.

As landlords, we have a responsibility to our customers that goes beyond bricks and mortar. Our aim is always the highest levels of safety and security, but with this, we must do more and go further to ensure that through our hygiene standards, building protocol and management processes, we are doing all we can to protect our employees, residents and partners.

The implications of coronavirus have forced change to working practices. Our staff are transitioning to remote working and the realities



of managing properties from a distance. It isn't easy nor perfect, but we are finding that even when we thought there was no way of doing some things, there is. Whether it's a FaceTime viewing or virtual home visit, we're making it work.

As landlords, we are fortunate to get a real window into our customers' lives. It's an important and deeply personal relationship when you're providing someone's home, and we build those relationships because we care. We want our customers to have a great experience and a happy home, and we want to know that they're OK. That's why, even with self-isolation, and protections in place for the vulnerable over-70s, we will make sure we stay in regular contact with our residents over the coming weeks and months.

We care too for our neighbours and the local communities in which we operate, and where possible we are working with our residents to build support networks both within our buildings and outside them.

At the time of writing, there is still so much uncertainty and worry. I am proud at the way many of our landlords, both commercial and residential, are responding. As an industry, we are innovative and responsive, and I'm convinced we will come out of this crisis with new skills and relationships with our customers.

Many of our customers will suffer hard times, and we must therefore work together with the government to limit the impact as much as possible for all parties. **Helen Gordon is CEO of Grainger and president of the BPF**

drive economic growth.

The Depot at Mayfield is a classic example. Abandoned for decades, this former station had become associated with degradation, drugs and prostitution. We were told to knock it down, but we didn't want to. It is an amazing space. People walk in and say "wow".

It costs a lot of money to make a wow and we had it right there. So, last year, we opened up part of the space for plays, concerts and civic events. There were more than 220,000 visitors, generating around £10m of economic gain.

We were convinced Mayfield would be more inclusive, more rooted in Manchester and a lot more interesting if we kept The Depot alive. That conviction was born

from experience in places like The Old Vinyl Factory in Hayes, Preston Barracks in Brighton and Deptford Market Yard in south London.

They were all difficult sites, but it seemed like common sense to try and keep them. These are the types of places where hoteliers, restaurateurs, retailers and creative industries want to be: old buildings with a richness that the modern equivalent seldom provides.

That interest in the old is now particularly important as we try and boost productivity, cut emissions and find our mojo in a post-globalisation, post-Brexit world.

Keeping the old is also often more sustainable. These buildings were constructed using lots of material, labour and energy. Why not reuse

and recycle rather than rebuild?

When we regenerate, we need to understand that civic pulse and civic progress come from blending the new with the old. And that means respecting heritage assets.

According to Historic England, £1 of public sector spending on heritage-led regeneration generates an average of £1.60 additional economic activity over a 10-year period. And the overall gross value add from heritage assets in the UK amounts to almost £30bn.

But it's about more than just hard cash. It's about creating places that invoke a sense of community, that make people happy and that tackle climate change.

Richard Upton is chief development officer at U+I

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