

Glitz and grind

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This year's MIPIM saw as much sweat as it did glamor, writes Will Rowson, partner at capital advisory firm Hodes Weill & Associates and seasoned campaigner at the event.

Did it feel like 2005, 2006 or 2007? Was the fabulous weather compared with last year's wash-out a sign of the real estate market's resilience? MIPIM was riddled with the 'when will it all end' question this year, while the crowds of property executives covered up any nerves with lunches on the beach, dinners on yachts and coffees in any sunny spot available.

I had the sense most people are spending less time at MIPIM than before. Fifteen to 20 years ago, it was a Monday night-til-Friday morning affair, but my flights to Nice on Tuesday lunchtime and back to London on Thursday midday were packed. Maybe it is more difficult to justify coming for the whole time these days or perhaps it was just a reflection of a smaller world better connected by more people traveling more often.

My outward flight was a fascinating picture, with hardly a tie or colored shirt in sight and more American accents and carefully trimmed beards than I recall before – the PERE MIPIM express came to mind! Still, there were a few fellow Brits on board with their double cuffs and pink or orange ties on show.

Our industry is always looking for the next speed bump in the road ahead and there were plenty to discuss. There was a collective sigh of relief on the Thursday morning as it became clear that the Dutch population had rejected, at least for now, the potentially dangerous right-wing message on offer. The political environment in Europe feels like 2013 when the year was riddled with elections – and political uncertainty – but all those decisions went the expected way and the market kept recovering. Let's hope we can reflect on 2017 in a similar way after the shocks of 2016.

I had various conversations with old friends and colleagues from continental Europe who were virtually all frustrated by the UK government's movements towards a 'hard Brexit' – it felt like a slight against their

culture, to them, and I think reflected a hardening attitude toward the UK, especially the hardline Brexiteers from across the Channel.

The real estate industry is listening to the political temperature, but also adopting a sense that we are 'long in the cycle.' There was more talk about defensive strategies, sectors, products and funds in Cannes this year. From my discussions, it would seem there is still room in the market for opportunists, but the focus has moved to strategies that will weather any storm over the coming five years and protect against rising bond yields and inflation.

That said, hearing that German logistics prime yields are now around 5 percent and still compressing is worrying whatever the wider context. Someone will lose money when the party eventually stops or even slows.

The main comfort within the market discussions appeared to be that the provision of debt is more controlled than 10 years ago and memories of the 2008 crash still linger long in investors' memories. Defensive strategies now include investing in debt funds or shadow banks from senior to mezzanine loans. The other theme in virtually all my meetings was that investor equity is very selective and only managers or developers with the best strategies and track records can successfully fundraise at this time of the cycle – whether their strategies are defensive or not.

Still, even with all that reticence in the air, MIPIM is still MIPIM and gives the global real estate industry the chance to let off steam and get noticed. The industry is also a revolving and evolving door, and so the Wednesday parties had some real competition from newcomers for the place to be. Adding a couple of ex-Manchester United footballers to one of them was a trump card this year.

Another element of MIPIM's evolution is what people do before or after. There was less talk of skiing and golf, but more of donning spandex and doing MAMIL (Middle Age Men in Lycra) tours of the hills behind Cannes. My favorite story is of an old pal who, having stayed out until 5am, was then heading to the hills with his boss for two full days of sweating the vodka out on his bicycle. I hope he had more water available on his bike than on my 'pay for everything' British Airways flight home.
