

Global Real Estate Conference: Insights

Real Estate without Borders

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Andrew Weir (AW):

Well, I think we've had some wonderful sessions already today and what we've really learned is real estate truly is a global business. And how do we all respond to its global industry? I'm delighted to be joined by three very senior members of our global real estate community at KPMG. You've already heard from Hans, who is our Head of Real Estate and Asset Management to Germany, Phil Marra, who is the Head of Real Estate Funds in the United States, of course, and Sara Sipila, who is the Head of Global Strategy at KPMG Finland and has been heavily involved in the Global CEO Survey. So a great welcome to my colleagues. We all know each other well and we're looking forward to a very friendly, robust exchange of views. And I hope those of you listening and looking in will extract some value from this and a few ideas to take forward.

As we've heard before from Hans, and indeed from me, really the real estate industry is going through a huge change. It's going through a huge change in terms of digital. It's going through a huge change in terms of economics. It's going through a huge change in terms of strategy and what CEOs are thinking.

But a big point which gets raised time and time again is ESG and sustainability. And I think we'd all agree this gets mentioned a lot and gets talked a lot, but a very fair question is who has really fully embraced it and addressed it yet? It is the future. It is the direction of travel we all need to get on in the journey, but what does it mean in practice? A number of countries are committed to a new sustainable world, of course, and a number of countries have put measures in to develop a framework to support ESG standards.

But I think we do need to ask ourselves where are those measures, how far have they gone, and do we really need a globalized playing field on ESG in the real estate world? And maybe I could ask you first, Phil, you see so many large global real estate funds and you do a lot in the private equity space as well, and just generally in the capital markets, what would your take on this be to share with our friends who are watching today?

Phil Marra (PM):

Sure. Well, thank you again for having me today, Andrew. ESG is on minds of all the CEOs of our largest clients, but really when they talk about a framework there's a lot of confusion out there because there are so many different frameworks. And not all of them work well for the real estate industry.

I think it's upon us as an industry to really try and identify the best out of the various frameworks and then use the trade groups here in the United States, the NAREIT, the Preus(?), the ULLs, the EPRAs, to help us develop something that fits within the framework that best aligns with our industry. And by the way, our industry covers lots of different things from real estate owners, service companies, hospitality, gaming, cruise lines. They all have a slightly different spin on that, but in order for us to really take hold of this and drive it, we need to get to some commonality around the frameworks, select a framework that works and then drive it through our industry.

AW:

It's interesting, Phil, I've seen in the last couple of years a step change on ESG and the commitment to it, and it's moved from what I'd call supply side push, technical experts raising it and, in some ways, not being at the core of an organization, into being top down, strategic, part of a board dialog.

And really a big change that CEOs, now they know they can get ESG scorecards of a listed entity, and that investors will look through an ESG lens when they're looking at deploying of capital. How far do you see that developing in the future? Where do you think we're going to be in three years? At the moment, I'd say 26 percent of assets under management worldwide are under some form of sustainability lens. Where do you think it's heading?

PM:

I think that number will grow exponentially. There's no question about it. It's the speed at which we can actually deliver good data to the organizations. Then, ultimately, what the stakeholders want is they want to know that that information is accurate, consistent, and comparable. And that's really where KPMG will get involved.

Over the long haul there will need to be some level of attestation around that information. It starts at the very beginning, getting a common framework, being able to make sure the organization can gather that data and then be able to replicate it consistently and comparable to other organizations. Then, ultimately, it will be about us making sure that it's accurate.

But I think that there's a lot to be done. I think it's going to come together rather quickly over the next few years. So it is high on the minds of us and our constituent clients.

AW:

I had a very interesting conversation recently with some global leaders and the question was integrated reporting is seen as a big bastion of ESG as a concept maybe ten years ago. And a lot of questions have been where has integrated reporting gone, is it going to be at the forefront of it? And I said, look, this is really being reopened again. And to what extent do you see integrated reporting and the linkages in with financial reporting standards, Phil, as being this direction of travel on this new global approach to reporting?

PM:

Andrew, I can't agree with you more. This is where it needs to go. It needs to be engrained in everything we do in the business from the front office to the middle office, to the back office, to the financial reporting, to the stakeholders. And here in the United States, the SEC, we just actually have a new SEC chairman and it's high on his agenda to make sure that we've got sustainability engrained in the financial reporting in the way our corporations and our real estate companies are run.

AW:

I think that's a really good insight. And it's interesting, there has been a big step change in the US on this, there really has. And maybe I could bring you in now, Hans. Obviously, Europe is seen in many ways as the prime developer of the ESG concept over the years, and in many ways has been trying to have a leading voice. And of course, as many EU and other pan European initiatives in this space. What would your take be on this? And in particular, thinking again into the future where you see this is heading?

Hans Volkert Volckens (HVV):

Well, thank you, Andrew. I think there are number of aspects. First of all, I totally agree with Phil, there is a major discussion going on. Of course, Europe is trying to have a kind of intellectual lead on ESG standards, but on the other

side, we have a truly integrated global real estate world and what we definitely lack is a harmonized base of criteria in KPIs, how we define sustainability. What is the ESG criteria actually about and how do we want to measure things?

Remember, I had the discussion with Steve Wexler during this conference, the President of the National Association for Real Estate Investment Trusts in Washington, and we agreed that after this conference we want to really push that ESG matter on a really global scale. And NAREIT will be happy to contribute with other associations around the globe, together with KPMG, to push this harmonization which Phil really mentions as one of the most important things. Why is that? Because ESG is not an ecological dimension alone. It is an economic dimension as well. Because whatever is being labeled ESG compliant rises in value. And for that, I think harmonized standards and a good transparency how we define and how we measure ESG compliant stock is an economic question. And saying that, it has actually two angles.

When we talk about ESG in our industry, we always talk about the purchase of tomorrow, the green, the bright future tomorrow, but only one percent of our stock is actually modern. Most of real estate has been acquired five, ten, 15, 20 years ago and what we have to turn is our view. We have to have this view into the future, but we also have to have a close look and a close focus in all the stock that is there, and we have defined measures how to transform them into an ESG compliant environment, an ESG compliant future, and that will be a lot of work for our clients and a lot of work for us as KPMG.

AW:

It's very interesting, Hans, I've been involved in, as you know, I used to chair the Stock Exchange Listing Committee in Hong Kong where I'm based, and we had a big push on ESG. And given some of the matters which have arisen in Hong Kong and certain other parts of Asia recently, the S, the social part of ESG is in great focus. And a lot of our clients are major organizations who want to see more of this, but are working out how best to do it.

I'd really be interested in your perspective on this as what you're seeing with the organizations you're dealing with and where you actually think this is heading. Because I think the demand, as we emerge from the pandemic, as we said earlier, the demand on ESG is going to be huge, but what companies do their purpose and how they're helping society is really going to be paramount.

HVV:

I think you've mentioned something of utmost importance. Andrew, when we talk about ESG, we talk a lot about the E. And now since a couple of, I would say months, not even years, the S, the social impact is being more and more of importance. And the question here is how do we find that, how do we measure it? Because this is the real problem. I see a lot of private initiatives in companies and associations to really track that, but I think there is a really diverse way of looking at social impact investment. And when we talk about the hurdles in the E, we really have a long way to go get to the S.

AW:

Phil, I know we need to draw this part to the close, but reflections from the US perspective on S? Because I think one tends not to hear that maybe so much or maybe that's changing.

PM:

By far it is changing. I think that it has been moved to the forefront most recently with all the interesting things that have been going on in the political world here and I think the S is high on the priority list.

When I talk with my clients, the biggest question they ask me, and many think financially in terms of return on investment, I spend a lot of time to explain to them that in order to achieve the S it's not going to be a direct financial impact, but it's a lot of qualitative impacts. The best thing they can do is to start by saying define what you think would be your return on investment qualitatively by making these investments in the S and then monitor against that. And I think you can see great progress there, but it's going to be very difficult for you to show direct financial impact from an ROI perspective through the S, but it is what is most important to your customers.

And the other thing I talk often about is to redefine your customer. Because in the past, the customer was the facilities manager who was leasing the space. I think the customer today is the employee in the space, the potential buyer that is coming into your shopping center, the vacationer who's coming into your hotel. Those are the customers, and they are very, very focused on the S element, and the E element, to be very honest, of what's going on in and around your particular investment.

AW:

I think, Phil and Hans, it's very helpful and insightful. Just from an Asian perspective, a couple of reflections. It's fashionable to say Asia is not at the forefront in ESG, I would disagree. I would in China, of the city where I'm based, the ESG narrative is very, very strong and the drive for true green energy is genuine out of necessity. But what is developing is some form of what I would call ESG reporting with Chinese characteristics. That would be point number one.

Point number two, the traditional Asia family model where very large district(?) groups are really controlled by families for years have been doing ESG, but have not described it as such. So in many ways the packaging and sharing of the measurement are something which has already been in place. It's a very interesting trend. And thirdly, now people are starting to see what they couldn't see before. Going to your point, Hans, cost of capital and share prices are positively influenced by proactive ESG narrative. So I think that story in Asia is very important.

So maybe I could just wrap up on this and just share with everybody looking in today that Hans's initial point about let's have a global approach and how to get the society bit more measured, and then just sharing generally in practice what's

happening around the world is something which KPMG will definitely stand up and be counted on working with those major organizations. So let's watch this space.

Changing tack a bit, we produce every year the Global CEO Outlook Survey. It's over 1,500 CEOs around the world, a very good geographic spread and they're asked to give their perspective on the trends and the risks they're seeing. And Sarah has been very, very involved in the writing of this and the research on this. And we actually started to bring in, not just an annual survey, but a half-year pulse, which is very good just to get a sense on what CEOs are thinking.

There's an interesting bit of data here. The CEOs of the world's most influential companies are really planning what a return to normal looks like. We've heard that many times. And mindful that a workforce's potential lack of access to a vaccine would actually force them to rethink strategies, including office space and remote working. In other words, the jury is out on what's going to happen on office space.

But an interesting point was when we did the survey, the annual survey, 69 percent back in August said they will downsize, a firm statement, downsize the company's physical footprint. But when we just did our survey, Pulse, at the end of March, it said 17 percent now think that. So a huge drop. So Sarah, you know this better than anybody, what do you think has changed?

Sarah Sipila (SS):

I think everybody is at a crossroads, frankly, now. I think that there's still so much uncertainty related to what is going to happen. If I think about what has changed, I think that this is sort of driven by hope. I think that we've now seen vaccine progress in many of the key markets, and I think that's probably related to the response there. I think that as we see countries like the US and the UK leading the way and having a relatively high share of vaccination rates already now, I think that we're beginning to have this hope that we can return to normal. I think some latest figures that I've seen in these markets where we have the successful vaccination we're thinking about as many as 80 percent of workers really returning to the offices by the end of this year, which of course, I think is a very different situation than what we had earlier on when we did the annual survey.

But I don't think that there is really a return to normal in this regard. I think that some things have really sort of fundamentally changed. I think we've all recognized that we can transition to remote working without productivity suffering. And I think that we've all also realized that our office space has less of a strategic role in our own productivity as companies today.

And I also think that the pandemic has really accelerated that demand for flexibility that's been around out there for quite some time. I think that, not just about flexibility in terms of working from home or working from the office, but also choosing other types of locations really from a corporate perspective of being able to expand that corporate physical footprint relatively easily. I think all the demand for that kind of thing is only going to increase.

As our corporate leaders, our tenants make these decisions about the corporate footprint they're really tackling a lot of big questions. And these are not decisions that you can make overnight which is why it's taking a lot of time for them to really figure out what the right move is. I think we have to think of it in terms of questions like are we nearing the end of a lease break or a lease end window? Are we allowed to maybe sublet some of our excess space to a third party? Can our landlord accommodate us in a smaller space or in another building to address some of our needs?

How do we want to use the space? Will we need to adapt the space that we have currently based on this sort of hybrid strategy where the workplace becomes much more of a collaborative workspace, so moving more towards this collaborative team type spaces? And then what kind of a role does our location and do our facilities really play in helping us meet our brand recruitment and strategy goals? I think that this is a really critical question. And if we downsize how does that really impact operations? Ultimately, the question is, is it simply too expensive to maintain these large facilities at a cost, a high cost per employee who's actually working at the office?

I really do think that a lot of companies are still in sort of a holding pattern waiting to see how the vaccination programs and the development of the pandemic is going to play out. This, of course, varies significantly by country by the development of the vaccination programs and what policies are put in place, but we're still in quite a bit of a holding pattern, I think.

AW:

I think that's a very good analysis. You're spot on. What is interesting in that survey is basically the CEOs are being much more sanguine about the approach they need to take on real estate property. As I said, being based out in Asia, I'm just released on quarantine, as you all know, actually the demand for space is still there. It's just the nature of it and it's collaboration space.

A very fair question is how will value be attributed to it moving forward? What is the value story and the valuation story with the changing nature of real estate? So I think that that's very interesting. Maybe I could just move on a bit actually, Sarah, on this. And then I'll raise something which I'm sure also Hans and Phil would like to do. And it's basically, you can't say what you said, Sarah, without us really recognizing that there's dramatic innovation to the field of technology, building information modeling, smart building, smart cities, and actually truly data driven societies and economies. And that's out in Asia. I just spent a lot of time in the Middle East as well. These are data driven cities now. You know? And this will provide for new changes and challenges.

Pulling this all together, what should we do today in order to do what Hans has been always challenging us today to prepare for the reality tomorrow? What do we need to do today to future-proof ourselves?

SS:

This is a really good question, and this is a question that I find myself talking about with my clients across the space, across construction, real estate, and all across the value chain. I think that we are in an environment of really rapid change right now. I think that we have new technologies that have emerged all across the value chain from smart buildings materials in IOT, data driven site analytics tools, generative design solutions, collaboration software, I think you name it, all these tools are sort of out there.

We have many, many building blocks in place to truly disrupt the industry. But I think that what we're seeing now is a multitude of really fragmented solutions, unfortunately, still. And they're point solutions to single pain points which makes it really, really hard for our large players to implement these because it becomes very, very hard to manage. I think that as we see players seek to leverage technology-based solutions to create new revenue streams, to create new business models, to disrupt the speed and cost and quality of their operations and services. I think that they really need to look carefully at the needs that they are addressing across the various stakeholders of the value chain.

AW:

A rethink of certain aspects of the office market and the office market, actually there's a lot of positive news out there as well. So I don't think that data necessarily should be seen in a negative light, although I know you're not positioning it that way. And Phil, I'm sure you'd have a view on this.

PM:

Yes. The press here in New York has been very critical of statistics like 17 or 20 percent of the office space will be repositioned into the market. While I do think some of that will occur, I think this occurs over a five-year period. And the other piece that they're not considering is just normal growth in these markets.

Still, CEOs are focused on where the talent is and often the talent wants to be in the cities. So I think that there will not be large, massive blocks of vacant space for a long period time. It will occur over a short period of time. It will be released to new start-up companies and then separately, there will be separations of the high-quality A buildings that have all of the ESG and the amenities that the tenants want. And maybe those B and C buildings that don't have those, those are the ones that will suffer larger vacancies until they're able to be repositioned.

AW:

It's an interesting analysis, Phil, and I'm seeing that as well. And it just shows how such a statistic could actually stimulate a good discussion on this. And a lot comes back, actually, as to what is the future of buildings? It does come back to that. And Hans, you obviously look much closer at the European scene. What would your take be on this?

HVV:

I mean, without any doubt, we are reconsidering the question of how office should be composed. When people are five days in the office, the office probably serves another duty than people spending maybe one or two days not in the office per week. The office is, of course, our window of values for companies. It is a collaboration place, it's an educational place. So of course, office will sort of change to have a better communication, better link between people working.

On the other side, I think with regards to the effect of whether occupancy rates rise or fall, two other elements are of, I think, much greater importance. One is the economic robustness of an economy because that is the backbone of employment. And the second thing is demographic factor. So especially aging generations, aging societies have different impacts on office than, for example, young generations and young societies. So, I would recommend to consider a bunch of different criteria to really look at the future of office.

But one thing is for sure, and I think this is a brilliant opportunity, when we are in times of change there are always tons of chances connected to this change. And I think it's about really understanding where the possible chances and potentials are, and let us together with our clients work on detecting these opportunities, track them, and really make that happen.

PM:

What I think about is people. And there are cohorts of people that will want to be in the office. The youngest professionals, because they still need to be trained, they need to develop into a culture of the organization. I think you'll see a hybrid of method for work for some of the people that have younger children at home where they need to be more flexible on their workday because they've got to deal with the education aspects of their children who may be being educated at home here in the United States.

And then lastly, the older guys like us, and you can see, I work in a very nice space at home, and I can do that effectively here, but I still need to connect with my teams and connect with my clients, and I need to be in the office on a regular basis, but it doesn't necessarily need to be five days a week, 52 weeks a year.

SS:

I think it comes back to that point about flexibility. I think it's really about having a variety of different options available to everybody. And I think that this is something that we saw before the pandemic and I think it just has accelerated multi-fold when we saw that this is all now possible. We conducted a study here in Finland last year during the pandemic and flexibility just came up as really the critical thing that people are really looking for in their office space environment, you know, what types of space we have to offer them to enhance their productivity in the various tasks that they have through the course of the day.

PM:

The demise of the office building is far from accurate. We're seeing another cyclical change that occurs and we have to work through that. It'll take a little bit of time in the bigger cities. I think some of the suburban areas might actually benefit because we may go back to the future to a hub and spoke method where you've got a centralized office, but you also have other satellite offices that facilitate what people need at a particular given time.

AW:

I'd like to move onto digitalization which is one of Hans's favorite subjects. And I think you're right on this, my friend. It's not about technological enablement of what we're already doing, it's about working out what we want to achieve and how technology helps us to get there. It's very different. And we look at the pandemic as prompted, you use a great expression, a catalyst on change already and it's forced the rethinking of existing strategies. And when the pandemic arose, I was speaking to many global CEOs and chairmen and the first thing they said was how can we digitalize? We were looking at it before, now we're fully committed to it. How can we accelerate it? It could be everything from supply chain, customer, you know, the whole shooting match.

From this survey, again, 75 percent of business leaders report that the digitalization of their operations and creation of a next generation operating model have accelerated by a matter of months, up from 50 percent in August 2020. So it's now right up in the 70 and 80. And I've just got an anecdotal statistic I think you'll enjoy. I do a lot with big sovereign wealth funds and the analysis of some of these have (Inaudible) the impact of digitalization in the retail space in the UK is that in eight months the change in digital footprint and retail has covered eight years' worth of change previously envisaged.

So when you hear all that, Hans, and the next generation, what do you think of some of the things that companies should be considering and some of the interesting things you've been seeing yourself?

HVV:

Well, thank you, Andrew. I think what are understanding since are in the pandemic that digitization allows us to live our economic lives. Let's look at what we are doing now. We would actually like to meet for this conference in presence. It's not possible, but we are able to use our computers, our IT systems in order to make it happen. And that's what we've experienced since more than a year. Business is ongoing due to digitization, and therefore, it becomes a different relevance. It is not a gadget. It is not something that is nice to have. We all understand that it's the backbone of what we are doing. It is a must have and, therefore, it is a dramatic change in mindset.

What my personal belief is that every company, every business leader totally understood that digitization is something that really has to be worked on on a daily basis, that has a completely different relevance in our businesses, in our daily work. And

with that, and with the change of clients in that respect we will change. Because technological competence, the idea of how we envision the world, how we see the world today, in five, six, seven years, technologically different. It's something where we have to really building our competences and capacities. We will have to provide thought leadership because clients want to spend money, but they want to spend the right money because it's an expensive issue. And therefore, I think there are two things to that. One is relevance. It's the question, what do we really want to focus on? What is really something that is a must have in a daily business and what is driving our industry into the next generation? First of all.

Second thing is the opportunity to really deliver. That means, next to that, we will have to have the capacities in order to deliver around the globe. And as this is a highly expert driven field of business, we will have to collaborate across the globe. And I think this is something that companies like KPMG, truly global, big, interactive, can really assist in and work with our clients. Because we have the capacities, we have the competences to fully serve around the globe in technological expert and define use cases in Australia which we use in New York, or in Finland which we use in Germany. And this share of knowledge, this share of expertise is, for me, the decisive game changer in our work together in a future that is exactly what Sarah was saying, rapidly changing.

AW:

Thank you, Hans. I think, again, that's very, very clear. And what I found in speaking to many of clients, our more innovative ones, also those clients wanted to get started is actually data governance, data strategy, linking in with digitalization. And Phil, I know this is a massive passion of yours, and it does link to what you said before about global standards as well, it is connected. And you've recently completed a survey on data strategy and data management trends in real estate companies. I think everybody is trying to work out how best to play in this space, what it means, where ownership of data rests. Could you share with us some of the findings from your survey and some reflections on what it means.

PM:

Thank you, Andrew. Yes. I'm going to bore you with a little bit of statistics and I'm going to tie back into what Hans said. A year ago, we did a US based survey on what types of systems are being used throughout the real estate organization and we found some great information there. That lead us to recognize that there was a need for more comprehensive review of real estate companies' data management. And that's what we did. We did a data management survey over the summer of 2020 during the pandemic. It's a 23-page report. It's available on our website. I think it's well done, great graphics. So if you haven't had a chance to look at it, please go to it.

As far as order of magnitude, we had about 188 respondents, and that was a diverse global population from around the world, as well as from a size and type of real estate organization perspective. So very well diversified. And some of the statistics that we found very interesting, 57 percent say they have some kind of formal data strategy, which obviously is very positive.

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On the other side, 43 percent don't, and that's the big negative. That's what we're trying to impress upon in this survey, that all organizations large and small need some type of data strategy. And the good news that we did hear is that the pandemic will accelerate their desire to create a data strategy because of the remote working environment in the pandemic and how the future will play out.

Sixty-six percent of the respondents told us the most important reason in their mind for developing a data strategy is to enhance decision making. Many of the questions that they answered indicated that they were looking internally. They had not really thought heavily about the external organization. And again, only about 23 percent talked about the fact that they've got something that really focuses around the customer. I really think that is really important, that we've got nearly 70 plus percent of organizations aren't thinking about their customer, and even when they think about customer it's got to expand beyond just the person who's leasing space in their building. It's really about the employees that are coming through the space day in and day out.

As far as technology, 45 percent indicated they had an ERP system, which is really positive. Thirty-nine said they have a central repository. In the US we've got a term of ours called the data lake. That would be that central repository. Twenty-three percent said they are in the process of trying to develop that data lake, but are struggling with it because they're afraid they're capturing too much data that they may not be able to understand and utilize.

In connection with developing their data, 30 percent have outsourced a portion of the data management process to a third party, but only 28 percent have onsite data scientists on staff. And I think that's one of the things that people need to consider. Giving somebody a job that's a second job or a third job on top of their asset management or financial reporting job to then become the person who analyzes all the data is difficult. You need a successful partnership between the business and their business strategy, the operations, and what data can and should be collected, and the IT Department that's processing. All three need to be involved. You can't have that just resident in one place which happens in a lot of organizations.

What we did find is that 76 percent of the folks are using Excel for data and analytics. That's a key finding. I think that's good because people are familiar and most comfortable with Excel, but 69 percent also said that they were just over-reliant on Excel. Some of the products that we saw that people are using that have had positive responses, 53 percent are using Power BI, 27 percent are using Tableau, and then there are a handful of small things that people are trying, PropTech(?) related or other sources. But there isn't, other than these two, anything that is really driving the industry.

As I mentioned earlier, 76 percent say the number one thing they're using this data for is for financial management and analysis to drive decision making. And there are a lot of obstacles with getting good data. The survey indicated that the biggest obstacles in data capture is really consolidation and standardizing the data from multiple sources. That was 61 percent.

A lack of integration because of their disparate systems either at the corporate level or throughout the network of folks that do property management and asset management for them. That was 60 percent. The lack of the right resources was 47 percent. And right in there was inadequate systems and data quality in the 40 percent. So clearly, the obstacles cut across people, process, and technology, and really need to be focused on if you want this to be successful.

We also asked the question about capturing data from your buildings as a sub point and we found some interesting pieces of information in there. Fifty-eight percent said they were worried about the cost of implementing it. I tied that back to it's hard to show ROI maybe other than from energy management systems, it was a direct correlation. There were 38 percent that had data privacy concerns. Not making sure that they didn't want to take signals or information, for example, from folks coming into the building or driving in with their cars and whether or not they would be breaking some kind of data privacy requirements.

And then 35 percent, it was lack of new technology readily available. Although there were a lot of anecdotal comments around, they were getting regular calls from PropTech companies wanting to try out their new toys. And there were just so many of them, they don't know which one to choose. So I think they need some help in sifting through what are the better tools that are out there that are being driven by these new start ups that could be implemented in connection with capturing data from your buildings.

AW:

I think, Phil, that's a wonderful run through and you can see the data is engraved on your heart. (Laughter) I think you know it. Very good. I really recommend this report. It's hugely inciteful. I mean, what I found on all of these topics is how often these topics are not owned at board level. And the key is board leadership and ownership on this. And just to use an example on the digitalization, chief digitalization officer or where is the board strategy on that, and actually on data security, data strategy, data management, again, it's not a technical matter, it's a strategic matter at board level. The same on ESG. The strategy on parameters.

So maybe a bit of a last comment from me on all of this is, these issues which are key to the future of real estate are actually major boardroom issues if you're either in the real estate industry or actually you're in an industry not in the real estate sector, but have a real estate component. These are boardroom strategic level issues. And I just encourage everybody to reflect on them. And as Hans said at the beginning, doing nothing is not an option. And hopefully, this gives food for thought.

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And maybe just to wrap up, our heading was *Real Estate without Borders: The Necessity to Respond to a Truly Global Industry*.

Just one final sentence as a leaving message for our friends who are watching us today. Maybe, Sarah, you'd like to kick off.

SS:

Sure. I mean, if I look to the future, I think that doing nothing is not an option, but we need to do it together. I think doing nothing alone is even worse. So we need to create ecosystems to really make change happen.

AW:

Excellent. I think that's fantastic. You're dead right on the ecosystems point. And Phil, what would your sentence? And by the way, sentences need to be maybe a minute long.

PM:

(Laughs) What I will say is if you're on a data management journey, really the key is setting a road map. The foundational tenets around strategy, leadership involvement, funding, execution, technology, data management, and then collaboration to help you develop the right tools, dashboards, and actionable insights from your data.

AW:

Thank you, Phil. And last, but certainly not least, Hans. As you've rehearsed, you can take as long as you like to share with us your final reflection.

HVV:

Thank you. I just want to follow that up in probably one sentence. Whatever our clients do in real estate, what KPMG is doing around the globe in real estate affects our private lives, affects our business lives. With that, we all understand that this is a huge responsibility, especially for the next decade. Let's take it on. Let's work together for a better future and a new reality together with our clients, together with us all around the globe. Thank you so much.

AW:

Well, thank you very much, Hans, Phil, and Sarah. And for me as Global Chairman of the Real Estate Practice, I hope this shows to everybody watching the global reach we have, our commitment to help on these global issues. And please watch this space as we disseminate thought leadership, guidance, and support to all our clients and communities in these important areas. Thank you very much and I do hope you enjoy the rest of the conference. Thank you.