

Key emerging themes underpinning real estate and the need for high standards of governance

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A change in consumer habits and investor appetite for more ethical returns is driving a distinct evolution (or is it revolution?) in the real estate industry.

Having attended numerous real estate conferences towards the end of last year, I was surprised to learn that trust, contribution and experience were becoming the key emerging themes underpinning real estate at the moment. Where was the demand for yield?

Yield, as it turns out, is not to be compromised, but there is a growing sense of responsibility in real estate and that requires trust. Investors want to see that their money is actually making a difference; genuinely contributing towards improving society. They care more that they invest in a way that is sustainable and future focussed and this cultural shift is evidenced by the rise in social impact investment, smart buildings (which links to experience too) and ESG policies being adopted by asset managers (even if they are notoriously difficult to monitor from a compliance perspective – robust governance can help with that).

As for experience, this theme reflects the changing way we want to live, work and shop. If we do have to leave our homes to go to work or, heaven forbid, go out and actually walk up and down the high street, it had better be worthwhile. The quality of our overall environment and the enjoyment we get out of the limited amounts of free time we have, are more important than ever.

So how can we build trust in the real estate sector and in asset managers in particular? A robust governance framework can help to start with and it is essential to be operating within a jurisdiction where there are high standards of governance, regulation and supervision. This is why, at Ogier, we are anticipating a shift in structuring away from the UK and into territories such as the Channel Islands, which are renowned for their strong regulatory frameworks.

Despite the changing real estate landscape and regardless of the sector, good governance means that you are able to manage risk better, maintain a strong investment strategy and stay true to your investors on the promises that you make – and Jersey provides excellent solutions on all these fronts.

For more information get in touch with your usual Ogier contact.

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