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Asia Investors Hunt Property That Gains From Social Distancing

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<https://www.bloomberg.com/news/articles/2020-05-21/asia-investors-hunt-property-that-gains-from-social-distancing?srnd=premium-asia>

- Assets such as suburban offices, warehouses should be popular
- TTB says it bought stake in European property platform M7

Asian investors are beginning to scout for property deals that would benefit from shifts in how people live and work in a post-coronavirus world, according to Hong Kong-based boutique investment advisory firm TTB Partners Ltd.

The expected changes brought on by lockdowns that have swept through cities globally should boost the attractiveness of suburban office parks and warehouses in Europe that serve e-commerce companies, TTB co-founder Jonathan Bond said. TTB specializes in linking investors in Asia with foreign sellers.

“There was a trend of moving toward remote working even prior to Covid-19 and that has only been expedited by recent events, in particular with travel having a higher risk premium,” Bond said.

Some of the world’s biggest companies are considering drastically changing their approach to regular offices in the wake of Covid-19. More are expected to relocate employees to suburban outposts while some may have staff working from home

indefinitely. At the same time, the pandemic has changed the face of retail, with people reluctant to go to malls and instead more content to shop over the internet.

TTB said on Friday it had bought a minority stake in M7 Real Estate Ltd., which manages properties worth around 5 billion euros (\$5.5 billion) across 14 European countries. Terms of the deal weren't disclosed.

Under the deal, TTB will utilize its network of contacts in the region to access new capital pools looking to invest in U.K. and pan-European real estate, either through joint ventures or through investment funds.

"This partnership marks an exciting development for TTB," Bond said. Asset classes such as regional offices and retail warehousing are "expected to benefit from increased demand as working patterns and consumer habits continue to evolve as a result of the Covid-19 crisis."

M7 Chairman Richard Croft said Asian investors were an important source of capital. "Despite the current Covid-19 crisis we are firm believers in the underlying fundamentals of many parts of the U.K. and European real estate market over the long term," he said.

Although parts of Europe are still in some sort of lock down, life is getting back to normal in China. Factories have restarted, airlines are flying and malls have reopened. Property agency Knight Frank LLP predicted that real estate deals will pick up quickly in the world's second-largest economy as investor confidence rises.

Asian investor interest in property deals is an early sign that the vast amounts of dry capital currently sitting on the sidelines may soon be put to work. Private-equity firms globally have an estimated \$328 billion for property deployment, according to Prequin Ltd.

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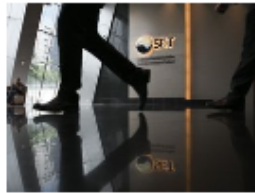
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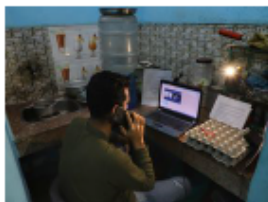
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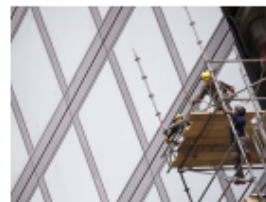
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