

Present in time future:

Challenges, Opportunities,
and Trends for the Global
Real Estate Industry

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> Cities are mirrors of our society

The city of the 20th century was organized under the rational paradigm of functionalism and separate zones to optimize the exploitation of resources and provision of services:
 industrial areas,
 Residential and
 Commercial neighborhoods,
 Were served and
 connected by massive infrastructures that allowed this model to work

At the same time, this led to a series of inefficiencies such as socio-spatial segregation, dependence on cars -and transport in general- environmental pollution and land consumption.



> Cities are mirrors of our society

> Shanghai
1987
2012
2023



>

Cities are

mirrors of our society

> Santiago

1979

2016

2023



> Cities are mirrors of our society

> Sao Paulo



>

Cities are

mirrors of our society

> Santiago



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Cities are

> Cochoa

mirrors of our society



>The City of the 21st Century

There are 5 forces
changing the urban
lifestyles and the real
estate industry

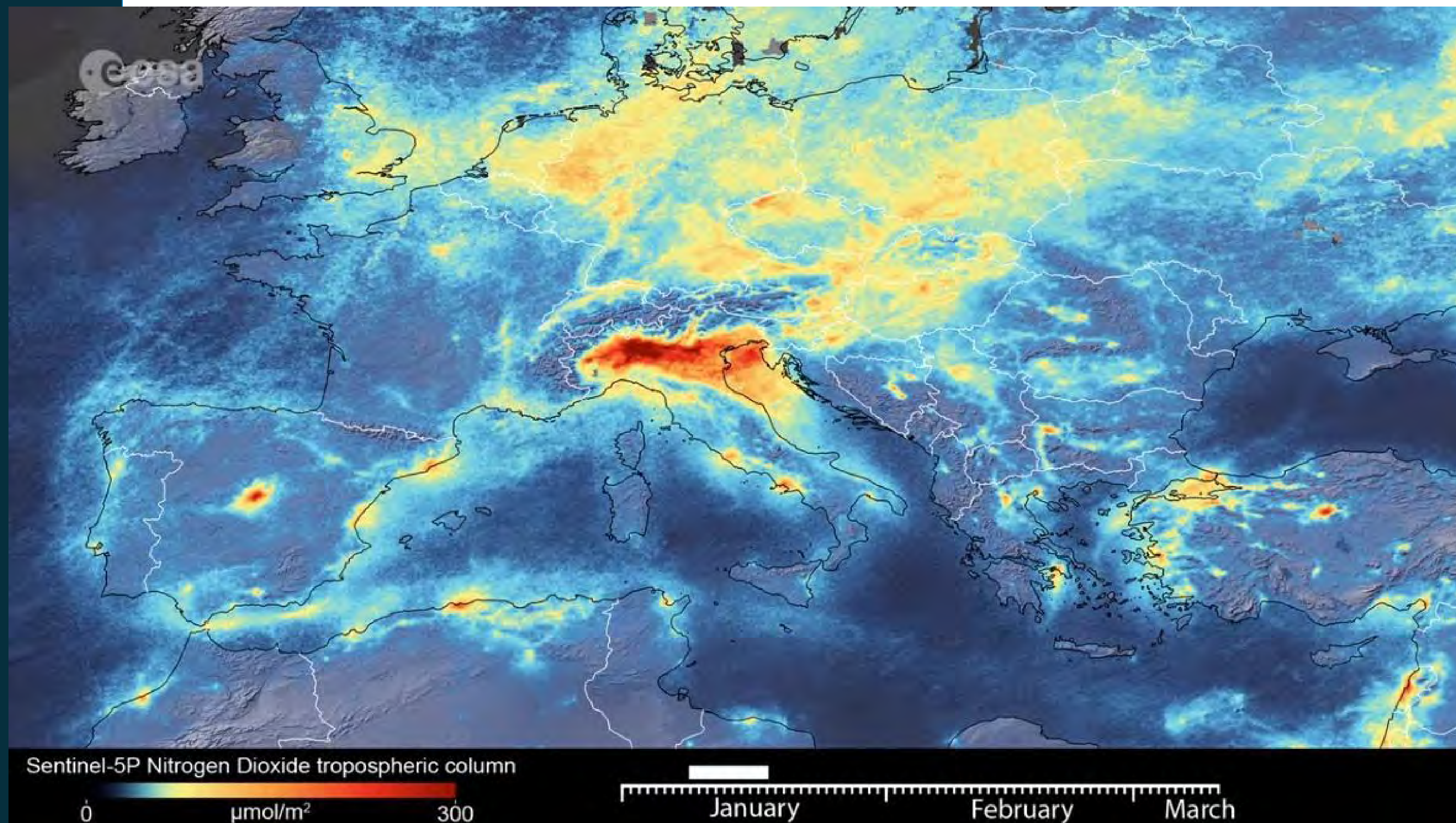
as we approach the
second quarter of the 21st
Century

- 1.- The fight against Climate Change and its effects
- 2.- Global Social Demands and Housing Crisis
- 3.- Effects of Covid-19 and lockdowns
- 4.- Economic downturns and Access to Financing
- 5.- Technological Transformation

1.- Fight against Climate Change and its effects

Cities consume 78% of energy produced in the world and generate 60% of greenhouse gas emissions, and only occupy 2% of the planet's surface.

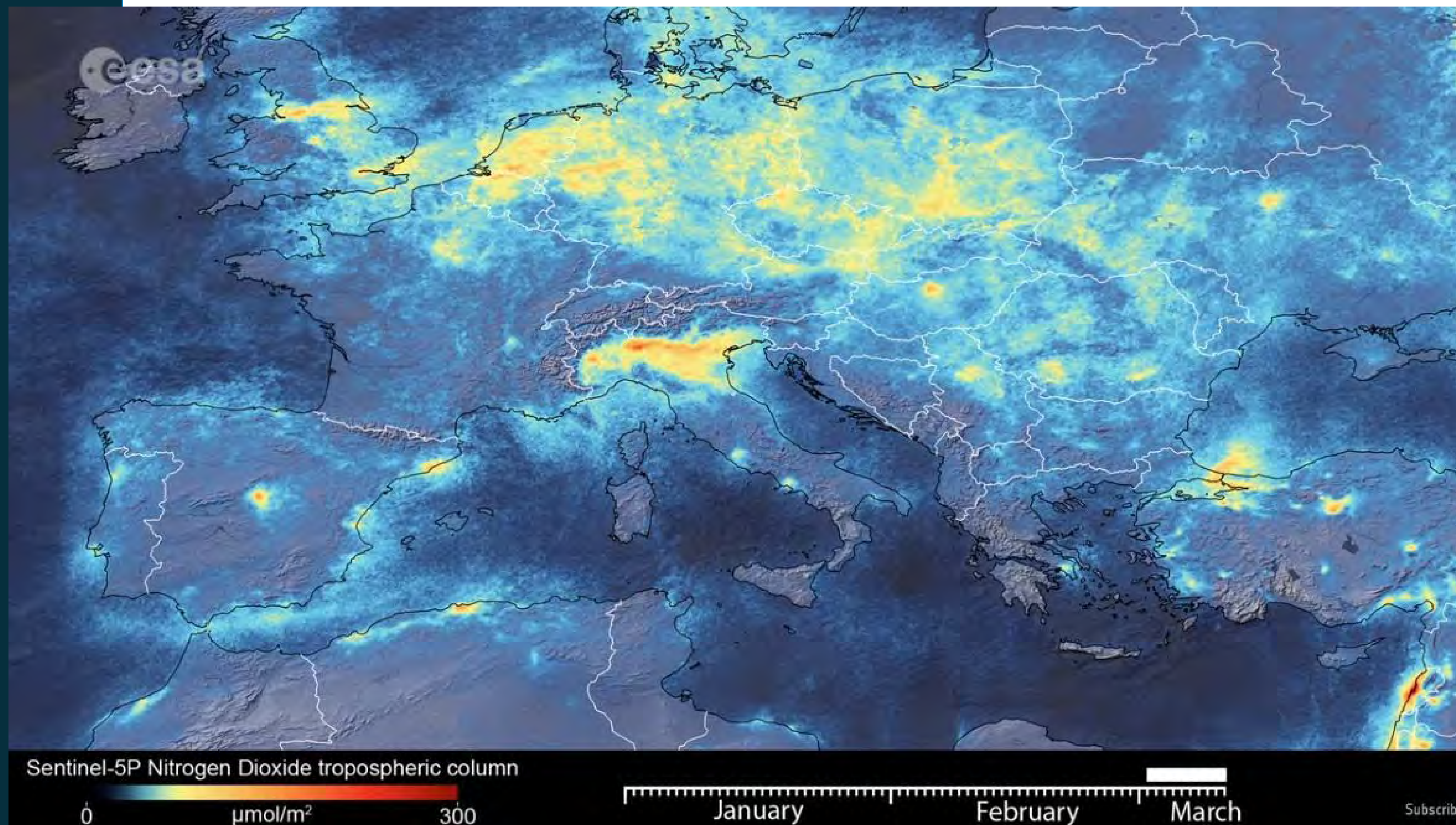
They should become the shortcut to reduce CO2 emissions by promoting energy & water efficiency and the decarbonization of our matrix.



1.- Fight against Climate Change and its effects

According to NatGeo, it is estimated that between February and March 2020 China reduced its CO2 emissions by 18%, that is about 250 million tons less in our atmosphere, equivalent to half of what the United Kingdom emits in a year.

In the case of Europe, for the same period, the estimated reductions were close to 400 Million Tons of CO2 less.



1.- Fight against Climate Change and its effects

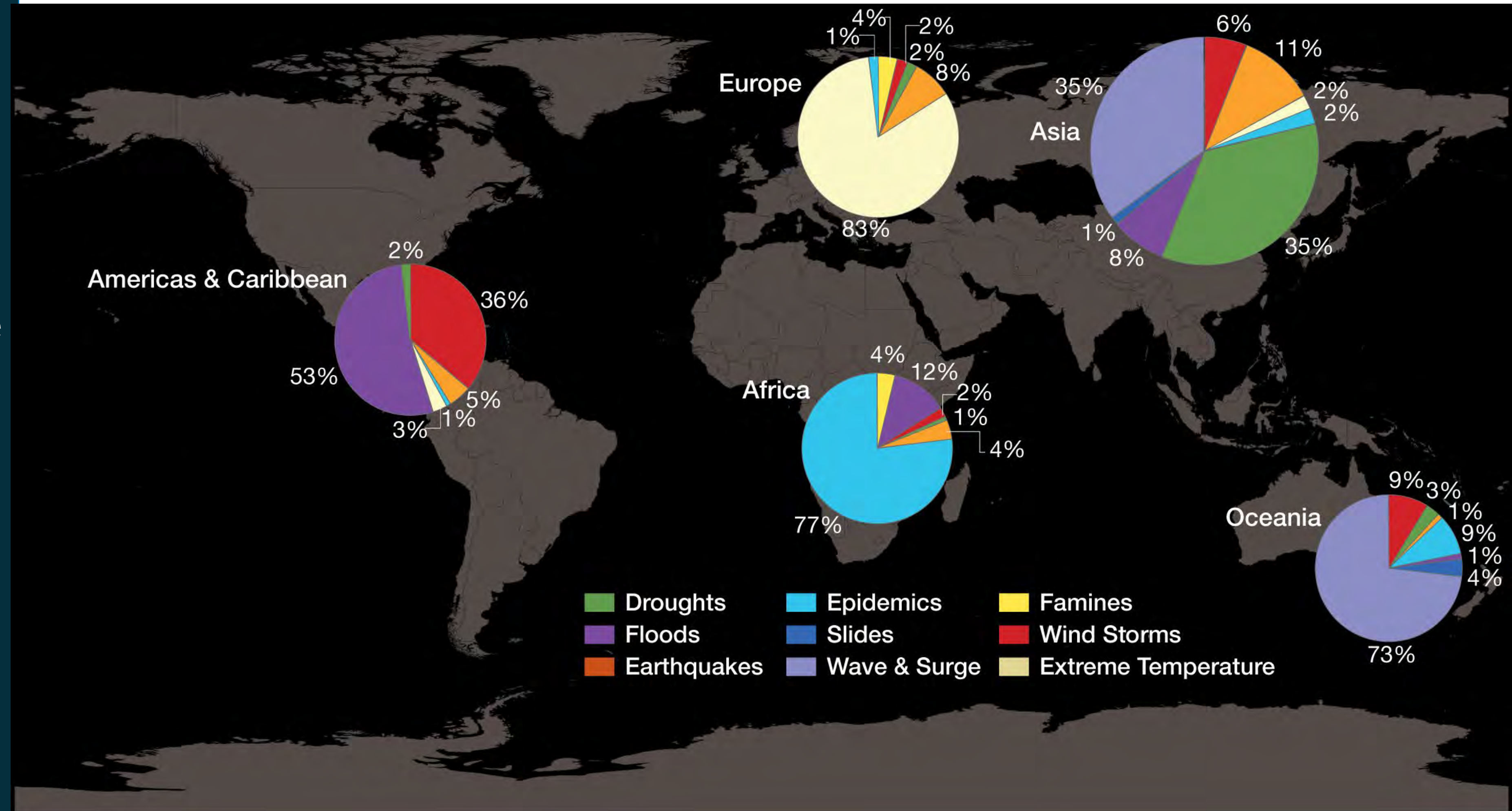
Climate change is a global challenge that poses significant risks to the real estate industry



1.- Fight against Climate Change and its effects

Regional distribution of disasters
 EM-DAT : The OFDA/CRED
 International Disaster Database.

<http://www.em-dat.net>, UCL -
 Brussels, Belgium Base map:
 UNEP/DEWA/GRID-Europe, June
 2005



1.- Fight against Climate Change and its effects

The World Green Building Council has estimated that the energy savings from green buildings can reach 30% compared to conventional buildings.

According to the Global Real Estate Sustainability Benchmark (GRESB), real estate companies that are leaders in sustainability outperform their peers by 3.7% in terms of investment return.

In 2020, Blackstone announced a new goal to reduce carbon emissions across its global real estate portfolio by 15% over the next three years.



1.- Fight against Climate Change and its effects

The Race to Zero initiative is a global campaign aimed at achieving net-zero emissions by 2050 through collaboration between businesses, cities, and governments.

Real estate developers and investors face legal, regulatory and political challenges related to complying with environmental regulations and building sustainable properties.

Decisión fue adoptada por 4 votos a favor y 1 en contra:

Corte Suprema falla a favor del proyecto Egaña y obras se podrían retomar desde hoy

“Queremos expresar nuestra alegría y tranquilidad al conocer finalmente la sentencia favorable a nuestro proyecto Egaña Comunidad Sustentable, emitida por nuestra Ilustrísima Corte Suprema”, señaló Fundamenta, empresa a cargo de la obra.

MATIAS BERRIOS

Fin de la teleserie. Durante el mediodía de ayer, la Corte Suprema entregó su sentencia respecto a la construcción del proyecto Egaña Sustentable, emplazado en la comuna de Nuñoa y que pertenece a la inmobiliaria Fundamenta.

“Se rechaza el recurso de casación en el fondo deducido en representación de la parte reclamante y se acoge el recurso de casación en la forma deducido por Plaza Egaña SpA, ambos deducidos en contra de la sentencia de veinticinco de noviembre de dos mil veintiuno del Segundo Tribunal Ambiental”, se lee en el documento de la Tercera Sala del máximo tribunal del país. La sala está integrada por los ministros Ángela Vivanco, Mario Carroza, Diego Simpértigue, Mario Gómez —quien votó en contra— y Dobra Lusic.

Desde la inmobiliaria, su gerente de arquitectura, Alfredo Palominos, expresó su “tranquilidad al conocer finalmente la sentencia favorable a nuestro proyecto Egaña Comunidad Sustentable, emitida por nuestra



El proyecto Egaña Comunidad Sustentable tiene un costo de US\$ 300 millones y se ubica en la esquina de Irarrázaval con Américo Vespucio.

Ejecutiva del SEA, dando validez y vigencia a la Declaración de Impacto Ambiental. Junto a lo anterior, dado que espiraron los plazos legales para reclamar este pronunciamiento, que ya se encuentra a firme y además contamos con el apoyo del Banco de Chile, hemos decidido comenzar el proceso de reinicio de la construcción”.

El proyecto de Fundamenta está paralizado desde abril de 2022, por el rechazo de la Comisión de Evaluación de la RM, integrada por los seremis del actual Gobierno y la delegada presidencial.

Esto, pese a que cuenta con Resolución de Calificación Ambiental desde 2019 y también con la aprobación del Servicio de Evaluación Ambiental, que en noviembre de 2022, en un documento firmado por su directora ejecutiva, Valentina Durán, corrigió la decisión de la Comisión de Evaluación, cuyos miembros se coordinaron por WhatsApp para frenar la obra.

Sobre el visto bueno del SEA, a inicios de enero de este año, la alcaldesa de Nuñoa, Emilia Ries, pidió la licencia de construcción para reanudar las

2.- Global Social Demands and Housing Crisis



2.- Global Social Demands and Housing Crisis

There is a growing demand for affordable housing around the world, driven by population growth, urbanization, and rising income inequality

However, there are significant challenges to meeting this demand, including lack of available land, high construction costs, and complex zoning laws



TECHO
 UN TECHO PARA CHILE

El 50% de las familias de campamento llega porque no les alcanza para el arriendo.

Fuente: CIS TECHO-Chile

#NuevoPactoSocial

2.- Global Social Demands and Housing Crisis

Several Governments are announcing ambitious housing recovery plans, from the UK to Chile, that open opportunities for the real estate industry, particularly in multi-family and cooperative models

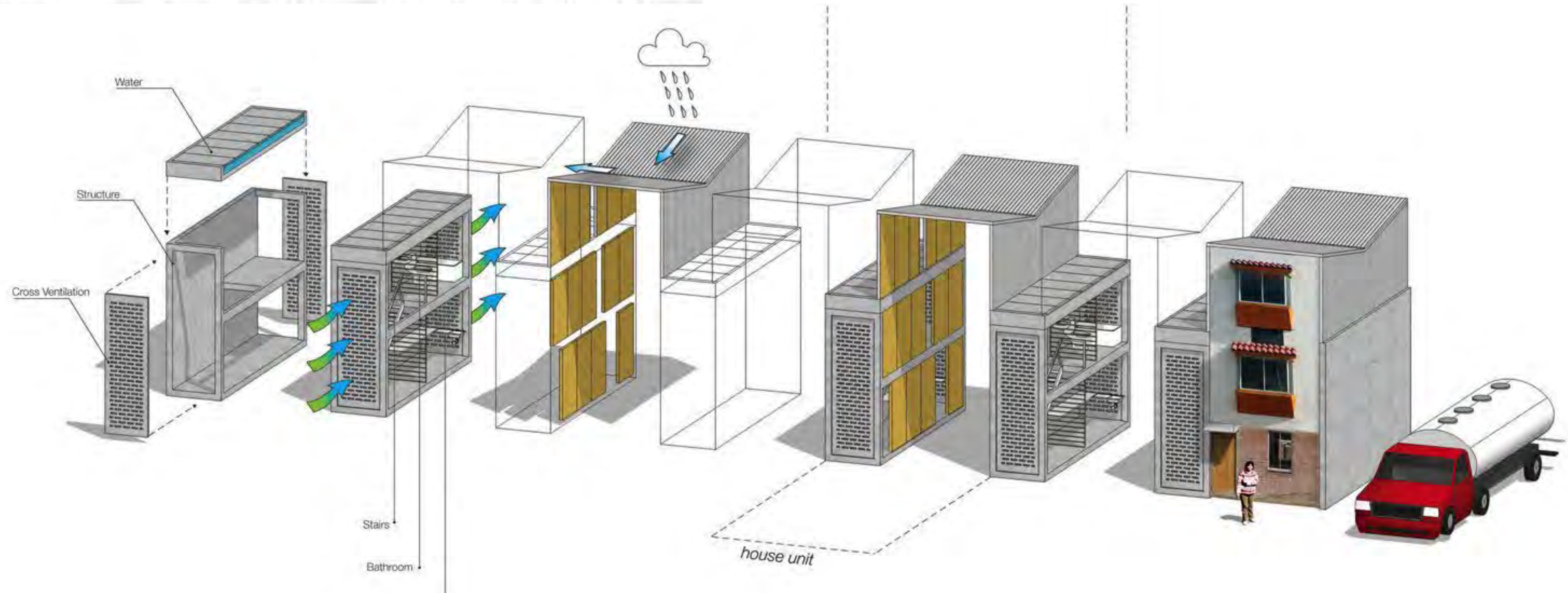
Lawyers can assist in navigating the legal and regulatory challenges related to zoning laws, affordable housing requirements, and property taxes to help facilitate the development of affordable housing.



2.- Global Social Demands and Housing Crisis

- Governments and developers are exploring innovative solutions to address the housing shortage, such as modular construction, micro-apartments, and mixed-use developments

ELEMENTAL



2.- Global Social Demands and Housing Crisis



2.- Global Social Demands and Housing Crisis

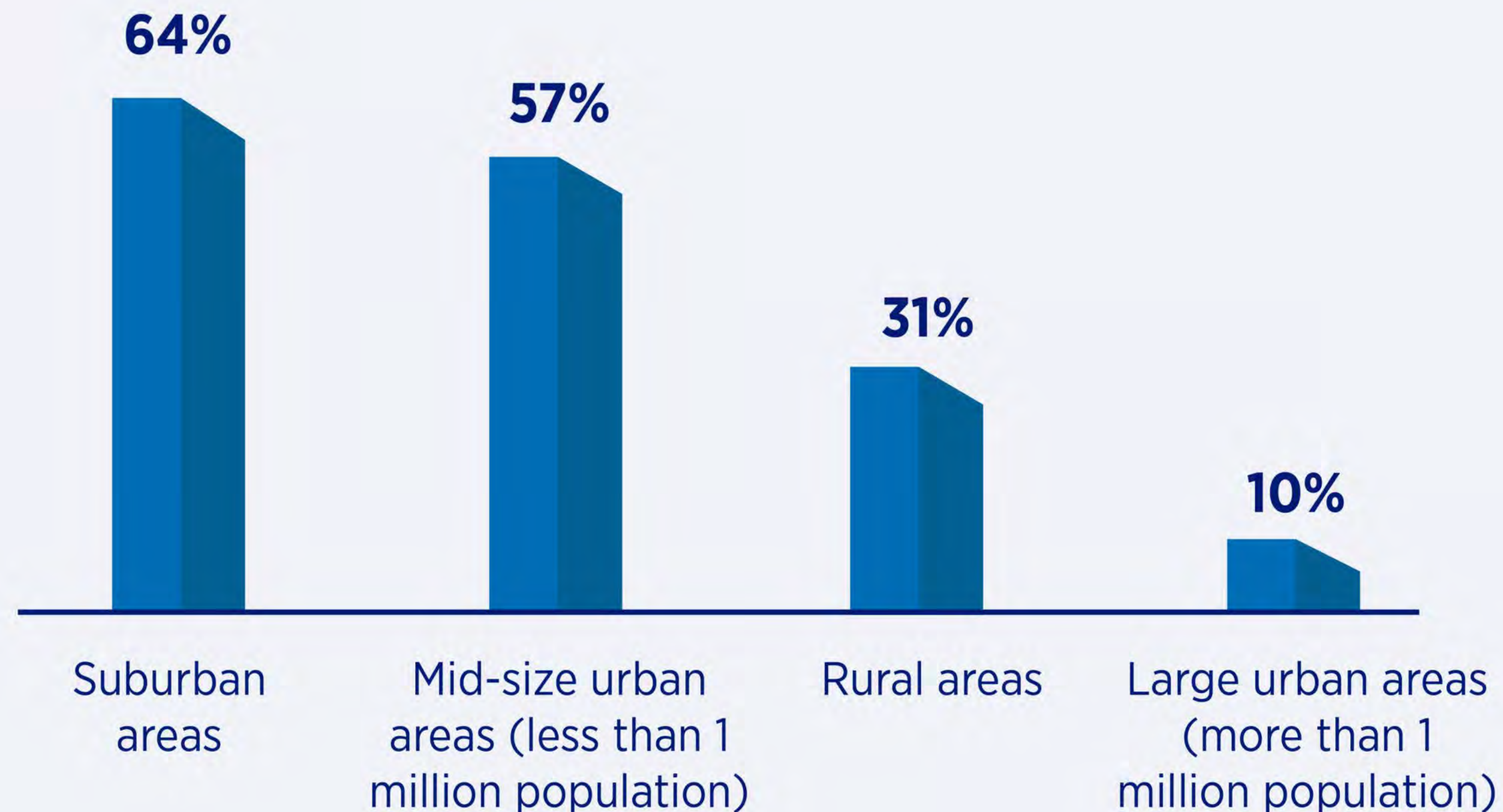


ELEMENTAL

3.- Effects of Covid-19 and lockdowns

The COVID-19 pandemic has had a profound impact on the real estate industry, accelerating trends towards remote working and e-commerce

A survey done in 2021 by the Association of Real Estate Brokers in the USA confirms the trend of major companies and real estate agents seeking locations in intermediate cities with less than 1 million inhabitants and suburban areas.



**Percentage of Consultants Rating Location Types as "Likely" or Highly Likely" for an expansion/relocation project in the 12 months.*

3.- Effects of Covid-19 and lockdowns

< Centrifugal Centripetal >



El auge de las zonas periféricas de Santiago la nueva tendencia inmobiliaria que generó la pandemia

Un reportaje de CAROLINA PIZARRO

Lugares como Colina, Batuco, Calera de Tango, Pirque y Pudahuel son las nuevas áreas que están en la mira de quienes quieren escapar del encierro de vivir el confinamiento en departamentos. En los últimos meses se han duplicado las consultas y las ventas se han elevado en más de 40%.



3.- Effects of Covid-19 and lockdowns

New Tensions (R. Florida):
 < Centrifugal

Suburbs, intermediate cities and rural áreas

- Telecommuting
- Online shopping and last mile delivery
- Fear of mass transportation.
- Desire for secluded homes, condominiums with patios and private play areas.
- Rural gentrification

Centripetal >

Large cities and urban centers

- Sectors such as high-tech, government, finance, media, entertainment and creative industries require proximity.
- Readjustment of requirements and demand of m2 in offices, services and commerce.
- Open commercial areas and pedestrian streets + cycles will be more desirable.
- Return of commuting by car and suburban access to the core.

> Opportunities

1. Telecommuting

for Midsize Cities

Will allow the return of qualified Human Capital to their cities of origin, and even attract new citizens seeking quality of life.

2. Transport

Fear of overcrowding and contagion in Metro, Train and Buses will promote multimodality and active mobility (walking, cycles, stairs and others).

3. Retail

Urban centers, shopping streets and delivery will be imposed over the traditional Shopping Mall.

4. Governance

Cities with few municipalities can respond in a more agile and coordinated way than complex metropolitan areas

5. Equity

Public goods and services are more accessible and there is greater virtuous friction between socio-economic groups, facilitating cohesion

3.- Effects of Covid-19 and lockdowns

> Redesign of the domestic space

- + Private gardens/patios to avoid sharing common spaces
- + state-of-the-art broadband internet/high 5G connectivity
- + areas for teleworking integrated into homes or apartments and
- + versatile spaces that can be easily converted for gymnastics or yoga



3.- Effects of Covid-19 and lockdowns

> Redesign of the domestic space

- + Terraces and balconies to rest, take a breath or clear the view
- + Cross ventilation in apartments and houses
- + Efficient air conditioning 24/7
- + Easy maintenance floors and surfaces



3.- Effects of Covid-19 and lockdowns

> Redesign of the domestic space

+ Spaces for delivery

And last mile

+ Information from

Transport

The screenshot shows a 'TRANSIT SCREEN' interface with the following sections:

- Top Section:** 'King St & Park Center Dr' (3 min walk), 'No current departures for this stop', and the 'avana® ALEXANDRIA' logo.
- Transit Section:** 'N Hampton Dr & Ford Ave' (4 min walk) with a bus icon and 'M' logo. It lists:
 - 7F Pentagon Northbound: 14 min
 - 7F Lincolnia Southbound: 34 min
- Transit Section:** 'Park Center Dr & Ford Ave' (1 min walk), 'No current departures for this stop'.
- Delivery Section:** 'Ford Ave & Strutfield Ln' (1 min walk) with a car icon and 'UBER' logo. It lists 'UberX' as '3 min away'.
- Delivery Section:** 'Ford Ave & Strutfield Ln' (2 min walk), 'No current departures for this stop'.
- Delivery Section:** '31st & Woodrow St S' (13 min walk) with a bicycle icon and 'eb' logo.
- Weather Section:** '11:38 am Tue, August 28'. Shows 'Now 87°', '12 pm 89°', and '1 pm 91°'. Conditions: 'Humid' and 'Humid and Partly Cloudy'.
- App Promotion:** 'Download TransitScreen GO app. Then enter code: wwy2'.
- Delivery Section:** 'Ford Ave & Strutfield Ln' (1 min walk) with a bus icon and 'DASH' logo. 'No current departures for this stop'.



3.- Effects of Covid-19 and lockdowns

> Redesign of the domestic space

+ Services for new demands



3.- Effects of Covid-19 and lockdowns

1. Telecommuting

According to a survey by Global Workplace Analytics, remote work increased by 115% between 2005 and 2021.

2.

2. Vacancy

In 2020, the commercial office vacancy rate in New York City reached a 25-year high of 16.3%, according to CBRE.

3.

3. Moratoriums

In response to the pandemic, many countries have implemented eviction moratoriums and other measures to protect tenants and homeowners from financial hardship.

4.

4. Special Aid

In the United States, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided mortgage relief and eviction protection for homeowners and tenants affected by the pandemic

4.- Economic downturns and Access to Financing

Economic downturns and high interest rates can have a significant impact on the real estate industry, affecting property values, financing, and development activity

The COVID-19 pandemic has had a particularly profound impact on the industry, leading to lower property valuations, increased defaults, and reduced demand for commercial properties



4.- Economic downturns and Access to Financing

Legal and regulatory challenges related to loan defaults, foreclosure proceedings, and property valuations can be complex and require specialized legal expertise

Lawyers can assist in negotiating financing agreements, restructuring debt, and navigating the legal and regulatory landscape to mitigate the impact of economic crises and high interest rates.



5.- Technological Transformation : Shared City

The emergence of the shared economy

allows property owners to maximize their income by renting out underutilized goods or space while providing more affordable and flexible options for renters or businesses who don't need a full-time space.



5.- Technological Transformation : Shared City

CIRCULAR ECONOMY
AND
COMUNITARIANISM

Millenials & Gen Z

Seniors

Inmigrants

New Demands and
New Products

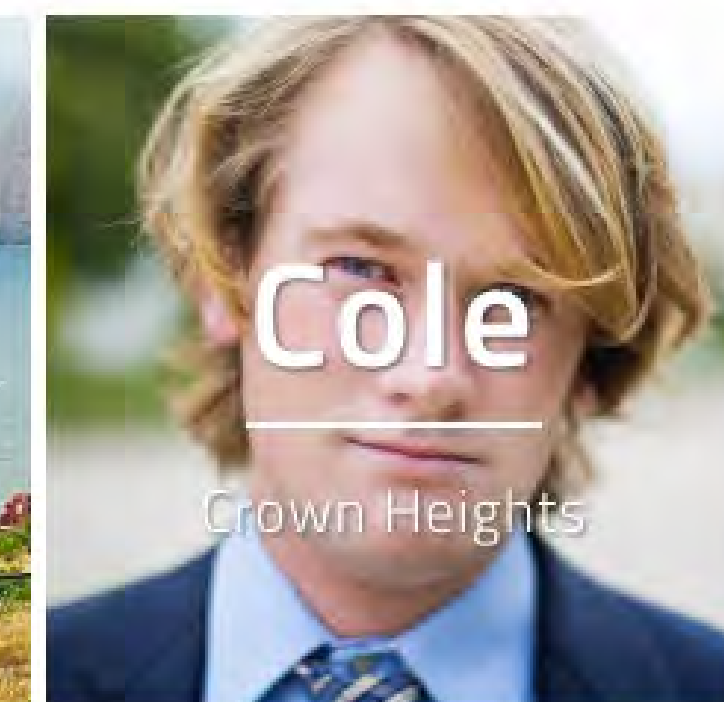
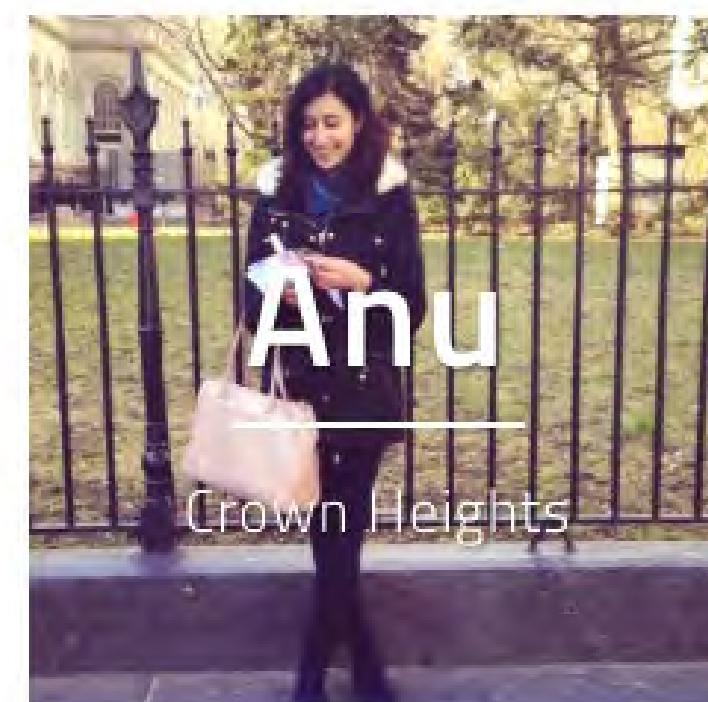


5.- Technological Transformation : Shared City

New Markets:
from Co-Work
to
Co-Living

Practical
Adaptable
Social
Identity

We Live In Common



Variable and adaptable lease terms

Options of furnished units with or without common services

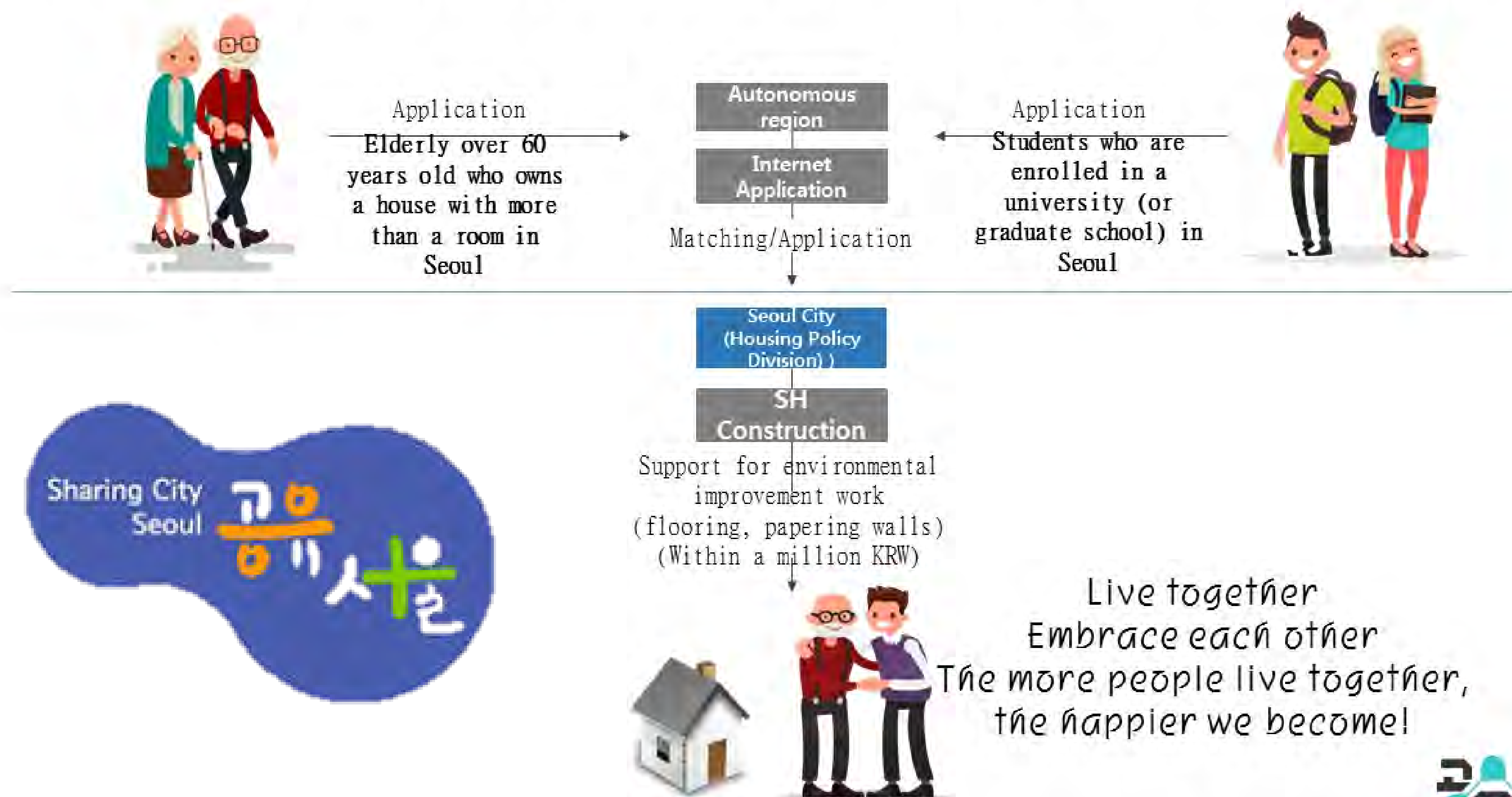
Incorporate activities and events among tenants

“Common will transform residential housing by creating a brand that is 'emotionally and culturally resonant with millennials' who aren't served by some aspects of apartment living”

5.- Technological Transformation : Shared City

- Seoul Sharing City Program
- Shared Parking
- Open Data Plaza
- Nanum Car Sharing
- Share children and baby books, toys and clothing
- Same Roof Generation Sympathy Home Sharing 428 students live with 324 senior homeowners (2016)

How does **Same Roof Generation Sympathy (Home Sharing)** Works?



5.- Technological Transformation : Shared City

RedActiva: is a public-private initiative that promotes the autonomy and independence of older adults, facilitating and encouraging their movement around the city.

The pilot contemplates the delivery of 5,000 Active Bands to older adults in Puente Alto, who can access:

- Longer time at traffic lights
- Collective preferential whereabouts
- Benefits of walking active routes
- Network of preferential bathrooms
- Bus stop alert
- Preferential attention in local businesses



5.- Technological Transformation : Digital Nomads

According to Airbnb CEO Brian Chesky, in a recent interview on CNN, today 50% of their stays are a week or more. Much more than it was before COVID which were 2 or 3 night stays.

A fifth of the stays are more than a month!

This is not a holiday trip!



5.- Technological Transformation : Dinamic Zoning

Hybrid Buildings

Convertible Buildings

4th & Columbia Tower
Seattle, LMN Architects



5.- Technological Transformation : VR/AR/AI/ Metaverse

- In 2019, blockchain startup Harbor completed the first tokenized real estate deal, which involved selling \$20 million of shares in a luxury student housing complex to investors using blockchain technology.
- In the United States, the use of artificial intelligence in real estate is on the rise, with companies using AI-powered tools to analyze property data, automate leasing, and improve customer service.
- According to a report by Goldman Sachs, virtual and augmented reality in real estate could become a \$2.6 billion industry by 2025.
- In 2021, virtual real estate platform Decentraland sold a piece of virtual land for \$2.4 million, demonstrating the potential for the metaverse to revolutionize property ownership and management.



> Trends and

Changes in Lifestyles

Co-working:

According to a report by JLL, the global market for flexible office space is expected to grow at an annual rate of 13% over the next five years.

Co-living:

Co-living is becoming increasingly popular among millennials and Gen Z, with companies like Common and Ollie expanding rapidly in major cities.

Digital nomads:

The number of digital nomads is expected to reach 1 billion by 2035, according to a report by MBO Partners.

Shared economy:

Is disrupting traditional real estate models, with companies like Airbnb and WeWork leading the way.

Modular housing: Companies like Plant Prefab and Kasita are using modular construction to create affordable, sustainable homes.

Smart homes: The use of smart technology in homes is becoming increasingly common, with companies like Nest and August leading the way.

Aging in place: Aging populations are leading to an increased demand for homes that are designed to allow people to age in place.

Micro-apartments: The trend towards smaller, more affordable homes is leading to an increase in micro-apartments, especially in urban areas.

Green hotels:

The trend towards sustainability is leading to an increase in eco-friendly hotels.

Boutique hotels:

Boutique hotels are becoming increasingly popular among travelers who are looking for unique, personalized experiences.

Serviced apartments:

Serviced apartments are becoming increasingly popular among business travelers who are looking for a more home-like experience.

> Trends

in the Retail Real Estate Market

Pop-up shops:

Pop-up shops are becoming increasingly popular among retailers who are looking for a low-cost way to test new markets.

Mixed-use developments:

Mixed-use developments that combine retail, residential, and office space are becoming increasingly popular in urban areas.

Experiential retail:

Retailers are increasingly focusing on creating experiential shopping

Outlet malls:

are becoming increasingly popular again among bargain-hunting shoppers

> Trends

in Commercial Premises Project Financing

- Crowdfunding:** platforms are making it easier for individual investors to finance commercial real estate projects.
- Private equity:** Private equity firms like Blackstone are becoming increasingly active in the commercial real estate market.
- Green bonds:** The use of green bonds to finance sustainable real estate projects is becoming increasingly popular.
- Mezzanine financing:** which provides a higher level of risk and return than traditional debt is becoming increasingly popular among real estate developers.

>Conclusions > Better futures for the real estate industry

Digital transformation

will radically change our lifestyles

The Internet of Things

will optimize urban systems and consumption habits

The market for urban solutions, infrastructure and trade will be radically enhanced

Barriers will be

bureaucratic, regulatory, legal and political (e.g. Uber, Bitcoin)

Construction will evolve

towards assembling sustainable systems and circular economy

Millennials, Migrants, Seniors

open up new opportunities for diversity and inclusion

Accessible technologies

will level the playing field in terms of social equity

New formats

will diversify the offer and expand markets

Our cities

are fertile ground for innovation and a good pilot to start with.

Thank you

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