

“People are reconnecting in the workplace but demanding more wellness, flexibility and sustainability”

From residential to retail, logistics to offices, Savills has deep links with the people and sectors it serves. Mark Ridley looks forward to the challenges as we continue to reconnect

WORDS MARK RIDLEY, GROUP & GLOBAL CHIEF EXECUTIVE OFFICER, SAVILLS



Photo Greg Funnell

Welcome to the 2022 edition of Impacts. This year, as we emerge from Covid, our theme is Reconnect. It has been a pleasure to reconnect with colleagues and clients around the world; as a 167-year-old business we have deep links with the people and places we serve. This reconnection is happening throughout real estate. Our Resilient Cities Index shows the world's leading cities opening up, although they are by no means back to normal. People are reconnecting in the workplace but demanding more wellness, flexibility and sustainability.

Energy is a key sustainability topic for property and its importance has been proven by the inflation we are seeing worldwide, driven by the tragic war in Ukraine, and global supply chains, which are still disrupted by the pandemic.

Savills plc is committed to net zero across its business by 2030 and in its supply chain by 2040, while the Savills Earth team supports clients' net zero and energy security ambitions. Decarbonising will lower energy and thus living costs, as well as helping to meet the climate challenge.

SUSTAINABLE PORTFOLIOS

We are seeing much greater attention paid to embodied carbon in buildings and farsighted occupiers, who might previously have demanded the best new-build available, are now considering refurbishment to the highest

standards as a more sustainable alternative. Refurbishment to Grade A standard will also meet investors' needs for more sustainable portfolios and their demand for prime assets, which provide insulation from inflation and geopolitical uncertainty. We have invested in our project management business so we can support this transformation.

The inflation protection offered by real estate and its safe haven status will be at the forefront of investors' minds this year and we expect continued capital flows into the asset class.

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Logistics will remain a prime target, as disrupted supply chains continue to drive the need for more space, located closer to consumers. However, investors should be careful about the pricing of assets in a sector where occupier requirements can change rapidly.

RECONNECTING WITH PEOPLE

The office sector has resisted claims of its demise, and many landlords are now offering more flexible and sustainable space to meet the demands of occupiers and their staff.

Retail, meanwhile, has shown surprising resilience in many markets, as our article on the topic demonstrates. Non-discretionary retail continues to thrive and major shopping districts are also reconnecting with customers as they return to city centres. The recovery of international travel and tourism will further boost retail areas such as Oxford Street, Fifth Avenue and Orchard Road.

LOOKING AHEAD

Wherever I have travelled recently, the shortage of skilled staff has been a topic of conversation. It is a challenge for Savills too, but I am very proud of our graduate and apprenticeship programmes worldwide, which have continued unabated and will nurture talent and support our business.

Looking ahead to the rest of 2022, I hope to reconnect with more staff and clients around the world and see more people in transit, because their movement will drive investment. I also look forward to the continued transition of real estate into a more sustainable industry.