

The Student Perspective



Welcome to the second edition of 'The Student Perspective', my name is Dan Sables. I am a Masters student of Real Estate at the Henley Business School, having studied Architecture at the University of Kent.

If, like me, you are beginning a career in Real Estate, I hope that this newsletter contains food for thought about the wider Real Estate context for interviews and conversations.

I want this to become a forum where we can learn and share insights with one another, so let me know your thoughts...

What I am following

AI in Real Estate:

Recently, during an interview, I was asked about the role of AI in Real Estate, a question highlighting its growing relevance in the sector. This interaction sparked my interest, leading me to delve deeper into AI's transformative potential and its challenges in Real Estate. The industry, traditionally protective of its data due to profitability, faces hurdles in data sharing, structure, and ethical governance.

AI's introduction promises to overhaul these aspects, enhancing everything from planning validations to empowering architects with more creative time. Its ability to swiftly analyse varied data sets revolutionizes investment decisions and project viability. Yet, amidst these advancements, accountability remains paramount. In a field where decisions carry weight, AI cannot be the scapegoat for errors.

Integrating AI transparently and responsibly is crucial, ensuring that human judgment continues to lead in critical decision-making. The future of Real Estate is undoubtedly intertwined with AI, but it must be a journey marked by careful consideration and human accountability. (AI helped me write this)



Projects in Limbo:

Insights from JLL and Knight Frank experts point to 60-85% of London and the South West's commercial properties becoming obsolete by 2030 due to projected EPC regulations. This signals an urgent need for substantial refurbishment in the commercial real estate sector existing stock.

In discussions with property experts, I happened across a new trend, shaped by inflexible sustainability standards. The focus on reducing embodied carbon has nearly halted the cycle of demolishing and rebuilding in London, pivoting towards renovations instead.

Yet, this shift towards renovation isn't without challenges. The high costs often clash with the financial strategies of developers and investors, leading to a developmental stalemate. Numerous properties across the city now linger in a state of stagnation, unable to secure permissions for complete rebuilds. This situation highlights a critical junction for urban development, where the goals of sustainability and economic viability must be carefully balanced.



Trends to watch

Trend 1: UK hotel investment dropped to £1.3 billion in 2023 from £2.8 billion the previous year, affected by economic uncertainties and high costs of debt and living.

Trend 2: Construction costs have stabilized but are still about 45% higher than pre-pandemic levels in 2020.

Big News

COP28 Unveiled -Week 2

Fossil Fuel Transition: COP28's most notable outcome was the nuanced shift in language regarding fossil fuels. Nations agreed to a "Transition away from" fossil fuels, instead of a more definitive "phase-out" by 2050. This change signifies a critical, albeit cautious, step towards net-zero, as even the least motivated oil-dependent nations recognize the need for transformation. Yet, this softer stance raises questions about the commitment and urgency in addressing climate change.

Is 1.5 alive? Or is COP28 a sorry goodbye?

Casting back to COP21, the birthplace of the Paris Agreement and UN Sustainable Development Goals, the target to limit global warming to 1.5°C above pre-industrial levels stands at a crossroads.

Current data indicating a near 1.48°C rise casts doubt on achieving this goal. The toned-down rhetoric at COP28 hints at a possible, albeit unspoken, acceptance of missing this critical target.