

## Occupational Drivers of Investment Performance in Real Estate Sectors

### Invitation to Tender – January 2018

#### Background

The drivers of investment performance vary between different types of real estate, due to the intrinsic heterogeneity and complexity of these assets. Such variations may be more apparent in niche/emerging sectors of the market (such as student housing, the private rented sector, hotels, care homes, etc.) than within the traditional commercial real estate sectors. However, macro and micro influences – from regulatory and social changes to economic expansion/contraction and technological advances – also affect these traditional areas of real estate.

Logistics, for example, has experienced a transformation in occupational requirements of operators in the sector as the nature of demand has changed, facilitated by an increase in internet shopping as an alternative means of purchasing goods. Nor are retail and office assets immune to the impact of shifting occupational patterns and demand for space.

Given the importance of income as a component of real estate returns, the IPF wishes to commission a series of studies across a range of property types, to identify key characteristics that drive tenant demand, commencing with the **logistics** sector. Researchers are expected to provide original insights into the subject, rather than to produce a discussion of currently held views and opinions on what drives performance.

#### Brief

The research should address such questions as how occupier demand is influenced by the changing dynamics that impact tenants across real estate sectors. With the focus on the investment implications of change to sector performance, the examination should:

- Consider the impacts of demographic, social and technological change on the way in which tenants occupy space (does the quantum of space required change or is it more about how space is utilised differently and with different specifications preferences?); **(15%)**
- Identify and estimate how these changes are impacting the quality/duration of income derived from the specified real estate market/sub-sector and the implications for real estate pricing; **(50%)**
- Seek to explain how these changes are affecting property investment by reference to, for example, the impacts on rental growth and yields. **(35%)**

The research should be international in its scope, incorporating comparisons between the UK and other jurisdictions, as and where appropriate.



### **Approach**

The IPF does not wish to be overly prescriptive in the terms of its brief and, thus, the methodology to be used will be at the discretion of the research team, although this will be an important consideration in the process applied in selecting the successful applicant.

### **Output**

The first of a series of separate studies, linked via a broadly similar structure/approach, to be published as discussion/short papers, covering the logistics estate market. The report should extend to no more than 20 pages, including a non-technical executive summary of the findings.

In terms of relative importance, the report should be broadly weighted in accordance with the percentages noted for each of the main section described previously.

### **Research Monitoring**

Under the chairmanship of Asli Ball, Senior Vice President, GIC Real Estate, a small Project Steering Group (PSG), will be appointed to oversee the research, the membership of which will include IPF Research Director, Pam Craddock, and other parties knowledgeable in the subject area. The PSG will meet with the appointed party as required during the term of the project to act as a monitoring group and to provide constructive support to the appointee. The PSG will also be responsible for approving the final report prior to publication.

### **Project Duration**

Following confirmation of the appointment of the contractor, it is anticipated that the findings of the research will be available for dissemination within a period of 3 months.

### **Appointment Process**

The IPF welcomes proposals, exemplifying in-depth sector expertise in logistics in order to deliver fresh insights.

Proposals should be submitted to the IPF Research Director, Pam Craddock ([pcraddock@ipf.org.uk](mailto:pcraddock@ipf.org.uk)) by close of business, **Monday 5 February 2018** in a format consistent with the IPF Research Submissions Guidelines, available via the [IPF website](#).

The IPF reserves the right not to proceed with any proposal, as well as to appoint a research contractor without conducting interviews. It is intended that an appointment will be made within two to three weeks of the deadline for submissions, depending upon the number of proposals received.

### **Cost**

As a guide, the typical budget the IPF sets for studies of this nature is in the order of £15,000, excluding VAT and costs of production.