

NUS Real Estate Nurturing Young Leaders Lecture Series 2018

The NUS Real Estate ‘Nurturing Young Leaders’ Lectures are organized in part to facilitate the growth and development of our next generation of industry captains. Aside from the sharing of knowledge, these Lectures also provide a common interaction space for students and young industry leaders to exchange insights and debate issues.

Internationalisation of Real Estate Transactions and Real Estate Funding

Date/Time: 22 March 2018, 12pm – 1pm

Venue: NUS School of Design & Environment, Lecture Room LR427

Since the Global Financial Crisis, investment capital into real estate has increased significantly, and investors are seeking better investment yields beyond their traditional geographical markets and real estate asset classes. Real estate funding has similarly become increasingly internationalised and complex. Given the differing regulatory, legal and operating environments in various geographical markets, appropriate real estate funding strategies and structures are crucial to the success of real estate investments and in achieving the targeted returns.

Speaker:



Mr Andrew Melvyn Sim

Andrew is a Deputy Business Head with the Real Estate Department at OCBC Bank. In his current role, he leads and drives the Bank’s real estate funding business in the region with a focus in Indonesia, Vietnam and Thailand. With more than 17 years of accumulated experience in banking and transaction advisory, Andrew is a corporate real estate funding specialist, having led, structured and executed various real estate funding transactions for various corporate customers and real estate funds across different countries. Prior to joining OCBC Bank, he was at KPMG Business Advisory involved in merger & acquisition transaction advisory and due diligence. Andrew has a Master of Science in Real Estate from the National University of Singapore and a Bachelor of Science (First Class) in Banking & Finance from the University of London. He is a member of the Royal Institution of Chartered Surveyors.

Key Messages

Three Pertinent Areas to Look at in Real Estate Investment

1. Internationalisation of Real Estate Investments
2. Developments in Real Estate Funding
3. New Trends Potentially Influencing the Future of the Real Estate Industry

Internationalisation of Real Estate Investments

Investment capital allocations in real estate assets have increased since the Global Financial Crisis, with more investors going beyond traditional markets in search of higher investment yields.



While U.S. and Europe continue to receive significant real estate investment interest, it is because of the economic growth of Asia and attractive real estate investment opportunities in some of the developing cities, that are attracting more attention and increasing real estate investment capital flows.

Urbanisation and agglomeration are key demand drivers for real estate. People reap the benefits of living in key metropolitan cities – shorter commutes and being in closer proximity to job and business opportunities. The positive effects of urbanisation on real estate demand is healthy in Asia, with more investment being channelled into infrastructure improvements to cope with the growth of these cities and enhance their attractiveness.

Developments in Real Estate Funding

As real estate investments internationalised, appropriate funding strategies which takes into consideration different legal, regulatory and operating environments are needed. The need to work with experienced funding partners with good knowledge of these different geographical markets is also crucial. The depth and scope of domestic funding options in a particular country might be limited, and/or the cost of funding may be higher. There may also be local regulatory constraints in the area of funding options.

With the emerging interest of 'alternative asset classes' like Data Centres, Student Housing and Senior Living in Asia, the real estate funding providers may have to enhance their knowledge and capabilities in order to support such transaction opportunities.

New Trends Potentially Influencing the Future of the Real Estate Industry

The internet of things and the rapid development and adoption of technology are shaping changes in the demand and how it is used. More notably, primary factors driving these changes:

- Technology Companies, Unicorns, Start-ups.
- Changing workspace environment – an increasing preference of the new generation - "Millennials and Gen Z" for a more casual, interactive and flexible work environment.
- PropTech - Adoption of technological platforms which facilitate the operation and management of real estate assets – including sales, leasing, monitoring of construction progress in real time, tracking, monitoring of buildings for repairs and the automation of certain real estate investment decisions.



Concluding Remarks

- Real estate funding is a vital component of the real estate transaction process. It may be better to engage funding partners early during the transaction process so that appropriate funding structures can be put in place taking into account local regulatory, legal and operating conditions.

- Students thinking of going into the real estate industry are advised to adopt a wider geographical perspective as real estate investments are increasingly internationalising and so are the job opportunities.

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