



# Key insights from MIPIM 2019

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## March 2019

MIPIM 2019 was a great success, and pulled together a diverse audience of international property players from across the market. Back from the sunny shores of Cannes, the Collas Crill team share their key insights from this year's event and what lies ahead.

## The B word

It's so painful that it gets mentioned twice. Barely a conversation went by without some mention of Brexit. Investors have remained cautious in the face of complete uncertainty as to what will happen on 29<sup>th</sup> March. Notwithstanding the continued quandary caused by Brexit, MIPIM delegates were optimistic that the UK and its desirability as an investment destination remains undiminished.

## Real estate finance

Whilst Brexit is having an impact on transaction volumes, refinances continue at pace. Traditional lenders continue to show commitment to all asset classes, and alternative funders have firmly planted their roots in the market place.

Having caught up with a number of lenders, ranging from the high street and international private banks to alternative funders it was clear that they remain keen to lend. All funder types are active in the market place and at the moment are seeing a great deal of refinancing. That being said, a number are also actively funding new residential and commercial developments including offices, hotels and logistics across the regions.

## Resurgent regions

The UK is more than London and with prices plateauing in central London, real estate investors are looking to the regions for both capital growth and yield. Popular asset classes continue to be logistics, hotels, PRS and student accommodation. That being said, Central London with ever increasing demand and limited supply is likely to see an improvement in yields.

## REITs

Real Estate Investment Trusts (REITs) continue to be a trend for 2019, with a number of investors and managers looking to repackage existing portfolios or acquire new assets to take advantage of the flexible regime. The speed and efficiencies of listing a REIT on The International Stock Exchange (TISE) in the Channel Islands was seen as particularly appealing, given the challenges with other listing destinations.

## JPUTs & GPUTs

JPUTs and GPUTs continue to be the bees knees for investing in UK real estate. They are income transparent, familiar, flexible, don't

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suffer from SDLT on transfer of units, and now more attractive due to the changes in the UK's CGT regime. We have been advising clients on both the establishment of new unit trusts and the conversion of existing property holding structures.

## Corporate ownership

After six years of tax changes impacting residential property and subsequently reaching into commercial real estate, commentators have noted that surcharges for holding residential property in a corporate no longer seem so penal when balanced against limited liability.

With flexible company law regimes, the BVI, Guernsey and Jersey remain attractive destinations for establishing SPVs and are particularly useful where ownership is shared by family members or a syndicate of co-investors.

For commercial real estate investment, the range of structures available in the BVI and Channel Islands are designed to provide the right amount of flexibility to meet the requirements of every investor type.

## Private funds

For portfolios of assets, the benefits of widely-held structures are clear under the current tax regime. Historically the challenge here has been the costs of establishing a collective investment scheme (which such a structure would historically require). However, in recent years both Jersey and Guernsey have introduced Private Fund regimes (the Jersey Private Fund and the Private Investment Fund, respectively) which allow clients to proceed quickly with limited overheads. These regimes are proving particularly popular for club deals that would not traditionally tolerate the costs otherwise associated with fund structures.

## Location location

To conclude on a positive note. The UK remains an attractive destination for overseas investors and real estate the most attractive asset class. The weak pound, continued low interest rates and suppressed prices in some markets create opportunities for investors.

The Channel Islands remain "The Home" for structuring UK real estate investment, whether using a BVI, Guernsey or Jersey SPV and nowhere else in the world can provide the plethora of talent in this sector with corporate service providers, tax advisors, accountants, surveyors and of course us lawyers within such a small radius of each other.

If you are interested in learning more about these topics or have any questions, please don't hesitate to contact one of the team.

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