BE INNOVATORS: HOW TO DRIVE TRANSFORMATIVE INNOVATION ACROSS THE BUILT ENVIRONMENT

At this year's Mipim, *BE News* brought together a panel of experts, at an event sponsored by Saible and hosted by DWF, to discuss what innovations could revolutionise the built environment in the next 12 months – and how

In association with

THE PANEL

Tom Bloxham MBE, chairman, Urban Splash

Nuno Brito e Cunha, lead ESG adviser, Measurabl

Dan Drogman, founder, Smart Spaces

Tom Duncan, head of research, strategy and product, Cromwell Property Group

Samantha Kempe, co-founder and chief investment officer, IMMO

Sam Luker, associate director, AESG

David McNeice, partner, construction and infrastructure, DWF

Anna Moore, co-founder and chief executive, Hestia

Jarvey Moss, chief executive, Saible

Harry Quinton, managing director, Base Tactical Disaster Recovery

Jackie Sadek, chair, UK Innovation Corridor

Chair: Liz Hamson, editor-in-chief, *BE News*

They say necessity is the mother of invention, and right now there has never been a greater need for transformative innovation in the built environment. The good news is that the built environment industry is full of innovators ready and able to deliver just that. The bad news is that many brilliant ideas don't make it off the drawing board.

So, what innovations could transform the built environment in the next 12 months – and how do we ensure they do just that? What government incentives are required? How do innovators unlock the funding required?

At Mipim, *BE News* assembled a panel of innovators and supporters of innovation in the built environment to answer these questions and more at an event sponsored by construction payment platform Saible and hosted by DWF.

QUESTION: Over the next few years, what are going to be the key problems that the industry needs to fix through innovative solutions and what areas of the built environment are ripe for innovation?

DROGMAN: Offices are an obvious area that are ripe for innovation. They're getting close to hitting the bottom now and some clients of ours are looking to reinvest, which is good. The problem is that, even with inflation slowing down, construction costs are still too high so they can't build a business plan around a retrofit.

We've recently partnered up with a fit-out company and what we're doing is we're pricing projects based on a landlord's budget. So if a landlord has got two floors of an office that needs to be retrofitted to bring it up to current market standards to let, we'll take that budget – say it's £15m – and we will price the design, the furniture and our technology to make the space sustainable and raise the EPC to an acceptable level.

Then we will market it as a cutting-edge tech space with desk booking and meeting booking baked in. So we're trying to innovate through business rather than our technology to see if we can solve a solution to bringing more offices back to the market quicker.

QUINTON: With offices, it's locationally dependent. In some parts of the US, offices are radioactive if you're an asset manager.

BLOXHAM: I'm going to stick up for the offices. Cities have existed since ancient Athens and they've survived a whole series of shocks with the canals, railways, the internal combustion engine, the internet.

We had a particular issue with Covid where we had to work from home, and it's been nice for some people to do it and a lot cheaper for people do it. Don't underestimate the cost of coming into work every day, particularly if you're young. But basically we're social animals. Why are we all here in


Dan Drogman


Harry Quinton


Tom Bloxham MBE

Cannes from all around the world? Because we like to meet each other. We want to pick up ideas; we want to go and share ideas.

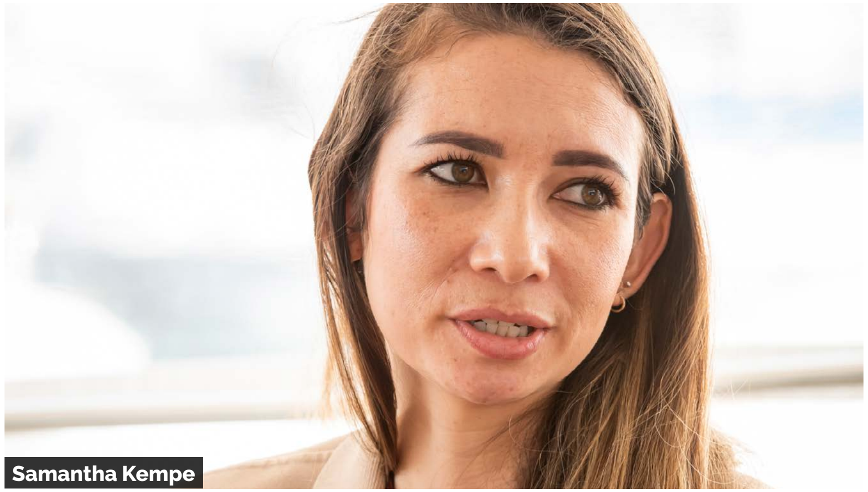
So offices will survive, but they'll change. Offices were basically email factories, but going forward they will be places for collaboration.

So in the future, they will look more like a private members' club or a restaurant, or like this boat [we're on] with breakout spaces, meeting rooms and social spaces so you can actually interact with your colleagues and with other friends.

> ***In some parts of the US, offices are radioactive if you're an asset manager***
>
> *Harry Quinton*

QUESTION: How big an issue is attracting funding to invest in the development of some of the innovative solutions that we need to help address some of the major challenges the industry faces?

MOORE: We are dramatically under-investing right the way across the board in terms of the different types of innovation that we need. Tech funding in our industry comes from VCs [venture capitalists], who are really only interested in doing software. We're a physical product and we need physical services



Samantha Kempe

David McNeice

Tom Duncan

Nuno Brito e Cunha

and solutions that combine the two. So, I think we've got a structural issue where we can get innovation financing for pure-play technology, but that's such a small portion of what we need in order to solve everything we've been talking about today.

BRITO E CUNHA: One thing we're seeing is that a lot of our customers are at different stages of their ESG journey and there's a real perception issue around the cost of ESG sustainability. It hasn't quite landed that there's a real return-on-investment possibility and we've got tools that can show people the return on investment.

KEMPE: Too many investors over the years have just sat collecting a rent cheque every quarter for 15 to 20 years and they haven't really had to roll their sleeves up and do proper asset management. Across the board, asset management is becoming a lot more operationally intensive, especially at the moment with interest rates going up. So it's all about NOI [net operating income] optimisation, and what can you do? What are the levers you can pull to improve your NOI?

QUESTION: We've talked about the need for innovation in relation to sustainability and the built environment, but EPC regulations don't look particularly robust at the moment. What's going to unlock a bit more activity on that front?

MCNEICE: First of all, the caveat is: are EPCs the right yardstick that we should be using in the first place? We're talking about EPCs because they are the yardstick that exists, but we're not saying they're the right thing to use.

Most of what we've talked about so far today has been the carrot. It's the incentive. Where's the stick? The corporate due diligence directive is going to be a big incentive, and there are going to be sticks to beat people with, but are people going to be more incentivised by something they don't really understand or can't really see the benefit of versus what are the consequences if they don't do it?

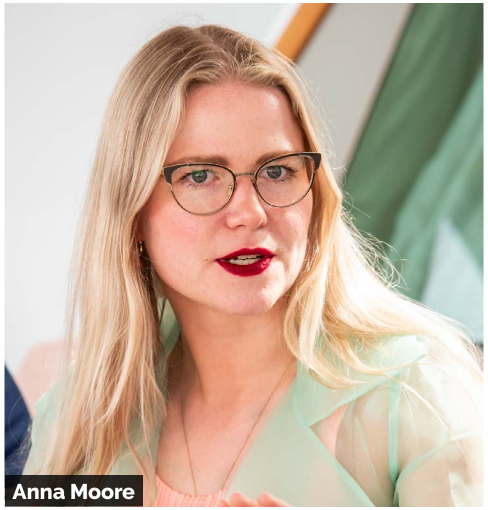
DUNCAN: Something I've observed recently – and it's something we've been using – is green financing, whereby you get a preferential rate on your loans if you adopt green strategies, like moving occupiers to green leases, for example. There is a clear financial benefit of doing that. It incentivises you as a landlord and investor to do the right thing and improve your assets.

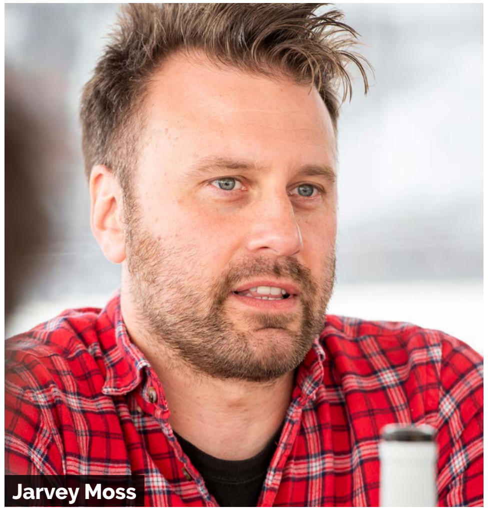
There has been a lot of innovation around the green financing piece over the last few years and I think it's an area where we are going to see more innovation.

QUESTION: What does the future hold for innovation and innovators in the UK and how would you like to see innovation better supported?


Jackie Sadek


Sam Luker


Anna Moore


Jarvey Moss

QUINTON: I'm optimistic about the future of innovation, but it's a reversion to the past. It's using the technology of today to make things better, but don't abandon the first principles.

SADEK: I agree. I think you've got to go back to basics and revert to the past. I was delighted to hear the UK government say we're going to stop our reliance on financial services – that made me cheer. But I think we've got to go back to first principles and work out how cities evolved in the first place.

LUKER: I think it's about unlocking private finance and private investment. [Achieving] net zero in the UK is predicted to cost £1.2trn. It's an enormous sum and there needs to be collaboration between the public sector and the private sector and we need to create innovative models to get that private sector investment. Otherwise it's not going to happen at speed.

MOORE: We need to use software and services to solve real problems that real people have in real buildings, but we need to do it better, cheaper, faster and in a value-add way.

MOSS: The government's job generally ought to be to try and get out of the way. Regulation is usually a great way of making sure the incumbents get to continue doing what they're currently doing. If you think about where we're sitting, most of the things that we're looking at, and the things we're talking about, they are all built on the Enlightenment, which was 400 years ago now and was definitely not a government-sponsored project.

So I think it would be great if government allowed innovative businesses and people to get on with trying stuff out and don't get in the way of that as much as they possibly can, within the bounds of what's safe. I'm very cautious about the idea that you can centrally control any sort of innovation. □

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Anna Moore

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