

# Geographical Redistribution and ESG Are Key in Real Estate

**Amundi, Europe's office real estate leader, has refuted some of the concerns raised about this segment amid the crisis. The development of office stock will revolve around new ways of working as well as ESG**

## **What has this crisis revealed about the office?**

Before the COVID crisis, the office segment was focused on resolving a contradiction between investors' quest for cash flow and long-term commitments and corporate demand for flexibility and agility. A number of solutions had already taken shape around new service offerings, increased use of technology, and a reorientation of the office toward collaborative and co-working environments.

The crisis has pushed this model even more to the fore, highlighting a demand for 'custom' workspaces that make it possible to conduct business from various locations. The precise form of this nomadic arrangement remains to be determined. Discussions among the various stakeholders are currently underway and the result will naturally differ from one company to another.

## **What do these changes mean for office real estate?**

As is often the case, the crisis has accelerated changes already underway rather than brought them about ex nihilo. The adjustment cycle will be a long one, but we expect to see an increase in collaborative installations and services, as well as greater geographical polarization. Employees will come to the office less often but accept a longer commute. Demand for office space is therefore likely to be concentrated on modern buildings in major cities and inter-city centers that are close to both regional transport links and mainline hubs. These elements will need to be integrated into management, however; our investment strategy is already consistent with market trends, as it involves



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a preference for new and recent buildings in major urban centers.

## **How do you address increasing expectations in terms of ESG?**

As property managers, we seek to improve the trajectory of our current assets to combine progress with financial performance. We apply ESG criteria to our new acquisitions; our efforts must obviously focus on improving our current holdings.

We are developing methods for auditing holdings based on extra-financial criteria and establishing mechanisms for improvement. Our first priority is to eliminate waste, by educating all parties along the chain. Next, we intend to take advantage of maintenance and refurbishment cycles to upgrade our properties, anticipating the cost of this transformation. You might say the obsession of the last 10 years was technological transformation; that of the decade ahead will be ESG, specifically the energy transition and social inclusivity.

**Marc Bertrand** is CEO of **Amundi Immobilier (Amundi Real Estate)**. **Amundi** is Europe's largest asset manager by AUM and ranks in the top 10 globally, managing more than €1.8tn of assets. Amundi Real Assets (ARA) brings together capabilities in real estate, private debt, private equity, and infrastructure. It has 220 specialists managing more than €60bn of AUM.