

The future of finance is female - The Property Chronicle

Ironically, being a Muslim woman sitting in the backseat of a male driven Uber, in London, I was tickled to hear the radio announcement that HRH King Salman had finally decided to lift the moratorium for females to get behind the wheel. As with many liberties that I have been entitled to, the gender of my driver, or the fact that I don't have a driver's license in London, never crosses my mind. The same ride on the streets of Riyadh would, no doubt, resonate quite differently.

Women in the Middle East, and particularly, in Saudi Arabia, hold a very special place in my heart. I've spent many years teaching real estate investment classes in an MBA program in the Kingdom. The women there are tenacious, intelligent, and for the most part, hold higher level degrees than male counterparts. Truth be told they have been responsible for the paradigm shift that we are seeing today.

I have always believed when you educate women about finance, you pay dividends back to society. When you put women in top finance jobs, you inspire a nation, or in the case of Saudi Arabia, the world. The recent appointments of the three super females will help to break down some persistent stereotypes about women's competence, giving them credibility, legitimacy and a common language that allows them to join a global conversation. Sarah Al Suhaimi, CEO of the Saudi Stock Exchange, Rania Mahmoud Nashar, CEO of Samba Financial Group, one of the country's largest national banks, and Latifa Al Sabhan, CFO of Arab National Bank, are trailblazing a new path for a more gender neutral and inclusive banking and finance culture. The skillset these women and others like possess are ideal for the next generation of investments.

Despite having an Arabic name, I am not from the Middle East and I do not

speak Arabic. My connection to Saudi Arabia occurred shortly after I moved to London from Houston Texas, to work for a newly launched sharia compliant investment bank in 2010. I was tasked to syndicate real estate investment deals in the Middle East.

I was in the right place at the right time. Unwinding and deleveraging the capital structures created prior to 2006 was a massive market opportunity for new players with access to equity. All of the incumbent players lost the confidence of their institutional real estate investors and many cheap, core deals were handed over to the new market makers.

Like other global investors, in 2009 and 2010, Middle Eastern capital coveted an ideal place to park their money that was safe. Large capital searched and invested into core, defensive, cash flowing assets in well-known gateway cities like London. Family offices in the Gulf also found real assets an excellent match for cash flow and private bankers started to increase their allocation of illiquid real estate in client portfolios. In 2013 and 2014, the property industry started to redraw lines, and create new definitions for prime markets and expand the reach of 'gateway cities'. Deal making was in demand with cash yields still hitting double digit numbers in regional cities such as Manchester, Leeds, Liverpool, Birmingham, Edinburgh, and Cardiff.

In today's UK market, the cap rate distribution curve has flattened out, consumer and wage inflation is out of synch, and investors are not getting paid enough to take core risk as there is little prospect for net operating income (NOI) growth in the current lease regime. Furthermore, the acceleration of technology has moved so fast, we are witnessing more than 2,000 early stage property technology start-ups coming to market in just over a year. These technology platforms will be disruptive to all parts of the property investment lifecycle. The underlying utility of our assets will change. The way we live, eat, shop, and work is already changing rapidly. Real estate assets will benefit from cheaper and readily available

data analytics that will let owners understand footfall, occupancy rates, utility usage, security issues and much, much more. Brokers, property and investment managers will have to recreate themselves, and banks will need to adapt to shorter leases.

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This doesn't necessarily mean a bubble burst, or at least not in the same way in 2008. With the advent of the modern portfolio theory in the 1950s, commercial real estate moved from a cottage industry to a bona fide asset class in its own right. Despite issues surrounding the securitisation markets, real estate continues to become more institutionalised and will continue to gain market share. It represented a \$29 trillion market share in 2012 and is anticipated to reach \$69 trillion by 2030. So, deals are there to be done and money to be allocated but the opportunities in real estate investment today are shifting from defensive core, to value add. Tenants will enter into shorter, more flexible leases, the onus of insurance and other costs will fall back to the owner.

How does this relate to women in finance?

The acceleration in property technology will require a skillset that seems counterintuitive. It will require more thought about understanding people and communities. Although real estate is now a global financial product, local knowledge is imperative to its success. Whereas technical skills were important through the industrial revolution, the development of human skills will be vital in the Fourth Industrial Revolution we are now in the midst of. The skillset needed for real estate investment and finance will require building and spreading an instinct for empathy, the ability to influence business and political leaders and understanding the people that make up the communities.

Businesses that put empathy and emotional intelligence first outperform their more robotic rivals by 20% according to the *Harvard Business*

Review. A wide range of businesses, from the insurance sector, cosmetics and even debt collectors have found that increased empathy leads to better results. EY also put out a study that found the lack of empathy in the workplace is one of the reasons that women find it difficult to flourish in corporations. In the technology industry alone, 41% of women leave before 10 years.

This will change as will the nature of real estate investment as value-add asset management will no longer allow you to retreat behind spreadsheets, PowerPoints and theoretical boxes. It will require new governance and social skillsets that will understand human beings' fears, desires and hopes. Saudi Arabia may have been just on time. Welcome to the table, sisters!

Azeemeh Zaheer is Chief Executive Officer of Naissance Capital Real Estate Ltd, focusing on commercial real estate structuring and asset management. Before founding NCRE, Azeemeh worked for a shariah compliant real estate investment bank in London for 6.5 years. Azeemeh has held various senior roles in banking and government including Vice Consul, Head of Energy and US Oil & Gas Sector for the British Consulate General in Houston, as well as a licensed specialist in business lending, annuity investments, and private banking for both Bank of America (BAML) and Washington Mutual (Chase). Ms Zaheer completed the Real Estate Finance Executive Certification Program at Massachusetts Institute of Technology (MIT) in June 2017, as well as the Real Estate Management Program at Harvard Business School in 2015, and received an Islamic Finance Qualification in 2010. In her spare time, Azeemeh voluntarily teaches real estate investment classes for women in the Middle East, including a 7-day real estate finance module for an MBA programme in Saudi Arabia.