

Introduction to the Commercial Real Estate Finance Council (CREFC) Europe

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CREFC Europe

- The trade body for commercial real estate (**CRE**) finance in Europe with some 130 corporate members
- UK and cross-border / international focus
- Collaborative with other industry groups
- Key areas of activity
 - Education, information and networking events
 - Industry initiatives
 - Advocacy and policy
- Small, flexible London-based team, overseen by a high calibre Board generally drawn from member firms

Goals

- **“...to promote:**
 - **the interests of [our] members** and of other persons and entities which are directly or indirectly interested in CRE finance in Europe or any part of Europe and would qualify for membership [...], **and**
 - **the efficient and effective operation of the CRE finance market**, including through the capital markets,
 - **for the benefit of [our] members, market participants and the economy as a whole.”**
- A responsible, sustainable CRE debt market will be more resilient than a purely opportunistic one
- We are the only dedicated voice for CRE finance!

Events and networking

- YPREF network: Young Professionals in Real Estate Finance – education and networking
- An annual autumn conference, often with another larger event in the spring, usually in London (virtual in 2020), accompanied by (free for members) YPREF programming
- Seminars / webinars (free for members)
 - usually organised on-the-go so we can be swiftly responsive to market conditions/interest
 - mostly in London, collaboratively elsewhere
- A series of 'How To' workshops or webinars for younger professionals to educate their peers

Industry initiatives

- Two standing committees: Board of Advisors and Regulatory (and Tax) Committee
- Long-term working groups for ongoing issues (e.g. intercreditor arrangements)
- Focused working groups on topical issues (e.g. green lending or UK build-to-rent (**BTR**) finance) or for particular constituencies (e.g. alternative lenders)
- Working groups driven by member engagement, supported by a strong and knowledgeable secretariat

Advocacy and policy work

- Post-crisis, much greater policy scrutiny...
 - CRE firmly on policymakers' and regulators' radar at national and European levels
 - Socio-economic consequences of CRE investment and risk-taking also in focus
- ...but also investor interest
 - Appeal of CRE debt (as well as CRE) in a world of very low interest rates and quantitative easing (QE)
- Amidst the pandemic, policymakers need help to understand the complex, interconnected ecosystem of CRE and the way it is financed

Current areas of focus (1/2)

- Promoting good leadership and focus on environmental, social and governance (**ESG**)
- Active participation in policy and industry dialogue about the future of high streets (the 'retail apocalypse' preceded the pandemic)
- The future of office (again, already undergoing a gradual transformation before the pandemic)
- Hidden leverage / market risks
- Data, technology and disruption
- [A Vision for Real Estate Finance in the UK](#)

Current areas of focus (2/2)

- Market sentiment survey
- Financial regulatory change and its impact on the structure and effectiveness of CRE financing markets
 - Libor transition
 - Securitisation
 - Basel III finalization
- Strengthening member engagement and oversight, including through our Board of Advisors and YPREF core committee

Appendix: Why we exist (a reminder)

- The next two slides outline what we consider a compelling vision for why trade associations like CREFC Europe exist.
- The two slides after them summarise the progress we have made over the last few years, and how we want to move forward over the next few years.
- These materials are adapted from a presentation considered by our Board of Directors at a Strategy meeting in September 2018.
- Please contact Peter Cosmetatos on +44 7931 588451 or at pcosmetatos@crefceurope.org if you would like to discuss.

What's the point of trade associations?* (1/2)

One can interact with trade associations in various ways –attending or speaking at events, or as a member of a committee or board. They can offer opportunities to learn and make connections, but they can also be old-fashioned and resistant to change. Here are some key pillars that trade associations should be built around:

Championing the industry – the CRE finance industry is a broad, diverse sector, employing many people and contributing to the wider economy. However, because it is so diverse it is often misunderstood and disjointed. A dominant trade association should define the industry's scope and quantify and publicise its importance.

Lobbying – directly linked to 'championing' is the role of a trade association to lobby governments, regulatory bodies and external stakeholder groups (principally, passive providers of capital on the one hand and borrowers on the other) on behalf of its members. An industry that has no strong central voice is weaker and vulnerable to ill-thought-out pieces of legislation.

Being both welcoming and adaptable – a trade association seeking to represent a vibrant, changing industry must avoid catering only for a section of the industry, or organisations of a certain size – doing that is a recipe for extinction. A truly representative association must welcome start-ups and new business models, and not stick to the entrenched way of doing things.

Educating – at the heart of a successful association should be a learning programme, setting best practice standards; training new entrants; organising seminars and conferences; and showcasing examples of excellence.

Leading – during a period of rapid structural change, a trade association should be open and honest about what is happening, able to act bravely, highlighting commercial challenges and engaging with new technology, rather than papering over the cracks.

* These paragraphs are our adaptation of a [2009 blog post by Rory Brown](#), a media and marketing executive, originally discussing trade associations in the media industry.

What's the point of trade associations? (2/2)

Conversational – a large part of the value of participation in trade associations is not the committees or formal events, but rather talking with others who work in the same industry, whether as competitors or not. The abiding principle should be that by being open you get more back than you give. An association that encourages conversation and sharing ahead of corporate posturing will always do well.

Charitable – all industries go through periods of upturn and downturn. During good times, associations should build up reserves that allow them to support member firms and industry contacts who are out of work or in financial difficulty, for example by waiving registration fees for attending events. In return, such firms and individuals should support the association in the future. This has to be a win/win.

Career enhancing – while staff can be poached as a result of contacts made at associations, there are now so many ways to contact employees at competitors. If they're open to being wooed there's very little you can do about it. An efficient introduction service should be at the heart of a trade association's services.

Non-bureaucratic – a certain amount of formal process and procedure is necessary for good governance and accountability, but a trade association should avoid unnecessary bureaucracy. A trade association should be run like a modern business, with a flat hierarchy and a commitment not to waste members' time or money.

Open & visible – trade bodies need to make sure they effectively market themselves and explain what they do, to members, non-members and other stakeholder groups (such as policymakers and relevant media).

Trade associations have a huge role to play in the evolution of our industry. Their strength benefits us all.

CREFC Europe: the last five years – progress since 2013

Market scope	<p>Member numbers up more than 50% and much more diverse; activities significantly expanded too, with only slightly increased human resources</p> <p>Event content and focus of activities far more varied than in the past</p>
Advocacy	<p>Dozens of policy submissions and policymaker contacts at UK, European and international levels, across financial regulation, tax and (in the UK) aspects of housing policy</p>
Brand awareness	<p>Participation in UK Property Industry Alliance and European Real Estate Forum; supporter of Cass (UK) and IREBS (German) property lending surveys; collaborations with Better Buildings Partnership et al</p> <p>Brand recognition much stronger, especially in the UK and among policymakers</p>
Story	<p>Strong, consistent communication of a positive narrative about the role and importance of a diverse, responsible and successful CRE finance market, through policy dialogue, industry events and media</p>
Value proposition	<p>Despite only modest increases in membership rates, seminars now free for members; members enjoy bigger discounts for paid events; there are new free events like the summer party, joint New Year party with APL, and access to Cass launch events; and we offer executive training courses, as well as low/no cost events for our young professionals network, YPREF</p>
Base	<p>We are strengthened by the participation of commercial banks, insurers, debt funds, and others alongside our traditional base (IBs, loan servicers, rating agencies), whose interests we also continue to champion</p>

CREFC Europe: high-level strategy for the next few years

Responsibility and relevance

Promote diversity and inclusion in our organisation and at our events, as well as more generally in the industry

Support people and skills with training, networking and information

Act as a collaborative industry champion, helping our members tackle industry issues collectively

Representation and leadership

Act as an advocate for our members, via dialogue and collaboration with policymakers and other stakeholders

Lead on industry issues such as CREFinTech and disruption in the underlying CRE market

Empower members through committees and working groups

Collaborate with the CRE industry and its representatives

Continuity and resourcing

Optimise our efficiency in a way that allows us to do, and be seen to do, more without placing excessive demands on our members

Maintain our commitment to Europe (Brexit notwithstanding)

Prioritise the membership relationship (and the financial stability it promotes) over more transactional interactions with industry participants



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