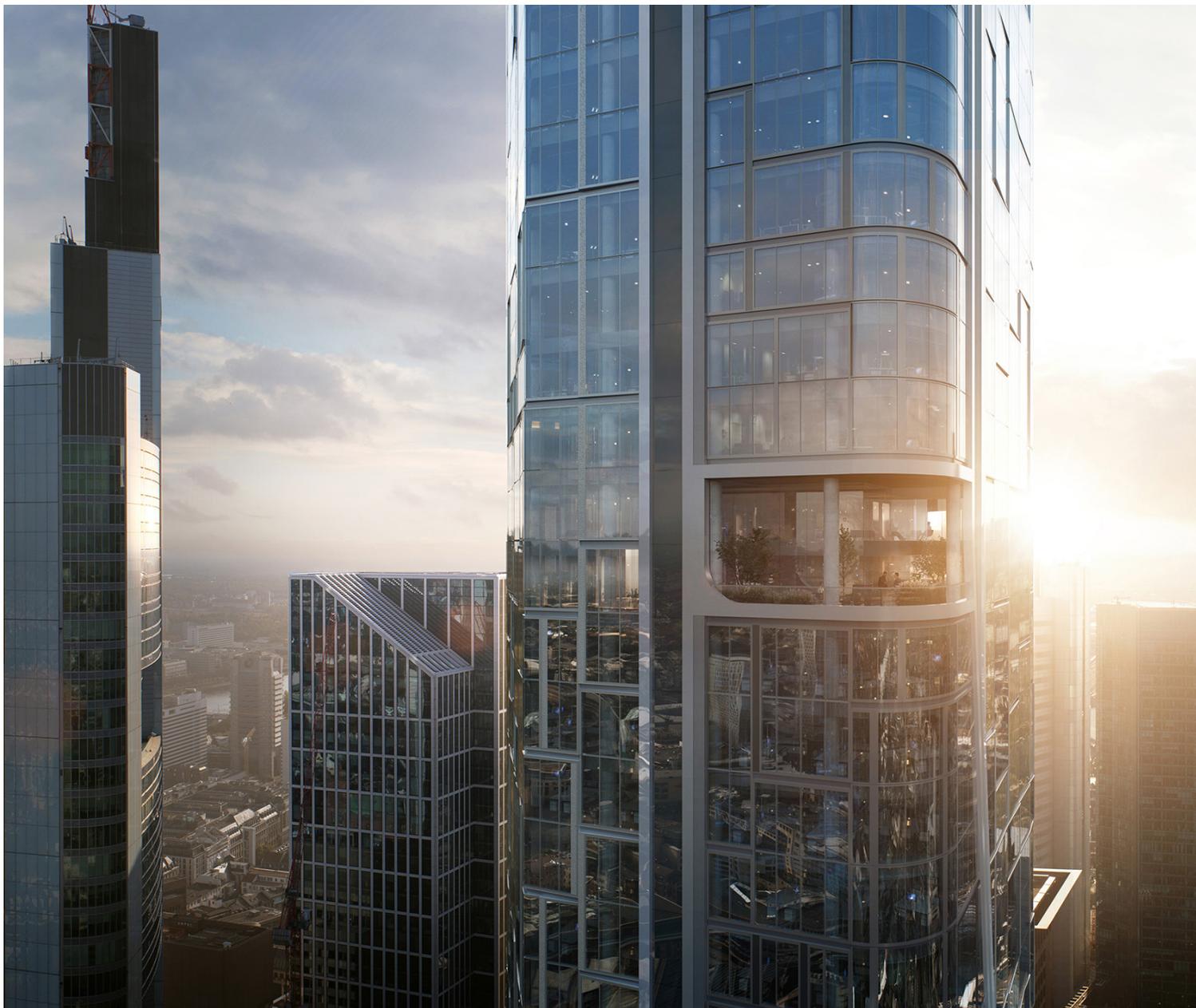


# The upgrade to Asset Manager 2.0





Alexander Gebauer  
CEO West Europe, Allianz Real Estate

“ More than ever before, asset managers will need to develop their technical and digital expertise

Real estate investment management is many things, but it's two things above all else: it's a people business and it's generally a long-term play. And at the center of this are the asset managers, the people or teams who manage the strategy for each property. For primarily core and core-plus investment managers such as Allianz Real Estate, and particularly where retaining income-producing as-

sets is favored over asset sales, one of the ways we define success is the ability to consistently find new ways to create value in how we manage our assets.

The role is challenging because the nature of the job has fundamentally changed in the last few years, as has the market environment in which we operate. Creating economic value in real estate is more and more related to the building's physical and digital

transformation to fit the needs of very specific and more demanding tenants. More than ever before, asset managers will need to develop their technical and digital expertise.

Business plans have become increasingly complex and their execution more operational – managing projects, steering operating partners and making complex decisions. Asset managers need to stay in touch with their ever-evolving market to understand the choices that tenants make from the options that they have.

They also need to learn how to make the best use of the wealth of data becoming increasingly available, no more gut feeling but data-guided choices which improve all aspects of the building's management and how tenants get the most out of the building that they occupy.

Will the job of an asset manager become more difficult? Yes it will. But at the same time a lot more interesting, multi-faceted, business-minded, lively and rewarding.

Ultimately, real estate asset managers are here to deliver for their investors, and to do that they need to understand and anticipate the challenges that their tenants face. But the markets will not necessarily help them doing it. They need to show creative, investment-minded thinking and sound judgement on the basis of complex inputs and have the ability to take bold decisions and to stand up for them. And here are some of the ways through which to accomplish this.



# 1. Remember that there are three stakeholders



We are accustomed to always considering the first two main stakeholders: the investor and the tenant. The pandemic has highlighted that, increasingly, value resides in also meeting the expectations of a third stakeholder: the user. As of today, asset resiliency goes beyond simply signing long leases; our management efforts have progressively concentrated on the curation of the product we are offering to tenants and on the services we are offering to their employees. While the investor quite simply wants the visibility on cash flow at the return they were promised at the time of acquisition or after committing further capital to an asset improvement program, post-COVID tenants are wiser and, beyond location, are in the market for a safe, efficient workspace that is truly focused on the well-being of its users. The office of tomorrow should motivate the employees to show up, work productively and, ultimately, enable the company to develop its culture and retain talent.

# 2. Be selective



As long-term investors with a €71.5-billion global portfolio, of which half is directly managed or held within joint venture equity investments, it wouldn't be reasonable to run indiscriminate capex programs. We need to be selective and prioritize the assets in which unlocking value potential can be done at the most optimal cost-value ratio. Selectivity means creating customized, sustainable capex programs in order to guard against buildings' obsolescence while actively pursuing our trajectory to carbon-neutrality. Innovation and digital solutions offer the infrastructure, but it's data analytics that is ultimately the new ally to active asset management and the primary differentiating factor to the competition.

# 3. Know your tenants, understand the market



This is essentially about removing risk from the portfolio, particularly during downturns, while retaining the flexibility to take advantage of market trends, but it stems from the manager's ability to predict and even influence tenant behavior and to understand the competition. It is also about creating the opportunity to secure a higher grade of tenant. At the same time, an optimized leasing strategy would deploy a mix of lease lengths thereby always leaving the door open to capture market rent growth either through lease renewals or the attraction of new tenants.

Asset resiliency goes beyond simply signing long leases; our management efforts have progressively concentrated on the curation of the product we are offering to tenants and on the services we are offering to their employees.

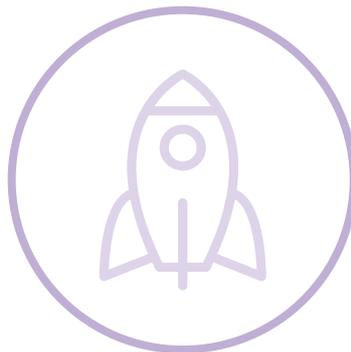
# 4. Knowledge – through data – is power



Real estate will remain a people business, but data has become the enabler that amplifies the know-how and existing capabilities of the building's asset manager. It is changing the entire value chain of property and facility management, blurring lines. Data supplements – or verifies – the understanding of tenants' needs learned from years of operating in local markets, enabling the manager to be in direct contact with the user – a task until now reserved for the 'people on site'. In parallel to helping predict tenant behavior, data is helping us to adapt the features and services of our assets to the demand of each submarket. This not only ensures that tenants use innovative features at their full potential, but also that investors reap the benefits of a higher demand and tenants' willingness to pay for a fully-fledged asset.

What we see is that the industry is finally progressing towards dynamic space, pricing and leasing models that ultimately aim to increase the liquidity of an inherently non-liquid asset class.

# 5. Become futureproof



The COVID pandemic has shown us that 'work' in a number of industries and sectors is not necessarily a place to go to. However, it is also clear that permanently working from home – which after a while might feel more like living at work – is not the future either. There has been a power shift of sorts in favor of the employee in that going to the office is becoming, for some, a conscious decision to be taken on a daily basis. Futureproofing our portfolio means our buildings be-

come a positive factor in that decision-making process, it means doing our part in giving users a compelling reason to go to the office.

\* \* \*

So, how to do that? This goes back to knowing what value means to the tenant. Buildings have to offer more value-adding services to compete with the perceived conveniences of working from home. The office has to become part of the professional and social network of the tenant – a place of collaboration, inspiration and culture. They need to be safe environments where smart sensors, for example, regulate air quality or where cleaning is based on actual occupancy and the ground floors offer services that simplify life's daily activities during a workday for the employees. Finally, there is the paramount role that sustainability is now playing for the attractiveness of a building both to the tenant, in terms of contributing towards their own ESG targets, and its users, in terms of having a great place to work.



Allianz Real Estate  
Seidlstraße 24-24a  
80335 Munich, Germany  
info@allianz.com

The sole purpose of this brochure is to provide information on a non-reliance basis. In this brochure Allianz Real Estate GmbH and Allianz Real Estate of America, their subsidiaries and affiliates are jointly referred to as "Allianz Real Estate". Allianz Real Estate is a PIMCO company.

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. Allianz Real Estate accepts no liability for any failure to meet such forecast, projection or target.

No representation, warranty or undertaking is given by Allianz Real Estate or any other person in respect of the fairness, adequacy, accuracy or completeness of statements, information or opinions expressed in the brochure and neither Allianz Real Estate nor any other person takes responsibility for the consequences of reliance upon any such statement, information or opinion in, or any omissions from, the brochure. The information contained in this brochure has not been audited or verified.

The material contained herein is for informational purposes only and does not constitute legal, tax or investment advice. A recipient should consult advisers regarding such matters and must not, therefore, rely on the content of this document when making any decisions.

The information contained herein is proprietary and confidential and may include commercially sensitive information, must be kept strictly confidential, and may not be copied, used for an improper purpose, reproduced, republished, or posted in whole or in part, in any form, without the prior written consent of Allianz Real Estate. The recipient of this material must not make any communication regarding the information contained herein, including disclosing that the materials have been provided to such recipient, to any person other than its representatives assisting in considering the information contained herein. Each recipient agrees to the foregoing and to return or destroy the materials promptly upon request.

The distribution of this brochure in certain jurisdictions may be restricted by law. Persons into whose possession this brochure comes are required by Allianz Real Estate to inform themselves about and to observe any such restrictions.

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Where overseas investments are held, the rate of currency exchange may also cause the value of such investments to fluctuate.

No market data or other information is warranted or guaranteed by Allianz Real Estate or its subsidiaries and affiliates as to its completeness, accuracy, or fitness for a particular purpose, express or implied. Allianz Real Estate may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented herein. Those communications reflect the assumptions, views, and analytical methods of the persons that prepared them.

It should not be assumed, and no representation is made, that past investment performance is reflective of future results. Nothing herein should be deemed to be a prediction or projection of future performance. If and to the extent that any statements herein include prospects, statements of future expectations and other forward-looking statements, these are based on the current views and assumptions of the persons that prepared this document, and involve known and unknown risks and uncertainties. No representation is made or assurance given that such views are correct. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements. Prospective investors should not rely on these forward-looking statements when making an investment decision.

Allianz Real Estate expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this document, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom. Allianz Real Estate assumes no obligation to update any information or forward-looking statement contained herein.

This disclaimer notice (and any non-contractual obligations arising out of or in connection with it) is governed by German Law.

PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world. ©2021, PIMCO.