



Offices are converted into homes as a solution to the lack of housing stock

In the United States, asset reconversion is a trend that is taking hold due to the growing vacancy of workspace in cities such as New York or San Francisco

The District 2023 will analyze this trend with experts from Blackrock, CBRE, EPRA, Hines, JP Morgan, King Street, TPG, and Frux Capital Investments, among other large capital firms

Barcelona, August 30, 2023 - The recent telecommuting revolution, hybrid models and the consolidation of e-commerce after the pandemic are some of the reasons that have led the Real Estate industry to an accelerated transformation. In this sense, there are assets that have entered a process of reconversion because of the current situation, with offices being the main protagonists of a transition to new usage practices. According to industry experts, office conversion is a growing trend in the U.S. and is leading to a situation in which many built-up areas that were previously considered for professional services are now acting as dedicated living assets.

As JLL reports, in New York during the first quarter of the year there was an office vacancy rate of more than 16% and in other major urban centers, such as San Francisco, 27%. Likewise, the decline in workspace hiring in the U.S. has led to the business ecosystem in cities being threatened, especially restaurants and retail outlets, by the lack of customers. Thus, to alleviate the problem and counteract the increase in vacant properties, investors are reorienting their assets to ensure profitability, with housing being one of the solutions on which they have bet the most.

The macro-trend that is being registered in the United States, and which implies changes in regulations or public incentives to undertake the transformation of properties, may reach Europe in the coming months. It is for this reason that [The District](#), which will take place from September 20 to 22 at Fira Barcelona Gran Via, will be the EU-level scenario that will bring together the leaders of Real Estate capital to study the 'asset reconversion' and elucidate the possibility that it may also end up happening in our continent.

Will office instability take hold in housing?

According to JP Morgan sources for The District, the revolution that is happening in the North American market will not be what will end up happening in Europe, as employees come to the offices more frequently. However, these assets are at a time of maximum volatility and capital is not executing large transactions as it waits for the financial framework to stabilize and interest rates to fall. Thus, due to the uncertainty of workspaces and the need for housing, due to the high demand, the reconversion of assets is a possibility that is emerging within the real estate system.

An example of what could happen is detailed in the report 'The Office Property Telescope' prepared by the consulting firm EY and presented in early 2023. The study explains that in the next 20 years up to 28,000 homes could be created in Madrid and Barcelona that would come from properties that currently house offices and would be available for living. In the case of the Spanish capital, there are 1.8 million square meters dedicated to offices that are vacant and would

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represent 20,000 properties for living, while in the Catalan city 763,000 square meters could be converted into 8,000 apartments.

As a trend affecting the market, international industry experts such as **Massimo Saletti**, Managing Director & Global co-Head Real Estate at JP Morgan; **James Piper**, Partner at TPG; **Adolfo Favieres**, Managing Director at Blackrock; **Adolfo Ramírez-Escudero**, Chairman of CBRE Spain & Latam; **Paul Brennan**, Managing Director and Co-Head of Real Estate at King Street Capital Management; and **Dominique Moerenhout**, CEO of the European Public Real Estate Association, will meet at The District to explore how the real estate landscape is being reinvented through the challenges that are emerging today, and how to seize opportunities in a rapidly evolving industry.

In turn, **Itamar Volkov**, Managing Partner of Frux Capital Investments, together with **Vanessa Gelado**, Senior Managing Director and Country Head Spain at Hines, will share the strategies that capital is following in Real Estate, such as asset reconvention, in order for investors to achieve higher returns in times of financial instability. Executives will focus on identifying undervalued properties with potential for improvement, for example through renovations or operational improvements, and on analyzing distressed or overlooked investments in distressed assets.

The potential of urban warehouses

The reconversion of assets, also due to new market habits and demands, is affecting more segments apart from living. This is the case of premises that used to house retail stores, which as a result of online commerce and rising rental prices, in recent years have been remodeled into housing or warehouses for logistics or last-mile product delivery. Pablo Redondo, Senior Vice President of PineBridge Benson Elliot, will delve at the international summit into the as yet untapped possibilities for real estate capital in urban logistics and private warehousing facilities.

Challenges and future prospects for a new Real Estate landscape

As in the market transformations preceding the current one, the change of use poses challenges that must be taken into account. Local regulations may present some obstacles to the conversion of spaces, highlighting the need to streamline administrative procedures to meet the growing demand of the moment.

However, despite the challenges, current trends indicate a continuous adaptation of the real estate market to the new requirements and realities of today, testimony to a constantly evolving scenario, which seeks to meet the demands of a changing society.

About The District: is an event organised by [NEBEXT](#), a company specialised in professional events focused on innovation and technology transfer such as [Digital Enterprise Show](#), [REBUILD](#), [Pick&Pack](#), [Food 4 Future – Expo FoodTech](#), [Tourism Innovation Summit](#) or [Advanced Factories](#).. THE DISTRICT has a Hospitality area and a congress programme in 5 auditoriums - The District World Summit 2023 - the largest European congress on innovation in the real estate industry. It is the main meeting forum where investors and sources of capital from the Real Estate sector come together to seek opportunities, new real estate projects that drive urban transformation, with the aim of designing the future of the Real Estate sector in Europe.

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