

## Property, uncertainty and the new world order

In the spring of 2016, I wrote an editorial where I suggested that the UK would vote to leave the European Union. Then in July of the same year, I said that Donald Trump would win the American presidency. Given that I had also correctly predicted the previous five UK and US elections and referenda, I am beginning to wish that I was a betting man. An accumulator bet would have reaped millions of pounds for me.

But, apart from a certain satisfaction at being proved right to everyone else to whom I spoke in both academia and practice, why is that important? The answer is simple, in property development and investment; we base our real estate decisions upon a certain pattern of certainty. Prior to the Financial Economic Crisis of 2008 onwards, we had a world that followed a certain accord. Capitalism lead to an economic cycle where booms were followed by busts and then booms and more busts. The uncertainty was not the pattern of the volatility; it was not knowing the depths or duration of the component parts. Today we have a new world order. Popularism is the new master of democracy and whilst not judging the new order (it may succeed better than the old), it leads to a political and economic uncertainty and that impacts upon the property world.

I was in London in the week after Brexit, speaking with the heads of many of the large real estate consultants. The mood was sombre and the perceived outlook was bleak. It was the same feel as there was in the market post Lehman Brothers. At that time, everyone was convinced that the property market in the UK was about to nose-dive. Indeed, many were saying, in the same way that Lehman's was a catalyst for a market fall that had been creeping up on us for maybe 18 months previously, so it was with Brexit in the summer. But, what happened? The reverse. The international investment market in London boomed. The devaluation of the pound made all investments 15-20 per cent cheaper and colleagues in investment agency were swamped with enquiries.

Now, that itself could be a blip, the world next year could be different again. My point is that the uncertainty is now ubiquitous, reading and understanding markets is more difficult now that it has ever been. I know that my colleagues who work on econometric modelling will counter my arguments and argue that short-term changes are not the same as long-term trends but I not certain that the long term will ever return to the pattern of the markets before the Financial Economic Crisis.

So in the context of real estate research, and the papers that we publish in this journal (and others), academics and researchers now have a new challenge. We need to provide insights and guidance to decision makers under a new paradigm. We need to take a step back and stop the plethora of papers that simply use quantitative techniques to analyse new data set and produce a new set of answers. Those papers have no use unless they provide insight on what those answers mean so that they can shine a torch on real estate decision making in the minefield of uncertainty that lies before us in this brave new world.

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