

Fladgate 'Question Time Panel' Event 2026
Where Does the Smart Money Go?

Key Insights and Summary Report
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Where Does the Smart Money Go?

Fladgate recently brought together investors, developers, advisers and market specialists for our annual Question Time-style discussion examining a central question facing the market:

Where does the smart money go when it comes to investing in UK real estate?

The discussion explored the macroeconomic environment, investor sentiment, emerging sectors, capital markets and the opportunities shaping the next phase of the real estate cycle.

In accordance with the Chatham House Rule, the summary below reflects the key themes and insights shared during the discussion without attributing comments to individual participants.



Executive Summary

While views differed on specific sectors and investment strategies, several consistent themes emerged:

Capital

Capital remains available, but investors are significantly more selective than in previous cycles.

Interest Rates

Interest rates continue to influence valuations, despite growing acceptance that higher rates may remain for longer.

Operational Expertise

Investors are increasingly focused on operational expertise, asset-level fundamentals and value creation rather than market-wide appreciation.

Alternative Sectors

Alternative sectors such as digital infrastructure, senior living and self-storage continue to attract attention, although not without challenges.

Regeneration

Large-scale regeneration and place-making strategies are creating opportunities beyond traditional asset classes.

Residential

Residential supply constraints are expected to support long-term fundamentals across many housing sectors.

Specialisation

Many successful investors are becoming increasingly specialised, with local knowledge and execution capabilities creating competitive advantages.

Relationships

Reputation, trust and relationships remain critical despite rapid technological change. On, trust and relationships remain critical despite rapid technological change.

1. Higher-for-Longer Rates Have Become the Working Assumption

A recurring theme throughout the discussion was the impact of interest rates on investment decisions and asset values.

While market sentiment at the start of the year was shaped by expectations of lower rates, participants noted that investors are increasingly adapting to a world in which borrowing costs remain elevated for longer.

The panel agreed that rates continue to influence valuations and transaction activity, with buyers and sellers often holding different views on pricing. However, there was also a sense that markets have become more accustomed to the current environment, resulting in more constructive discussions than those seen immediately following the rapid repricing of 2022 and 2023.

Key takeaway

The question is no longer whether rates matter, but how investors identify opportunities and generate returns within a higher-rate environment.

2. Selectivity Is Replacing Broad Market Bets

Several participants emphasised that investing successfully today requires much greater selectivity.

Rather than focusing on sectors in isolation, the discussion highlighted the growing importance of identifying individual assets with strong fundamentals, attractive supply and demand dynamics, and clear opportunities for value creation.

One broad theme emerged throughout the discussion:

You can no longer buy the market. You need to buy the right asset.

Particular attention was given to:

- Supply-constrained markets.
- Strong demographic drivers
- Mispriced risk opportunities
- Assets capable of operational improvement
- Locations benefiting from structural demand growth.

Key takeaway

Detailed due diligence and asset selection are increasingly important drivers of performance.

3. Capital Structures Are Becoming More Sophisticated

The panel also discussed the growing range of funding solutions available to investors.

Traditional distinctions between debt and equity are becoming less clear as investors increasingly use layered capital structures to unlock transactions.

Participants noted:

- A wider universe of capital providers
- More bespoke financing structures
- Greater flexibility for borrowers
- Increasing sophistication within UK markets

Key takeaway

The ability to create and influence place has become an increasingly valuable source of competitive advantage.

4. Experience Is Becoming a Critical Investment Theme

A notable area of consensus was the growing importance of experience-led real estate.

Across retail, leisure, hospitality, offices and mixed-use developments, participants argued that physical destinations must offer something that cannot be replicated online.

This trend was seen as underpinning demand across:

- Leisure assets
- Entertainment venues
- Sports-related destinations
- Hospitality-led developments
- Mixed-use urban districts
- Offices

The panel discussed how successful destinations increasingly blend real estate with operating businesses, using customer engagement and experiential offerings to drive value.

Key takeaway

The strongest assets increasingly combine property ownership with operational excellence and customer experience.

5. Digital Infrastructure Remains a Major Investment Story

Data centres were frequently identified as one of the most significant themes shaping global capital allocation.

Participants broadly agreed that demand driven by artificial intelligence and digital infrastructure is genuine and likely to remain substantial. However, the discussion highlighted several practical constraints that could limit delivery.

These included:

- Power availability
- Grid connectivity
- Planning restrictions
- Water requirements
- Suitable site availability

There was also debate around the sheer volume of capital required by the sector and what this could mean for capital availability elsewhere in the market.

Key takeaway

Digital infrastructure presents a significant long-term opportunity, but execution challenges remain substantial.

6. Housing Fundamentals Remain Strong, Despite Delivery Challenges

The panel broadly agreed that the UK's housing shortage remains one of the country's most persistent structural challenges.

Demand across residential sectors continues to outstrip supply, particularly in:

- Affordable housing
- Social housing
- Multifamily rental accommodation
- Later living

However, participants noted that viability constraints, construction costs, planning delays and affordability pressures continue to limit delivery.

Many felt there was a growing disconnect between where housing demand exists and where delivery remains economically viable.

Key takeaway

The residential investment case remains compelling, but solving the supply challenge will require greater collaboration between the public and private sectors.

7. Scale Matters, But Specialisation Matters More

Another theme was the growing concentration of capital amongst larger investment platforms.

Participants suggested that larger firms benefit from:

- Greater access to capital
- Stronger lender relationships
- Preferential debt terms
- Enhanced market visibility

At the same time, there was broad agreement that specialist operators continue to play a critical role.

Local expertise, niche sector knowledge and the ability to execute complex strategies were identified as areas where smaller, specialist investors can still outperform.

Key takeaway

The market increasingly favours either scaled platforms or highly specialised operators, while the middle ground is becoming more challenging.

8. Opportunity Lies in Creating Places, Not Just Owning Buildings

One of the most compelling discussions centred on the value of place-making and regeneration.

Participants highlighted examples where investors have generated significant value by shaping entire neighbourhoods rather than focusing solely on individual assets. The panel pointed to successful urban districts where long-term stewardship, mixed-use development and carefully curated occupier strategies transformed areas into destination locations.

The discussion suggested that:

- Neighbourhoods themselves are becoming investment propositions.
- Experience-driven environments generate premium value.
- Investors increasingly seek control over larger ecosystems rather than individual assets.

Key takeaway

Accessing the right capital is becoming as important as identifying the right asset.

Looking Ahead

While uncertainty remains around interest rates, geopolitics and regulation, the mood in the room was cautiously optimistic.

Participants highlighted that periods of market dislocation often create some of the most attractive investment opportunities. However, success is likely to depend on disciplined underwriting, specialist expertise and a willingness to focus on long-term structural trends rather than short-term market movements.

The discussion concluded with a reminder that while markets evolve, technologies change and cycles come and go, trust, reputation and relationships remain the foundations upon which successful real estate businesses are built.

Final Thoughts

The discussion reinforced a common theme across all sectors: the most compelling opportunities are emerging where strong fundamentals, operational expertise and available capital intersect. In an uncertain market, competitive advantage is increasingly defined not by when investors deploy capital, but by the quality of the assets, strategies and partnerships they back.

This report was prepared by Fladgate LLP. It reflects themes and insights shared during the panel discussion and is published in accordance with the Chatham House Rule.

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