

Global Real Estate Market

BROOKFIELD REDDING CEO KIM REDDING '80 SHARES HIS MARKET INSIGHTS FROM THE FRONT LINES

After several years in the global real estate market as both an employee of other companies and founder of his own firms, Kim Redding '80 (Finance) started KG Redding in 2001, an investment management company of North American and global real estate securities. Redding sold the company last November to Brookfield Asset Management and it became Brookfield Redding LLC. At the time of the sale, Brookfield Asset Management reported that Redding's company had global real estate securities of more than \$6 billion.

"We're thrilled, and the company that bought us is a wonderful company and is letting us do the same thing we've done," says Redding. "It's one of those dreams come true where you actually sell it and have the same environment you had before."

Redding remains chief executive officer of the company, which has regional offices in Chicago (where he lives), London, Singapore and Sydney. "We've got an office open somewhere during each of the 24 hours of the day," he says, and his work takes him around the world — frequently to India, Dubai, Taiwan and Japan.

With his view from the front lines, Redding shares his take on the health of the global real estate economy:

INDICATOR: Residential real estate is caught in a credit market crunch right now. How does that affect the global real estate market?

REDDING: Generally speaking, commercial real estate is in pretty good shape. We don't have a lot of excess supply of new buildings that don't have tenants, and the residential problems we are experiencing haven't filtered over to the commercial real estate market. They potentially could do so if the credit market leaps to a severe recession or businesses start to contract and, for example, give back office space or retail space. It's basically a credit problem and a residential

mortgage market problem. With a combination of the Fed lowering the interest rate and money coming to start investing to free up capital, then we'll get through it fine because we won't have an oversupply. The balance sheets of corporate America are as strong as they've ever been.

INDICATOR: Which international markets to do you like right now?

REDDING: From an investment point of view, Asia is clearly a bright spot because the long-term growth rate in Asia should be well above average. I like emerging markets, and I've spent a lot of time in India where we've made investments. It's really hard to get invested there, but there's a lot of opportunity. In terms of more developed markets in Asia, I like Singapore because it's a very livable society with their immigration policies, low crime, low taxes. Hong Kong could be, but China and India suffer a lot from developing too quickly, and there's a great deal of pollution and issues of everyday life that are a

challenge to all of us who go over there. But clearly the emerging markets, including Malaysia, Vietnam and the Philippines, are the greatest for entrepreneurs. There's still plenty of opportunity in the United States, but the growth rates are higher in Asia.

INDICATOR: Even with today's advanced telecommunications and a video-conferencing facility in your home, you still travel a great deal.

REDDING: From a communication point of view, it is easier with the Internet and access to information to get around the globe, but you can't do everything through the Internet. Yes, it's time consuming to travel to these places, but the rewards are great for those who expend the effort. ■



Kim Redding '80, pictured (right) with associate Manoj Patel, manages global real estate investments from offices in Chicago, Singapore, London and Sydney.