

Richest match in football

by Jackson Franks, Analyst

On Saturday, the most lucrative match in world football unfolds, and surprisingly, it is not the Champions League final or the World Cup final, but rather the Championship Play Off final. In case you are unfamiliar, the Championship is the division just below the esteemed English Premier League (EPL). While the top two teams from the division secure automatic promotion, the teams that finish third, fourth, fifth, and sixth engage in the playoffs, competing for the last available promotion spot to the EPL. This year, Coventry City and Luton Town, which pains me to say as a Watford fan (as Luton happens to be our greatest rival, known as the M1 derby), face off in the final. This one-off match, held at the iconic Wembley Stadium, carries an astonishing value of approximately £265million¹. When Coventry City get promoted on Saturday, preserving the financial prosperity of the EPL will undoubtedly be at the forefront of their mind. The crucial element in upholding their EPL status, and the riches that come with it, will be the investment of those funds.

While I do not have a personal fortune of £265million to invest right now, it sparked my consideration about how I would strategically allocate such funds if given the opportunity. Given my focus within commercial real estate, I have outlined below the areas where I would seek to invest these resources, aiming for sustainable long-term returns in today's ever-changing macro environment.

Offices. Despite the rise of remote and flexible work arrangements, office spaces remain an essential component of the commercial real estate market. Investing a portion of the capital in prime office locations can yield stable returns. However, it is crucial to focus on high-demand areas with robust rental markets, such as central business districts and hubs. These locations are likely to continue attracting companies seeking collaborative spaces and physical presence for their operations. Especially for those businesses with a younger workforce, enabling a space for personal development, culture adoption and welfare.

Industrial and Logistics. The ongoing growth of e-commerce continues to present high demand for industrial and logistics facilities. Investing in warehouses, distribution centres, and fulfilment hubs can prove profitable, given the ever-increasing need for efficient supply chain management. With the continued growth in online retail, companies require strategically located facilities to expedite last-mile deliveries. Allocating a substantial portion of the capital in this sector offers attractive long-term prospects.

Mixed-Use Developments. Mixed-use developments that combine commercial, residential, and entertainment spaces have gained significant traction in recent years. These developments create vibrant communities and offer a diverse range of amenities, making them appealing to both tenants and residents. Investing in well-planned mixed-use projects, particularly in urban areas experiencing growth, can provide a steady stream of income from commercial leases while benefiting from residential property appreciation.

Healthcare Real Estate. The healthcare sector is expected to witness steady growth due to an aging population and increased demand for medical services. Investing in healthcare real estate, such as medical office buildings, outpatient facilities, and specialised clinics, can offer stability and potentially attractive returns. It is essential to focus on locations with established medical infrastructure and proximity to hospitals and research centres.

Data Centres. With the digital age in full swing, data centres have become the backbone of modern technology and cloud computing. The increasing reliance on data storage and processing necessitates substantial investments in these facilities. Given the constantly evolving technological landscape, targeting data centre developments in regions with favourable business climates and robust connectivity can yield long-term gains as demand continues to rise.

Hospitality and Leisure. While the hospitality industry faced significant challenges during the pandemic, it is gradually recovering and poised for growth. Investing in hotels, resorts, and leisure facilities in popular tourist destinations or emerging markets can be a prudent choice for medium and long-term investments. Careful consideration of the local tourism landscape, accessibility, and demand patterns is crucial to capitalise on this sector's potential.

Considering the evolving macro environment, several sectors within commercial real estate still present promising long-term prospects. Offices in high-demand areas, industrial and logistics facilities to support the continued e-commerce growth, well-planned mixed-use developments, healthcare real estate, data centres, and hospitality and leisure properties in strategic locations all offer avenues for sustainable returns. But, more importantly, and to conclude, come on Coventry City!

Source:

1 <https://sport.optus.com.au/news/premier-league/os57843/championship-play-off-final-luton-coventry-richest-game>



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