



The Future of Tourism and Real Estate Development in a Changing World

by André Jordan

I'm happy to become involved with the American Club again at the invitation of my old friend António Rebelo de Sousa. I was active at the time when the President was my dear friend Ed Kane and the Club was an important feature of Lisbon's life. Now that the United States is rejoining the world, the Club under its new and dynamic President will contribute to the intensity and quality of the relations between Portugal and the United States.

I propose to give you a view as to the impact and the effect that the present situation, that results from the pandemic, has on the Tourism and Real Estate activities that represent an important part of the GDP and the export accounts of Portugal.

Our group was founded by my father Henryk Spitzman Jordan in Brazil, in 1940, when we arrived at that great country as refugees from the invasion of Poland by the Nazi forces. After his death, for a period of three years I worked in the United States, England and France and arrived in Portugal in 1970. The country I found here then has undergone in these 50 years profound changes dictated by internal and external conditions.

In 70 years, I have lived through some situations that were transitory and others that are product of major changes in the societies and in the markets. I witnessed the birth of sectors which are now undergoing transformation. For example, in 1957, being in New York as an assistant of the head of the Brazilian delegation to the annual conference of the United Nations, I was invited to a seminar sponsored by the National Cash Register Company in Dayton, Ohio, representing the first supermarket chain in Brazil of which our group was shareholder. NCR supplied at that time 80% of the cash registers in the world. The purpose of the meeting was to promote the growth of shopping centers, whose inception had started in the Midwest two years before.

I realized the potential of this formula and brought it to Brazil. I put together the project of the first shopping center in that country, in Rio de Janeiro. Shopping centers became an important business all over the country. Today, due to the exploding growth of online shopping, I am witnessing the decline of this sector.

A similar situation occurs in major capitals and cities in the developed and undeveloped worlds. The boom in major cities such as New York, Chicago, London, Paris, Rome, Berlin, and many others with corresponding stratospheric prices came to a certain halt due to the consequences of the pandemic which is raging everywhere. In Manhattan, where 50 story apartment buildings units were sold of prices of up to 35 million dollars, has completely stopped.



Before the boom, for several decades, cities such as Rome, Milan, Berlin, Frankfurt were in the doldrums. London, New York, Miami, São Paulo were exploding in activity and prices, while other important cities were stagnated. Robert Mitterrand, the brother of Francois Mitterrand and a prominent businessman, who used to spend holidays in Quinta do Lago, told me that he had his apartment in Paris for sale for 10 years. Finally, France, Italy and Germany followed the boom, but in recent times the real estate activity in these countries has slowed down and cities like New York and London have been caught in excess of construction, which has negatively affected the markets.

Spain and Portugal, whose real estate markets were geared mainly to residential properties, were less hurt because they have a strong foreign market and were not object of speculation. The buyers bought for their own use or investment.

However, all markets, as far as residential and offices construction, showed that the Covid-19 pandemic would have had a sudden and profound effect, because working at a distance and from home made people want to live in a space that provides comfortable conditions for work and contact with the outdoors. This affected offices, which became less needed and also transportation. These factors, which are still in development, are generating structural changes in construction and real estate.

In the 70 years that I have been active in property development in various markets, I have not witnessed such sudden and profound changes. It is easy to imagine how this process is affecting not only the sectors I just described, but also commerce, transportation, travel and even health care and education. Being a frequent client of medical services, I have recently had several consultations at distance. For instance, I have a pacemaker that has a tracking machine in my bedroom which registers the function of my heartbeat wherever I am in the house and transmits to the doctor's office. As fortunately I have had no record of arrhythmia for a long time, therefore the last consultation was held by telephone.

The tourism sector, which includes aviation, shipping, hotels, restaurants, museums, concert halls, theaters and, of course, shopping, is suffering the halt of most of these activities. Will companies and sectors still hold big conventions? Will companies still organize meetings in different venues? How will the airlines and airports be affected? How will, mainly large, hotels survive? What will happen to the large convention centers? How will the theaters and entertainment sectors continue and how will restaurants be able to maintain their doors open?

The financial dislocation and the unemployment resulting of this situation are enormous challenges for the governments and to society. Also, to sports which have become in recent



decades into a multimillion business. As a «couch spectator», I'm shocked in watching games and competitions in empty stadiums without the sound of the enthusiasm of the crowd. Gigantic investments in aviation, in planes and airports that are small cities, pose tremendous challenges to the institutions.

This new work and social conditions have restricted the interest and the need to shop for clothes and, of course, jewelry, etc.

Climate change policies, an absolute imposition for the survival of the world as we know it, will generate giant investments in technology, with energy production which requires much less human intervention, causing massive unemployment. It is a great challenge to create the means of survival and occupation to answer these pressing problems.

The robotization of manufacturing is another challenge. Stephen Hawking, probably the greatest mind of our times, in his farewell book, says that the robot will ultimately act by itself without human input. It is important that the world creates an agreement such as the atomic weapons nonproliferation treaty, to contain the development of this threat to humanity. Of course, there are those who say that new jobs will be created that will compensate for those that will disappear. I don't quite see it, but being a mere observer, I'm not qualified to predict the answers to these questions. New problems produce new solutions. The technology for work and communication has generated great imbalance between rich and poor, but it also brought millions of people out of poverty and hunger in the last century.

I have dedicated my working life to creating civilized environmentally friendly communities where they are located. It can be seen in the Algarve and Sintra, where Loulé, the location of Quinta do Lago and Vilamoura, and Belas, where our most recent community is located, are eloquent proof of the success of our efforts in social development and prosperity for the local population. However, the adjustments that societies everywhere will have to make because of all the changes that the world is going through, I believe will cause the leveling of standards of living to all societies.

It is my impression that the developed world has reached standards which will have to recognize the need to sustain the less fortunate that these developments will probably generate. I am afraid that our grandchildren will not be able to enjoy the standards of living that we have reached, but they might possibly have a happier life.

Belas, 4th February, 2021