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We need to base coronavirus decision-making on rational thought

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We should not let fear or bias dictate our approach



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The COVID-19 pandemic has significantly impacted the property industry, with many occupiers forced to close or severely change their ways of doing business, rent collections diving, and deals put on hold.

Just as Brexit presented opportunities for ‘Brexcuses’ – or reasons to be indecisive – so too are we seeing a reluctance to make business decisions in case coronavirus has a severe and lasting impact on our economy, on markets and on our way of life.

The issue is not a fear of what the world will be like, but rather a fear of not knowing what the world will be like.

Clearly a vaccine would offer the quickest route back to normality. But in the absence of that, clarity remains in short supply. Whatever information we do have has been enhanced, boosted and polarised by social media.

Analysing thought processes related to the pandemic, three things are particularly notable:

Anchoring



Personal experience of death and illness make it difficult to base decisions on statistics

We are limited to our own experience and what is presented to us through the media. Anchoring to the death and serious illness of friends and family has created an incredible sense of fear across many parts of society. Very sadly, over 25 people I know have died. All but two were either elderly or had pre-conditions but this, coupled with the fact that our prime minister was critically ill and narrowly survived the virus, has raised the level of alarm we feel. Death and illness are hugely emotive subjects and we are, understandably, biased by our experiences, making it difficult to base decision making on balanced thoughts and statistics.

Authority



The population is now more conditioned to take orders

The last few months have been highly unusual in that new laws have been introduced and the freedom that we are accustomed to enjoying has been curtailed. We have become accustomed to nightly updates with advice and orders, giving us a sense of powerlessness to make our own decisions or do our own thinking.

The government stepping in to fund those who might otherwise be out of work compounds this sense of dependence: analysis of official figures shows that 27 million people are now funded by the government, comprising those on furlough leave, those on benefits, public sector workers and pensioners. We have been conditioned to follow orders from government, based on often opaque advice from SAGE, if we want to avoid putting ourselves and others in danger, rather than making up our own minds and taking our own approach to risk.

Confirmation bias



The Cummings scandal was an Emperor's New Clothes moment

The population can be divided into three groups: those that are elderly, in poor health or with conditions that make them more susceptible; those that are young and in better health; and those in between. Each group has its own confirmation bias as it reviews the news and deals with anchoring and authority bias. Social media makes this more extreme: are we looking at only news that confirms our beliefs, or are we applying balanced thought when making

decisions?

I may suffer from optimistic bias, but I believe that as the world starts to open again, fears are likely to dissipate. The scandal regarding Dominic Cummings may be looked back on as a turning point: whether he broke the law or not, it was a moment when people discovered that the emperor has no clothes.

At the end of the 1990's, companies spent an estimated \$300bn preparing for the millennium bug. Tony Blair appointed a minister with specific responsibility for helping the UK prepare for the moment 1999 became 2000. Households stocked up on essential items, fearing that computer malfunctions would impact their ability to lead normal lives. And... nothing happened.

The situation here could be similar. Of course, we need to be careful about lifting lockdown restrictions, but we should let rational thought, rather than fear and bias, dictate our approach. In the aftermath of the pandemic, the world will not end, and the significant changes in attitudes and practices that many predict may well be less widespread than suggested.

What is true is that we will have lost at least four months of economic output and reset the economy back at least three years. The load of debt that we have now incurred to prevent complete meltdown will remain with us for a long time, but I suspect the true quantum may be smaller than set out globally, as much of the money will not have been fully deployed.

COVID-19 is a challenge for businesses, for the property industry, and for our economy as a whole. But from challenges come opportunities. We are looking very hard at potential investments and assuming the parameters of an economy say in the 2016/2017 era. The pandemic struck before all the supply of a property cycle has kicked in, creating some interesting opportunities and it will be key to identify the supply-demand imbalances where value can be found.