

00:00:03:27 - 00:00:33:13

HOST

Welcome to the People Property Place podcast with me. Your host, Matthew Watts, founder and managing director of R=Rockbourne. This is a podcast where I share the stories, views, opinions and career journeys of the movers, shakers, innovators and leaders in the real estate industry.

00:00:33:16 - 00:01:00:17

HOST

Welcome to the People Property Place podcast. Today we're joined by Michael Whitney, director at a rally living set up in 2020 by an Andrea Varney and a 5050 joint venture with Investor Real Estate. A rally living is making a push into the UK real estate market. Michael's experience spans direct investment, asset management and development of both residential and commercial real estate, and he's also got extensive experience across equity and debt funding covering all asset classes.

00:01:00:21 - 00:01:02:19

HOST

Michael, welcome to the podcast.

00:01:02:22 - 00:01:03:17

GUEST

Thank you for having me.

00:01:03:19 - 00:01:11:24

HOST

Not at all. Well, look, we'll speak about really living a little bit later on in the conversation, but a place I would like to start is how did you get into real estate?

00:01:11:25 - 00:01:43:11

GUEST

So it's quite true. I actually fell into real estate many years ago. I thought I was going to join the Marines, and that's what I wanted to do. And I'd done eight officer Training Corps at university, and I was a reservist in the Marines, and I was getting ready to go off, and I needed a summer job and ended up getting a summer job as an estate agent in west London in Ealing, which was an interesting place to start, but enjoyed doing that and started to play more and more rugby, so ended up getting bigger offers, you know, year round.

00:01:43:14 - 00:02:08:05

GUEST

1819 at the time. And what happened was I quite enjoyed working in real estate and being an estate agent, and it's pretty dirty work. But it was good fun and decided to carry on with that line. Moved to Chiswick to a company called sorry after about six weeks, after some holidays. And that was it. You know, we worked in Chiswick for about six months, then moved to Notting Hill Gate with the same company.

00:02:08:05 - 00:02:19:23

GUEST

And that's where I thoroughly enjoyed myself buying and selling residential properties, mainly selling at at lower levels and then building up to bigger houses and larger.

00:02:19:23 - 00:02:23:05

HOST

Parts and so you decided not to pursue the Marines that rugby took over?

00:02:23:07 - 00:02:39:05

GUEST

Yeah, yeah, I think I think the comment was I did my test and I got to level 13 on my beach, and I was the first one to drop out, and they got called me to one side and said, look, we think you're really fit, you're fine, but you're just a bit too heavy. You need to do some timber.

00:02:39:05 - 00:02:44:06

GUEST

And I kind of, haven't since. So I kind of answered the question.

00:02:44:07 - 00:02:53:16

HOST

So you decided to to kind of stayed on that residential estate agency. Did you feel that was it kind of like natural fit to your personality or what was motivating you to do that?

00:02:53:16 - 00:03:11:28

GUEST

Yeah, it was very easy. Yeah. It was a really easy job for me to do in terms of the fact I don't care what people say to you. Sales isn't about selling things. Sales is all about connecting with people. And if you're saying you do something, you do it. You know, you're personable. And you know, you can never force anyone to buy on a pole.

00:03:12:00 - 00:03:27:09

GUEST

They either like the point or they don't. Your job is to find the one that fits them best, that they love and move heaven and earth to buy. Make it as easy as possible for them to buy it. That is literally what your job is. Not these kind of wolf of Wall Street type sales tactics that you see people spouting.

00:03:27:09 - 00:03:41:26

GUEST

And actually, it meant that I was very efficient in what I did. So, you know, we had a team about 7 or 8 brokers in the office, and all we were doing was churning out sales of sales and sales. And if you can do that efficiently, it becomes quite an enjoyable job. Yeah.

00:03:41:26 - 00:03:44:04

HOST

And we were a bit of a social chameleon as well. Yeah.

00:03:44:04 - 00:04:04:10

GUEST

So I think I think with that you have to learn to deal with different types of people and different from different walks of life. You know, from your landed gentry type tight buyer to your B-list pop star who's turned up, you know, probably still enjoying themselves from the night before, but have got half £1 million to spend on a one bedroom flat.

00:04:04:10 - 00:04:11:06

GUEST

Yeah. And, you know, we're talking 20 years ago, sorry, five years ago. That was a lot of money in those days. So yeah, it was good fun.

00:04:11:07 - 00:04:15:28

HOST

And were you inherently motivated and financially driven? Yeah. At that stage.

00:04:15:28 - 00:04:33:27

GUEST

We were at that stage because, that the first job I had and that when I worked at farmers, you worked on

a purely commission basis. Your basic salary just about cover your car parking tickets, get for Kensington and Chelsea and not much else. So if you wanted to pay rent, put food on the table, you needed to start earning commission.

00:04:33:27 - 00:04:50:29

GUEST

So it was a very low base salary plus a commission structure on top, which was fine and that worked out quite well. But it motivated you to, you know, you are to do the job and you put the work in or you go find something else to do. It was quite, quite a good opportunity. I think it was a real baptism of fire, working in that environment.

00:04:50:29 - 00:05:02:22

GUEST

But I met some people there that I've been friends for life, some that still work in the area. So if you, you know, if you're buying or selling in Notting Hill Gate and Kensington and Chelsea, there are some very good agents. Come and have a chat with me. I'll put you in touch with them.

00:05:02:22 - 00:05:03:15

HOST

You still got it?

00:05:03:15 - 00:05:23:27

GUEST

Yeah. Thank you guys. And and also took some really good life lessons about how to be a self-starter because you basically managed your desk. And this was before the time when you were allowed to have a laptop or a computer or answer emails. There was email, but we were allowed to happen. So what we'd have to do is we had cards we'd write notes on for each person.

00:05:23:27 - 00:05:35:19

GUEST

And you go through your cards on a daily basis, work out who's buying who's, and who's already bought. They found something understanding all that and very similar to what we did commercial property on a daily basis. And it was a good building block.

00:05:35:19 - 00:05:51:25

HOST

And so did you. What prompted you to move away from estate agency? Because, you know, surely you're making some quite good money and, you know, probably looked across your peers and maybe out earning them, giving you commission checks and yeah, what prompted you to move away from that environment after six years or so?

00:05:51:28 - 00:06:10:10

GUEST

So I think the change came to me at a point when things changed my personal life, and I want to do something that was felt was a bit more professional. I kind of always sought a bit of kind of ratification that, yes, you're good at something or you're doing something in the environment I was in didn't really play to that.

00:06:10:11 - 00:06:27:15

GUEST

That was a little bit of a hot day that went round. So I remember speaking to a surveyor who always used to look at my mother properties that I sold, who's doing a buyer's report, and I was chatting to him and he said to me, do you know what you need to do? Said, you should do surveying, you know, maybe do like country states or country houses.

00:06:27:15 - 00:06:50:14

GUEST

You'd really like that. Really. And I was, you know, really good, solid. But where do I go? You know, he said, well, what you need to do first is go to the Rural Agricultural College, which is now the World Agricultural University, go and do a surveying degree there, and then you can become a surveyor. And, that's where they, you know, as with Savills and all of the big guys take their country homes teams from so that okay.

00:06:50:15 - 00:06:51:18

HOST

I was this guy so that.

00:06:51:20 - 00:07:09:13

GUEST

Yeah, I said that. So you just surveyor, you know, turned up you had a chocolate lab with him in the middle of Chelsea in his Land Rover archetype. Bob jacket. You know, green coats. Yeah. You could he would have been straight out of any need, like some type book. He was brilliant. So. Yeah. So I thought, okay, why not?

00:07:09:15 - 00:07:28:15

GUEST

I sent a letter in applied, got asked, go in for an interview. Literally. After about 20 minutes into the interview, Scotland, subject to rugby, started talking. Oh yeah. Yeah. You know the lecturer was really big rugby fan. Oh, maybe you could come and play for us, you know. And that was it. Got a place. You know, I didn't have the grades to get in at the time.

00:07:28:15 - 00:07:45:20

GUEST

So he said to me, you know, we know you've already done a degree, but you know, your Ucas points technically aren't high enough. Yeah. So I was like, yes, because I did it over ten years ago, a different benchmark. And they said, but we did. So I did a, I did a foundation year past all that and got onto my three year course, which allowed me to play rugby and enjoy myself.

00:07:45:22 - 00:07:50:17

GUEST

You know, at 25, go and enjoy the West Country for a bit and understand a different walk of life.

00:07:50:21 - 00:08:06:07

HOST

Yeah. So you'd already done a degree. Yeah. You'd be no reason. Good money. You wanted to kind of maybe come a little bit more professional or kind of, you know, move into a career that you could see yourself in longer term. How was that going back to university and maybe not earning earning any money for those three years?

00:08:06:11 - 00:08:22:07

GUEST

That wasn't too much of a problem because I, you know, built up a good nest egg from from work I had been doing. And I tell you what, I would advise anyone who's done a degree first time round when they were young, to go back and do it again and see how much more fun they can have, because they know exactly what they're doing at every stage.

00:08:22:11 - 00:08:40:26

GUEST

So I had a really good time. I really enjoyed it. I enjoy playing a lot of rugby at the time, you know, met a lot of great, fantastic people who've gone on to do some fantastic things. You know, we've got

restaurants, you set up our own fashion label, which I won't name any names, but she's doing very well, you know, we've got our alumni was.

00:08:40:26 - 00:08:50:17

GUEST

You wouldn't believe how long it was. Loads of property people. Those people were Savills, Knight Frank. And so it is all very, very, very interesting stuff and a great experience.

00:08:50:19 - 00:08:52:12

HOST

They were probably, what, five years younger than you.

00:08:52:12 - 00:09:08:16

GUEST

Yeah. Yeah, yeah, yeah. Well some I've done a couple of gap years, you know, so there was a, there was a range, there was a range of people on our course that were from someone who was maybe a year younger than me. Yeah. To I was definitely be able to stage I didn't act like it but I was there was on his.

00:09:08:16 - 00:09:17:21

GUEST

Yeah. Young right down to 18 year olds who literally had straight in that parents said to him, look, now you've got to go study. You can't look at you and, you know, because you got to manage the farm.

00:09:17:21 - 00:09:27:26

HOST

So, yeah, you need to get a job before you're back here. So you did three years there and then you landed that deal logic. Is that right? So how did that come about and what was the rationale. And to that role post uni.

00:09:27:28 - 00:09:45:04

GUEST

Well, that was just, you know, product. At the time, I jfc I'd worked at Hyper Real estate Bank over the summer because during my degree I got very friendly with my lecturers. I mean, because I like Excel, is a bit of an Excel geek, talked about maths and stuff and he suggested commercial property might be a benefit to me.

00:09:45:08 - 00:10:05:29

GUEST

You know, maybe don't think about country houses, think about commercial property. So we organized that. I went to work for my real estate bank in their surveying team for the summer, and I was basically going to apply to work for them. But then the the GFC hit and they had taken over my gym government. So that's when that all stopped and I kind of got a bit of feeling for commercial property over that summer.

00:10:06:00 - 00:10:23:05

GUEST

So when I started back, all the people that had got jobs were being made redundant over that summer period and I thought to myself, I just need to do something. So a friend of mine said, oh, I'm working at this company, would you like to come and come and work? You know, a part time job to be refining.

00:10:23:05 - 00:10:34:27

GUEST

You know, it's in it's in the city. We're sorry. It's in central London. I was living in west London at the time. I said, well, you know, I need to do something else. Not while I'm looking for a job. Yeah. Then I'll do that.

00:10:35:02 - 00:10:37:21

HOST

Did you think at the time you could always go back to the state agency.

00:10:37:21 - 00:10:38:18

GUEST

Or do you kind of.

00:10:38:18 - 00:10:40:19

HOST

Explore the country homes? Well, I could as well.

00:10:40:22 - 00:10:48:24

GUEST

Comprehend what it was that everything literally was that all the people that got taken on myself from my peer group were, well, a lot of them were let go.

00:10:48:26 - 00:10:50:25

HOST

So that door was.

00:10:50:27 - 00:11:06:19

GUEST

Shut for a lot of people. And I didn't really I quite kind of single minded. I'm going to do something. I'm going to focus on it and get it done. What I did was actually a friend of mine that I worked with was running an estate agents in Notting Hill Gate. I said, similar, how about I work for you on a Saturday?

00:11:06:21 - 00:11:22:20

GUEST

Doing your viewings just to keep my eye on what makes games? Yeah, sure. No problem. If you sell anything, I'll give you a commission of, like. Don't worry about that. I just want to kind of keep things going. So I did that at a place called to Lesley Marsh, as it was in time for, you know, 4 or 5 weeks.

00:11:22:20 - 00:11:47:10

GUEST

And then while I was working at the logic Start. So you're quite analytical. Can you, can you do some market analysis? And I ended up moving into a team that what it did was tracks, you know, IPO's, equity transactions, debt market transaction, bond issuing and identify trends and then sell them to people like the Ft and the Wall Street Journal with little bar charts that we pulled together and they'd write a story off the back of that data.

00:11:47:14 - 00:12:11:07

GUEST

They they'll call us up saying, we think this is the biggest IPO to happen in 15 years. Have you got any data to grab? Essex is pretty big move. Find some kind of stats that those guys could use. So I did that for about a year, and then the market started to ease up a bit and I got a few interviews came forward and I managed to get one with with a chap who was an asset manager on Savile Row, was in a basement shop.

00:12:11:08 - 00:12:27:22

GUEST

Right. And it was the oddest interview I've ever had, said sits, my guy who's going through a divorce has lots of stuff going on. I said to my my girlfriend at the time to go for it. So, said, this is really weird. So I'm going to get offered a job on Monday or he's going to ask me out to dinner.

00:12:27:22 - 00:12:35:17

GUEST

I'm just not quite sure how this house would. And she laughed at me, you know. So everyone Monday said, look, loved to offer you a job, but there's no salary, just commission.

00:12:35:17 - 00:12:36:18

HOST

And you've been there already, right?

00:12:36:21 - 00:12:53:22

GUEST

Peter, I like that. You know that other mortgage. I've got things to pay. You know, I've spent a lot of money over the university time. I've enjoyed myself. I didn't live like a student. So you need to I need to start earning again properly. And I said, thank you very much. Lovely. But because of this issue, he said, look, it's fine.

00:12:53:22 - 00:13:12:00

GUEST

I think you're brilliant. You need to be working for one of the big guys. I was like, I appreciate it. I said, I'm going to introduce you to some people. Dinner might still be on the cards here. Let's see what happens. And, yeah, he sent out an email to four guys who just happened to be head of central London, of CBRE, head of leasing at HS2.

00:13:12:02 - 00:13:21:11

GUEST

So as they were the time head of London Colliers, Savills and he back me on this email is glowing email about me which is fantastic.

00:13:21:11 - 00:13:22:02

HOST

Having just met you.

00:13:22:04 - 00:13:40:17

GUEST

Having just met me, which was quite bizarre. You know, someone's got to live. But I didn't just give them a week and then you can chase them. So I gave it a week and I literally picked up the phone, chasing people's pace for a couple of weeks. And, the Colliers guy invite me in to have a chat and sat down.

00:13:40:17 - 00:13:56:16

GUEST

I chose to do office leasing, and didn't quite work out. So we haven't really got anything at the moment, but we'll see. And then, Hetherington CPR, etc.. Let's come in, let's have a coffee and we'll see what's going on. So, because I said to him, I said, look, I just I've had a few not quirks.

00:13:56:16 - 00:14:09:28

GUEST

I just want some guidance on what I need to be doing, what I should be saying to people. He said, look, come in and see me. Right. It was a I went and had a coffee with him. We sat down, we talked about development. I loved that I've always wanted to do development. I didn't want to be a developer.

00:14:09:28 - 00:14:33:26

GUEST

So no, I actually quite like doing deals. So, because we might have something so then Adam basically sent me in to see a guy called Adrian Parnassus, head of the city office for the development team, like like Jonathan Dick. And we sat down, had a chat, and I got offered shop and, you know, but from from

having absolutely nothing, I was on a grand scale of CBRE because they needed someone to fill a specific, someone who knew excel.

00:14:33:26 - 00:14:52:17

GUEST

We could do the modeling, you know, run around. So they they seem to go through graduates a lot in that team and break them. Yeah. And the guy just didn't want to go back to the team. So they were always struggling. They just lost someone and gone to become a developer, a client side. So yeah. And that was you know, that was it was the start of an eight year journey to read skillset.

00:14:52:17 - 00:15:12:22

HOST

I would say to have someone with, you know, quite gregarious character who's quite hungry and deal or annotated school in a, in a, in an estate agency environment, but combined with, with the attention to detail and analytical ability and maybe patience in terms of putting these graphs together and reading markets that you did at Dealogic. So, yeah, marrying those two skills up.

00:15:12:22 - 00:15:37:21

GUEST

Yeah, I most probably oversold my analytical skills a bit when I, when I, when I first started, I quickly had to to learn because working for Adrian was a, a fantastic opportunity and a great learning curve. He was he was very good. I didn't have a lot of time. So, you know, if you ask you something, you needed to know the answer to it and there'd be regular, conversations where he said, what was the IRR on that deal?

00:15:37:21 - 00:15:59:04

GUEST

And we talked about it three weeks previously that had to like of something. I had known what it was because he didn't have time to look it up in these papers. And and if you took a wrong answer, he knew straight away, yeah. Yeah. It's not said something's not right. And then he, he kind of let me into the little secrets about, you know, how you can roughly calculate what IRR is without doing the cash flow, those kind of things.

00:15:59:04 - 00:16:02:09

GUEST

So that kind of mental maths, which he was absolutely brilliant.

00:16:02:14 - 00:16:08:24

HOST

And so this was kind of post GFC as you said, you've landed almost like a bag carrier for a senior individual, CBRE.

00:16:08:24 - 00:16:09:07

GUEST

100.

00:16:09:07 - 00:16:22:27

HOST

Percent. And was the mindset at that time to need to kind of knuckle down. And given this opportunity, I just want to learn as much as I can. Because you educated at that stage from a commercial real estate perspective, all that, you know, property management, valuation, development, investment.

00:16:22:27 - 00:16:53:20

GUEST

I done, I've done a bit of that stuff. So I did a bit of land, you know, what you normally do at university.

You know, we did we did it a bit of property law. Right, which covers landlord tenant act. You know, you do a bit of taught, you know, the different types of law, you know, case laws that you need to to remember and all the rest of it, the stuff that all surveyors know when they first start, you know, call helical ballocks, Michael, you know, all that kind of stuff, all those cases, but hadn't really, you know, understood the full, you know, hadn't done a real estate commercial real estate job.

00:16:53:20 - 00:17:11:10

GUEST

I knew how to value things just about not competently, but to a very basic standard. And you had to read over valuation reports because I'd done it for six weeks at, high pay, which is basically what I did it high pay. You know, I'd been round an office building a couple of times. Yeah. So that's that's where I started out from.

00:17:11:10 - 00:17:31:23

GUEST

And these guys were, you know, the do stuff. They were working on the things like first deal I got involved in was one Blackfriars, you know, work that had been taken into receivership from the Beetham scheme wasn't really deliverable. We had to do a lot of planning work, had to work out loads of rights. Allied had to unpick some some commercial decisions that had been made weren't quite right.

00:17:31:23 - 00:17:50:11

GUEST

What suitable for the market because market change and then repackage it, bring it to the market and sell it which we didn't. We sold it to BOC Group. They built out a fantastic scheme, you know, then I would do things like 80 Fenchurch Street being office building, which, yard nine have just finished part of group worked all that out.

00:17:50:15 - 00:18:06:03

GUEST

That was another receivership. So you know the things broken, we'd do a bit more work around the planning, show people what the potential is and then sell the asset. And then we did things like one Crown Place where we were selling and we we kind of convinced parties coming in. This is what the potential of the site is.

00:18:06:03 - 00:18:19:19

GUEST

Don't worry about what you'd be planning for. This is what you could do with it. And we were so good at doing that that once the party bought it, they then turned around and said, right, can you pitch to develop it out for us? You've had the idea, why don't you tell us what you think? And we did that.

00:18:19:19 - 00:18:27:24

GUEST

And then I got involved on the commercial side of that, brought in a DM who I got to watch. And that's when I really think that, you know, that management might be the way.

00:18:27:24 - 00:18:32:04

HOST

Forward, because the term development management is so broad and, you know.

00:18:32:06 - 00:18:34:05

GUEST

Front end development managed just get rich. And if we develop.

00:18:34:05 - 00:18:48:21

HOST

Managers, you know, you get all the different project teams and Riba seven is it seven or is it, you know how many whatever it is in the different stages. Yeah. You through planning design etc.. Yeah. What part of that excited you. Was it just the whole lot just being able to take a take an asset.

00:18:48:21 - 00:18:50:00

GUEST

I think it's I think I think.

00:18:50:00 - 00:18:52:02

HOST

Or a piece of land and creator I.

00:18:52:02 - 00:19:10:02

GUEST

Think was actually creating a legacy, like being able to go to someone. I did that. That's why I built that building. That was my building was my idea. Right. And, manage. I didn't do the physical building. I got someone to build it for me. But they came to me. We spoke about what needed to be done. The architect understood what the vision needed to be, and together we made this.

00:19:10:02 - 00:19:30:17

GUEST

You know, we built this fantastic thing. But I was part that, to me, is something which really excites and was part of that whole kind of push to go more into that. Well, you know, I was I was an associate director at the time at CBRE. I was quite keen on pushing to become a director, and it was about that time I was thinking to myself, you know, what do I want to do?

00:19:30:19 - 00:19:57:05

GUEST

And, guy we brought in was Guy could Henry Robinson, who now is seen as one of the magic term, and Henry, who built the Crick Institute. And I remember walking round the crick with him when he first joined to show us the top things he'd done. And I was just so excited with it. And then he started talking about some of the technical, problems that they had to overcome to, you know, in fact, they got a tube line running underneath it, but they've got electron microscopes which have to sit on an air cushion so they don't vibrate because they're so sensitive.

00:19:57:05 - 00:20:16:04

GUEST

All that of stuff. You know, I love that concept. I am a geek. I am a bit. Yeah. Like I like to find technical solutions to things. You know, I've always thought to myself, I'm a problem solver. That's that's the bit I'm good at. I might well, I might not know technically how to do something, but I will investigate lots of different ways of solving a problem.

00:20:16:04 - 00:20:33:21

GUEST

And it's about that can do attitude. And that fitted really well. And Henry's doing so. You know we worked I worked quite closely with Henry, started to provide some commercial input as Henry went on me saying this, but when he started out, he was very much a construction person and then starts to learn on the commercial side of things.

00:20:33:21 - 00:20:50:21

GUEST

And, you know, he did an amazing job at Mold Crown Place. Yeah, I think he was involved in selling Nepal. So, you know, overseas. He kind of really embraced that and took the whole cradle to grave commercial and technical piece and brought it together and I looked at that thought, you know, that's that's where I want it. That's the type of thing I see.

00:20:50:22 - 00:21:05:19

HOST

So these buildings take the development management piece or one that one the pitch to be able to develop it out. Did it get to a stage where you actually want it to move client side and take more responsibility, or what was the what was the key driver to kind of maybe move out of CBRE? As you said, you're chasing directorship.

00:21:05:19 - 00:21:09:08

HOST

You're an associate director. Yeah. What was the key driver for you looking to to change.

00:21:09:08 - 00:21:26:02

GUEST

And I think I was starting to feel most probably a bit frustrated was to, you know, kind of always trying to ride onto the next thing. How are we going to do it? Where are we going to move to? I don't like sitting still for too long, and I'd always thought I'd do that, like Creative Scribe at CBRE, because it was such a lovely family to work for.

00:21:26:03 - 00:21:41:14

GUEST

You know, we were like a family, you know, I consider they are some of my best friends in working street. Other people that I worked with, you know, we just caught up at Christmas sometimes seen each other for eight years, and they're such a great bunch of people. And I really loved working there, but I was kind of thing.

00:21:41:14 - 00:22:01:05

GUEST

So I need to think about what I want to do. What's the next step? How do we then, you know, someone approached me and said, look, you know, there's a client side development role. Would you be interested in doing it? It's something that could fit your skill set quite well. You know, they've already got a technical person, so they need the more commercially minded development surveyor they call it.

00:22:01:08 - 00:22:36:02

GUEST

But I'm an associate director. Would you mean like. And then I was right there for it would be. Okay. And, you know, that's when I moved and joined CBRE. Very understanding. Was client there, so it worked out quite well. Joe Allen, who interviewed me and several about Joe ex CBRE as well. And she, she kind of had a chat, took me under her wing and had a absolutely fantastic time working there, doing some amazing projects and really good exposure, and got the opportunity to solve technical problems and learn the technical side of things from the senior development manager who I worked alongside.

00:22:36:02 - 00:22:59:27

GUEST

He was he was he was brilliant, you know, dealing contractors and understanding exactly where the costs are going to run. And what's happening and how to manage those, those projects. And, and I took on, you know, a load load of projects straight from the bat. We had a hotel in a suburb, we had a Notting Hill gate at state, but we were we were looking at what we're going to do with one of the buildings.

00:22:59:27 - 00:23:16:12

GUEST

We already kind of started to we were finishing out two office buildings, but do we want to do another office? Do we do residential? You know, what do we do? So I came up with the idea to do a hotel. And, you know, that was quite a long journey. Does it takes quite a bit of time and I was there, you know, four and a half years, just shy of five.

00:23:16:12 - 00:23:40:03

GUEST

And it was, it was really good, really good fun. When insecure planning for Stratford, which was a big, big mixed use scheme which had residential or hotel office retail, right in Stratford opposite the Olympic Park. Fantastic. You know, 42 storey tower, 21 story towers. And you know, it ticked every single development box you can imagine. It was it was like playing a bit monopoly, but it was fantastic.

00:23:40:03 - 00:23:53:09

HOST

And and so you joined the business? There were lots of different projects at various different stages. But someone who, you know, listening to this, who doesn't know too much about developer, can you just break down, like, broadly speaking, what the different areas in different jobs within development are?

00:23:53:10 - 00:24:16:06

GUEST

Yeah. So it depends where you work. Because development is a bit of a murky, murky world in terms of you have consultants that have done cost management, they do project management, which is basically corralling all the different consultants together, managing what they're doing, making sure people are on a budget, on time. That kind of thing. And then there's then then you have what's known as a development manager.

00:24:16:06 - 00:24:38:08

GUEST

But development manager comes from two separate worlds. So you will have development managers that have been development advisers. So basically they've sat at CBRE, Savills, Knight Frank and they have advised people on how to get the best out of their asset through the development process. And most of those guys might have built many, pieces, but they've gone on planning for a lot of stuff.

00:24:38:08 - 00:25:05:16

GUEST

They've got a lot of viability studies. They understand, you know, how to extract as much commercial value from that site through development process. And then they might have sold them, or they might have passed it on to someone who's going to deliver it. And then you have the other hand, which is a development manager who has been a cost consultant or a structural engineer or, you know, something along those lines and worked his way through, gone into project management and then become a development manager.

00:25:05:16 - 00:25:25:13

GUEST

And, at the point at which you come to development management, those two worlds collide head on and you have people that call themselves development managers, and then you have people call themselves development directors. And a kind of development manager can be very, very construction focused. Right? They know how to tender things. They know exactly who the right consultants are to use.

00:25:25:13 - 00:25:46:16

GUEST

They have been dealt with technical issues before and worked around. They know exactly what warranties need to go in place, which sometimes the guys who've done consultancy haven't got a clue about. Right. So they do, you know, how do they cover themselves to make sure that it's insured is warranted. And the risk of liability is because there's a lot of risk and development gets passed through to the right people.

00:25:46:17 - 00:26:03:24

GUEST

And then what happens is you get those, you get those two types of development manager. And then what is expected is when you get to the point in your development director, you should know both. And that's where either the guys who have done the technical side have learned the commercial side of things and stepped up or not. Very often this happens.

00:26:03:24 - 00:26:14:18

GUEST

The guys who have done the consultancy side understand all the technical bits, the structural pieces, the warranties, you know, all that kind of stuff, and then go in and become that development director.

00:26:14:19 - 00:26:18:19

HOST

So they need to do that just so they don't get bullshitted by the consultants or it's.

00:26:18:19 - 00:26:35:16

GUEST

Not just that is ultimately you'll just rent a director if something goes wrong and the project is down to you, you can look a lot of people will lose a lot of money on the development project. You can make a lot of money, but you can lose an awful lot because that asset is built. You know, you've got liability, you've got collateral warranties that needs to flow through.

00:26:35:16 - 00:26:57:02

GUEST

And, you know, if you think about most, most developers when when they ask for a warranty, they're like asking for big price sums of, you know, 10 million each and every claim. If you're doing a project that's only got 15, 20 million of profit into it and it's quite tight and something goes wrong and you haven't got warranties in place and that falls on you yourself.

00:26:57:02 - 00:27:06:00

HOST

And so culminates in terms of this title as a development director, where do you go from there? What are the skills do you need to acquire to to progress from development?

00:27:06:00 - 00:27:28:10

GUEST

Director? Generally, most effective directors end up in their own businesses or or going to be on board doing less development. Of their development director you're doing more, you know, more managing the piece. But in it really developed director is bound to write to an executive is top of the kind of tree when it comes to development side of things.

00:27:28:10 - 00:27:51:07

GUEST

Once you start to go to more of a more senior management position and a lot of developed directors or senior development director, you know, have some of the badge independent company structure they call out because they're big decision makers. They've got to they've got to understand the implications of what's being done. And they've got present that, you know, they'll committee that could present a opportunity and they've got to identify what is a risk and what isn't the risk.

00:27:51:07 - 00:28:07:12

GUEST

And people that aren't development orientated will look at development. Do and think that point A is the risk and the development experience development person okay. That's not your risk. Your risk is this thing over here that you haven't even thought about. And that's a bit that's going to bite you if it goes wrong. So you need that's what needs to be managed.

00:28:07:12 - 00:28:11:24

GUEST

Not not this bit is you know, just it's an accepted risk. And it's all about managing risk.

00:28:11:25 - 00:28:22:17

HOST

These development projects, they often take number of years. Yeah. There's no shortcut to fast track in your career in this space. Is it literally just time projects is project.

00:28:22:17 - 00:28:38:03

GUEST

It's project it's more project specific, right. You can work on multiple projects at the same time. But if you think about it, it's going to take you two years to get planning. If you've never got planning on something, how can you talk about going through the planning process? Because it's a real dark art, so you've got to take two years to get planning.

00:28:38:06 - 00:28:56:10

GUEST

Most buildings take at least 18 months, two and a half years to build, no matter how big or smaller. Each room. You take around that quarter time to build and then you might face things so you, you know, you could have a 5 or 6 year project and then you've got to think about leasing it up. At what point can you start getting tenants or doing sales.

00:28:56:12 - 00:28:57:08

GUEST

And that's the way it works.

00:28:57:08 - 00:29:04:04

HOST

And so for you, you were at Frogmore at the time. You had two, three, four projects you were working at various different stages.

00:29:04:04 - 00:29:26:08

GUEST

Yeah. So when I joined Frogmore, I got given a hotel project that had just been acquired and we were just starting the planning process. I then go brought into the project that Notting Hill Gate, which two buildings had already started construction and were being fitted out as prime offices, and we had a third building, which we were kind of, what are we going to do with?

00:29:26:08 - 00:29:47:06

GUEST

So we had to go through the whole planning process, get it built. You know that that's PC February. I started that year to start that process of five years ago. Six years ago. Yeah. So you've got, you know, takes two years club, you know, you've got to work through it. You've got public consultation events you need to do, you need to speak to the right political figures to get support, because development is the most emotive word when it comes to the community that you can ever think about.

00:29:47:06 - 00:29:56:27

GUEST

And everyone has a view, whether it's right or it's wrong, everyone has a view, a lot of it is communicating actually, the reality is not the view that a lot of people have about projects you do.

00:29:56:28 - 00:30:02:19

HOST

When you talk about development, you talk about retrofit, or do you talk about kind of a knock down and

rebuild, or does it cover it?

00:30:02:22 - 00:30:18:13

GUEST

It covers everything it can. So you get a little private equity guys. Right. So we do development and and what they do is they refit or refurbish a building. Now that's a skill set within itself, because there's a lot of things that get hidden behind those walls. When you start pulling it off, you've got to deal with you.

00:30:18:13 - 00:30:33:02

GUEST

Don't get certainty about costs. You don't get certainty about actual work needs to be done because you don't know until you start pulling it apart. So that is, you know, I would say that is development as well, but it's a different type of development, different type of skill set. And you hear these guys go, oh, we don't do development, but we do heavy.

00:30:33:02 - 00:30:39:03

HOST

Refurb and they kind of patch it under an asset management badge rather than a development badge. But actually it's incredibly intensive.

00:30:39:04 - 00:30:52:23

GUEST

Yeah hugely intensive. And and to their investors they're saying oh it's just you know that's just investment. Oh why is that. Because we've got so encompassing and you know and we've I've done that in the past where we still keep the retail going to keep an income running on the project.

00:30:52:23 - 00:31:07:01

HOST

So development as we spoken about took a long time. And there's lots of different stages. You were at Frogmore just under four years. Did you complete any of those projects that you you started on and then what was the kicker or what was the reason why you left Frogmore to go and move to head of development at the land?

00:31:07:04 - 00:31:24:04

GUEST

Yes, I did, finish a few of those projects. I had a retirement village at Southampton that we picked and and finished at a hotel in Suffolk, Premier Inn, which is, when you speak to the guys at football, absolutely love. It's one of their best deals. But luckily we sold out before we even started building it today.

00:31:24:04 - 00:31:24:17

HOST

Risca.

00:31:24:20 - 00:31:40:17

GUEST

Yeah. And also to get the right kind of returns because our capital is expensive and that's the other part of being disbanded, right? You got one step outside the capital stack work, you know, where's cheap capital come into the equation. But you're really expensive capital. Take the risk and get the planning and stock structures. That's always quite so.

00:31:40:18 - 00:31:43:28

GUEST

Yeah. All right. There was a quite a few projects that we managed to up.

00:31:44:00 - 00:31:53:02

HOST

So we worked across a few different asset classes. Broadly speaking the skill set the same whether you're dealing with a hotel later living scheme, central London office or are there kind of nuances?

00:31:53:02 - 00:32:09:21

GUEST

I think skill sets are same, but I think people might not know what skill sets are. So the skill sets, you need to be a good development manager is you need to be able to think quickly and rationally about what you're doing. You need to be able to problem solve while moving through a project. Always have one. I want the X's and where you're going.

00:32:09:21 - 00:32:27:18

GUEST

Understand the market around it. So that could be applied to anything. It doesn't matter what sector you're in, those kind of five things or the five things that you need to be a good DM or development director. Right. And where you most important thing where you don't know something, you need to be able to know where to go and find that information out and very quickly get yourself up to speed on it.

00:32:27:18 - 00:32:45:04

GUEST

You know, I talked about the project in Suffolk when we took that on board. There was a number of issues with that. You know, we we bought it. We had a great idea as to what we wanted to do. And then loads of things came out and woodwork, you know, the water table was too high in Suffolk to be able to put basement in.

00:32:45:04 - 00:33:07:07

GUEST

So how do we sort that out there. Right. So lights issues the local authority planners didn't want to give us consent for typical shape hotel, so we had to fit it within a residential type kind of structure. We did all of that and we worked out solutions. And, you know, we saved money on basement by making the basement more regular shape, where it was originally designed to follow the footprint of the buildings that it connected together.

00:33:07:09 - 00:33:16:18

GUEST

You know, we raised the building slightly, reduced the floor level slightly so that we could fit within a riser like below, but also above the water table, so we can put basement rooms back in.

00:33:16:19 - 00:33:30:26

HOST

So problem solving, thinking ahead, knowing, knowing where to find something if you don't know it. And I guess that kind of comes down to your network as well. And probably professional advice is that you appoint what was that? What was a key reason why you left Frogmore and took up the role as head of development at land?

00:33:31:01 - 00:34:09:01

GUEST

So I left Frogmore during the pandemic, things slowed down quite a bit, but also the type of assets that we were, we were taking on were less development intensive and I was kind of really keen to make a change and move on to doing more larger placemaking type developments and the guys at Langley, you know, great guys, came along and said, look, you know, we're looking to push more into regeneration and we'd like to, you know, we'd like to kind of understand we want someone on board who can understand where Capital Stack sits in development and how to make these things happen, because a lot of the assets that they do deal with are, you

00:34:09:01 - 00:34:13:06

GUEST

know, community shopping centers. Yeah, asset values aren't huge. That gives out.

00:34:13:06 - 00:34:14:25

HOST

Mass. Well, I've just been hammered home and they.

00:34:14:25 - 00:34:37:16

GUEST

Just year on year of getting pummeled with the retail stick being killed by out-of-town kind of shopping centers taking away from the town center. And it becomes a forgotten piece. Right. Still, being very high in its location means you can't get tenants in or the tenants you do get in won't pay rent, pay rates and service charge. So you kind of that sector's all been hammered.

00:34:37:16 - 00:34:55:17

GUEST

So they're trying to they were trying to find was the new solution for the new town center. You know, more progressive, more Gotham to very clever guys. Morgans, you know, Deutsche Bank. Mark is an ex retail agent who's now chair, High Street Commission. And they are super committed guys about right. It's about social impact and making a change.

00:34:55:17 - 00:35:13:26

GUEST

And how do we make these these things happen. So I joined them to kind of try and facilitate that happening. And you know, they've had a lot of success doing, doing stuff up in Blackpool. Now they're doing stuff in Liverpool. And that was that was really, really interesting kind of chapter. But it was only a short chapter for me.

00:35:13:26 - 00:35:27:12

GUEST

But I came along to try and make that work and facilitate and make that happen. And, you know, they're they're they're doing a fantastic job in that. And I'd say that they are really committed to town center regeneration for all these kind of community assets.

00:35:27:12 - 00:35:39:23

HOST

So taking those assets that were once a beating heart, but whatever reason they've they've been absolutely hammered and taking these massive sites and repurposing them, carving them up, changing the use and making them fit for purpose moving forward.

00:35:39:23 - 00:35:58:18

GUEST

Yeah. And they do. And they do that from a very asset management strong basis. Right. They're very good asset managers. So they know how to run these town centers. So yeah. So that was really good fun doing that. It wasn't it wasn't quite right fit for me in terms of I enjoyed it. But you know it's quite challenging because the GDP isn't there.

00:35:58:18 - 00:36:17:09

GUEST

You know, you really need someone to step in and almost write down the value of the asset to nothing to starts again. And some of these assets, it's still clinging on to some existing huge value. And, and I kind of had to think to myself about what I really wanted to do. And someone came along and said to me, look, I know you.

00:36:17:13 - 00:36:31:19

GUEST

You work at Atlanta. They're great guys. But would you consider doing more central London stuff and doing a bit of financing in with development as well? You know, I said, well, let's have a conversation, talk about it. And that's how I ended up moving to really living.

00:36:31:19 - 00:36:46:27

HOST

So I'm really living, like I said, at the top of this, Andrea Varney, that he he set up a really real estate with Rob technologies X at a turn on Battersea Power Station. This is a spin off, right? And I know the name in and around when this is getting released, it's going to be changed to something else.

00:36:46:27 - 00:37:00:26

HOST

So we'll wait with bated breath to see what the rebrand is and are really living is slightly misleading because it's not just a kind of a living or residential focused business. Can you tell me a little bit about already living as it is right now, and maybe what what the plans are for the future?

00:37:00:26 - 00:37:19:04

GUEST

So really living is a private equity platform really. And we do two fundamental things. We do direct development ourselves or we provide debt to developers. You know, people that require some mezzanine financing from all, you know, to achieve typical private equity percent.

00:37:19:05 - 00:37:22:00

HOST

50% plus get our chance to.

00:37:22:03 - 00:37:29:18

GUEST

Do that? Well, yeah, not that kind of level, but it all comes down to comes down to what the the different.

00:37:29:18 - 00:37:31:04

HOST

Sort of capital in return.

00:37:31:04 - 00:38:00:23

GUEST

No, it's project specific. Right. So we will look at so many different projects. You know, we step in to provide mezzanine funding for hotels. We residential project office projects. We will cover the whole commercial sector. And generally we you know, where we come in is where there's a cost overrun that needs to be funded, you know, and and we'll come in and we'll provide 30, 40, 50, 100 million of equity on a mess that, you know, for a couple of years till you can get the project finished.

00:38:00:23 - 00:38:03:22

GUEST

And the risk profile of each project will determine the pricing.

00:38:03:22 - 00:38:12:19

HOST

Yeah. Someone who doesn't know or hasn't isn't familiar with the term capital stack. Can you just run through the different the different pieces of the capital stack and what what they mean.

00:38:12:19 - 00:38:31:02

GUEST

So you've got you've got two different parts of the capital stack, right? You've got your, your, your debt side, which is your loans that people take. And then you've got your equity side. And if I, if I talk about the debt side first, you have a senior loan, which is normally the lower rates that you get from a bank or a typical lender.

00:38:31:02 - 00:38:53:05

GUEST

But if you need more than that 50, 60%, you know, those are coming down. Those percentages the moment, which is why more people are going to the mezzanine piece, which is the the piece that sits above it. And that's more expensive because it gets paid back after the senior gets paid. So what happens is once you pay people back, the first person you have to pay is HMRC.

00:38:53:05 - 00:39:11:16

GUEST

Then you pay your senior lender, then you pay your mezzanine, and then you get into the equity stack. And in the equity stack you've got these are the people have put their own money into a project and can have a pref equity position with your preferred equity position, which means it gets paid back first. And then once that's paid back, you pay back the rest of the equity.

00:39:11:16 - 00:39:37:12

GUEST

And that can be, you know, as a, you know, main investor or a junior investor, and everyone gets paid back either on a different kind of basis depending on how the deal structure. And, when I talked earlier about the equity stack and where people come in, if you are a developer and you use expensive money from, say, private equity or you write equity, you put that in first, then what you can do is you can swap out your money.

00:39:37:12 - 00:39:58:10

GUEST

Once you've got planning and started building, you've got a fixed price contract to an end investor who wants to own long term at that will charge you a cheaper rate. The new one does. So then you do that mid-way through your project and you just swapping out the equity position on the project. So that's you know, that's kind of very high level how the equity stack works.

00:39:58:10 - 00:40:07:21

HOST

Yeah. And so you as a business, one of the streams of everyday living at the moment is providing mezzanine debt and equity. Yeah. To developers.

00:40:07:21 - 00:40:43:23

GUEST

Yeah. So depending on the project we can provide the mezz or mezzanine which we call mess. We are a mess to sponsor. Or we can provide them with an equity position which sits behind. But we need to know that there's enough money in the project and it's the right kind of project. So a lot of the stuff that we look at now, very high end residential projects, kind of, super ESG compliant offices, you know, five star hotels, all those things that have enough headroom in them that they can afford to take the it's actually more creative to them, still take our money instead of putting some of their own back in.

00:40:43:24 - 00:40:51:10

HOST

And it enables them to take their money and go and get another project. But also, given how selective you are about your projects, you want to make damn sure that you can get your money back one way or.

00:40:51:10 - 00:41:06:06

GUEST

Another, right? Yeah, but but the beauty about us is, you know, we develop stuff ourselves. So like I said to you earlier, we know what a risk is. And we know if something is actually a risk or isn't a risk. So we can look at things in a slightly different way to how maybe a traditional bank might look at something.

00:41:06:06 - 00:41:15:15

GUEST

So where a traditional bad money. Oh no, that looks really risky. We're looking at actually, that's not the problem. The problem's this bit over here. If we can kind of sort this bit out, then actually we can. It's a good project.

00:41:15:15 - 00:41:30:06

HOST

Yeah. So as a business you've got there's two pots. You look at direct investment and develop yourself. And then you'll also have lent capital to parties as well. Yes. You touched on. Yeah. Luxury hotels, living schemes. What other asset classes would you look at. And in terms of locations, what kind of projects?

00:41:30:06 - 00:42:01:14

GUEST

It's easier to say what we wouldn't look at because we'd look at everything apart from, you know, I think I think where we're not going to be doing is we're not going to be going to, you know, big housing developments in the outer parts of the UK. You know, the southeast, places like that, because it's not really where where we are, what we are doing is we are looking predominantly at Z1, z2 you said, but we're also looking at core Berlin core Paris core Milan, you know, we will look, we are, you know, doing a lot of stuff across Europe at the moment, but only in the best locations.

00:42:01:14 - 00:42:05:13

HOST

And is that because the capital demands that, or is that because, you see.

00:42:05:13 - 00:42:21:02

GUEST

Because when things go wrong, it's a risk profile thing. When things go wrong, there's always a flight back to cold. If I'm going to do an office building, I'm going to do the best office building. I'm going to fund the best office building I can in that location, because I know even if the market drops off, everyone's going to flood back to that building.

00:42:21:02 - 00:42:32:06

HOST

And so as a business, you know, utilize ING involves capital. You I think, you know, I've got a slice in the top Co as well. I mean it's 5050 JB but you've also got other pots of capital to do different types of deals as well.

00:42:32:06 - 00:42:49:16

GUEST

Yeah. So so we are you know we we've got multiple sources of capital who will come to us depending on which we can go to depending on what deal it is we're doing. Yeah. You know in our operating partner, if they've got they are part of our platform but also are an option depending on the project.

00:42:49:16 - 00:42:50:25

HOST

So they're an operating partner.

00:42:50:25 - 00:42:54:11

GUEST

Yeah. So they fund our platform. They are 50% owner in our platform five.

00:42:54:12 - 00:43:07:04

HOST

Okay. Got it. So you the operating partner there the output. Yeah. Yeah. So they're the LP. You guys are the operating partner. You'll find the deals, they'll fund it and then you can go and develop it out. And at the moment it's three of you in the business, for this.

00:43:07:04 - 00:43:20:10

GUEST

Four of you. Yeah. So we have myself, investment manager and Andrea. Yeah. Who do the UK stuff. Yeah. And then helping us. We also have another team that sits in Milan that do all European stuff.

00:43:20:10 - 00:43:29:17

HOST

Got it. Cool. Makes sense. And so but at the moment you're actually out in the market looking for, looking for deals. Have you, have you guys transacted on anything yet or you gearing up to.

00:43:29:18 - 00:43:45:07

GUEST

Yeah, we did something last year. Which is a very good you know, we've brought some profit to some people to, to close out some work. So they were doing and they needed a bit of extra equity. So that was fantastic. We've got where we've got a couple of deals at the moment that we are very close to closing out.

00:43:45:11 - 00:43:55:08

GUEST

Yeah. So we're very busy. But we're always looking always looking for new stuff. So, you know, people want to come and talk to us, come and have a chat with us. We are, you know, we're we're here to to see what we can do.

00:43:55:08 - 00:44:06:27

HOST

And in terms of the plans for the business, you're looking at growing headcount through 2023, or is it going to be predicated on the deals that you do? What would be the kind of a kick as we kind of unlock that.

00:44:06:29 - 00:44:27:19

GUEST

We're quite busy at the moment? It will it will come down to projects. We take on, you know, we've got orders and a couple of development projects that we want to do ourselves, which we're very keen on at the moment, might come out this year if they do, if they come off and they happen. But you can see us growing headcount a bit, but I think maybe 23, 24, which is space, we will certainly be getting bigger and stronger.

00:44:27:19 - 00:44:35:19

HOST

Awesome. What from your perspective, what are the key things that you need to get right when you're when you're kind of assembling an external external team? It's a.

00:44:35:19 - 00:44:54:24

GUEST

Good question. You got to be able to trust people opposite you, you know? So I think relationship with external team members is is is fundamental. You have enough to do with worrying. The consultant that you're employing is just trying to cover it back, you know, worried. We're all pushing the envelope slightly. And I want to work with a consultant.

00:44:54:24 - 00:45:13:12

GUEST

I know who's going to get it right and is going to deliver what they say. They're going to deliver it at the same time to do something. They get it done. Because that makes my life really easy. I means I don't have to worry about what they're doing. I know have left anything on the table because now every project in current climate, you have to stretch every bit of a project, you know, costs, massing.

00:45:13:12 - 00:45:30:28

GUEST

You got to really pull at them because projects are really tight at the moment. Funding costs are going up, which is why we're lending money is a prime example of, you know, the more pressures that are coming on each project. So you need to make sure you haven't left anything on the table. And you know, fully exploited every opportunity.

00:45:30:28 - 00:45:56:15

GUEST

And I rely on my consultants to do that. And if they haven't done that or they don't do that, then, you know, it creates extra work for me because I have to go back and question it. So that's for me, the fundamental part about consulting. But, you know, last activity, most of the people I come across, you know, as long as you explain where you're coming from, I think some consultants have a fear that, I'm going to get sued by the client if I get something slightly wrong.

00:45:56:17 - 00:46:10:23

GUEST

No, just just be honest and open with us about. Right. This is a bit of a stretch, but if we try it, maybe it might work, but it might not. You know, if you open nostrils and that that's our job to make the decision whether we get to go for it or not, you know. Yeah. It's not your job.

00:46:10:23 - 00:46:25:04

GUEST

You're not the director. So don't worry about it. Just give me the options. Let me know what there is. Be very clear about the ups and the downs about it, and then I can make a decision, move forward. Ultimately, that's us. That's why I'm there to make decisions.

00:46:25:04 - 00:46:39:03

HOST

You've kind of got to touch on it. But the last couple or the last year or so, there's been a fair bit of inflation and cost inflation. How have you manage that as a development director managing the cost inflation and some of the the time lags as well on material doing more design?

00:46:39:04 - 00:46:41:22

GUEST

I'm a firm believer I do a lot of design work.

00:46:41:25 - 00:46:42:25

HOST

So what does that how.

00:46:42:25 - 00:47:00:19

GUEST

Does that you go. So you talked about rebus stages and start okay. You go from Rebus stage one which is like a sketch on a pad basically. Oh this might look good to Rebus. Stage two. Normally when you get planning then you've got stage three and four. By the end of stage four you've got enough information, so I'll contender it properly.

00:47:00:19 - 00:47:19:16

GUEST

What I try and do. We've done a lot of project, and this is a more specific thing that I learned very early on, was I tried to get to at least Rebus stage three before I start speaking to attract because I want to a contractor doesn't want to overprice something, but they're worried about the risk of that. They want to catch a cold, so giving them as much information as possible.

00:47:19:16 - 00:47:32:06

GUEST

Getting your desired stage four is fundamental to locking down where your costs are, and then having enough lead in time to make sure that if there is a delay, it can be accompanied in the project. That's why you have a good project manager.

00:47:32:06 - 00:47:35:12

HOST

And there's that way you put it enough in terms of your appraisal to account for it.

00:47:35:14 - 00:47:48:04

GUEST

No, because if you put too much fat, you'll never buy the project, right? So it's a balance. It's about understanding where your threads are that you can pull in that project while still keeping it competitive.

00:47:48:04 - 00:48:02:20

HOST

And how, you know, you touched on early the insurances and the protection. How do you deal with a situation where the contractor literally comes back to you and says, I know we agreed at one one and done price, but my costs are out of control. Is it just on them? And it's there, you know, that's their kind of issue.

00:48:02:20 - 00:48:06:07

HOST

They've signed the contract with you and you know, they've mispriced or misquoted and.

00:48:06:07 - 00:48:24:21

GUEST

Well, comes down to comes down to a conversation at the end of that. And it comes down to the issue with the delay that might be caused by having to switch contracts. I don't think people lights switch contracts. It's very often the delay is a lot more punitive than cost overrun might be, but there's always discussion to be had and you just work it out.

00:48:24:22 - 00:48:26:20

GUEST

It's like any negotiation you need to work it out.

00:48:26:21 - 00:48:52:11

HOST

I know you sit as an external examiner at the Royal Agricultural University, almost going back for full circle. And you provide guidance and support to the, to the, to the master's students there. What's what advice do you give them or what advice would you give someone who wants to enter into the world of real estate? Because know you've had a very varied and interesting route through estate agency, through data and analytics, through the kind of a development pathway that you've had so far.

00:48:52:17 - 00:48:55:01

HOST

What advice would you give to someone who wants to get into the space right now?

00:48:55:01 - 00:49:11:11

GUEST

So a lot of the students, when I get a chance, I don't get speech. And very often partially, that's because as an external examiner, I have to keep myself one step away. But whenever we get to speak to this group, the one thing I always impress on them is real estate's a lot different now to what it was 20 years ago.

00:49:11:12 - 00:49:36:26

GUEST

It's a lot more professional. It's, you know, you need to be on the top of your game, your maths, your English. You know, all those factors I think about, you know, doing extra lessons so that your Excel is really competent. You know, a lot a lot of the models we're dealing with now, you've got, you know, investment guys who have been to Harvard and done, you know, investment finance or something like that and are coming into the business, into the sector.

00:49:36:26 - 00:50:02:11

GUEST

So if you want to have a long career, you need to think about how the money that drives everything works in in the sector and having a really fundamental understanding about that, I think, is most probably the safest way to have a really long standing career, because I am seeing a lot of older people in the business now, you know, it's it's hard if you can't work excel, if you don't know what cash flows or you don't have an understanding of that fundamental point.

00:50:02:11 - 00:50:23:03

GUEST

Right. Even even office leasing guys are are understanding the cash flow implications of, you know, the decisions they're making. They're expecting you to to be able to advise. And so you need to understand things that are there, push and pull factors. So that's a big thing that I say to a lot of students is go and and learn how to use Excel properly.

00:50:23:03 - 00:50:27:18

GUEST

You know, read books on on finance and, and how that work because that's what drives it.

00:50:27:20 - 00:50:31:22

HOST

Learn how to structure deal or off the back of that, you'll learn how to structure deals together off.

00:50:31:22 - 00:50:49:05

GUEST

The back of that. No, because of the back of that, you will learn what the things that cause angst within people's minds about the type of, you know, when they get into do every deal is going to be slightly different and you got to be a bit kind of loose about how to structure much because not you do as I say, especially in development.

00:50:49:05 - 00:51:02:02

GUEST

Well, there's always something that's an issue. So but understanding the worries will then lead you into structured deals. And you know, the best, best kind of learning infrastructure deals by doing and having exposure to.

00:51:02:02 - 00:51:14:04

HOST

So yeah awesome. Well look as we as we draw to to a close Michael, a question I ask everyone who joins from the podcast is if you are given 500 million pounds worth of equity, who are the people? What property, in which place would you look to deploy that cash?

00:51:14:04 - 00:51:25:10

GUEST

I'd do what I'm doing now, you know, 100%. I would. I would look to find the the best, best assets in the best locations. And I'll be honest, 500 million is not that much anymore.

00:51:25:12 - 00:51:32:03

HOST

Well, I, I was originally going to start with £100 million, but given the way in which inflation's biting, I was like, I'm going to move that to 500 million.

00:51:32:03 - 00:51:53:05

GUEST

500 million might be one project. You know, you're talking one 300,000 square foot office building in central London. You could be a 500 million. It's just crazy how the numbers have ballooned. You know, certainly in my lifetime, the I've worked in industry. So I'd look to diversify that 500 million into different, you know, taking pieces in different pots.

00:51:53:05 - 00:52:09:11

GUEST

So, so, so that that's how I would do it. But either way, I'd always look at core assets I like. I like prime core assets. They're a bit more expensive to get into, but they tend to be a bit more stable when there's a rock to the economy or to the sector. You know, people always want to be in the best building.

00:52:09:11 - 00:52:09:26

GUEST

That doesn't.

00:52:09:26 - 00:52:15:20

HOST

Change. And so what would you take something from, like a value add or development angle to core? And that would be your exit?

00:52:15:22 - 00:52:21:22

GUEST

Possibly. Yeah. Yeah. That's a you know, maybe take something that that can be knocked down and doubled in size or something.

00:52:21:23 - 00:52:25:05

HOST

Would it be an office focused scheme or would it be mixed use by by nature.

00:52:25:07 - 00:52:42:15

GUEST

I like mixed use because I think because you mix with mixed use, you can make your equity work better for you. You know, if you've got an element of residential into your into your office scheme, you create a great environment. Firstly staff that's the that's the fundament. So people will want to be there because you have the right kind of retail.

00:52:42:15 - 00:53:05:16

GUEST

You have really cool kind of plazas and areas around a mixed use development. Then you can stitch in a

hotel which you can be the forward fund or do some kind of management agreement in. So that will allow you to de-risk that part of your, of your, your asset. And then, you know, you can maybe you do press instead of doing, you know, a full sale product, or maybe you do a for sale product.

00:53:05:16 - 00:53:23:22

GUEST

But the way you look at it is you can start selling these things off prior to completion of the project. You know, maybe you can sell the hotel off early during construction and then that allows you to reuse, make equity more efficient in your project. And then the office makes, you know, office make make great returns. But there is lower risk at the moment.

00:53:23:23 - 00:53:40:29

GUEST

So and they take a bit longer and you can't get funding to do which to them, you know. So and that's so that's how that's why mixed use development I love because certain parts can be funded in different ways. And it becomes a bit like baking a cake. You know, different components come in. Some bits are really expensive and some bits really cheap.

00:53:40:29 - 00:53:51:12

HOST

But put it together and create an awesome and awesome project. So place Central London project or you know, property mixed use. Yeah. Who the people from your career that you would you'd want on board people.

00:53:51:12 - 00:54:15:09

GUEST

From Madrid or like. Well I think Andrea is gone. I would definitely want on board because if he can fund it, he he would definitely make that 500 million into, you know, 1.5 billion. So give us a bit more to do. Andrew Burris is most probably one of the best development people I've ever come across. You know, he was my mentor when I was at CBRE, so I think he's now chairman, a great cote de.

00:54:15:12 - 00:54:25:06

GUEST

He's doing what he's supposed to be doing. You know, I'd have someone like Henry Robinson kind of making sure it's delivered. Built the right way. But yeah, I think know the types of people that I'd be bringing on board.

00:54:25:07 - 00:54:36:17

HOST

Also were, look, thank you so much for joining me today and sharing a little bit about your background Brut and moves within real estate, and also what you and the team at are really living soon to be rebranded with a new name.

00:54:36:17 - 00:54:37:22

GUEST

What's your space coming.

00:54:37:22 - 00:54:40:09

HOST

To the market soon? So thank you so much for joining me. I really appreciate.

00:54:40:09 - 00:54:47:24

GUEST

To that pleasure. Thank you for having me.

00:54:47:26 - 00:55:08:00

HOST

Thanks for listening to this episode of the People Property Place podcast. If you found it insightful, feel free to share it with a friend or colleague. Subscribe. Give us a rating like or comment. It helps tremendously. It'd be great to hear from you on LinkedIn. I'm super open minded to recommendations of which guests you think we should get on the podcast, or areas of the market that we should explore further.

00:55:08:05 - 00:55:40:21

HOST

So do drop me a message. The People Property Plays podcast is powered by Rob on the team recruit, experience, talent for real estate, private equity firms, investment managers, rates, property companies and advisory firms across the investment asset management, development fund management, ESG cap market, investor relations and general practice space. So if you're considering your career options at the moment or looking to attract top talent to come to work for you, head over to the website cockburn.com, where you can find a wealth of resource to aid your search.

00:55:40:23 - 00:55:43:18

HOST

Have a great day wherever you are and I look forward to catch you next time.