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HOST

Welcome to the People Property Place podcast with me. Your host, Matthew Watts, founder and managing director of 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.

00:00:26:20 - 00:00:48:27

HOST

Welcome to the People Property Place podcast. I'm joined today by Tom Davies, co-founder of Fluid Developments. Tom set the business up in 2020 with his co-founder, Sam, and got a commitment from Angelo Gordon to build a portfolio of ultra urban warehousing in central London. So welcome to the show, Tom.

00:00:49:00 - 00:00:51:14

GUEST

Thanks very much, Matt. Great to be here with you.

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HOST

Not at all. Well, look. Yeah. A good place to kind of start with all these things. I'm always fascinated about how you got into property and. Yeah. Why you wanted to pursue a career in space.

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GUEST

Sure. I mean, it's funny, really, because I kind of fell into property by chance. So a lot of people I've kind of spoken to in the industry had a family member or knew someone quite closely that kind of worked in the property sector and as a result, knew about it. I didn't have a family member. I didn't really know about the industry at all.

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GUEST

I never even really targeted working in the sector to charge, to be suitable or had any work experience. So I was leaving Manchester University, having done the business science degree, and initially thought I wanted to work in finance private equity. But when I got to the end my degree, I wasn't hugely inspired about these industries and was at a bit of a whim, really didn't really know what I wanted to do.

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GUEST

What I did know, though, was that there were two things that were important to me in whatever the next job was. So one was to work in an exciting industry which is on the rise. And the second was to work at a corporate business where I'd be exposed to how businesses actually run with exposure to all the different departments and functions and strategies tax, finance, marketing, legal.

00:01:57:19 - 00:02:00:19

GUEST

Because this would help me in my ultimate goal, which was to find my own company.

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HOST

So that was like the ultimate idea at some stage. As is quite far off what I find quite not rare, but what I quite like, and it's interesting about your background, is you worked at a lot of places like in terms got experience and I know other people have. Maybe they don't put on that on their LinkedIn, but it looks like you in lots of different sectors, you got a lot of different experience.

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HOST

And do you find that really useful in terms of fine tuning what you liked, what you're good at, but also what you really didn't like as well?

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GUEST

Yeah, no, definitely not all of LinkedIn because it's basically got my whole life story. Yeah, I mean, my dad was a you know, corporate guy and basically well, it's a number of companies and it's quite the senior manager basically. And you know, CEOs of a few companies. And he was always pressing me as well as, you know, I was always driven to go and find out through work experience exactly what I liked and what I didn't.

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GUEST

So what I said was, every so often we just try and look through his kind of contact list and see us who he knew, you know, to go and work with for a bit. So I did some work at IMG was sports management company. I did some work at boot, also a kind of high end jewelry company where I actually focused on logistics time.

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GUEST

It's quite interesting. And then I did when I left school, I did six months working at a builders merchant in New Malden and Kingston and yeah, then my first day being asked to go and get the bacon butties with white sauce and I said, what was white sauce? You've got laughed that.

00:03:19:09 - 00:03:20:01

HOST

You know, classic.

00:03:20:01 - 00:03:39:00

GUEST

Shows on my shelf that I'll bring it. But it was really interesting because it kind of gave me perspective of the different types opportunity out there, which which, as I said, from, you know, my background, I didn't really understand or know property was. But I did some other sectors. So it gave me an understanding when I was thinking about the types of property and the types of occupiers in that space.

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GUEST

You know, builders, merchants, for example, they have sites all over London. Yeah, we would love to own. So I get how they work, I get how they operate. And it's given us a great insight with bloom to be able to kind of process guys and have conversations in that language effectively.

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HOST

So it kind of property was a yeah. You became aware that property was a career or route to go down. Having done a business degree, what was your mindset then? You know, you do the Masters get the real estate experience. So was it. Yeah. Try and do non-core group at a big surveying firm.

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GUEST

So when I left Manchester, basically one of my best friends said to me that he was applying to a master's degree at Red in Real Estate and I thought sounded quite interesting. So I just applied and surprisingly got in. At that point I was like, well, I'm going to nothing else to do. Sounds interesting. Started looking into the industry more and more and started to get super excited about it.

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GUEST

So I went and did it. So I turned up to Redding with basically no real estate experience at all. And to be honest, I lacked experience and knowledge, and that became very clear when I started going to interview with CBRE and Sales and Knight Frank. Let's be honest, I got laughed out of the room on a number of occasions.

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GUEST

I then started to research heavily into industrial logistics sector, which I became really passionate about, and it was on the rise at the time I became obsessed with it. That really show you what I'd like to see grow? And I presume you know that along with the fact that, like quite an entrepreneurial mindset, I quite liked and they took me on.

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HOST

So that was your experience of few failures and setbacks? Yeah. At the largest surveying firms. And then probably waking up a little bit and smelling the coffee and doubling down on what you're really interested in.

00:05:08:18 - 00:05:26:18

GUEST

I think for me at least, as I said earlier, was always trying to find a sector that I thought was on the rise, and I could have gone to one of the property agencies and worked at CBRE doing investment advisory or doing development led advisory. But my view, specifically with my own goal of creating a company myself, was that I wanted to understand how the business works.

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GUEST

And no disrespect to any of those companies. But, you know, my experience, you might not be getting quite exposure to the different areas of a business slightly with the corporate Footsie 100 business, which I was working at. So for me, it was very important to get a client side from that, given I knew that at some point I was hopefully going to be building a similar company myself.

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HOST

And as part of landing at sea, I was at a rotational program where you kind of just like dump straight into the investment team, asset management team. Were you based in London or was it Slough? Because I know that they had a main office at the time. Wasn't a satellite office in central? Yeah.

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GUEST

Everyone at sea recalls the Slough office. Beatles. It's not quite as glamorous working on industrial settings, but, you know, it was very informative for me. You know, I had an amazing time working there and I genuinely can recommend it highly enough. And I think also, I mean, from doing kind of my own thing now, I've really used my learnings and relationships that I've made at Seagrove to find opportunities to try strategy and make decisions for business.

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GUEST

Bloom I wasn't getting all of that in the office for mentioning people all the time, but it was formative years where I basically had my real estate education. But yeah, when I got there, I started to graduate. It was after of five years I start in the Greater London investment team that nine months. It's exposed to various transactions and disposals, acquisitions and joint venture buyouts, which is amazing.

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GUEST

And I wouldn't have got that experience in many other places, I don't think. I then worked in the Thames Valley Asset Management team, which was on the Slough Trading Estate. I was based there living in Brixham an hour and a half each way commute at least a day, which was always fun. But again, that there I learned what I think is a very undervalued skill and I'm by no means an expert in it.

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GUEST

But I really learned about landlord and tenant relationship and the importance of that and the importance of the lease has on driving or killing property value. And then I moved into the Greater London development team, where I worked for circa three years, three and a half years, and I was focused there on basically trying to find opportunities in the M25, as well as take existing sites of Theground and redevelop and reposition them into brand new, high quality mid box or multi-layer industrial and logistics estates.

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HOST

And were you thought of small lean team there where you got lots of exposure or we just kind of a kind of a cog in a slightly larger institutional beast.

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GUEST

I think the thing that Sarah did really well is that they do give you accountability, responsibility quite early on. And, you know, even as a grad, I was managing a couple of development schemes, having been working for 18 months and personally from development, you know, even now, the day to day, I've done it for quite a while now.

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GUEST

It's still very complex and technical, and it does take time. It's basically just time spent. You just need to spend time doing and you'll get good at it. But I definitely wasn't equipped to be doing it at the time. I did have a great kind of mentor who was the development director. That's Sega, who was overseeing my development, as well as giving me the support I needed alongside my line manager.

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GUEST

So yeah, I got thrown in the deep end and I think, you know, I just have to go into planning meetings, you know, have lots of grand or having just qualified and kind of lead meetings with local authorities, you know, from the very outset, lead meetings with landowners, you know, who got 20, 30 years of work experience under there, you know, on the books.

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GUEST

And I've got to at this point. So yeah, there's some good learnings. But getting thrown in the deep end meant I could learn at a real fast pace.

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HOST

And it's quite a big call after nearly five years, clearly doing well, enjoying it to leave and go and join handler, which I don't know too many people, probably within the real estate space should have heard of antler. You know, I've got a few friends who've done it, but maybe from banking or kind of the tech space industry wise.

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HOST

But what is antler and why did you leave Sega and wanted to pursue that?

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GUEST

Sure. So I'll start with the C Grove kind of point. I mean, yeah, firstly, you know, as I said, I've got nothing but good words to say about C Grove. You know, I did always have the drive to found my own business, which is why I left. But I could have happily, you know, short stayed there and another life and, and done well, you know, with the great people that were there.

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GUEST

But when I was at Sega in the background, I was spending a fair amount of time exploring different business ideas, mostly center and centered around real estate or proptech and and so spending actually part of my weekends, just like trying to create decks for ideas, trying to go and meet people and arrange coffees and, and just trying to get stuff off the ground.

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GUEST

And I probably had about 4 or 5 ideas I looked at. I killed some, which were lots of three months, which lasted a year.

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HOST

Property related or.

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GUEST

Yeah, quite a few property related. And I'll come into kind of the one that I basically took with me to Lambda. But yeah, I mean, it sounds I'm obsessed with warehousing, logistics, proptech, e-commerce, last mile delivery. You know, they might not necessarily be most sexy industries, but, you know, I think the trends are really exciting and and for the most part of that, at their infancy stage with a lot of potential for innovation to come.

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GUEST

When I was just for, let's say, guys developing a business model not dissimilar to Gorillaz and guitar and Gopuff, and this is about 3 or 4 years ago when I kind of felt that quick delivery was coming into the UK. It was already in Asia. It was in the US. Yeah. It's coming. And basically I had a pitch deck that I've been working on for probably about nine months a year.

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GUEST

Business model, financial model, sort of trying to be CS for Glasgow and then probably rather naively thought like about the company. So I thought I'd be best suited to do that on a start up generator which operates and, and basically it's quite an unusual process. But they take 70 people from different industries, either commercial or tech people, and they put you on for two months, and they just basically try and encourage you to think of ideas and come up and say, ideas, always problem first.

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GUEST

Think about problem and then try and validate it, whilst also trying to find a co-founder that you have complementary skills over. So yeah, I spent basically two weeks in person doing the art program and then Covid hit and then I was trying to find a co-founder for a five, ten, 15 year business about maybe life over zoom, which was pretty tricky.

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GUEST

But the idea around the last mile delivery company I had, I pitched to out there, and they're worried about the amount of foreign investment that they require. And to be honest, they're bang on and encouraging you to have these guys raise a lot of money, burn.

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HOST

Through billions.

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GUEST

And in the background and, you know, logistics. So it would have probably been hard for me, but I was advised to I need to look at other ideas. And I started building a property data analytics company instead. And I secured some good pilots with some, some quite interesting companies and kind of household names for what we're doing, but I just wasn't passionate about it.

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GUEST

So yeah, that led us on to kind of the discipline.

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HOST

So how did you come to meet your co-founder and set blew up?

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GUEST

It's not the most exciting story. Definitely lacks, romance. But Sam and I actually met more about 16 through mutual friends, and we used to go to school and to similar schools near Oxford, but we actually became good friends at reading, where we're doing a glasses together. And at the time, you know, we didn't know it. But I guess all great friendship is the best thing that has happened.

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GUEST

You know, for both us from reading, it's probably worth me setting the context of kind of what we do in terms of business model in the market we operate in for for those that, you know, necessarily as close to real estate and property, you know, the majority of industrial logistics property is located on the edge of towns in specific industrial style locations.

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GUEST

And you would you'll see these as you drive down the M4 or you drive on the M25 on the north side. But more recently, due to the advent of technology, digitalization and e-commerce, the industrial logistics sector in London has been absolutely booming for probably the last 5 to 10 years as these trends have really driven the demand for industrial space from occupiers.

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GUEST

However, these trends have also started to impact consumer preferences and many consumers, are now demanding convenience and they're starting to consume goods and services instantly. And this has meant that an increased demand for the nontraditional inner city warehousing, which is what we focus on today, has started to really take hold. So what we do is we try we're targeting building a portfolio of industrial logistics sites in nontraditional locations, being the city center.

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GUEST

So being like Ziyuan zone two. Yeah. And we've got a portfolio now with six assets located in Hackney, Greenwich. So Brixton, Camberwell, which were all very central zone, two locations. And we've also an asset in Port Royal, which is one of those more traditional locations. But we're doing that because we see these trends at their infancy stage, and we think there are going to be more and more businesses who are driven to take space in more central areas in London where, to be honest, the vast majority of that space is being lost to high value uses like residential.

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GUEST

Yeah. So in London, in the last circa ten years, each year it's been 100 hectares industrial and lost in Greater London. Just at the advent of all these technology, technological changes and trends that have increased demand for space, which is why there's been a real boom in the sector and weight of capital coming into the sector. But in terms of how we kind of came round setting up room.

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GUEST

So when I was at C grow, they started exploring, investing in this in these more central markets, nontraditional kind of industrial logistics. Mark, if you want to call it normally where offices and retail and residential are located. Yeah, which is actually the attraction for putting industrial sites there is that you're next to the end consumer. Basically you deliver goods and services quickly.

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GUEST

What does it see. You go. We started exploring. They they started exploring these trends, investing in more central locations. But generally at the time. And this was turned off three years ago, it was more focused around big sites and looking to try and build new sites for the post and parts of an urban logistics sector being the DHL, DPD, cicada and the Amazons.

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GUEST

I'd always had a suspicion that there was in fact a wider and more diverse customer pool for, say, we want sites in these types of locations.

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HOST

So occupier occupier is what you mean by customer.

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GUEST

So all our occupants are our customers effectively. Yeah. So so I thought there was a wider kind of diverse pool of potential sectors and occupiers that might be interested in taking or letting effectively ultra and warehousing as we, as we call it. So I basically pitched this idea to Sam. Yeah, having completely ignored all of the lessons I learned out there around being, you know, really forensic with how you select a co-founder.

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GUEST

I've known Sam so long, it felt right, and we just gave it a go.

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HOST

And so in terms of your customers, the occupiers, anything from Trade Town to occupiers to dark kitchens, last mile logistics, SMB, types of these, all of your customer profiles and, you know, ultra urban.

Yeah. These are the people you're going after.

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GUEST

Yeah, sure. So I mean, the word ultra urban for us means basically kind of anywhere inside the North Circular and South Circular, basically. So warehousing in kind of central inner city locations. And when we started out, Sam and I, we had an inclination that there were a number of occupiers and sectors that might want to have warehouses located in those more central London markets, but we wanted to go and prove it.

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GUEST

So we spent the first six months speaking to 100, around 100 occupiers across various sectors to understand did they actually want to be located in these central locations? And if they did, what does the space need to look like? How does it need to be designed and how does it need to operate? So we basically went and spoke to a range of customers or occupiers across the traditional and modern, what you might call modern business models, but across those two areas.

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GUEST

So that was on what you might call the more traditional side self storage, post and parcel manufacturing, retail, food and beverage. And on the more kind of modern side, I knew a business model that spawned that. The trends I mentioned earlier, Tom kitchens on demand, grocers, e-mobility, urban farming, and there are loads more I could mention, but those are kind of all kind of core part of our core customer set that we want to occupy or, you know, warehouses.

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HOST

In terms of selecting locations, what role does data have in steering your investment criteria?

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GUEST

So we want to be extremely data led as a business. You know, at the same time, we are a small business with limited resource. So we completely see a future for us where we've got data trying to feed in as it as it can into every kind of process that we can. We can get it into you to help inform our decisions.

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GUEST

At the moment, the kind of data that we're using outside of what you might call more traditional property data, which is comparable evidence, looking at rental growth stats, looking at macro trends, etc. to drive decisions. We also use demographics data and location data to help us identify locations we think are going to be very suitable. We also used to look at supply and demand in certain markets.

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GUEST

So for example, in Fulham, a big driver for we bought a site in Fulham, was it accounted for 49% of the total industrial logistics supply for them. So one of you where was which one to by sites in the most supply constrained locations, which in the markets were operating in very central London, zone one and zone two where not much of this exists.

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GUEST

You know, it's quite often the case, but in certain instances, like with Fulham, it was even more magnified and it was a big driver for one for that site. In terms of other products we're using to kind of protect that we're using to try and help drive our decision making. We use coastal, at times or have done in the past,

but the main products we use a landing site, a Nimbus.

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GUEST

Yeah, because we're generally focused on trying to find, development land at some investment deals. But development nine particularly, it's got really good information on the planning background of the site, as well as just puts a lot of the information you need to assess a site quickly in one place. And yeah, two of the sites that we bought today have come directly from using those sites, identifying suitable sites and then going meeting a lab, meeting a vendor, go and discuss, you know, potential pricing for the asset.

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HOST

So you've kind of you kind of got the strategy, got the idea, got a co-founder. How, how do you go about raising the capital to, to put all of this together? Yeah.

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GUEST

It's not it wasn't easy. And particularly because as you kind of noted earlier, Sam and I started blooming in June 2020. So right in the heart of kind of lockdown and Covid. So yeah, we weren't able to get the coffees, we weren't able to come coming in and pitch kind of what we're doing was tricky to an extent, but at the same time we kind of used it as an advantage in a way, because what we found was that a lot of the people we were wanting to speak to had more time on their hands because they're working from home, and they weren't traveling to and from work, and it wasn't always the case, but

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GUEST

quite often was. So that combined with the fact that we'd spent some a lot of time networking and we also had a very good advisory board for our business, meant that we were able to arrange a lot of zoom calls and calls and quite quickly get a load of that in and get a little validation in for for our business model, but also start the conversations with funders and get agents, you know, out of the market with our equipment looking for sites.

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GUEST

So, it was tricky time. And we effectively hosted a zoom roadshow to try and raise funding. But interestingly, Angelo Gordon funding didn't come from that zoom roadshow in a way, we actually made a real conscious effort to go and speak to anyone and everyone about bloom to get our name out there, because we thought at the time the, you know, what's very real estate business or in the property sector, we had quite a few connections in tech, and I'd done and learned some had been in the US, and we're both very sociable outside of work.

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GUEST

You never know. Owning a crucial or helpful introduction or opportunities might come from might come from right in front of you, but it might come from, you know, your granny or someone you know.

00:20:34:23 - 00:20:35:09

HOST

Yeah, yeah.

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GUEST

You never know. So we basically went and spoke to all of our mates in any industry, and I started speaking to Fifth World again, who had worked with a seed and fifth, one of the largest proptech venture capital, some globally. I call basically that one of their partners, Miguel Amador, who coincidentally at the

time was about to invest in gorillas.

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GUEST

So if we were about to invest in gorillas and we were talking about our experience, because gorillas mainly focus in the more central markets cities, and it was basically came to market exactly at the time when we were doing well. We're almost helping validate our business model in a way, which was helpful. But they were investing in gorillas at the time, and we kind of gave our on the ground kind of view on how they're performing from real estate perspective.

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GUEST

And Miguel coming in to present to all of those investors in their funds. So we were then having trying to find any mortgage adoption we could. So any potential investor or funder put basically on a, on a zoom call in front of 70 potential investors in one guy. And that was transformative, because it just so happened that the CEO of Angela Gordon, the head of Europe Real estate, were on that call and called us after.

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GUEST

And then we basically, yeah, took the conversation from there. We were we did have another time sheet that were about sign point, and we kind of spoke with quite openly about it, and they thought they could offer better terms, and they ended up doing so.

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HOST

Co-Founder replaced the advisory boards. An interesting one. How did you put that together?

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GUEST

We Sam and I were 28 when we started playing a two on a side run, a kind of events business, and had done for nine, maybe ten years on the side. But nothing, you know, nothing like running it for a tech company or for a proper business, you know, with, you know, proper functions and teams and organization charts and with, you know, backing as well.

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GUEST

So we're very inexperienced at this point. And we were knocking on doors asking investors to part ways with a lot of money, which is never easy as it is. But having had no experience on our own track record, effectively on our own of delivering what we were saying, we could deliver a bit. We've done it for other people and funds, you know, we thought we really we've got a strong advisory board.

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GUEST

Yeah. We basically went about trying to find someone who was very sector specific in terms of the investment markets advise on stuff we were looking to buy, and the market gave us kind of trends and kind of information, and we collaborated on that front. We found a guy that I kind of met, folk Rock Fowler, who was, the head of the Micro Hub strategy at DPD.

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GUEST

So he was one of our potential customers and occupiers. So he's been incredible at giving us, you know, a lot of insight into how these operators work, what the buildings need to be designed like, etc. and then we've got some kind of seasoned operating partner and fund manager, who's listed companies before real estate companies specifically who has been integral in advising us, you know, on on how to launch a business, what type of opportunities to focus on how to negotiate the joint venture, etc..

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GUEST

So that gave us a lot of credibility before we had the track record of actually delivering a product, which we're still working. We don't have that track record yet.

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HOST

Yeah, from an economics perspective. So he raised or you've got a line to build 250 million pound portfolio with Angelo Gordon from a typical GPS structure they often require. Yeah. Co-Invest you know, I know you guys are pretty well connected, but take borrowing stealing, you know, 5% equity. To to make sure that, you know, there's alignment in terms of the deal.

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HOST

How do you go about navigating when you're starting up a, you know, giving confidence your your principle LP, that there's a alignment of interest when you're looking at these deals?

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GUEST

It's a very important point and one that, you know, every funding partner we probably spoken to has been very hot on in the respect that they want to see that their operating partners, i.e. the guys that are on the ground finding the opportunities and actually delivering the opportunities, getting planning, building the buildings, letting the buildings, managing buildings. That's what we do.

00:24:19:20 - 00:24:33:25

GUEST

That's our responsibility. But they want to know that you're doing that on the basis you've got skin in the game, and that skin in the game needs to hurt. If you lose, it needs to be hot money. So I don't know. I 28, as I said earlier, you know, got much money. You know we got some life savings.

00:24:33:25 - 00:24:52:17

GUEST

But what we do have is just energy and drive. And that was really integral for the likes of, you know, Angelo Gordon in terms of just knowing we were going to work on this super hard in terms of getting alignment into the deals we do co-invest into the joint venture. A lot of the co-investment, to be honest, is from road up fees that we generate from the joint venture.

00:24:52:20 - 00:25:01:28

GUEST

So it means that the initial cash outlay isn't massive. There is some initial cash outlay, but that does mean that, you know, we we basically got the equivalent of most of our life savings in the joint.

00:25:01:28 - 00:25:03:00

HOST

Venture tied up in it.

00:25:03:01 - 00:25:03:26

GUEST

Yeah, it's a better go.

00:25:03:26 - 00:25:19:20

HOST

Well makes complete sense. So the business has grown in the last couple of years. Your team of seven. How's it been trying to assemble a high performing team with manager, capital and partner? He's no

doubt pretty hands on sourcing stock. How's that being from a recruitment perspective? Yeah, well, firstly.

00:25:19:20 - 00:25:37:21

GUEST

I should say the, you know, the one of the main attractions from Angelo for working with Angelo Gordon was that they've had, I think around 500 different operating partners. So they've been through this process so many times of taking, you know, guys have just left their jobs and basically helping them create a business. Yeah, that will then effectively manage the money.

00:25:37:22 - 00:25:54:27

GUEST

So Angelo Gordon have been integral in not we I've talked to them about you know, we've got our ideas and how we want to structure our team. And they've been very supportive of that. But knowing how their other operating partners it works and speaking some of their other operating partners has really helped guide us into kind of what our team structure an organization chart needs to look like.

00:25:54:27 - 00:26:22:28

GUEST

We started out Simon on a kitchen. We're still in the kitchen probably 18 months ago during Covid, and we're now a team of of seven people. Recruitment has not been easy. It's not been easy for a number of reasons, finding people that are genuinely motivated to leave their job, as we found, has been tricky. We've used on networks to try and tap people up and kind of, explain to them the opportunity to join us, but often they haven't been quite willing to leave their jobs at that time.

00:26:22:28 - 00:26:40:07

GUEST

And to be honest, our sector has been so competitive with the amount of investment capital that's come into it. It's been really hard to actually hire really good people for a lot of businesses, and it's been very expensive. And where resource strapped business are, you know, still at this stage, but, you know, six, six, nine months ago, even more so.

00:26:40:07 - 00:26:56:16

GUEST

So we've had to be quite cute and clever with, with how we try to bring people in. And we've got a team structure now that, you know, we've got a couple of brands who we had as interns, and they worked with us for three months before a really good core investment kind of executive who helps us find deals and bring bring them over the line.

00:26:56:16 - 00:27:21:03

GUEST

We've got a part time financial director recently. We wanted development director as our first real senior. Highlights got a real track record himself, used to work at a called over one of our target occupiers customers, and then used to work a couple industrial who are probably the best known multi-layer industrial estate owner. So he's got really relevant experience and just gives us, you know, a different perspective on certain decisions on certain level operating.

00:27:21:04 - 00:27:41:06

GUEST

He's he's kind of already coming up with ideas at the on improving and improving things and making things more efficient. But he's also an extremely trusted pair of hands, you know, and it needs, someone I can go out and also try and focus on the next value creation opportunity driving revenue rather than focusing as much on, you know, delivering projects day in, day out.

00:27:41:08 - 00:28:00:17

HOST

Yeah. You mentioned there's, it's been a lot of capital that's been raised and a lot of money that's chasing the space. You mentioned obviously capital industrial, you know, you've got your old shop see grow a London metric, Prologis valor mirror star Mall. We like the list goes on. And you've also paid some pretty sharp prices. Couple of 2% is setting the record I think earlier this year.

00:28:00:23 - 00:28:07:28

HOST

How difficult has it been to source stock and compete with maybe some more established players?

00:28:08:02 - 00:28:35:15

GUEST

Yeah. Well firstly I find the concept of competitors in any industry can to me be a little less divisive. It's true that we are often looking at acquiring or bidding on similar assets to a value, or a C group or capital industrial or nine properties. I mean, the list really could go on, and we're also trying to let our buildings and maybe to some location to similar types of occupiers, where an occupy has a requirement that any one building, they either choose Rs or they choose someone else's.

00:28:35:19 - 00:28:53:25

GUEST

There is definitely, you know, more interest from other parties. It does have an impact on it. But I feel given the market that we operate in and the vast undersupply of availability of industrial assets in London at the moment, there are enough opportunities to go around for everyone. We actually see our industry as being more collaborative and competitive.

00:28:53:25 - 00:29:11:08

GUEST

You know, we see others like evolve or see you grow a company industrial. You might be looking to execute similar strategies more as allies who have a shared vision. You know, importantly, it's improved. Develop the asset class and seek to have a positive influence through improving our industry's impact on the environment, sustainability and wellbeing, which is a real core driver of our business.

00:29:11:08 - 00:29:42:06

GUEST

So whilst there definitely have been sites that we bid on the others a bit on, on one, they're also sites we bid on and one and you know, everyone has a certain amount of capital and it seems to me, you know, from our perspective, we've we've managed to deploy assets basically pretty well and efficiently. But a big part of that is by trying to find off market sites and not enterprise processes, you know, where there's ten, 15 potential parties in states, who are you going to drive up the valley, be some of which have quite, quite significantly lower hurdle rates and return requirements.

00:29:42:06 - 00:29:45:03

GUEST

And we do, which means we can't be competitive in some sites.

00:29:45:05 - 00:29:57:08

HOST

Yeah. Just a point on your existing portfolio. So you've got six assets under management. So Camberwell, Brixton, Hackney, Fulham Park Royal, you're gonna have to help me out with six on and.

00:29:57:09 - 00:29:58:20

GUEST

Greenwich roll off its own.

00:29:58:22 - 00:30:15:24

HOST

Talk to me about those those assets. Yeah they're multistory. Are they be configured. Are they configured I know there's lots of you know occupiers are customers are demanding particular configurations. Are they built to suit. Have you got doing spec builds on them. Talk to me about your your portfolio at the moment.

00:30:15:24 - 00:30:58:05

GUEST

Sure. So yeah we own at the moment with Angela Golden six assets and those locations not mentioned earlier. And they're a mixture of investment deals and ground up redevelopment deals and refurbishment or extensive refurbishment deals. So Camberwell, Brixton, Greenwich and Hackney for ground up redevelopment deals. So we pull older, underutilized industrial sites. In all these instances where they are not fit for purpose, for the modern occupier and where trends are going, and they're also not providing enough space on their plots, i.e. they're not providing enough jobs, they're not providing enough square footage or or site area to be able to lead to occupiers and utilize effectively.

00:30:58:05 - 00:31:21:08

GUEST

So what we're trying to do with those sites is intensify them as much as we can in the markets that they're in, and they're suitable. So for example, Camberwell, Brixton and Fulham are all what we're kind of timing. Gen one multistory. So they are multi industrial estates but which have ground floor space and there's floor space. Traditionally industrial areas have had first floor office space.

00:31:21:11 - 00:31:39:22

GUEST

We're putting in first floor office space. But we're also putting in first floor warehouse space. And that space will be accessed by the tenant who's also in the ground floor space for goods left, which will have kind of a one and a half or two tonne loading capacity. And this hasn't been done in the UK yet. So we are operating in the new nontraditional market.

00:31:39:22 - 00:32:01:04

GUEST

We're calling the October market, and we're also building buildings that have not been designed on this in the UK. So we're effectively operating in a new market with new design and otherwise. And it's not to say we're the only one to say that because there are others doing it, but that does mean, you know, there are challenges. You know, we've basically got quite bespoke products that we're building on those sites on our Greenwich site.

00:32:01:06 - 00:32:30:25

GUEST

We don't think that location is quite suited to multistory. It's not quite as much demand. And therefore we're delivering more of a generic style industrial building. And on our whole site, this was an investment deal that we bought where it's already got tenants. We are looking to basically help these tenants grow within our state and our portfolio, and basically grow the value of that building through adding ESG credentials initiative, which it should just say within, across every single estate or building we own, we want to be leading the way in terms of sustainability in our market.

00:32:31:02 - 00:32:40:14

HOST

Raising a lot of challenges and a lot of hurdles that you've overcome. What do you say the kind of the biggest challenge has been in your short two and a half year existence?

00:32:40:14 - 00:33:06:28

GUEST

I think in terms of ongoing challenges for a business, you know, you've got the usual stuff, like so from a

business and operational perspective, there's usually ideas on hiring top talent, being a newish business, which I didn't actually touch on earlier, but trying to tell someone you know about potentially your business and convince them to come and join you as a new businesses, go out looking at managing cash flow versus the opportunity cost of not investing more into your business and getting the return on investment is always tricky.

00:33:07:01 - 00:33:31:05

GUEST

And I think also kind of balancing the ability to be commercial and do all the commercial stuff that comes with finding and running a business like HR, tech accounts, marketing and legal. With some I'm actually property guys. I'm meeting to be a developed manager at the same time and manage a project and manage a team, as well as manage the acquisitions, bring them in and find new opportunities.

00:33:31:07 - 00:33:42:01

GUEST

Doing all of it means basically doing the ops and the management and the strategy and everything in between. And that, you know, luckily there's two of us. Yeah, but that is tricky.

00:33:42:06 - 00:33:45:01

HOST

How do you divide that between the two of you?

00:33:45:07 - 00:34:04:24

GUEST

I think it's an interesting question because as I said, when I was an ant, there was very focused around signing someone with pretty complementary skills, different skills to if you were the CEO or the CTO. Sam and I ultimately both commercial people. I've got more experience in some areas. And him, he's got more experience elsewhere. We've got slightly different characters.

00:34:04:26 - 00:34:30:00

GUEST

But you know, we're both, you know, personable. And we and we also like meeting people and finding opportunities and doing deals. So it's we kind of, you know, we split or we split some of the areas in the business where one of us leads that one still involved. And it seems to work quite well at the moment. But this is all, you know, knowledge of being a resource strapped young business, both kind of still doing a bit of everything, and they probably you know, not being quite as streamlined as it could be.

00:34:30:00 - 00:34:45:08

GUEST

And that's unfortunately the nature of the beast when you've got so many different things going on. But it's certainly, you know, it's something that we're conscious of and how we set up the organizational structure moving forward. And when we get to the point where we're able to keep hiring and, you know, do more of that, then, you know, I'm sure it continue to.

00:34:45:08 - 00:34:55:27

HOST

Evolve, delegate to elevate. What's your read on the market at the moment given the economic stakes, inflation, interest rates, noise generally. What's your view?

00:34:55:29 - 00:35:13:25

GUEST

It depends. When this, podcast can be released, I think because everything is changing, but it's on a daily basis at the moment. It's not quite that quick, but it's changing rapidly. I suppose for the last 4 to 5 months the market's been in a pretty weird place. And when I say the market, I mean the industrial logistics market, property market in the UK.

00:35:13:25 - 00:35:47:27

GUEST

So first off well in property just people trading in and out of owning real estate, being in the National Register, etc.. So following Russia's, you know, devastating invasion of Ukraine, the impact of various other areas, including rising interest rates, inflation, costs that swap rates and consumer spending confidence, has been some real uncertainty pales to awesome what we're hearing in the market that the vast majority of investors and our sector of which there was a huge amount and a huge amount of wealth, an amount of capital coming into the market at record and record numbers until 4 or 5 months ago.

00:35:47:27 - 00:36:11:00

GUEST

But the majority of players in the market turn the tap off over kind of the last 4 to 5 months and have stopped deploying that capital due to the economic uncertainty and ultimately trying to understand the impact on property values, which isn't clear at the moment. Rather than diving in now, potentially paying too much for an asset, the majority of investors seem to want to see where the market pricing discovery or exploration lands is difficult.

00:36:11:00 - 00:36:32:13

GUEST

At the moment, we don't know where the market you would effectively is for property, and therefore it's quite difficult, to value to value opportunities. However, you know, we're still very connected and looking to find opportunities by and by now. You know, we think the fundamentals underpinning our sector on long term trends are very strong. There's very low vacancy the occupation and market same speak forming.

00:36:32:13 - 00:36:58:21

GUEST

Well you know and this this is driving the rental growth basically that that's creating that capital value albeit yields a little bit of an uncertainty. So yeah we perched are as income what it may be part an asset in April and June that during this period we're still, you know looking for opportunities. And it's important for us that if we are going to find that opportunity, you know, we've got to have, you know, a willing vendor who's willing to sell right now and we'll be committed as a willing to.

00:36:58:28 - 00:37:04:26

HOST

So in terms of the vision for the business, what is your vision for blue developments?

00:37:05:03 - 00:37:25:25

GUEST

Yeah, at the moment we're very focused on delivering and executing on our current joint venture business plans. So kind of briefly touched on it earlier, but we are an incredibly fortunate position that we managed to secure some funds to go and manage property portfolio. And you know, we're we're very lucky. Sorry to be in that position. But that doesn't give us a track record for us.

00:37:25:25 - 00:37:41:23

GUEST

What gives us track record is actually buying a side, getting your planning if that's what you're doing, executing it, letting it, managing it and creating value from it. And we're not at that stage yet. We're still at this stage, infancy stage where we're at with midway through some of these business bands. We're trying to keep our head down.

00:37:41:23 - 00:37:58:15

GUEST

Right now, we're trying to basically deliver our track record, which will then put us in a stronger position as

a business, you know, to enable our future growth. So right now we've got that focus will be a long term, you know, we want to be here is a credible investment and develop manager with a key underpinning focus on sustainability.

00:37:58:20 - 00:38:20:29

GUEST

You know, 510 1520 year kind of expansion plan is quite difficult to kind of put in place right now. It's quite difficult to know where we're going to move in terms of set in terms of market, in terms of funding, in terms of maybe even asset class at the moment. But as and when that evolves, you know, we will be thinking, you know, how we can best position ourselves for the long term.

00:38:20:29 - 00:38:26:21

GUEST

But at the moment we are quite a small team in a small office. Now in a very fortunate position that we need track.

00:38:26:21 - 00:38:32:27

HOST

Record, working very hard with the sounds of it. So what's your vision for the business and future growth?

00:38:33:00 - 00:38:52:08

GUEST

It's an interesting question, one that is constant in the back of our minds. Simonides minds. At the moment we are focused on delivering and executing our business plans and our current joint venture with Angelo Gordon. You know, we're really fortunate position where we've managed to raise some funds. We've actually got a small office and a team have been working in a kitchen around 18 months ago, but we're not getting ahead of ourselves.

00:38:52:08 - 00:39:08:09

GUEST

We need to get a track record in the way of getting a track record. For us, it's by actually executing our business plans rather than just deploying capital. So that's our kind of key kind of short term focus. Having said that, we've always gotten on in the future. We want to be here is a long term, credible investment and develop manager.

00:39:08:09 - 00:39:21:11

GUEST

We want to build on our current assets under management, if you want to call it that. And keep getting bigger and bigger effective and keep growing our business and, you know, organization and some team structure, you know, alongside that.

00:39:21:13 - 00:39:36:28

HOST

Amazing. So someone listening to this will be incredibly inspired by what you and Sam have done. What advice would you give someone who's sat in a similar position to you at 26, 27, 28, who's got a desire to set up their own business? What advice would you give someone?

00:39:36:28 - 00:39:58:06

GUEST

I think my advice, if you're in a position or financially or where you know you don't have as many responsibilities as you might do when you're married or when you have kids, etc., which which was a position I where in my 28, you know, no mortgage, no kids. We're in quite fortunate position where there wasn't really, in my view actually, that much risk for us going out and setting up.

00:39:58:08 - 00:40:15:04

GUEST

I always thought if we went on set up and for whatever reason it didn't work out, we would have met in an incredible people along the way. We would've found out a lot about ourselves, what we're going, what we're not good at, kind of from exploration on, on on who we are as well as well as, you know, find other opportunities along the way.

00:40:15:04 - 00:40:44:06

GUEST

So we didn't see the I didn't see the being that much risk with doing it, but that's because of the fortunate position I was in without those responsibilities. But having said that, we just started our business two years ago. We're not seasoned entrepreneurs. I think they're definitely better people to take advice from. But if I was to share kind of any learnings, the one thing that I think was really important for us was and also important for me, having probably looked at 4 or 5 other businesses before I started bloom and try to get them off the ground, is actually to try and really focus hard on what matters.

00:40:44:06 - 00:41:05:21

GUEST

So easy to waste time in the early stages, focusing on building as an actual model. We're looking at tax and legal structures, working at your organization chart, building a website. Ultimately, what you're thinking beginning is probably going to change anyway. So I feel what we've done quite well is just really focus on the customer. We've really validate the problem, and we've worked out what needs building and how quickly we can build it and get to revenue.

00:41:05:22 - 00:41:23:11

GUEST

All the other parts need attention. You know. Of course I do. But you've got to focus your limited resources on the stuff that's going to make a difference and make a difference quickly, and particularly when you don't have revenue, because the longer you are trying to get to revenue, I'm sure there's probably stats on this, but I imagine the more likely you are to either sale or give up.

00:41:23:15 - 00:41:41:12

GUEST

Otherwise funding a great place on that with complementary skill sets and different ways of making and thinking decisions between is being really helpful. You know, touched on earlier, well, Sam and I are both property people and we do have different experience. And so different skills in both property and life. We also have, you know, certain different characteristics.

00:41:41:12 - 00:41:49:07

GUEST

And we're really lucky that that gives us, you know, perspective when making decisions, whether those decisions were the right ones or will be the wrong ones. I guess we'll see.

00:41:49:14 - 00:42:11:02

HOST

Time will tell. It sounds like you're you're tackling a problem that needs a solution and bloom development. Since you ultra urban ethos is certainly addressing that. Just before we close, a question that I ask everyone is if you're given 500 million pounds worth of equity, who are the people? What property and which place would you look to deploy that that cash?

00:42:11:03 - 00:42:27:19

GUEST

It's got to be out of Neiman Ryan. He doesn't he doesn't need the money. He'll be fine again. I mean, I'm not by any means really qualified to answer this question, being purely a warehouse geek. In fact, I actually remember being asked this exact question by CBRE in a graduate interview and getting rejected

shortly thereafter, which kind of proves my point.

00:42:27:20 - 00:42:51:16

GUEST

Having said this, I think that's a really exciting trend or opportunity at the moment, which is around the Opko and prop co business model, and which is effectively having an operational business that generates income from customers, but not very business that generates income, also owns a real estate. And I think that's a very attractive position because you can benefit from the income generation and having control over that and oversight of that, as well as potentially creating capital value from that.

00:42:51:16 - 00:43:17:26

GUEST

The self-storage and builders merchant operators have been doing this for a long time. McDonald's, McDonald's before it even came fashionable. And I think at the moment there's a very exciting trend there are very exciting trends where this model can potentially be replicated either in e-commerce aggregation for for small e-commerce businesses to try and basically fulfill their goods to the end consumer and do it quickly, or in the food delivery space, i.e. the dog kitchen space.

00:43:17:28 - 00:43:39:00

GUEST

And I think these trends are still kind of out of their relative infancy. Jeff Bezos would get the law, in my view. Not that he needs the money either, but he's a guy who has basically driven the huge innovation and instant delivery sector and logistics sector for being a big driving force within that. And I back him at Amazon, to be honest, to drive the hyper local fulfillment sector and food delivery market.

00:43:39:00 - 00:43:41:09

GUEST

I'm sure they're going to have their influence on that somehow.

00:43:41:09 - 00:43:51:17

HOST

Getting Jeff Bezos on your advisory board would be a decent scoop. And then in terms of place, would you be looking at building on what you're doing at the moment in central London?

00:43:51:20 - 00:44:15:05

GUEST

Depends. If I'm not involved in the business, if it's just Jeff Bezos, he can do it anyway. He can get the team in place. But now I think, you know, a big, big part of what we're doing is business. And more excited about is the real lack of supply of warehouse space in these more central locations in cities, not just in London, but, you know, in other cities, where there are similar kind of constraints around congestion and getting products into the city quickly.

00:44:15:05 - 00:44:35:01

GUEST

And I think that exists in other markets in the US, in other markets, in Europe, Paris, Barcelona. And I think, you know, those markets creating a global company with a global brand doing exactly that, where also unlike the UK, which has a very high e-commerce penetration percentage as a percentage of total retail, some of the European markets are followers.

00:44:35:01 - 00:44:40:26

GUEST

There's a lot more growth and potential value to be created that. So yeah, wouldn't want to just sign ourselves in London.

00:44:41:01 - 00:44:54:23

HOST

Amazing. Well, look, thank you so much for coming in and sharing your your story. I, I look forward to watching what you and Sam do and wish you both every success make a huge impact on the ultra urban warehouse space.

00:44:55:00 - 00:45:04:18

GUEST

Thank you very much, Mark. It's been a pleasure speaking to you today and likewise, looking forward to seeing what evolution continue.

00:45:04:21 - 00:45:24:24

HOST

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00:45:24:29 - 00:45:57:15

HOST

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00:45:57:18 - 00:46:00:12

HOST

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