

00:00:03:27 - 00:00:32:07

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.

00:00:32:10 - 00:00:59:08

HOST

Welcome to the People Property Place podcast. Today we're joined by Vanessa Davey, active partner at quadrant. Quadrant work with a variety of best in class LPs from KKR, Tristan Aimco, Blackrock and Oaktree and invest in UK real estate assets across the rich spectrum with a focus on managing, repurposing and developing offices, out-of-town retail and leisure assets. Vanessa has worked at the business since 2014, having joined from CBRE, and has had a meteoric rise up the ranks.

00:00:59:09 - 00:01:01:16

HOST

Vanessa, welcome to the podcast.

00:01:01:18 - 00:01:02:20

GUEST

Thank you for having me.

00:01:02:20 - 00:01:08:23

HOST

Not at all. When look, a place I always like to start this podcast is how how did you get into to real estate?

00:01:08:26 - 00:01:36:09

GUEST

Yes. So I think I've listened to your podcast and it seems like quite a few of us have kind of fallen into real estate, and I'm definitely one of these people. I was always quite an all rounder at school. I liked map, I like to kind of mix. I like biology and I like the languages. And when it came to choosing a course to study at university, I came across land economy, which I had no idea what it really meant of it, and it was described as economics, environment and law.

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GUEST

I thought, that sounds quite interesting. Not too much focus on one, but kind of continuing my kind of well-rounded education, I suppose, and applied it. But I moved to the UK and as I went through the three years, my BA, realized that, the course was actually quite good for getting into business school start up, whether it was accounting for finance or property.

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GUEST

And it turned out to be really accredited. And I've always had an interest in the built environment. I think, whilst it was quite well rounded, I wasn't very good at physics. So some of the architecture was out of the picture. But I'd always loved buildings and I guess mixing economics and learning about what's going on in the world and how things are interconnected together with the built environment, kind of led me to property.

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GUEST

Sadly, though, I finished university in 2008 and it was really quite difficult to get a job, particularly in any kind of business finance kind of sectors, applied to the big grant scheme, but most of them got reduced to, very few, graduates and made it to final rounds. Didn't, didn't make it. I'm telling you, the graduate scheme.

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GUEST

And part of the feedback was I was academic and not commercial enough, really. And I think this is when I kind of realized I was competing with people, had done masters at the likes of Reddings and Oxford. Brookes really started specializing in getting people into property, with a lot of interaction with, you know, senior people in the industry, the ability to get work, spirits and so on, which I'd been being wanted for on so, I didn't really have the, the network here, nor even things I said as I would apply to work experience.

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GUEST

We don't yet. Can you come next week? Well, the only thing is I don't really have accommodation here. I live in the south of north. I can jump on the plane, but I need to figure out. And it just was very difficult.

00:03:26:06 - 00:03:45:04

HOST

I was going to ask you this. What? What prompted you to apply to okay and bridges, you know, world leading if not best top two, top ten, whatever. University. What what was it that wanted you wanted to leave the south of France and go and apply to. So of course, over in the UK, yes.

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GUEST

As we mentioned, the French education system is brilliant in terms of up to, you know, kind of high school level. And I actually attended a, an international school that was a state sponsored school. So it's the French curriculum with extra English. So I it's about ten hours of English a week from the age of ten, 11 onwards. And then the last two years I, move towards the IB because the education system, after high school is very much based on the numbers of years of studies.

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GUEST

So to get the equivalent of a kind of a Cambridge BA, you actually need to do five years of studies in France of which is two, two years of prep school where you work nonstop to then get into the equivalent of a university where they click on the card, and it just didn't really appeal to me. And to be honest, I had quite an international background.

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GUEST

I was friends with French, English and Spanish. And your school, actually, if I don't want to be based in France long term, do I really want to study five years for something that's not as recognized worldwide? Then then.

00:04:41:29 - 00:04:42:17

HOST

The top.

00:04:42:18 - 00:04:43:02

GUEST

British.

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HOST

University? And is that just get your undergrad and then a lot of a lot of French real estate professionals that I've spoken to have gone on and done a masters as well. Right. And there's a real emphasis on that further education. And whereas I guess graduates in the UK, you know, probably graduate at 21, 22,

France's 25 plus right before they even enter the enter the world.

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GUEST

Yeah. And it's very much based on for a number of years. So you talk about what have you and you say back which is the high school diploma plus the life. And I mean, you've studied for five years thereafter. And it just it just feels to me it felt like not a very commercial approach of studying, studying, but not putting anything in practice.

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GUEST

And actually the the one thing that I think the property industry needs to rethink is the, the need to do a masters to enter into most of the graduate scheme, at least the market's doing very well and you can join as a non cog. But everything that really sets a barrier to entry and automatically means only certain people will apply.

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GUEST

I think I was really lucky it was an undergrad. I think if I'd been passionate about wanting to get into property, I could have probably made it work to do a masters. But yes, you learn a lot in Masters. Do I feel like, you know, I would have been any better in my job, probably in my first year, but after a year you can learn everything you need on the job is the reality.

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GUEST

Yeah. And Michael said very little property was MRC accredited, but it was very, very really property. We did a couple of modules on valuation, which was so theoretical we had no idea what actually meant. In reality, and I don't think it did me a disservice not having done it in terms of my career. And I think, you know, we talking about diversity of backgrounds and being more inclusive.

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GUEST

Well, I think if if Masters wasn't a compulsory thing to become a chartered surveyor, it would probably be a lot more inclusive.

00:06:24:19 - 00:06:38:08

HOST

Yeah. I think suddenly the big really the big kind of universities like reading Oxford Brookes, you know, a lot of a lot of them kind of get in on an undergrad at the Masters. A lot of them do from if they've done a business course and they want to get into real estate and they do that that year.

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HOST

How many people would you say were in that cohort in your lambda economics? It's quite a small group of individuals, right. And I know they've got like the, the MPhil, which is a master's course that, you know, is opened up maybe a little bit bigger, but it's still quite a small cohort.

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GUEST

Yeah. So I think we were one of the biggest years and we were 50 odd students, of which eight went into property. Oh wow. So we only about 4 or 5 are still in property.

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HOST

Interesting.

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GUEST

So yes, it's one of those strange courses, which means, you know, that the positives is it was a bit broader, so you probably had more of a global kind of awareness and awareness of other sectors. But the negatives, as you don't have that network that you know, all my card, you skiing. And so CBRE didn't take anyone in in 2009.

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GUEST

And then they merged two years in 2010 when I finally got into the property industry. And so we were 40 odd people, and I would say half of that were from read in masters of two different years. So 2008 and 2009.

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HOST

Interesting. So you, you left Cambridge in 2008. GFC was right. Tell me about tell me about that time and your kind of mindset and kind of coming out of like one of the top universities, you know, being told probably you're going to walk into will have a load of different job offers once you kind of graduate from this school.

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HOST

What what was going on then?

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GUEST

Yeah. With it, let's just say it didn't happen like that. I say, I think a few of my friends had done internships, and long internships, particularly around a kind of accounting metrics, solvency banking at the some of the second year, I did it because I decided that I actually didn't want to go into finance. I wanted something concrete, equitable interests.

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GUEST

You know, and and property was the thing I wanted to do. And a lot of them got jobs secured at the end of their internship. The rest of us who applied in our third year, I a very difficult year, 2007 2008. Not the best time to be applying for a new job when and being made redundant. Left, right and center.

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GUEST

I spent the summer of 2008 at home, applying from jobs so far, and then realized I just needed to be in the UK for interviews. So off I went in September, packed my bags. My parents paid for one month rent and deposit and were like, just go and get a job. And thinking I could work in with whatever industry I could get a job paid whilst, you know, studying a bit more, meeting people in the commercial real estate industry, I got a job very quickly in recruitment, doing recruiting accountants in the financial sectors.

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GUEST

The only problem was I started the morning of Lehman Brothers collapse. So within six weeks, the team was dismantled and I was told that my job was no longer there. To call it a shock at 21, we've come has a proper top university and realize your, you've got no jobs. You're in a country without any of your family, and you've been made redundant.

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GUEST

It's hard, but it also it teaches you a lot by yourself. You know, a calling. My parents on the phone, crying like a Calvin. They've. I've lost my job already. And then that afternoon, actually a kind of pull myself together and went to see recruiters a lot. Right. It's time to get another job. I've only got one month with the money I need to get another job.

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GUEST

Within a week of starting at a, in sales, at a, reset chess, doing emerging markets. What I liked about it was international. I could further my commercial skills, which apparently were lacking from what had, as feedback from my interviews with the property companies. And. Yeah, so off I went. Spent 18 months traveling around Europe selling research and research information to, European governments.

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GUEST

It was an incredible, learning curve. Amazing to boost your confidence in your, ability to talk to people. I mean, I was in European central bankers a few times, you know, talking to the research teams. My first transaction was actually to the, Belgium central bank. I sold them, you know, a small amount of research on China and felt very proud of myself, you know, pick myself up, got on, to do it.

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GUEST

But it was a sales job at the end of the day with, you know, a lot of monitoring of the numbers of calls during the hours on the phone business trips every other week, which sounds really glamorous at first. And then you realize actually traveling on your own is quite lonely. And really, I just wanted to get back into property.

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GUEST

So spend my time. And then when the graduate schemes finally reopened, as I said, most of them didn't take any 1 in 2009, when they kind of reopened, I applied to quite a few jobs, and I think I did a good sales performance for my first year and suddenly decided, okay, I've got enough money saved not to not work for three months.

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GUEST

So let's go and really get into property, do whatever I need to do, work free, do work experience. And actually, it got offered the place, on a two weeks kind of recruitment, work experience program at Cashman's and whilst it was a cash mistake, was two weeks that got offered a place to CBRE as well. And I made quite good friends with the people who were doing the work experience I got as I'm out since one last person you're competing with for the place, I'll.

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GUEST

I'll get to CBRE.

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HOST

So you really hustle that. I guess you had no choice, right?

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GUEST

Yeah. I didn't really have much of a choice. But, you know, there is those moments that feel quite tough. All the way you learn about yourself, about personality and about what you want. And I think, you know, kind of show you did see the book. I work from the first stop me so you can see growing and commercial awareness.

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GUEST

And you clearly want this. And it just installed in me as well, a work ethic. I think that, you know, you've got to work for what you want. Nothing's given to you. Or if it is, is temporary, you still ultimately, you're still going to have to work to keep what you got.

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HOST

Yeah.

00:12:05:27 - 00:12:28:09

GUEST

So, yeah. So, April 2010 started, my career, CBRE rotated around for two and a half years. I did some read review work in the central London office team. Then did valuation and finally landed in retail, which was what I thought I wanted to do at a long, doing central London, estates, landlord work.

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GUEST

So I worked on some fantastic estates, such as the Covent Garden, state of the capital, the Knightsbridge estate with Chelsfield and really started understanding, kind of the piece around asset management, growing rents, squaring the tower and growing the tenant mix, making places appealing for both Branston and customers. The impact on on valuation as well.

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GUEST

So really great experience. Yeah.

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HOST

And so did you, did you have a preference over kind of an agency seat, kind of a valuation seat or just intrigued because clearly you're, you know, from an intellectual perspective, you've got a very strong and, good understanding, but then also that kind of like sales, sales pitch, you kind of further develop. Did you have, did you have a preference over kind of vowels and, you know, more research and report based work or more kind of, you know, client and client facing and origination kind of agency and tenant rep type work.

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GUEST

So I think when you're a graduate, for me it's all about lifting. And actually I didn't want to specialize into anything at that point. I just wanted to learn as much as I could. And that's what I loved about rotating but rotating whilst being there long enough. So one of the things I liked about CBRE is you actually meant to do only two seats in two years, but because I did, we did two and a half years to merge two years together, I managed to get three seats in and for me that was the biggest thing was learning enough to start becoming useful, but also understand enough to move on to the next seat to

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GUEST

build on your knowledge. I really enjoyed valuation from the kind of theoretical kind of aspects, but I actually wanted to be in control and I think that's what kind of transpired. Or the only thing you can make recommendation as an advisor, whether it's solvency, valuation, all transactions, but ultimately don't make the decisions. And I think I was frustrated with, you know, people have got different reasons for making decisions or not.

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GUEST

And I think at a point I realize I'm not meant to be an advisor. I like taking responsibility for my actions. I don't have a problem making decisions and justifying my decisions, but I actually find it very frustrating when, you know, you do kind of giving advice to someone, to something else, even if they may have some really valid reasons for me, not people to see those reasons for doing something or not, which you're not always privy to, is it?

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GUEST

As a consultant was quite hard, and that's when I was like.

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HOST

Okay, so you got qualified and did you say a couple of extra years once you got qualified?

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GUEST

Yes, nearly five years at CBRE. Part of me, I had it in my head that to move client salary to where you have a lot more responsibility. I needed to be more senior. And then it came to a stage where I just felt like I'd learn everything I could about a state without becoming a specialist central London retail leasing agents.

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GUEST

And actually, I was much more interested in value creation. And I kind of realized the investment piece, the writing, the business plan and putting in practice was kind of why I wanted to be involved. So I thought, let's round up my skills with a bit of investment, as trying to move it. Tell me it is very difficult at the time.

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GUEST

As you can imagine, a big organization like CBRE has got so many people in so many places, and it's just difficult to move around. And I think I got to stages said, okay, maybe it is one to go and see what's out there and when to see a recruiter. You hold your job and, you know, you started interviewing client side what on contact roles.

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GUEST

Really interesting process when you're trying to figure out where you wanted to move. And I think my background meant people were pushing me towards asset management, although also interviewed for a role saying, well, actually, you leasing people don't know anything about asset management as well. Yeah, but I do do you know valuation as well and have to review.

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GUEST

So actually when you combine it all together it is basically asset management. And yeah, this is when you see some of the barriers. If people say no, no I haven't done that specifically, I can't recruit you. Rather than recruiting individuals based on their qualities, merits and ability to learn.

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HOST

Yeah, it's really interesting that because also your point earlier about in your mind you thought the more senior I get, the more experience I get that's going to help me make the move over when sometimes that's counter-intuitive is other people were saying, well, if we're going to take someone from the advisory side and bring them up to the principal.

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HOST

So I actually look at my team dynamic and experience level, I'd rather take someone who's just qualified, who's got that like hunger and drive, and then I can mold them and I can pay them whatever I need to pay them, rather than, yeah, throw the kilter in my in my team. So it's an interesting kind of like mindset shift as well.

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GUEST

Yeah, absolutely. And will then build on later on to you know, how we got to know each other bit. I was there particular for our business now, but that's on me. You know, we've learned over the years does impact how you react later on in life? I think so, yeah. No, I interviewed a couple places. I mean, I was honest with CBRE because we had I think she was one of our clients where a lot of person had moved and they're about to send me on a trip.

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GUEST

And I was like, look, guys, I got to be honest with you. I want to move. I don't want you to lose the client. I think if I'm, you know, the next person to be on their account leaving again, I don't think it's going to go down well. So perhaps pull me out of this. And they appreciated my honesty.

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GUEST

And yeah, I ended up having to decide between small firms and big firms. And I think what I learned from CBRE is you're very much a cog in a big machine, and your ability to influence things is difficult. Yes, there's lots of sub teams, but actually, if you want to work as a, you know, bigger collaboration between different teams, it's quite it can be quite tricky.

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GUEST

And I've just from that and the fact that my dad was a serial entrepreneurs who owned kind of started up businesses and sold them. I just always thought actually working for a small business is what I want, but it felt like a big decision. You know, I've lost my job as a 21 year old. I was 26 and I was trying to talk to.

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GUEST

Do I take the job in hindsight? But it was, you know, I was with my long term partner at the time with no risk, no family. No mortgage. Frankly, it was not a risk at all. But at the time, it felt like the biggest decision to me and going really well with the team at quadrant and decided why not let let's go to that.

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GUEST

They offered me a role in the retail team, which wasn't defined as anything specific, whether it was asset management or investment. I was the 10th person in the business, says 2014, and I like that. I like that small business, but with a track record as well. So they'd done some great deals. They were about to, exit three deals in the city, with the bluechip names such as, you know, Blackrock cabal.

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GUEST

All right, City of London as partners. So did very well, as well as being a a new joint venture with KKR. All buying retail warehouse. And that's, why join is great to help on that side both on on the asset management as well as on the the investment side. And I learned a huge amount that he founding partners are, you know, expert of what they do.

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GUEST

Christopher Daniel and Treasury and my earlier part of my career. I work closely with Christopher Daniel. And really start to understand what it means to become onside, but more specifically, what it means to be an operating partner.

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HOST

Yeah. In a small business where there's nowhere to hide. Right.

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GUEST

Exactly.

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HOST

So did you have as well as we were you naturally, you know, from an underwriting and modeling perspective, were you actually quite gifted on that side or were you having to kind of go on courses outside of your day job or. Yeah, we kind of trained on the job there when you joined the business.

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GUEST

So ally, joined to help both side. So I actually got gave it a modeling test. I knew and, you know, testing. You kind of bled from speaking to her as well. If you're thinking of going into asset management slash investment, you really need to get your modeling up to scratch. So I spent quite a few weekends kind of going over building Excel models.

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GUEST

As I said to my, my partners, the creative property as well. So I spent a lot of time with them kind of going through models. Even if you've done valuation, then you've done cash base. Actually building yourself is different to just relying on a template, which is what a lot of agents do. And yeah, I spoke of an EF modeling test, a quitter, which I passed.

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GUEST

But then I go to this past week and I go, given the model which was built by, that kind of head of transaction at the time, and, it could not understand how it worked at all. And I spent the first two years like I've only ever saw myself. I've already said I can do something that I can't do.

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GUEST

And I actually spent a couple of weekends just going for every sell, trying to really understand it, and quickly got my head around. I was like, okay, you just feeling a bit overwhelmed. So much to learn, but actually you've got this, you can do this and quickly had to use the model and, and you know, was underwriting things, you know, learned on the job a lot of it.

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GUEST

And the modeling part is one side. The other side of it is understanding what you put in that model. And I've written works and kind of analysis. We only do the term of garbage in, garbage out, but it really is that, you know, you put in some options that are ridiculous and you'll get ridiculous returns. Whether you can then convince an investor to back you up on that or not is something else.

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GUEST

And that was the baby. The second bit of it was learning. I didn't know much about the retail warehouse market. I did mostly then to learn that luxury buy and kind of retailer went up to that stage. And the retail warehouse market is it's slightly different, although it still is about tenant mix, it still is about affordability read into turnover ratios and footfall.

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GUEST

So it's kind of taking my knowledge from my years of CBRE and applying that to a slightly different sector with.

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HOST

Different different.

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GUEST

Tenants, with different tenants. Absolutely. Although there's been over the last years call of crossover, not not so much in the adoption market, but in the mid to mass market where there's been a lot of brands, if they've historically been present on the high street, started moving to retail warehouse. And, you know, we truly I this time I didn't really know what I was walking into.

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GUEST

But actually with all the structural changes we've had, I truly believe that retail warehouses is the most resilient of the retail sectors and the best place to capitalize on, on what's happened with e-commerce and the kind of the interaction between in-store and online. You know, it's an amazing sector for the way the units are configured. You know, you pull in big box, easy to compartmentalize, easy to change size if you need to, with big shields at the back and deliveries.

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GUEST

Mezzanine space is a thin stool by tens of free to, you know and generally incredibly well located just off main arterial roads. So from a kind of last mile delivery, it's it's great locations and as well as for click and collect, you know, a lot of people order things online because they find it frustrating going into the store and not finding what they've seen online that they wanted.

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GUEST

But a lot of people will just set my sizes, for example, in the fashion world and rather than having to then go to the post office and post it back, being able to give back and store is is amazing. To try it at stores and to send it back there and then maybe buy an accessorize to go with it.

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GUEST

So yeah, it's an amazing sector how well it's integrated and with the, online space. And we've seen that really through the pandemic, it was the most resilient sector, by the way.

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HOST

Interesting. So you brought on initially with the KKR kind of out of town retail kind of mandate. What was the what's kind of the business plan or the view? Is it kind of like a typical three, three, five year business plan, or was it a little bit longer in terms of, yeah, amassing a portfolio and then selling it?

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GUEST

Yeah. So the idea was always to buy more than one asset and try and get a bit of scale. They'd always been kind of five year minimum business plans. So we when I joined team, I just they bought a portfolio of three assets called Tuscany, the Tuscany portfolio. And then we were in the process of buying the last phase of for junction nine Gallagher Main Retail Park.

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GUEST

And then within 3 or 4 months, we bought another asset in Glasgow as well, which actually was more of a high street, lot less shopping centers, but with key tenants, known to us. So Prime up to Optic Max and so on. And I actually went on to look after the assets. And so not only was I involved in the transaction from day one, but I then got to asset management, do a bit of development as well on it, which was great from a learning perspective.

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GUEST

So yeah, the attention was to do a sizable portfolio. We were KKR best European partner and you know, it was a learning curve for for them and for us in terms of every time you work with new partner, you go understand what they really care about. To work with private equity houses, you need to be incredibly detailed and look at the data in every possible way and look at all sorts of scenarios.

00:24:26:25 - 00:24:43:16

GUEST

So you have to be very disciplined in your approach to to assets and to writing, which again, was fantastic to learn. And I think it's very much the way portrait operates now. It's all about the detail. It's all about looking at things in various ways and in my writing book, the upside and the downside. So you know what you're stepping into.

00:24:43:16 - 00:25:09:04

GUEST

So yeah, so we build, out of the retail retail warehouse portfolio with KKR between 2016 and 2018, maybe one. We sold even 1 in 2015, and it did pretty well. Unfortunately, we didn't end up buying more with Cowen because the structural changes in retail were happening faster and faster. Particularly in the US at that time, they were still basing a lot of their decisions out of it.

00:25:09:06 - 00:25:33:05

GUEST

A US ESI committee, who just just couldn't get a head from retail, even if it's very different in the UK because of planning regulations, there's a restriction on supply which doesn't exist really in the US where seniors, you know, animal opens up the the one next door becomes, the select and everyone leaves and we don't quite have that in, in the UK.

00:25:33:08 - 00:25:34:25

GUEST

I'll get some you know, on retail warehouse.

00:25:35:02 - 00:25:52:27

HOST

So you worked on that kind of project. Were you working on other projects at the same time, or was it just the kind of the retail warehousing was you kind of main principle focus from a transaction underwriting, asset management, development spokesman. Is that where you kind of really cut your teeth on being a principal of what it takes to work as an operating partner, reporting into a US PE show?

00:25:53:04 - 00:26:19:14

GUEST

Yeah, until 2019, my focus was solely retail, retail, warehouse, and it's absolutely where I learned the trade and the best way to learn are being thrown in the deep end and doing a bit of everything. If you want to be great investment, you really need to understand the fundamentals. Then that's occupational demand. Ultimately, you know, you buy something on the basis you're going to get an income return, and the income return is derived from from your tenants, your occupiers.

00:26:19:17 - 00:26:36:04

GUEST

So truly understanding, the occupier that needs that requirements, as well as the mechanics of leases, rent, reviews, all that technical side of it is really important to, to underwriting. Well, to. Yeah, that's where that's what I learned.

00:26:36:11 - 00:26:48:14

HOST

So what are the key fundamentals that you look for from a credit worthiness perspective of a tenant. So assessing a tenant A versus tenant B how do you understand that and work that one out.

00:26:48:20 - 00:27:08:00

GUEST

Yeah. So I think looking at an investment in general, whatever the sector, I kind of look at that. The net income and likelihood of the, the ten paid to the credit worthiness of the tenant and therefore, you know, how much are you ready to pay for that income for the sessions you're backing income in the future? I think with retail it's a bit different because it's about creating places.

00:27:08:00 - 00:27:31:28

GUEST

So it's about placemaking and it's also with retailers. It's specifically it's all from an asset management point of view. All of the evidence that you create, it creates it on the park. So you've got to really understand who all your tenants. Yes. The financial background, how likely are they to still be here. And if you start at a number of tie and we've had two offers from similar retailers, but actually we know that one has got a long history.

00:27:31:28 - 00:27:51:03

GUEST

We know they work, we can and they, they don't have that much debt. And then there's one new business with lots of debt, much more aggressive on rent. And we sometimes pick the no, the no rent tenant just because the we know the business is more likely to be their long term stay with retail. I think you've got to look at things slightly differently, and then you've got to be aware of the evidence you're creating.

00:27:51:03 - 00:28:05:01

GUEST

So doing one, do at a the rents may mean that then you struggle to maintain the tone of the park. So you look at it slightly differently in retail. And I think retail is actually quite complicated sector. So she can do retail. You can generally work across other sectors as well.

00:28:05:02 - 00:28:13:09

HOST

You mentioned tone on the part, someone listening who might not have heard that that expression before. Can you just explain what tone on the park means and why it's important?

00:28:13:12 - 00:28:39:12

GUEST

Yeah, absolutely. So, the landlord and tenant relationship is guided by the 1954 act, which gives tenants protection. So at the end of the new tenant has got the right to renew. And often during a ten year list, you

have five year rent. The view under that is you, the tenant and an adult will argue where the rent should be, and it's up to you based it on comparable evidence of other deals done.

00:28:39:14 - 00:29:07:25

GUEST

When you've got retail parks, you often use the evidence you've created on your in park. So the rental tone that you've but shift on your previous letting you just meant to do for the size of the units for the configuration of the unit. It's relatively technical, but the general principle of asset management, I suppose, is making sure you put the right Brad isn't going to drive, but also move on with the rent to create a longer term rental profile with growth in it.

00:29:07:25 - 00:29:30:26

HOST

So there's lots of different pieces to the jigsaw from selecting the right tenant. To create a destination. And you're prepared to take maybe a potential hit on the rental income from that tenant, because that tenant will maybe draw in other tenants that will create, an overall destination and collective. But you need to be super mindful in terms of like setting a particular rent level, because it could have a material impact on how you how you rent the other units.

00:29:30:26 - 00:29:34:09

HOST

But also the overall capital value of that investment. If you're looking to add to the.

00:29:34:09 - 00:29:40:01

GUEST

Absurdity, it's that constantly balancing the the tenant mix with the rental profiles.

00:29:40:03 - 00:29:59:23

HOST

So quadrant isn't just an out of town and leisure specialist. It's got a long track record in the office space. In terms of you and your move, can you just tell me a little bit more about how you might be positioned and moved into the office part of the business? And yeah, give me a bit of an overview of the kind of the deals that you can store up, done and have done on that side.

00:29:59:28 - 00:30:22:25

GUEST

Yeah, absolutely. So and as I said, that June Quadrant in 2014, from 2014 to early 2019, I did just retail. So, as we've discussed, KKR was one of our biggest investors, but we also did a number, transaction with other types of capital, some of call plus capital, such as Ashby Capital, with whom we bought three assets between 2015 and 2019.

00:30:22:28 - 00:30:41:21

GUEST

And we still managed the retail parks for actually, as well as being appointed as assistant manager by a number of other, investment partners such as Tristram Capital Markets. And so I've kind of worked on that side of the business, but I started focusing more and more on the investment side. The transaction cited both in terms of the investment analysis.

00:30:41:21 - 00:31:00:23

GUEST

So when you first get details of a potential deal, try and see quickly whether it could work or not. As well as then, the real detail of the transaction once you've got an asset to deal for and that covers, obviously working with our business partners to make sure all, all the due diligence is done from the property to the corporate due diligence.

00:31:00:23 - 00:31:21:08

GUEST

We do quite of corporate transactions. We've also bought a few distressed assets with this big debt in the mix to structuring how we're going to hold these assets or change anything in the companies that we're borrowing and then putting debt on as well, a little bit of structure and moving forward to, to manage it both in terms of if it's offshore manages as well, is, the asset managers at quadrant.

00:31:21:08 - 00:31:51:11

GUEST

And so really being involved in transaction promoter that legal accounting property kind of aspects. And from that 2019 we had two assets that would be tracking for many years to start making life. And I've had transaction move. So I kind of moved into that role considering both retail and office transactions. And as we grew, we've actually got, my team, which is the, transaction analysis team, whereby we are involved in buying the projects, but then also monitoring the performance throughout.

00:31:51:11 - 00:31:56:18

GUEST

And it kind of sits between the the retail asset managers and the office development tasks.

00:31:56:21 - 00:32:12:11

HOST

Before we come on to the kind of couple of amazing schemes that you've bought from an office perspective. So you mentioned structuring. Can you just elaborate on that a little bit further? Because some people think you buy a property for £50 million, spend 20 on it, and then end up selling for 150 million pounds, and everyone's happy to make a return.

00:32:12:11 - 00:32:15:24

HOST

But what is structuring and what is structuring? Why is it important?

00:32:15:28 - 00:32:37:27

GUEST

Yeah, so because we were buying property, as I said, to make a return. And whether it's a capital return from refurbishing a building and then selling it, you know, for debt to good tenants or whether it's managing an existing building and improving the income supplement, a drawing asset. In both cases, there's a number of costs that come off that income and they impact the returns.

00:32:37:28 - 00:33:08:03

GUEST

And structuring is about, minimizing those cost as much as possible, particularly around the taxation. Add around administrative cost, depending on where the assets are in terms of different jurisdictions around the world. So a lot of assets will be UK, some will be Jersey or LAX. And, and then where your investors money comes from, you will have different dual tax, pretty different ways of mitigating tax, different regimes.

00:33:08:03 - 00:33:29:24

GUEST

So it is it's very, very technical but will always rely on accounting to help you out, no matter how much of an expert you are. And all the big houses have got their own accountants and has to, they will still rely on external accountants because it's changing constantly. So average neutral action. And nearly every year on all projects you kind of have to be up there being any new legislation which could impact us.

00:33:29:24 - 00:33:48:18

GUEST

And the main ones really that changed in the last few years is surrounding nonresident landlords. So a lot

of, structuring was done by Jersey and Luxembourg historically, because there was tax benefits. You know, if you will accompany, you wouldn't be paying stamp duty and then you could sell that company onwards not getting any capital gains tax.

00:33:48:21 - 00:34:09:06

GUEST

This has been kind of semi cut now. It's not possible anymore. But it does mean that's something that was giving you maybe a an 18% are all now 20% of your profits if you're paying, capital gains at the corporation tax rate, which is when I think for landlords to understand what special tax agreements exist, losing a lot of your profit, 25% go on.

00:34:09:09 - 00:34:18:27

GUEST

So being aware of all of that from day one. So you can make sure that your assumptions include the right tax assumption and the right structure that is the most efficient is very important.

00:34:18:28 - 00:34:31:09

HOST

Interesting I guess you know, people can talk for days about different structuring the ways of doing it, but talk to me about the the office schemes that that you have 30 South colonnade and and the other one down in nine outs.

00:34:31:12 - 00:34:49:09

GUEST

Yeah. So that's the first transaction we did when I kind of started looking in offices in 2019, was 30 staff could at aid. And that was an interesting structure. It was an asset owned by a Chinese company called H. And A. They wanted to stay involved a little bit, and we ended up structuring deal whereby they were signed into pot.

00:34:49:10 - 00:35:08:25

GUEST

Knowing the background up means they could get a bit of a slice of the upside. And we paid probably a low price at entry. It's a fantastic project. It's I would say that, of course, but the best building in Canary Wharf, when you get out of the Jubilee line and you bring up those people which is building that had the ticker tape on it, they have been bought it company, we restructured it.

00:35:08:25 - 00:35:31:26

GUEST

There was a lot of, different property companies involved. So it's about making it as long as possible so that in the future someone can understand quite quickly the structure and, you know, reduce their legal costs will be counting cost less companies are involved. The easier it is for everyone to look at it into utilities. And it was a 300,000ft² whereby we've added at 100,000ft², going up three floors.

00:35:32:02 - 00:35:52:24

GUEST

It's we wouldn't necessary good care of generally because it's controlled by the Canary Wharf group. But if you can have the best building, create a product a slightly different than what it's known for. We thought it was an it was an interesting position at much lower rents that what is available in the city. So with Beagle I architect we were designing the building is absolutely stunning.

00:35:52:27 - 00:36:18:18

GUEST

But it's now called when will I that due to the the arches that we've created back at the bottom in the top of the building, we strive for the best in class amenities and the best in class ESG performance. And that's reflected in fact, they will be outstanding. Epica. Well, platinum ready, building and but at actually, you

know, a much reduced rent to what you would have to pay in the city.

00:36:18:22 - 00:36:31:04

HOST
Interesting. And you haven't knocked the whole building down. It's a building, using a terminology like with good bones. Is that right? So can you just expand on how you've gone about redeveloping it, but also minimizing your carbon footprint?

00:36:31:07 - 00:36:54:01

GUEST
Assignees. I mean, we're very mindful of its. And off the Canary Wharf buildings I've got very good structures. And looking at it, it had some good ceiling heights. The fundamentally and it had some good floor plates, although we didn't like what the core was the key to it. So that's kind of cool. Group both is, is the structure the physical structure of the building good enough to reuse all you need to knock it down and start again?

00:36:54:05 - 00:37:17:28

GUEST
Sometimes it's cheaper to knock it down. It's tough to get, in the space. We have to reinforce an awful lot of the structure, to be able to add more weight and move the core. But from a carbon perspective, it made complete sense to keep that structure rather than take everything out and rebuild it to everything steel, a concrete and have all of that, you know, cost to the environment as opposed to disposing of the waste and and using more resources.

00:37:18:00 - 00:37:43:03

GUEST
So absolutely reuse the frame. We've got amazing floor to ceiling. I'd on the first second thoughts because they were trading floors, that we've got good sitting out on the other floors and then the top floors, which are brand new. Also, incredible ceiling heights with incredible views because it portal to Platts there. So you've got so much natural light coming in and and it's quite unusual I suppose in kind of the tall building areas to go to so much natural light and views over the docks as well.

00:37:43:03 - 00:38:05:15

HOST
Yeah. It's an amazing building. And you're right, it's got prime location as soon as you come out of the tube. And I guess the, Elizabeth line, you know, opens it up, and makes it way more accessible. So, yeah, when I, whenever I venture down into Canary Wharf, I'm always amazed at the progress on site. And I'm excited to see the finished article told you about your nine though your Nine Elms development and that project and why that that's interesting.

00:38:05:15 - 00:38:11:01

HOST
And also from a location as well, because it's not a kind of typical central London west end of city place.

00:38:11:01 - 00:38:28:26

GUEST
Absolutely nothing to to the point you just made is absolutely the one of the main reasons was by my Canary Wharf building was, that the opening of Crossrail is for us, it's all about infrastructure play. So without changing slightly an awful lot, the work is being done by Carroll with and creating more of a mixed use community with residential, retail.

00:38:28:26 - 00:38:48:23

GUEST
So a lot of the amenities are there, but the transport is super important. And actually from offices opposite Selfridges to Canary Wharf, if there's a tree there, we can be there for 15 minutes. It's just incredible. No

one else. Kind of a similar play in terms of infrastructure. And having a big enough table next to you, doing an awful lot of work to improve the area.

00:38:48:23 - 00:39:09:16

GUEST

So, Battersea Power Station obviously is now. Well, the power station itself is now you can have two phase one, being open for quite a few years now. It's absolutely incredible. Provides amazing amenities in terms of the restaurants, the retail there is pretty incredible. But more importantly, the there would be it has meant that the northern line extension has finally happened.

00:39:09:18 - 00:39:32:07

GUEST

And again, it's not very quick, not to start small today, to get there and for us to get as a need for structure meant new location becoming much more accessible and interesting. And then there is a mixed use community will, you know, with breeding and lovely having offices in mixed use areas. The whole idea of the ten minute city where you can do everything from one location, you can live on site, you could walk to work if you needed to.

00:39:32:07 - 00:39:49:04

GUEST

You can walk to a restaurant at lunchtime. All of these things a a really interesting and a mix. It really for me is point of view dates. Eating is being part of a community, which will be, literally logged. And again, that we had that on the site quite a few years ago. It was part of the will.

00:39:49:04 - 00:40:05:28

GUEST

There was masterplan, it was due to be a residential building and we said to them, well, look, it's got such a great location. It's opposite the entrance to the tube station. We think it should be an office. And then, what we've been where to go planning it. We were one of a handful of parties to look at it, and we loved it because we believed in location so much.

00:40:06:00 - 00:40:29:14

GUEST

We ended up buying this with encode as at the time, as a management corporation. Following sustainability is really important. So once again, we kind of redesign the building, slightly managed to add a floor and create this really cool space with balconies on the floor, and lots of greenery around. There's a new, media park being created, which will link Vauxhall to the back seat power station and right on the edge of it.

00:40:29:16 - 00:40:47:29

GUEST

So you've got that on your doorstep as a worker, which is incredible. And creating a brand really? Well, you know, to get associated with, with the best, best in class features of windows that you can open to to get some fresh air. The reception opens up in the summer, so you can create that kind of Piazza al alfresco kind of vibe to it.

00:40:47:29 - 00:41:12:14

GUEST

And again, it will be a very, outstanding and Epica building. And with Apple taking five 50,000ft² at the power station, it feels to us there will be a lot of associated companies working with Apple, whether it's tech, whether it's, you know, lots in that businesses actually located down. If you look at, the companies that are in the Embassy Garden building and you've got recruiters, you've got publishers.

00:41:12:14 - 00:41:26:11

GUEST

So people who like to be close to the sector that don't necessarily need to be in the West, in the city, paying, you know, 80 pounds plus for the basic class building. They can afford to get a much lower rent for best of class building just on the edge and still very accessible.

00:41:26:11 - 00:41:49:03

HOST

Initially we spoke about to see like retail tenant mix and placemaking and curation earlier. Is it the same sort of thing when you come up when it comes to like office development and acquiring, office assets in terms of the makeup of the occupiers or tech clusters or creative clusters or, or is it too early to say what kind of cluster or space that C in that area will want to attract, occupier wise?

00:41:49:06 - 00:42:11:18

GUEST

Yes. It's this a really interesting question. And I suppose that's where the market has changed. Historically it was very clear if you were a legal firm or in Midtown, if you were an E media firm, you have your word. So if you're a flooded suburb, you were in the city or Canary Wharf. I think what happened over time is, with the lack of stock of bank coin stock, there's lots of stock out there.

00:42:11:18 - 00:42:32:06

GUEST

Vacancies had to be high at the moment, but there's a lot of grade B stuff, which is just not really what occupies world. And particularly, since Covid, it's been much more about the building itself. And there were accessible the building it is then particularly, you know, did the exact same markets right now don't get me wrong, they are still perfectly lovely in the city, but it's become a bit more fluid.

00:42:32:06 - 00:42:51:22

GUEST

And it's seen that before Covid anyway, with lots of new submarkets, it's just Kings Cross. A reference Paddington as well. So we're kind of seeing new some markets coming up. We're processing. Well actually it's not that far I think is that right next to the tube station or the train station? It doesn't really matter if it's really the west end of it's two stops away.

00:42:51:24 - 00:43:06:24

GUEST

And that's kind of what we were thinking about, about Nine Elms at Carroll. In terms of the mix itself. Yes. You look at the likes of Silicon Valley and of course, you know, where some of the big tech brands moved. All the tech brands wanted to be depicted next to each other, I think is a bit more fragmented here.

00:43:06:24 - 00:43:22:05

GUEST

Obviously, it's a lot in Kings Cross with Google, Facebook, Apple. They've got an office in the city and then they've got this or this and who knows where it will end up. But it's great to have such an anchor. You know, it's really a microcosm of firms working together, which is we've ended up with kind of a cluster.

00:43:22:05 - 00:43:45:01

GUEST

But it doesn't preclude other type of, companies from joining from our point of view is that as an idea, we look at the community and the amenities more than the index of the office occupies as such. And that's because, again, to get back to get stuff back to the office, you've got to have the best space, but you've got to have the best amenity in the building and around Euston.

00:43:45:01 - 00:44:02:11

GUEST

Obvious things are end of trip facilities and that's what media is. A lot of people have picked up cycling

during Covid. They want to be able to get to the office, have a wall tall, ready, warm. Powell ready for them, safe bike parking to really get shot. What is they able to say? Okay. Don't mind. The floor is cycling into work.

00:44:02:11 - 00:44:19:29

GUEST

I'm getting shade. I'm out of this in two seconds. It's all super easy. Other things, you know, we're looking at we're part of a the royal master race. So I've got a couple of buildings that go a lot of communities for their people. Can we do deals together? Can we make flats available? If you've got people flying from the US, can we make some of the dining rooms available?

00:44:19:29 - 00:44:37:07

GUEST

If you want to host a board meeting, as well as within our own building, have a of tin roof terraces on the top with pods of small amount of space that you could book for a board meeting, a lunch with investors, a event for your style. So I think all of these things have become really, really important.

00:44:37:07 - 00:44:53:07

GUEST

And it's really important to keep in touch what the market wants and buildings that are seen as best in class. Three years ago, which had a excellent and I need CPD rating, are not seen as best in class anymore. You've got to get to the next level and it's yes, it's the ratings elements of the bridge outstanding. Impeccable.

00:44:53:07 - 00:45:02:27

GUEST

But also all of the amenities that you can offer to make your tenants and their works that work halls feel fuzzy and happy to be, you know, warm and happy to be at work.

00:45:02:27 - 00:45:26:24

HOST

It's really interesting, like the role of community and probably the advancement of collaboration with other landlords or potentially competitors or people kind of genuinely placemaking so has a net positive effect. I also think it's really interesting from a, from a talent perspective, certainly as a recruiter at the companies and occupiers go to these vast links because it's all about people and it's about traction, retention and making them happy and enabling them to do their best work.

00:45:26:24 - 00:45:42:24

HOST

And I think historically, and correct me if I'm wrong, the second biggest cost on a of a business after the cost base of its people is normally its office. So if you're going to be in a great B office in the West End, and I don't know if it's a pounds 2 pound per square foot or a similar cost.

00:45:42:24 - 00:45:57:02

HOST

But like you said, if you can kind of go to a submarket, a couple of tube stops away, but have a best in class, awesome business in the heart community, it's almost a bit of a no brainer, specially if you're a service business and you don't actually provide a product that people can fall in love with.

00:45:57:04 - 00:46:17:27

GUEST

Absolutely. That being that that's our our thesis. And as the lack of stock, you know, there's not many departments in the West End. A lot of them operate at, say, this. You know, if you want a significant amount of space, there's not many options for you in the West End. There's a bit more coming in the city. Will there get a little bit spread out and a lot of things potentially on hold.

00:46:17:27 - 00:46:35:16

GUEST

So the future pipeline looks good, but actually the costs at the moment have gone so high that it doesn't necessarily stack up to redevelop a building. And by cost I mean both your financing cost. But, you know, your, holding to cost, which is taxation, as we talked about an administrative cost and as well as the construction cost.

00:46:35:16 - 00:46:57:00

GUEST

Susie, as we all know, between the impact of Brexit as opposed on on workforce availability and tyrell's, as well as the war in Ukraine and general kovit post-Covid supply chain issues means it is, you know, that a lot of people are having to think really hard about whether to develop sites or not. So there's a lot of it's on hold up the might of of people waiting to see whether they press the button or not.

00:46:57:05 - 00:47:09:27

HOST

Talk to me about LTP relationships. And I guess trying to do more than one project with a particular LP. But also, are you seeing more LPs come to the market and maybe somebody doesn't know what an LP is? Can you just tell us what an LP is as well?

00:47:09:28 - 00:47:29:29

GUEST

Yes. Do do we talk about should you be an LP then meet the open sell admitted partners? We actually deal the most need with. Well historically we've dealt with GB so a lot of a lot of the private equity firms deal with the LP directly so they could fundraise and they get a partners with limited liability to come and say, I would like beats per agency real estate.

00:47:29:29 - 00:47:46:14

GUEST

I will give you X amount of money to invest. And what we have seen, is a trend for all of those investors. Come, we need to come and speak to us. And we've not told Derek that when he deals directly with that. But a lot of people have approached us saying, look, we were invested in felt of you, you know, someone who worked for it in the past.

00:47:46:14 - 00:48:04:06

GUEST

We could do something with us directly. And that's because I think people want more control. Oh, sorry. They're saying they want more control. And what's this directly to to what's happening on the ground. So, you know, I think for us is more talking about investors generally in relationship with investors. And we post about ideal interest.

00:48:04:06 - 00:48:21:20

GUEST

And Geffen spend a lot of time with investors of all sorts and that's talking to them, understanding what the money markets are doing, what the capital markets are doing, what the interest is from different perspective. So from different parts of the world, what's happening in the US impacts quality, not how investors view the rest of the world often.

00:48:21:20 - 00:48:43:10

GUEST

But some of these investors have got their own views as well. You know, so many factors, which is why it's fascinating. But, you know, the interest rate exchange rates in various countries, policies, governmental policies in various countries, with its fiscal monetary unit has got a real impact on that decision making for investors. And you see flows of capital from different parts of the world at different

times.

00:48:43:10 - 00:49:09:27

GUEST

80 at I remember when I joined real estate, the Nordics were very, very big investors, particularly that Wall Street. There was lots of Swedish investors, and lots of Irish investors before that. So if you kind of have trends and depending on regulation waves of of investors from all over the world. So for us it's all about understanding that is relationships, understanding what people want and staying in contact with that often deals happen because you're in the right place at the right time.

00:49:09:27 - 00:49:23:01

GUEST

You know, if we all one of many partners and depending on what's going wrong and you might be pressurized or not, and no matter how great the deal is, it's got to have, it's got to go for it. I see who's got to be focused on on doing that transaction.

00:49:23:02 - 00:49:35:10

HOST

Talk to me about assembling a high performing team and a diverse, high performing team as well. So I know the last few years you've worked quite hard at that. Can you just expand on what you maybe look for in people and the qualities and the skill sets that that made people stand out?

00:49:35:10 - 00:49:58:07

GUEST

Yeah, so they said and they said at the beginning we were going to come on to how we we got to meet each other. And I guess when I started being involved in the management, which was from 2019 onwards, we were having conversations about who are investors were where they came from and what they wanted. And I think, as we say, more and more diverse investors, we also want it to be more diverse ourselves.

00:49:58:09 - 00:50:18:05

GUEST

I think you get better ideas with people coming from all sorts of backgrounds and different genders as well. And I think us being aware that, you know, until I joined. Yeah. So with it being middle class white men, that we really, realized we need to be, making more of an effort to recruit other people.

00:50:18:05 - 00:50:34:13

GUEST

And I think actually, just that change of mindset is what changed. And that changed, you know, change the brief that I gave, which was actually I want to see as very people as possible. I don't want to see your typical surveyor who's got into poverty because their parents were into property. I'd love to see people coming from different backgrounds.

00:50:34:13 - 00:50:58:07

GUEST

I think property's interesting, but we've got a slightly different perspective. Whether it's because they've got a financial background, more of an accounting background, more of a retail backgrounds. And from that, we've assembled a really fantastic team. We've got, I think, over half the offices of Foreign Origins and not born in the UK. I would include myself. That was the that which means for a very interesting cultural conversation in the office, but also from a half the the team is not a missus.

00:50:58:07 - 00:51:24:13

GUEST

Yes. So qualified to be which again means they see things slightly differently. And I think that aligns much more with what our investors are doing as well. So whether you're dealing with the private equity guys

and a lot of them or, Europeans or Americans, or even, you know, some of our partners, such as Imco Canadians, we've got a lot of, new partners from Asia that we do, work for in a kind of a MTM kind of basis.

00:51:24:15 - 00:51:44:28

GUEST

So, yeah, it would change the team, the time of people live recruit to this change as well. So rather than being people who trade a certain field and knew what they were doing just in that field, we've looked for, that people very eager to learn UN rights, who just want to devote both their kind of technical skills, their knowledge, as well as their professional network.

00:51:45:00 - 00:52:03:20

GUEST

And for us is really important. They trade business slightly to different. Every business got a slightly different culture. And it's actually much easier to integrate slightly, younger staff still got the basics, like functional narrowing, but, eager to learn and absorb and progress in their careers rather than people who've maybe worked in a certain type of organization.

00:52:03:20 - 00:52:14:29

GUEST

Do things in a certain way. When when you're small business, as you well know, all getting on is very important to know, having different opinions but concluding a way of moving forward that is cohesive.

00:52:15:00 - 00:52:24:21

HOST

Yeah. No mix makes complete sense. As we look ahead, what are what are the plans for 2023, 24 and 25 and beyond? And how do you see the market quadrant taking advantage of that?

00:52:24:24 - 00:52:48:10

GUEST

Yeah I'm sorry I think the all preferred route is always to source stock. But do feel visits planned and find the right partners for it. The difficulties probably be where the market is at the moment in terms of stock available to buying and the passing of that stock. So it's very difficult to make returns stack up, typically only off the side at the moment there is so much stock that is not fit for purpose that needs to be repurposed.

00:52:48:10 - 00:53:03:28

GUEST

We've got the skills to do it, but at the moment pricing hasn't come down enough to be able to afford to buy it for X, then Y. Yeah, make some money and sell it for Z. It needs to stock up and it just does it. And so I think there's a bit of of way to go. Still looking at lots of options would come close to a lot of things.

00:53:03:28 - 00:53:20:26

GUEST

We've got a broad degree strategy which is rather than wholesale redevelopment and refurbishment, which is what we've been known for is doing rolling refurb school. But no, we, we did quite a lot. This is more of an advisory role, actually. And a lot of people come to us, got some of those assets in this building that are coming.

00:53:21:02 - 00:53:42:00

GUEST

They're very known for 5 or 6 years. They've collected the brand. And actually it's coming 1 or 2 years ago. They come to the end of the pieces. They need to do something, but often they don't have the boots on the ground. They don't have the skills to do it. So they asking us for help. Often, creating new schemes, potentially adding more space or suddenly upgrading the spec to make them as close to best in

class buildings as you can.

00:53:42:00 - 00:54:02:00

GUEST

So I see us definitely, capturing that on the device management side, the asset management side as well, people in retail and offices, as I said, but quite a few mandates from people realizing retail has become so, you know, such soft sector, particularly retail, has such a niche sector where having the relationship with retail is really important.

00:54:02:02 - 00:54:18:08

GUEST

And understanding really ahead of time, what could happen to the assets to be proactive rather than reactive? And I think the reality is a lot of these people are too busy. They don't have the staff to look into detail. It's just one asset to be on top of everything ahead of time, and that can really make a difference on performance at the moment.

00:54:18:08 - 00:54:37:25

GUEST

So more of the same out of and more of the, the management of the we launched our repurposed build business a couple of years ago on the retail side, which was aiming to find, retail based sites that were not functioning as well as they could. We bought our first asset. Asset we, LaSalle Investment Management, a few years ago.

00:54:37:28 - 00:54:56:16

GUEST

And that's a Waitrose in Hershey where we, the kind of doing a mix skiing with some senior living. And from that more into the senior living sector, which again, is a considering the the aging population, the cost of housing in the UK and the housing shortage is a fascinating sector in which believe it and we'd love to do more of more of that.

00:54:56:16 - 00:54:57:10

GUEST

So I'd say.

00:54:57:11 - 00:55:12:15

HOST

An interesting time, but I guess lots going on and a great from a business perspective, working on these, these mandates to to make sure the business has got fee income and interesting projects in this current until the kind of the bid and ask price comes in when you can kind of do more, more investment deals and take advantage of that as well.

00:55:12:15 - 00:55:26:21

HOST

I'm couple couple more questions for you. Before before we tie up, what are the differences? Because I know at the start of this conversation we spoke about, you know, you entering the market in 2008 and, you know, the word recession is being bandied around over the last six months or so. Yeah, it's only for the conversations I'm having.

00:55:26:21 - 00:55:39:28

HOST

It's not as bad or it won't be as bad as maybe people thought it could be. But what do you think are the differences in the market between now and that time, and what do you think the skills that people need to have to be able to succeed right now?

00:55:40:02 - 00:56:01:05

GUEST

Yes, a very interesting question. And we've been talking about it, as you say, in the context of it's been a bit of a downturn. Is it a it could be a downturn. Is it going to be a long downturn? Obviously the GFC was very deep, relatively long. I think the difference the main difference, well, first one to make is I admit that of things and I'm one of the last people who is going for a downturn.

00:56:01:05 - 00:56:25:16

GUEST

So I think there's a lot of people who haven't seen downturns in the market, particularly at the ground. They've never experienced it and including what happens. And suddenly I think when there is a downturn, people start looking at the detail a lot more. I think. Is greed easy for assets for well and then carried by the markets, yields felt then and actually yes, you do a bit of asset management, but have you really looked under every stone and done the best you can on every single point.

00:56:25:16 - 00:56:48:12

GUEST

Well, you know, it's not really looked at until you get a bit more of a downturn. Suddenly people look at things much more forensically. So for me that that's the really interesting point. It of the market itself, biggest issue of 2008 was that the balance really, as we know, the unlocked of assets where we've been leveraged, as soon as things started to to either struggle a bit, everything unraveled.

00:56:48:15 - 00:57:08:05

GUEST

We don't have that issue this time for two reasons. One, the leaves are not what they were. And actually, it's not really an LTV issue this time. It's more, the, the issue of the covenants around the interest to rent ratio, interest worship. The second point is there's no liquidity crisis as such because there are so many more lenders in the market.

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

GUEST

So you get a certainty really relying on quote of the banks. But now that the variety of lenders is huge and we've got, you know, just looking at our lenders on assets, we've got traditional banks, we've got foreign banks, we've got debt funds, we have got, foreign entities. We've got pretty a range of lenders. And they didn't really if you were present, 2008, but not to the same scale.

00:57:29:00 - 00:57:46:12

GUEST

And a lot of people have raised debt bonds and already to, to, to to land. The problem is the, the gap in where someone might have bought the asset is funding that now or the fact that someone, you know, the lender doesn't want to put more more debt did and someone's got to fund that. But you gap and finance it.

00:57:46:12 - 00:58:04:16

GUEST

But it's not you know, it's not what it used to be. I think in terms of the market as a whole, because of of all the traditional sectors that are no longer dominant, I think there's a lot more operational real estate. So, you know, we're talking about senior living but obsolete student accommodation, hotels. All these sectors are breeding become institutional.

00:58:04:22 - 00:58:23:08

GUEST

And it's where a lot of people underweight at the moment. So a lot of people are looking to expand the new area. And obviously ESG is huge now, upon the funding, have pointed up sustainability as part of a school project down the fire. Was fascinated by it in 2092, you know, the crisis meant that students even at the bottom, you had a list.

00:58:23:11 - 00:58:30:17

GUEST

I don't think we'll have at this time because the the pressure both of shareholders as well as staff means that companies are having to deal.

00:58:30:19 - 00:58:31:13

HOST

And occupiers.

00:58:31:13 - 00:58:59:26

GUEST

And off price. Exactly. So I think from that, I think the stability will stay is here to stay. And I think there's real opportunity there to to understand what it actually means. And not we're not doing greenwashing without truly understanding what it means and what you can do, as well as the asset that a society kind of in pact with its partnership with a local school, such as we are looking to do that and, not else if we we can create a little cauldron of people going on to to educate some of the inner city school kids on growing vegetables.

00:59:00:00 - 00:59:09:25

HOST

Yeah, that that leads to quite interesting point because you you've been supported at the charity Reach Out for many years. I guess that pretty fits into that, that space. Can you just elaborate and tell me a little bit more about that?

00:59:10:01 - 00:59:29:09

GUEST

Yeah, absolutely. I think look, I think we all very fortunate as an industry that that most of us and decent wages don't are not. Yes, of course the cost of living crisis is impacting us all, but we're not having to choose between going to work and, you know, paying for transport, feeding ourselves. And I've been giving back is pretty simple.

00:59:29:09 - 00:59:53:20

GUEST

There's a lot of people struggling out there, and a lot of people are born again in circumstances that they can choose and don't need to have exposure to, to, you know, what could you do with your life and people who have gone on to, you know, set up their businesses and be very successful in our Feel quadrant, being a business that was set up by two founders and it's done very well, meant we wanted to give back by explaining, you know, getting kids to perhaps to come and see our offices, understand what we do.

00:59:53:22 - 01:00:11:23

GUEST

They they give you those opportunities out there to do something else that you might not have thought about. So Reach Out is a charity that does mentoring. It was started as an afterschool club and it's now absorbed into helping them with, you know, going to rest banks that used to get as well and, and kind of getting a job eventually as well.

01:00:11:23 - 01:00:27:05

GUEST

And we've a small that I think 6 or 7 years. And one of the things we do is actually, organize workshop in this corner Friday where all the kids come in and we make them go for an exercise of setting up a shop, show that shop to show you that we offices and they love it there. All the bit was that at the beginning.

01:00:27:05 - 01:00:41:25

GUEST

By the end they love it. And the best thing we've ever had is a kid come up and say that, that sounds fascinating. How do I get to this? And really trying to inspire and get back these is just so amazing. Is it the best fitting for us. And, you know, they're getting something out of it is amazing.

01:00:41:25 - 01:00:54:14

HOST

It's great also for getting people into real estate and seeing that as a, as a career option. Two a question I ask everyone on the podcast is, if I was to give you 500 million pounds of equity, who are the people? What property? In which place would you look to deploy that?

01:00:54:16 - 01:01:18:10

GUEST

Right, right. Obviously, I think we got a wonderful team. So, obviously gets it. Quadrant. But the trick that I think there's a lot of amazing people out there, and depending on the sector you want to invest in, you know, you, do your research on the best people and, and go with that like that. There's also some amazing big, big companies you get into, like the Blackstone, you know, all the pick up as, you know, what they're doing that global scale and they give you exposure to so many different sector.

01:01:18:10 - 01:01:40:21

GUEST

So I've quite as this discussion, put an all rounder quite balanced in that like a mix of sectors. Obviously I'm good about power in sectors. So retail for kind of the income aspect of it, super prime office development for the product you're creating, the long term capital value creation and rental growth. And I think as a new sector senior living, you know, the fundamentals are all there for that.

01:01:40:21 - 01:01:44:16

GUEST

It for the sector to to grow and become more and more important. So they do.

01:01:44:20 - 01:01:51:09

HOST

And location wise that's across the UK, London. And would you go further afield or to kind of keep it in those kind of markets.

01:01:51:09 - 01:02:04:22

GUEST

You know I think them can be thought about actually expanding to Europe. But the reality of it is you need to know your markets. And I think we can deal with the UK market. We've got, you know, the right question to ask me understand the legal system. We understand the the way to do business. We haven't got that Europe.

01:02:04:22 - 01:02:10:04

GUEST

So I think UK is where I would, I would stay because it's what I know when I can understand why I'm making a decision.

01:02:10:04 - 01:02:21:07

HOST

Vanessa, thank you so much for joining me on the podcast. I've really enjoyed hearing a little bit more about your story, what you and your business partners and colleagues at quadrant are doing, and you have a really positive impact on the market. So thank you for spending some time with me today.

01:02:21:07 - 01:02:29:05

GUEST

Thank you very much for having me.

01:02:29:07 - 01:02:49:10

HOST

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01:02:49:16 - 01:03:22:02

HOST

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01:03:22:05 - 01:03:24:28

HOST

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