00:00:00:05 - 00:00:31:12
HOST
Welcome to the People Property Place podcast. Today I'm delighted to say that we are joined by James Lass, Head of Operational Real Estate at Swiss Life Asset Managers. Suisse Life Asset Managers has more than 125 years experience as a real estate investment manager in Europe. In the UK, they provide three principal investment services to a broad investor base UK core funds, UK separate accounts and joint ventures, and UK value add strategies.

00:00:31:14 - 00:00:47:16
HOST
Prior to joining Swiss Life, James worked at Schroders as a fund manager responsible for the Schroder UK Real Estate Fund. He started his career at Allsop before moving to SourPls and like I said, I'm delighted that James is joining me on the podcast today, so welcome to the show.

00:00:47:18 - 00:00:49:16
GUEST
Thanks, Matt. Thanks for having me. Looking forward to it.

00:00:49:19 - 00:01:06:10
HOST
Not at all. Well, look, I'm really excited to to unpick your your background and career and, dive a little bit deeper into, how you see the market at the moment. Like I said, off mike, you're a hard man to try and pin and, do do a little bit of research on in terms of what you've been working on.

00:01:06:12 - 00:01:25:04
HOST
But I will do my best to try and pull it out of you and, and share some of those nuggets with, with everyone. But, where we start this podcast is, try to understand how and why you, you got into real estate because, certainly of the research that I did, you didn't didn't go straight into it.

00:01:25:04 - 00:01:26:05
HOST
You didn't study it straight.

00:01:26:05 - 00:02:05:20
GUEST
Off the bat. No, it didn't study. Did politics at university, after I left school. And so I had a passing interest in real estate, but I hadn't really joined the dots over that. And the prospect of it as a as a career. And it wasn't until, I got work experience, an internship in the summer holiday before my last year of my degree that the penny dropped, and I realized that, real estate as a career was, was a viable and fun, exciting option.

00:02:05:22 - 00:02:30:09
GUEST
And I'd seen some friends get similar work experience opportunities, and it looked like the right combination of being out and about and not completely deskbound that old thing about dealing with a tangible asset, and something that's integral to, to everyday life and an industry where you can be sociable and use people's skills. So a good mix.

00:02:30:11 - 00:02:43:15
GUEST
And that led me to doing the, the Masters at what it, what was city straight after university over to you as part time was was working.

00:02:43:17 - 00:02:50:16

HOST
So do you have any friends or family in property or where did what is kind of the a career in real estate into your psyche?

00:02:50:17 - 00:03:15:16
GUEST
Not really. I mean, there was some some family members in, in the industry, but not, not close family members that I'm in regular interaction with. So it was more through, as I say, seeing friends get get work experience them, enjoy what they were doing and looking exciting. And so following up and getting that, that experience myself.

00:03:15:16 - 00:03:17:08
GUEST
And then it sort of snowballed from there.

00:03:17:13 - 00:03:21:08
HOST
So did you, did you get the job is also you started?

00:03:21:10 - 00:03:44:23
GUEST
Well, I actually worked for a development, a startup development consultancy straight out of university where the, the owner of that business I'd met at my internship, he'd gone out on his his own, asked me to come along with him. It was a small team at the time. That business actually failed after a year, and then I moved on to all sorts.

00:03:44:23 - 00:03:54:20
GUEST
But for that year, in the first year, and also I was also doing the master's part time in the evenings to do the conversion to allow me to do the, the RCS qualification.

00:03:54:20 - 00:04:01:11
HOST
And you'd self-funded that or did you manage? Okay, fine. So quite a big kind of commitment to at that stage. Yeah. Already done a degree.

00:04:01:11 - 00:04:24:02
GUEST
Well I think I was definitely ready to get out and start working and so wanted to do real estate. It was almost by default that if you went into the industry at the time, you got the RCS qualification. I didn't want to do another full time year of study. And that was fine because city offered the opportunity to to get that conversion course qualification part time.

00:04:24:02 - 00:04:26:14
GUEST
So it worked really well for me.

00:04:26:16 - 00:04:37:21
HOST
So in terms of that, that first year, the kind of the business failed, but you got a little bit of experience in studying part time. How did all that come about and and what did your role look like there?

00:04:37:22 - 00:05:09:16
GUEST
It was through a connection that had met, working for this, the startup. So I was a development

consultancy. It was trying to do all kinds of stuff and advising developers through the planning process, through to actually developing our buildings and then more funky stuff like football stadia development. And one of the context I knew there was, I met that was very well connected within the industry and actually taught me the importance of having a sponsor.

00:05:09:18 - 00:05:32:03
GUEST
And as someone who you can who's experience within the industry, you can lean on for advice, but also he's well connected, that you can that can help you when, when it's needed. And that was very early in my, in my career. And absolutely anyone who's looking to get into to real estate, I mean, we all know the power of of networking.

00:05:32:03 - 00:05:42:21
GUEST
But early on in my career, I've had the benefit of having someone who effectively sponsor me put an arm around me and, and helped me out. And it's hugely beneficial.

00:05:42:24 - 00:05:47:23
HOST
And kind of what helped you break down or understand the different areas and different routes within property and where you're offering to go.

00:05:47:24 - 00:06:00:20
GUEST
But more, yes, but more had connections into the various surveying practices that when I was looking for a job on a graduate scheme, effectively a year into my my training could help me get in front of those people.

00:06:00:22 - 00:06:03:12
HOST
So you got in front of also up to you get in front of any other shop.

00:06:03:12 - 00:06:38:07
GUEST
So I saw 2 or 3, I was actually applying outside of the, the normal graduate application process. So, the, all the surveying practices had had made their choices for, for that for that year. But it was UPS was, I actually knew a couple people that use UPS, already. And so got in front of the, the head of graduate recruitment there and hit it off and, just got got an offer which I snapped up.

00:06:38:09 - 00:06:55:23
HOST
So you straight into the investment team because you had, as you said, you're off of rotation or will you, you know, sometimes that happens. You just get kind of siloed in a team where they need additional capacity. And then there's a there's a conduit kind of lend you to the valuation team just to kind of take that off with with your letters, or was it very much a rotational project?

00:06:55:23 - 00:07:36:11
GUEST
It was very much a rotational program. But because I was joining, and so in the middle of the year, I did exactly that got put when they, when they needed me. So my first six months was in the residential auctions team, which was awesome. That phenomenal, team ethos, which is needed to pull the whole auction process together, obviously it was still done physically, back in the day, but I remember my first day I walked in, I was handed keys to a Renault Clio and, and a road atlas and a load of addresses and, told that I have to come back in a week with a load of photos, and,

00:07:36:13 - 00:07:54:06
GUEST
I had to go and inspect properties in places around the country I'd never heard of before. So in terms of broadening my horizons and giving me a grounding in, in the UK real estate market in different areas of it, it was that a very good and very quick learning curve.

00:07:54:08 - 00:07:59:01
HOST
Where else did you rotate and, and, and did you kind of find your niche? After a few different rotations.

00:07:59:01 - 00:08:13:15
GUEST
I went straight from there to investment. And apart from doing a few months in valuation, which you needed to do to to get that box ticked and to obviously learn the skills required, I, I spent the rest of the time in investment until I qualified.

00:08:13:17 - 00:08:24:13
HOST
And and then having qualified, stayed in investment. Yep. And what was that kind of national commercial investment where you focused on offices, industrial. It was probably at the time the major asset classes.

00:08:24:18 - 00:09:11:13
GUEST
Completely cross-sector, it was UPS had both the national and central London investment team. And I was split broadly between the two in terms of how my time was was spent. So again, getting experience of all different sectors, all different markets around the, the country from a geographical perspective. And I was there a year post qualified and I was definitely leaning towards more central London theme, probably enjoying that side of the the work more and had an opportunity to move to to Savills a year post qualified to focus on central London which which I did.

00:09:11:17 - 00:09:16:06
HOST
How did that come about. That would be to new to the instructions or

00:09:16:08 - 00:09:35:23
GUEST
They picked up the phone, because you know what it's like it's it's a small marketplace. Within a year of being in the market, I knew most of the the central London agents, and they were looking to, to recruit, and so literally just picked up the phone, had a coffee in it, and it went from there.

00:09:36:00 - 00:09:53:17
HOST
Why? I always find it intriguing when people move from advisory firm to advisory firm. Why did you change analyst, non-compete and, other challenges around it? And of course, you'd probably received a bit of a pay bumper as an incentive to move. But why? Why at that stage, did you did you.

00:09:53:19 - 00:10:25:01
GUEST
I wanted to focus on central London. And, as much as I love my time and I'm still very close to found that fantastic outfit, I really wanted that that specialism at at the time. And I'd always lived in London. I went to school in central London. So I knew central London really well. I was excited about what was going on in the market place, that that the changes that were going on, both in terms of the growth of, of, of London as a market, the influx of international capital.

00:10:25:01 - 00:10:46:19

GUEST
So it was an exciting place to be, to be operating. And so when the opportunity came along to focus solely on that, that market, at that point in my career, I felt that that was that was a good thing. And throughout my career, I've focused on lots of different areas at different times, at sometimes a lot of areas at the same time.

00:10:46:21 - 00:10:51:21
GUEST
But but then, it was the central London market that was that was most exciting to me.

00:10:51:24 - 00:11:01:03
HOST
And that's where, you know, one of the, if not the most kind of prestigious seats, right, central London capital markets, at that, at that particular time and stage.

00:11:01:05 - 00:11:36:07
GUEST
Yeah. Yeah, probably I would say so I think everyone was very much coveting the place in it on an investment. Yeah. And on an investment desk. Savills. Just a fantastic place to, to, to learn. And very much devolved responsibility to you. You weren't spoon fed. And so for me, early in my career, having to stand on my own two feet with my own instructions, try and do deals was was a really good thing.

00:11:36:09 - 00:11:46:02
HOST
So you, you Savills just shy of four years or so. What what changed? And why did you, why did you look to flip over to, to the principle side?

00:11:46:04 - 00:12:18:02
GUEST
I realized pretty early on that I wasn't a brilliant agent. And, I wanted to be more involved with assets longer term, rather than just focus on the front end and the back end, the brokerage side of things. And so probably two years into my sevens career and sort of mentally got into the place that being on the other side of the fence was what I wanted to do longer term.

00:12:18:04 - 00:13:00:12
GUEST
And then it was about the right opportunity. Really enjoyed my time. That's I was in the same way as I had done, you know, phenomenal bunch of people. A lot of the people that I work with are still there, and I left there 2006. So it just shows you the nature of the place. But when the opportunity came to move, move client side, I actually thought I'd end up, a property company, the unlisted or probably private property company, because, the sort of clients I was working with at, about all sorts and at Savills was was more of that of that ilk.

00:13:00:14 - 00:13:22:15
GUEST
But Schroders was a business that I've been involved in and deals with. So I knew the people there and, and actually similar to when I moved to Savills, they were looking for someone to come in and do effectively an in-house transactions role. And so I was I was approached and again, the conversation took off from there.

00:13:22:17 - 00:13:27:14
HOST
And you joined in November 2006, getting to the top of the market.

00:13:27:15 - 00:13:50:02

GUEST
Phenomenal timing. I mean. I know that they say that you make your own luck through hard work, etc., which which is true, but you definitely need a bit of luck along along the way. And whilst I made the game plan to move out of agency and gain client side, I think the timing couldn't have worked out better. So a couple of different reasons.

00:13:50:04 - 00:14:19:23
GUEST
First, the it was an agency was a really difficult place to be within to 12 months or so of me, of me leaving, and and also because of what was going on, at Schroders around the time the market started to turn, it gave me the opportunity to, get very involved and, and, and to push myself into the spotlight, a bit, which ended up being a, a good thing.

00:14:19:23 - 00:14:21:09
GUEST
Longer, longer term for me.

00:14:21:09 - 00:14:23:19
HOST
That what do you mean by push yourself into the spotlight?

00:14:23:24 - 00:14:55:15
GUEST
So I had, a probably a year. Yeah, nine months to a year of doing the day job of buying a few buildings, getting used to how transacting from a client's perspective, rather than than an agent's perspective, understanding what the requirements were, the of the various funds and sourcing assets that that fitted those requirements. Then going through the transactional process, I was spending most of my time working on the main UK focused fund, which was the fund that I ended up running a few years later.

00:14:55:17 - 00:15:23:03
GUEST
That fund, early than earlier than some of its peer group was started, suffered from redemptions. As the market started to to turn, it adopted a slightly different strategy to get into its peer group, and it said it was going to pay out those redemptions rather than defer them. So we, we had some bit of pressure to realize some cash through, through sales.

00:15:23:05 - 00:15:37:18
GUEST
As we promised investors we were going to pay, not by a certain date. And with me in that transactional role, it meant that those were quite few eyes on me and what I was doing with those sounds to enable those redemptions to be paid out.

00:15:37:20 - 00:15:44:05
HOST
Was it a, a retail fund or a it was a it was an institutional great fund. So, yeah.

00:15:44:07 - 00:15:45:01
GUEST
We had a bit of time.

00:15:45:06 - 00:15:52:12
HOST
So you had a bit of time. So can you just run through to. So someone hasn't heard about a fund or structure or how it works in terms of redemptions? Can you just.

00:15:52:14 - 00:15:52:21
GUEST
Yeah.

00:15:52:21 - 00:15:54:12
HOST
So give me a bit of an overview on that.

00:15:54:12 - 00:16:20:07
GUEST
So the fund had a redemptions requests if there were any would come in at the end of the quarter. And then the fund had up to 90 days to pay out those redemptions or if market conditions dictated that it, it couldn’t realize assets in an orderly form, it had the option to, to defer those options and pay out at a later date.

00:16:20:09 - 00:16:43:15
GUEST
As I say, it chose to take the, the former route and, and honor those redemption requests. But the fund wasn’t holding any cash, so we had to, to liquidate assets to, to do that. And so we had to go through a whole exercise around fundamentally, what assets do we not want to hold longer term? We’re in a market that’s falling quite rapidly and continuing to spiral.

00:16:43:17 - 00:17:07:06
GUEST
Can we get those assets out in time, at the right price and protect the assets that we want to hold on longer? And in the end, we sold 13 buildings over a seven month period to, to pay out those redemptions. And, and there was a lot of debate at the time about whether that was that was the right strategy, selling into a falling market.

00:17:07:06 - 00:17:17:20
GUEST
But actually the market just continued to fall for, for a period of time. So getting those sales done early actually benefited the investors that were that were staying in the fund the longer term.

00:17:17:22 - 00:17:29:13
HOST
Yeah. Because normally when these open ended funds, you hold a certain amount of cash because real estate is in a liquid asset class just to be able to front these redemptions so you don’t have to sell the price assets or, or other assets.

00:17:29:15 - 00:17:34:05
GUEST
And that’s always a debate as well, because investors are giving you cash to invest in real estate, not to invest in cash.

00:17:34:06 - 00:17:35:24
HOST
You don’t want to miss out on it. Right.

00:17:36:01 - 00:17:58:07
GUEST
And that’s one of the the difficulties that the daily traded funds do have the retail funds because they, they really do require, a cash buffer, being a more institutionally focused fund and having that extended period to, to pay out redemptions is itself can still be difficult at times when the market conditions aren’t with you.

00:17:58:07 - 00:18:07:24
GUEST
But it’s it’s more accretive to managing, cash in real estate and giving investors what they actually want from from their investment into that fund.

00:18:08:01 - 00:18:28:24
HOST
You touched on, retail. Just for people who don’t understand, I guess, a retail fund is not a retail asset class focused shopping center, high street fund. It’s more for, mum and dad or menu type investors who might put five grand into a combined, a combined fund. So that’s what a daily traded retail fund is.

00:18:29:01 - 00:18:46:02
HOST
Just for, for, for kind of context. So you’re kind of thrust into a bit of a spotlight or you got the exposure to more senior conversations and decision making at a portfolio level, and working out which assets to dispose of, which to keep, which business plans you thought were going to be viable and, and work through.

00:18:46:04 - 00:19:03:19
HOST
So what, what would you say was one of the core or key kind of differences between being an investment agent and broker compared to being an investment manager? And what is the kind of the educational, the skill gap that you have to pick up to be able to, to be, you know, to make it on the principle side.

00:19:03:21 - 00:19:32:11
GUEST
I mean, I actually think that the skill gap is probably less today than it was when I made the, the transition. Because a big part of, being an investment agent or broker these days is the, the analytical and the modeling skills, the, selling or obviously required client side, but I think become much more prevalent on the agency side because of the quality of advice that that clients expect these days.

00:19:32:11 - 00:20:02:06
GUEST
And that’s a lot been about the professionalization of the industry as a whole, as real estate become a more significant asset class since the financial crisis. But at the time, there was, a need to change the mindset, from right. I just want to demonstrate a return that the investor is, is looking for to make them view that asset.

00:20:02:06 - 00:20:40:14
GUEST
And I’ve introduced them as one that they should be buying stuff as part of their, their portfolios. When you move client side, you’re thinking about, any particular opportunity within the context of what the fund is trying to achieve by short, medium and longer term, what the other opportunities are both within your sector? And and other parts of, of the market, your, your thinking it’s a much more, by definition, a much more strategic approach to analyzing a particular investment opportunity or even a, looking at what sector you should be going into in the first place.

00:20:40:16 - 00:20:53:07
HOST
How did your role evolve from here and how, you know, after kind of selling out a few of the assets, how you picking the market up and riding the kind of the new wave and upside, how did your role evolve? What did that look like?

00:20:53:13 - 00:21:29:20
GUEST

So by 2009, the fund was it was match fit. Money was starting to, to come back in. So, the focus went very much back on to what do we want to do with this fund, how do we shape it going forward, and what investments do we need to make to achieve those those investment objectives and my role, it evolved during the financial crisis to encompass asset management and a bit of fun strategy as well.

00:21:29:20 - 00:22:07:20
GUEST
Rather than just being focused on on the buying and selling, which is effectively what I was brought in to do originally. And so we were starting to look quite closely at what is now called thematic investing. And we really started to see the, the evolution of the real estate market away from where you can buy office, industrial and retail, and you buy them all for slightly different reasons when you buy for you when you're buying for categories and, and the and the market and the different sectors within the market performing differently because we really started to see the impact of some of the the structural changes which in which over the past 15

00:22:07:20 - 00:22:39:16
GUEST
years really formed the way our real estate market has, has evolved and is still very much doing so today. So we were seeing slightly different performances from the more traditional sectors because of those structural reasons, particularly what's going on in the retail sector. And the more positive impact that we're starting to have on, on the industrial market, but also the growth of new sectors like student accommodation, which was pretty embryonic back in.

00:22:39:18 - 00:23:06:19
GUEST
I. 708009 and so really starting to think at the time about we're positioning this fund for outperformance over the medium term. What sectors do we need to be getting into now. And then really, once we've made those sort of decisions going in and executing and getting hold of the assets that we thought would allow us to deliver business plan and performance.

00:23:06:19 - 00:23:33:08
GUEST
So, yeah, I think whether you're working for an investment manager approach be what it doesn't really matter when you're in real estate. Your focus is understanding macro trends and trying to work out how they're going to impact on demand. So different types of of real estate, having the conviction to go and roll out those strategies within those particular sectors.

00:23:33:10 - 00:24:04:17
GUEST
And then when you develop that conviction and you're rolling out that those strategies, then the focus turns to execution. Where can I find the right quality of stock? Can I deliver on the business plan once I've executed and bought that, bought those assets in? And a combination of all those three things should deliver you good investment performance. And as I say, it doesn't matter whether you're running a real estate fund and trying to perform better than a peer group or trying to deliver an absolute return or, or doing the same thing within a REIT environment or private property.

00:24:04:17 - 00:24:08:23
GUEST
It doesn't really matter. The the principles are effectively the same.

00:24:09:00 - 00:24:19:03
HOST
You rose to being a fund, a fund manager. How did that role shift? And, yeah. Can you just talk to me about that?

00:24:19:05 - 00:24:47:11
GUEST
It came about because I’ve been actively working on the same fund for a number of years, and have been part of the evolution of that fund. Post financial crisis and the reshaping of what that that fund looked like. The fund was going into a growth phase. It’s shrunk quite dramatically in size, but in context it was it had reached 2 billion round about the time I joined.

00:24:47:13 - 00:25:23:15
GUEST
And by the time we came out of the financial crisis, it was down to about eight, 900 million. The market was market conditions were obviously turning and money was starting to come into to really stay well. Now the low interest rate environment was making the sector very attractive to a whole range of different types of capital and the fund was set to be a beneficiary of that performance had to stabilize and it was well set, to capture some of that capital and grow and therefore it was going to go through a period of, of investment.

00:25:23:16 - 00:25:45:20
GUEST
And so I think with my my background history working on, on the fund, but also being market facing and, and having a detailed knowledge of the transaction process, and having taken on other roles with regards to asset management and looking after assets within, within the fund. So it was a natural fit for the next phase of the fund’s evolution.

00:25:45:22 - 00:26:03:14
GUEST
And this is a fund that has been running since 1971, is still going today. It’s you know, it over time. People are sort of gatekeepers of of this fund. And it at that particular time, it just made sense for some, with my sort of experience and skill set to, to be running it.

00:26:03:16 - 00:26:17:18
HOST
And so in terms of your role, how did it change you involved for capital raising or client relationship management? I guess the less market facing team management, strategy planning, looking at these different sectors and allocations, all.

00:26:17:18 - 00:26:46:12
GUEST
All of that. And, and so I’ve whatever role I’ve had, I’ve always kept that market facing piece and, and I’ve always looked after assets. So I still was responsible for the asset management for that five, six, seven of the assets within within the fund. And that’s partly because we kept a lean team, and partly because I always had this nervousness about if you move too far away from what’s going on, on, on the ground, you sort of lose, lose touch and lose your, your perspective.

00:26:46:12 - 00:27:06:24
GUEST
So it’s always going to be a balancing act. You can’t be doing everything. But I think still, however high up you get, I think you still need to have that perspective of what’s really going on on the ground. So my role at the time was still market facing in terms of, sourcing and leading on, on transactions.

00:27:06:24 - 00:27:38:20
GUEST
Not not all of them. Clearly, I had a very capable team, around me. That that would help out with that, but also still looking after assets, particularly the, the bigger projects within within the fund. And we had some really big projects that needed to be, delivered, upon such a responsibility for the those but again, the strategy piece, looking longer term, how are we going to make sure that this fund performs over not just

one year, but three and five years?

00:27:38:20 - 00:28:18:08
GUEST
And what do we need to be doing now to ensure that that happens? And then capital raising sitting in front of investors, making sure investors, both existing investors, were, brought along the journey of what we were trying to achieve with the fund and start with us, but also, pitching to new, new money, and really giving them a view as to what we would, what we would do with the fund, what we had done, where it come from, what it was doing it, and the opportunities for performance that that lay within both the market, but that the fund itself, we had a couple of very big, basically regeneration projects that sat within

00:28:18:08 - 00:28:50:04
GUEST
the fund that had been in there for 15 or 20 years. The, the, just the time was just right to, to kick them off and, and and deliver them, one in, in Brighton, which is the regeneration of Bracknell town center, which was a mixed use but retail led scheme. So we were trying to land big retail anchors at a period of time where the retailers held most of the most of the negotiating cards.

00:28:50:06 - 00:29:22:01
GUEST
And then also, Ruskin squaring in Croydon, which was a multi-phase office and residential scheme where we kickstarted the both the office and a residential three spec development there. So the role became really multifaceted, both in terms of what I was actually doing day to day, but also the different sectors that that we were in, the strategies we were, we were running, and they were really integral to the delivery, the performance and the growth in some.

00:29:22:03 - 00:29:32:05
HOST
You was Schroders just over 12 years. What was the kicker? What was the reason that you decided to leave the back end in 2018? What did you leave to, to go and do?

00:29:32:07 - 00:30:03:20
GUEST
I, I wanted to change I think I’ve been 12 years is, as you say, I’ve had an amazing time. God worked very, very, very talented people. Learned a huge amount. But I fell in the latter years. It was. I’ve got the funding to position along with the, the the team where we’d achieved, our five year plan, which was to grow it.

00:30:03:24 - 00:30:39:05
GUEST
We the assets on the manager within that fund grew substantially. The performance track record was good. So we as a team, we done what we set out to do. And, for me personally, it was just time for for a change. So I left to join a niche, an investment manager, in the opportunistic space, that was looking to raise discretionary capital, focused on office repositioning.

00:30:39:06 - 00:31:01:16
GUEST
And that was something I’ve done quite a lot of at Schroders. We’d run a strategy within the fund where we were focused on emerging London locations. So that meant really buying the South Bank and Shoreditch and those sort of locations back in, oh 7 to 12. And then that that geography expanded as London grew and occupy started to move.

00:31:01:16 - 00:31:31:03
GUEST
And I’m there in White Chapel and Stratford and Battersea and those sort of areas. But that was all about

taking tired office buildings and breathing new life into them, making them places that that people actually wanted to spend time and work. And a lot of the stuff that is really on investors minds today, both in terms of the sustainability piece, but actually creating the space within the work environment that people want to occupy.

00:31:31:05 - 00:31:58:08
GUEST
And so focusing on that. So there’s a really big opportunity in that space because of the structural changes that was really going on within the world of, of work and, and what that meant for office real estate. And so I made that, that move. But it didn’t work out as, as I, as I anticipated.

00:31:58:10 - 00:32:19:02
GUEST
And I think it is a good lesson for me because I reflect quite a lot on it at the time. I stayed there a year, and then moved to my, to my current role. And reflected quite a lot about should I not taken up the opportunity. And then, did I, did I move out of it too early?

00:32:19:02 - 00:32:42:10
GUEST
But I think that the key message and the key thing I learned is when opportunities come along, you have to take them. And, if they don’t work out, you kind of need to to look yourself in the mirror and say, no, this isn’t right. This isn’t the right thing. And, and make them move on, which is maybe even a hard decision than to make it, then taking the risk in in the first place.

00:32:42:12 - 00:32:52:08
GUEST
So 12 months on, I moved and I joined, what was Mayfair Capital and is now rebranded as Suisse Life Asset Managers UK.

00:32:52:10 - 00:33:13:06
HOST
So, tell me about Mayfair chapter because it was kind of, you know, mid-cap investment management platform, lots of different funds. I know they had a separate charity fund. Those were kind of one of the flagships. Can you tell me a little bit about that and then where the Swiss life piece fits in as well?

00:33:13:08 - 00:33:45:13
GUEST
Yeah. So, Mayfair Capital have been an established name in the UK investment management real estate sphere. The Charities Fund is its flagship fund. It was independently owned, set up around 2003, 2004. And I think it saw that there were the, the investment management world was, was changing and to continue to, to grow, it needed a partner.

00:33:45:15 - 00:33:53:07
GUEST
And so Swiss Life Asset Managers acquired it in I’m going to say 2000 1616.

00:33:53:07 - 00:33:56:05
HOST
Yeah, it’s 2016.

00:33:56:07 - 00:34:19:24
GUEST
And that gave the business scope to do to do more and different things than it had done and done previously. Swiss Life, classic insurer that spawned an investment management business. So it’s investing to get a return for its its policyholders and make sure it can pay out, claims when they when they

come through.

00:34:20:01 - 00:34:46:24
GUEST
But also as part of an investment management business using that capital to invest alongside, third parties as as well. Mayfair became its UK, Swiss Life’s huge platform. It’s got 100 million, 100 billion euros under management and real estate it with with AXA is the the biggest real estate investment manager in Europe but didn’t have any presence in the UK.

00:34:46:24 - 00:35:05:18
GUEST
So, that was a natural, a natural fit. And I joined the business a few years after to, help them focus, on, on on value add and, and ultimately we moved into to operational, over the last couple of years.

00:35:05:23 - 00:35:10:09
HOST
You joined as head of special special transactions or special situations?

00:35:10:11 - 00:35:13:12
GUEST
I think it was head of special transactions. Yeah, it was,

00:35:13:14 - 00:35:15:16
HOST
So what’s a special transaction?

00:35:15:17 - 00:35:19:03
GUEST
Something that is an office, industrial and retail.

00:35:19:04 - 00:35:38:10
HOST
So you joined and and I said at the top of this, I guess it’s three buckets of capital or. Yeah, UK core funds, UK separate accounts and joint ventures and then UK value and strategies. Which, which kind of bucket did you focus on or did you kind of straddle all three and you’re finding deals to match against.

00:35:38:15 - 00:36:08:15
GUEST
No I’m a more the, the, the latter. The business is really well served by great people who look after the, the, the core, the core part of the business, either from pooled, timing funds or through segregated, mandates. So my remit was to, to, to expand the offer and focus on different parts of the market, both in terms of risk profile, but also, to a certain extent, sector as well.

00:36:08:17 - 00:36:40:00
GUEST
And that role has morphed into a focus on operational real estate and I think that’s a, a really a reflection of the fact that whilst operational real estate used to be our few niche strategies over here, that real estate investment managers probably would invest in indirectly. Student, for example, the, the market, the nature of the industry is changing significantly.

00:36:40:02 - 00:37:27:22
GUEST
And what and that by definition means that the to be a a real estate investment manager at the forefront of the industry, you need to have different skills and be able to offer investors different things than you needed to, even five years ago. Yeah. And it’s not just alternatives. The, operation heavy slowly in some

cases and more quickly in others than need to be hands on operational and really service LED is spilling over into the more conventional sectors and offices that don't see the prime example of that with what customers expect these days.

00:37:27:22 - 00:37:47:08
GUEST
But, retail and industrial will increasingly head that way as, as well. So for us as an investment manager to capture client capital, we need to be able to offer those operational services for them to want to invest in us.

00:37:47:10 - 00:37:56:02
HOST
Rather than in an indirect way, you know, siphon off a small part and give it to another and, you know, get access to real estate in an indirect way rather than holding it directly. Yeah.

00:37:56:02 - 00:38:28:16
GUEST
And I think institutional capital used to access the market via an investment manager and who trust that investment manager to pull that capital and invest it. And then in a number of different sectors. But but traditionally, you know, only a handful of, of sectors in a pooled vehicle. But as those, the as those sectors have got more and more specialist and more hands on and you need more bespoke skills to unlock value from them, you need to be able to demonstrate an investment manager to that capital that you've got those you've got those skills.

00:38:28:22 - 00:38:50:03
HOST
Yeah. We've seen the emergence of kind of single track, logistics focused platforms with a very prominent LP that have, have built or owned part of the top Co of an operating partner, and they give them a billing with to go a long, hard and fast into a particular sector. Whereas historically, as you touched on, they might have shot that in a co-mingle fund and wouldn't necessarily had as much control.

00:38:50:03 - 00:39:14:07
HOST
So I guess the evolution or part of your role going in is special projects. And then kind of moving to head of operational real estate is to look at, the alternative space that is becoming something more mainstream and then build, investment and operational platforms that gives capital direct access to that, whether that is self storage, student accommodation, healthcare, etc..

00:39:14:08 - 00:39:15:04
HOST
Is that right?

00:39:15:07 - 00:39:51:20
GUEST
Yeah. And it's, it's a it's two things. It's to still to identify key themes in the marketplace. So the the the technological, environmental, demographic changes that have been influencing the way that people use real estate for a considerable period of time now are continuing to impact on demand for real estate, both. And that's spawning new sectors. It's changing the way that existing sectors, operate and that's creating opportunities, creating threat.

00:39:51:20 - 00:40:23:04
GUEST
And it's creating opportunities. So it's about identifying those sectors and then building solutions to best access those growth parts of of the market, which is exactly what we've been doing with with self storage. That is a sector, that has a supply demand imbalance. The demand is being driven by all those structural,

demographic, technological changes that the that we all know.

00:40:23:04 - 00:40:45:07
GUEST
And I've talked about a lot and it's growing quicker. The new supply is coming on on street. So it from a real estate perspective it's got the right sort of characteristics to generate sustainable income and income growth over over time. And almost regardless of where you are and the risk from an investment perspective, those are attractive proposition.

00:40:45:07 - 00:41:25:19
GUEST
So we have invested in the sector, we've, we've built a portfolio of 12 assets. And we've done it in a really hands on way because we have, created a subsidiary to our business, which, is its only function is to provide operational services to the, self storage portfolio so we can offer investors a truly vertically integrated solution in the sector, which is is quite rare.

00:41:25:20 - 00:41:43:14
GUEST
But as I say, it goes back to to what I was referring to. I think for investors to want to give you their capital rather than, than a another, you've got to be able to demonstrate that you can deliver the, the business plan from start to finish. And so having those operational capabilities in-house effectively is a really big part of that.

00:41:43:14 - 00:41:44:13
GUEST
From my perspective.

00:41:44:15 - 00:42:00:15
HOST
How do you go about building a portfolio and you just do it by, the existing portfolio, by a platform or by a business that that has kind of got three, four, five, six assets. Or do you start picking projects off one by one and proving the concept and scaling it gradually?

00:42:00:18 - 00:42:28:09
GUEST
So we bought a small business that had two units, and we've added to it over time through, doing similar transactions, buying one to unit businesses, but also developing new facilities as well. The strategy we've been running is value. Our strategy, we're targeting high returns. So we're taking risk within the the real estate strategy. We are developing.

00:42:28:09 - 00:42:58:00
GUEST
We're targeting high returns from on that basis. And and so those combination of the of the of the two buying existing trading facilities, rebranding them, seeing operational efficiencies by bringing them under a larger roof, and then creating new facilities again to tackle the, the undersupply of space within in the sector, has been a really good way of, of getting the portfolio to the size that that we've got it to.

00:42:58:02 - 00:43:30:04
GUEST
And the ambition is to continue to, to scale that because we think the opportunity is there. I think one of the most interesting things for me has been the it's a such a tough fundraising environment at the moment. I mean, that the macro environment is, as we know, difficult and, partly because it's an interesting space and investors recognize that, and partly because we can offer that, that whole solution to them.

00:43:30:06 - 00:43:56:08
GUEST
We've we've had really good interest in people coming to us and saying, how did you do this? Now we'd be interested in, in, in talking to you about it, which having tried to raise capital for a, a brown to green office strategy in the middle of pandemic, it's it's a welcome change to, to be in a, in a part of the market that that people actively want to get involved in.

00:43:56:10 - 00:44:18:04
HOST
There's lots of changes in the market. Historically, it's been quite a defensive asset class of sorts to invest in. That's the place death, displacement, divorce. That's that's when typically people use it. But there's a growing wave of new occupiers who are taking space. Can you just shed a little bit of light on that and, and how you kind of see the occupier base maybe changing?

00:44:18:06 - 00:45:00:15
GUEST
Yeah, I think that it is morphing into a service industrial for micro businesses, particularly retailers. And those businesses, spawn in overnight because they have a frictionless access to a customer base through social media. And we provide that service solution to those startups. So whether they've set up a business in that living room and instantly need, more space to, to, to deal with the running of their business, or they come straight out to us.

00:45:00:17 - 00:45:21:12
GUEST
We, we provide a, a single price point for them at the end of each month to be completely flexible. So if their business takes off and goes great guns, they can take permanent space elsewhere. If it doesn't work out, they're not they're not on the hook. We provide an extra level of service because we're there to take deliveries and that sort of thing.

00:45:21:12 - 00:45:54:15
GUEST
So it is becoming a service offer for that, for that sector. So the sector itself, as in self storage, sits very squarely at the heart of all those changes that we're seeing and the changes in that in the in the living space, the rise in people renting, co-living, senior living, all is driving demand for for storage. And then from a commercial perspective, the changes in the retail world, are starting to really, really drive demand.

00:45:54:15 - 00:46:20:16
GUEST
And in our sector as a as well. So you've got that because you two things, it gives you a diversity to the, in the underlying income. And so you're not predicated on one sector doing particularly well, housing market or whatever. But also a really good platform to, to, to grow. And that as I say, that demand is growing quicker than new supply can come on stream.

00:46:20:16 - 00:46:29:05
GUEST
So the, the, the ingredients of that for the sector to continue to perform. And it has been a good performer over the, the last few years.

00:46:29:07 - 00:46:42:00
HOST
To get the operational efficiencies geographically. You must be relative, you know, you must be looking at stocks relatively close together. Where where are you? You know, what are the boundaries or which geographies areas are you looking to to buy kitchen.

00:46:42:00 - 00:47:08:05

GUEST
Yeah, we do try and make sure that we've we sort of cluster certain drugs so we can be quite widely spread geographically as long as we've got more than one facility in a, in a particular place. So at the moment where around the north west, to the, to the east, and then maybe slightly further down south, the the whole strategy was deliberately not to go around London and the south east.

00:47:08:07 - 00:47:44:08
GUEST
I invest in self storage and around the fund. At Schroders. And whilst I think that the whole country is the supply side and there's certainly opportunity in, in those, in those locations, it's a more competitive market. And our view was there are pockets of the UK where self storage is undersupplied and if you build it they will come and we just thought that was a better risk adjusted strategy than trying to compete with a lot of the big boys in markets that aren't necessarily oversupplied, but where there is plenty of, of supply, and that seems to have borne out so far.

00:47:44:10 - 00:48:04:07
GUEST
If you look at the take up in the new facilities that we've opened and we've opened for this year, and they are filling up quicker than than anticipated. And I think that that's partly just because there's not enough self storage across the UK, but partly because there's very little in the places that where the we're going into.

00:48:04:09 - 00:48:25:08
GUEST
So that and the fact that we're buying both land and existing buildings at far cheaper than we would be in, in more southern locations. But our rental price point is, not as the differential between our rental price point is not as big as the differential between the the entry point of acquiring the land or the building.

00:48:25:09 - 00:48:27:11
GUEST
So there's a good value play there as well.

00:48:27:13 - 00:48:51:05
HOST
I know it's, you know, value is that land, buildings development angle to it. What what kind of kit are you. Are you looking to purchase? I guess converting it into self storage is one of the strategies or one of the plays, whether that's defunct office buildings, secondary tertiary locations that have got a big enough, plot that you can adequately convert and get additional massing in.

00:48:51:07 - 00:48:56:04
HOST
What kind of kit are you looking at historically on the right to to buy?

00:48:56:08 - 00:49:32:13
GUEST
Well, today we bought, effectively obsolete industrial units. And instead of knocking them down, we've redeveloped them and, fitted out internally to create storage space. And that's been really, accretive because the price point was reflected the fact that these sheds what sets of purposes sheds anymore, with what's happened in the market over the past 12 months, we've seen land values come down substantially.

00:49:32:13 - 00:49:46:10
GUEST
And so we're more focused on ground up developments for the next phase of of growth for the, that the pool characteristics is the right time to be to be doing that from, from an entry point perspective.

00:49:46:12 - 00:49:56:19
HOST
What’s the can you 12 assets, what’s the kind of capital value there? Across the assets. And what are you kind of trying to build it to be in terms of the size and scale?

00:49:56:21 - 00:50:28:10
GUEST
So it’s around 100 million at the moment. We we haven’t put a limit on how big it could get. That will literally depend on how long the market opportunity lasts. So though we do think there’s quite a big runway there. The focus at the moment is very much the UK, but there are some very interesting opportunities in Europe just looking at where some of the European markets are in their evolution.

00:50:28:12 - 00:50:37:06
GUEST
So we think at some point there’s a logical next step to, to expand onto there, onto the continent.

00:50:37:08 - 00:50:55:08
HOST
Operation really isn’t blowing up as, as you said, lots of interest in it. Where are the other subsectors that you’re looking at? Because I appreciate you. It’s not just self storage. You’d be looking at other areas and looking at kind of building platforms. And I guess the idea is to build silos of platforms that you can operate, that you can scale and exit.

00:50:55:10 - 00:50:58:04
HOST
Depending on the investor that you, you marry up with.

00:50:58:05 - 00:51:25:10
GUEST
Exactly. Yeah. I think it’s again, it’s trying to blend those, structurally led opportunities. Where is there a fundamental demand that’s growing and a supply that is struggling to take it to keep up? So by definition, that means some of the, the, the our residential sectors look, look really interesting, whether that’s single family or co-living or senior.

00:51:25:10 - 00:51:53:18
GUEST
And it’s just making sure we’ve got the right approach. And it’s the right time from that from a cyclical perspective, as well. And then very focused on the changing nature of work and the opportunity in the office sector, which is partly structural but also cyclical as, as well, based on what’s going on with, with values in that space.

00:51:53:20 - 00:52:06:12
HOST
Do you, do you have a research team that supports you and kind of gives you some data and, and numbers and. Yeah. Did you do you come up with the thesis? How does it work in terms of that, that relationship with the research team.

00:52:06:12 - 00:52:32:23
GUEST
And so it’s very much, top down meets, meets bottom up. So we work very closely in, in collaboration because it when it comes to there can be some that some, some sector and some ideas that make perfect sense from a, from a top down perspective. But if the values aren’t right, it’s not the right entry point, then that influences decision making over when to access that that sector.

00:52:32:23 - 00:53:05:19
GUEST
So multi-layer industrials analogy just it's a great example. Clearly this the massive structural pressures over the last few years that have resulted in in rental growth, and, and good returns. But the sectors look if from a standing start a sector looked expensive to, to to access. So just getting a balance between where's, where's the right place to be over the medium longer term with when do we want to get into that space.

00:53:05:19 - 00:53:14:09
GUEST
Is is important. And that's where the relationship between, the, the, the various parts of the business really come to the fore.

00:53:14:11 - 00:53:29:01
HOST
Can you just, give me a bit of an overview of, the wider Swiss Life UK funds because obviously you guys have had the operational part of it, but just for people who might not have heard of the business or, you'd give a bit of an overview of the, the platform, the teams and.

00:53:29:04 - 00:54:02:23
GUEST
Yeah, sure. So we are 30, 35 strong in, in the UK. Now pitch which is the, the Charities Fund, this is the flagship, the flagship fund and that's going great guns. And we run, segregated accounts for, a number of, of investors. We've got, one for an investor, two for investment managers, other investment managers, and one for private family family office that are more income focused strategies.

00:54:02:23 - 00:54:31:15
GUEST
They're looking to buy best in class real estate and drive value through, through asset asset management, but really with a focus on maintaining and enhancing incomes. So that's that's the mainstay of, of the business. We're also running, strategies for our European funds, investing as part of their pan-European strategy into, into UK assets. And again, that's, that's cross, that's cross-sector.

00:54:31:17 - 00:54:37:02
GUEST
More recently it's been in healthcare and press.

00:54:37:04 - 00:54:59:14
HOST
Interesting. So, you know, established platform, lots of different opportunities, different funds, different capital, and and a super talented team there as well. Where do you see the biggest opportunity in this, in this market? We touched on the kind of some of the macro challenges, you know, fundraising is is difficult. But where there's volatility, there's also opportunity.

00:54:59:16 - 00:55:01:18
HOST
Where where do you see that right now?

00:55:01:20 - 00:55:20:21
GUEST
I think that we've, it's interesting having a conversation with someone the other day who is from a third generation real estate and their family, and he was saying, you know, I'm not sure I'd encourage my kids to go into the, the sector either. The easy money's done something and and I said, I'm completely the other way around.

00:55:20:21 - 00:56:04:08
GUEST
I think there's probably never been a more exciting time to be in the sector, because the structural changes that we've talked about, changing the requirements, the skill sets, the nature of the people within the industry, it's just it's virtually unrecognizable from when I first got involved in it. And and that's alongside where we are from a technical perspective and not maybe relatively short term, but brings opportunity to to marry up some of those long term, requirements with a point in the cycle where, entering is going to be a, attractive if you're taking a more medium term view of, of value growth.

00:56:04:08 - 00:56:15:07
GUEST
So I think the next couple of years are probably as interesting a time if you've got dry powder to invest than there has been since past financial crisis.

00:56:15:07 - 00:56:36:01
HOST
And that's the key thing is, is having the capital type of capital, the commitment of the capital and having a kind of a clear thesis around that as well. What advice would you give to people entering the the real estate world now or wanting to, to access it? And you might have just touched on it already with your previous answer, but is there any additional advice you give?

00:56:36:03 - 00:56:56:12
GUEST
I think it is easier to get ahead before you enter the industry these days because of social media than it was back in the day. And I think that's one of the reasons why we're seeing more people come into the industry that haven't necessarily had a connection with it through family or whatever, than than we did previously.

00:56:56:14 - 00:57:28:16
GUEST
The people reaching out to me on particularly LinkedIn who, even at undergrad stays even still at school, who have an interest in the industry, who are building a network before they probably even 100% decided to go into the industry. Is is really interesting to see. And so I think if you are minded to go into real estate, then that is a brilliant way of first understanding whether you really want to do it, because reach out to people on on LinkedIn in particular, that way most the time very receptive.

00:57:28:16 - 00:57:39:24
GUEST
So you'll get a good understanding of what it's like to to play in the industry. Early on. And so I'd really, really encourage that if anyone's thinking about it.

00:57:40:01 - 00:58:04:10
HOST
Yeah, it's, it's well-documented where, yeah, the real estate industry as a whole is, really keen to, to kind of push and get people from different backgrounds in, improve diversity, improve the image, improve the skills, and make it, fit for purpose moving forward. So there's an absolutely massive opportunity. And certainly, in my experience, as you've touched on, so many people are so willing to give their time and give their connections.

00:58:04:10 - 00:58:11:13
HOST
And, as you touched on at the top of this chat, the benefit of having a sponsor or a mentor, has, is phenomenal.

00:58:11:13 - 00:58:35:12

GUEST
So I’m definitely seeing people from a more diverse background. I don’t just mean, ethnicity wise, I mean to socio economic who have this, this ability to, to reach out and connect and are doing so, is really interesting to see. And that is going to have a, a massively positive benefit in the way that this industry operates.

00:58:35:12 - 00:58:59:07
GUEST
And I think is, is already doing so and is actually is vital for its continued success, because as we accelerate rapidly away from, you know, a relatively small skill set is needed to succeed in real estate to a very, very wide one to be successful and to generate successful returns out of your your assets. We’re going to need that diversity of thought.

00:58:59:09 - 00:59:15:18
HOST
As we, draw to a close. James, the question that I ask everyone who comes on the podcast is if I gave you 500 million pounds worth of equity, although, I’ve just had Ian Marcus on the podcast and he said it shouldn’t be many actors should be only at capital. So if I gave you 500 million pounds worth of capital, who are the people?

00:59:15:18 - 00:59:20:07
HOST
What property? In which place would you look to deploy that capital? So.

00:59:20:09 - 00:59:48:01
GUEST
I think that there are there are a number of sectors at the moment that will at the same time benefit from both the structural changes that are driving the underlying demand and are an attractive entry point. So, understandably, self-storage is one that I would very much advocate both in the UK and in certain European, jurisdictions. I think there’s some incredible opportunities there.

00:59:48:03 - 01:00:19:01
GUEST
But the offer sectors as, as well, I think for a more, opportunistic value add style investor, the returns that will be available investing in the office space if they get it right, both in terms of the asset and have the set up to operate and, generate income from those assets over the medium, longer term, will will provide some of the the best risk return opportunities that I’ve seen in my whole career.

01:00:19:07 - 01:00:23:17
HOST
So where which which ones specifically and how would you allocate your 500 million?

01:00:23:19 - 01:00:59:03
GUEST
I’m splitting between the two sectors. And I might allocate some of that directly. Or I will allocate some of it directly into direct asset purchases. But I think, debt strategies as well, there will be a, a significant need for, debt to come in and, really fill up potentially a hole, especially in some of the more risk on assets that need repurposing over the coming part of the, of the cycle.

01:00:59:03 - 01:01:09:16
GUEST
So I think I would, I would allocate that, that capital and, equity and debt strategies. But in those two sectors in, in particular.

01:01:09:18 - 01:01:18:18

HOST
And I know you're a very well-connected man who who across the industry would you, bring on the journey or, or add to your team to help you, deploy that capital?

01:01:18:21 - 01:01:41:12
GUEST
Well, alongside the existing team now, there are a number of people that I think would be excellent. But we're talking to Nesta at the moment, so I'll really divulge. But there are I think that there are some excellent people who have who have really spotted the trends that are out there and focused in on particular areas of the market and become best in class in those in those areas.

01:01:41:12 - 01:01:47:19
GUEST
I think working with those people, it's going to benefit us and our capital partners, the most. And, you.

01:01:47:19 - 01:02:02:10
HOST
Know, I would say who they are not there's a conflict. Okay. Well, look, Jason, thank you so much for joining me on the podcast today. It's been fascinating finding out a little bit more about your background stories, views, where you see the opportunity and, excited to see what you and the team go on to achieve.

01:02:02:12 - 01:02:03:20
GUEST
Thank you very much for having me.

01:02:03:22 - 01:02:04:11
HOST
Thank you.