

00;00;03;29 - 00;00;25;28

HOST

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

00;00;26;01 - 00;01;00;19

HOST

Quick one from me. If you haven't already subscribed or followed this show on the podcast or app where you listen or watch, please do. It takes 10s and helps trim endlessly. I've got really big plans for the People Property Plays podcast, and that one small action really, really helps grow the show and the presence and enables us to keep doing what we're doing.

00;01;00;19 - 00;01;11;16

HOST

So if you haven't already, please follow or like on the platform you watch or listen to. Thanks so much.

00;01;11;19 - 00;01;54;03

HOST

Welcome to the People Property Place podcast. Today we are joined by Rupert Dean, co-founder and CEO of X and Y board. By conventional thinking, Rupert, along with his co-founders Phil Nevin and Tania Donald, started X and Y to unite a community of mission driven entrepreneurs, leaders and companies within inspiring and sustainable work spaces. X and Y enters into management agreements with landlords to design, manage and operate flexible workspace to create more profit than they would otherwise through either operating the space themselves or from a conventional lease.

00;01;54;05 - 00;02;13;23

HOST

Rupert is a graduate of Bristol University, having studied history before training to become a solicitor, and worked at SJ Bow in Naples and Kota, as well as sunbird Group before setting up X and Y, and it gives me great pleasure that he joins me on the podcast today. So welcome, Rupert.

00;02;13;27 - 00;02;16;11

GUEST

Thanks very much for having me. Great. Great to be.

00;02;16;11 - 00;02;33;29

HOST

Here. Not at all. Well, look, you've had a couple of different careers and iterations, and a question that I normally ask people is how and why did you get into real estate? But I think if we rewind the clock a little bit, you did history at Bristol Real Estate wasn't, you know, wasn't your first career. Can you just talk to me about that?

00;02;34;01 - 00;02;37;16

HOST

You know, that early part of life and deciding to go to your.

00;02;37;16 - 00;03;11;24

GUEST

Right real estate wasn't wasn't the the natural thing I'd aspire to do all my life. And the reality is that when I went to Bristol, I actually didn't aspire to anything at all. I that other than having, quite a good time at university and then it's sort of the obvious thing when you go to a university that you kind of you work out whether you're going to become a lawyer, a bank or accountant, really, if you can, you know, so your dad says, get a qualification and you go, okay, I better do one of those three things.

00;03;11;24 - 00;03;36;11

GUEST

And obviously, I wasn't necessarily, coming from a sort of numerate degree in history. So it was quite an obvious and quite obvious path was to go and become a solicitor. So I became a solicitor and, I was, as you said, a SJ bo and, which is no more, I have to say it. Yeah, it went into administration, but not as, as a result of my input, I hasten to add.

00;03;36;13 - 00;03;56;23

GUEST

I was long gone by that. But anyway, so I, Yeah. So I did that. I, I didn't really enjoy it, as is the polite way of saying it. From, from sort of very early on. But I wasn't that bad at it, but I just, I didn't really enjoy it. And I was always looking for, I think, a path to doing my own thing, if I'm really honest.

00;03;56;29 - 00;04;17;06

GUEST

I quite enjoyed being my in person. I really didn't enjoy being told necessarily what to do all the time, and I quite often when you're a lawyer, certainly solicitor. But back in those days, which is whatever 20, 20 odd years ago was, it was really just about the bottom line. It really was just about how much money you made on a monthly basis.

00;04;17;08 - 00;04;45;14

GUEST

And quite often you didn't really need to know that much about, the underlying business that you were either buying or selling or the management team, that you were supporting or were counterparty to. So it was it was culturally quite void, but also really difficult to leave because you're earning, you know, a decent amount of money. And, the long and short of it is that there were a couple of guys who were setting up a, a business operating a kind of outsourcing services business in Africa.

00;04;45;16 - 00;05;04;10

GUEST

And they asked me to join them as a, as a partner to help, particularly on the sort of legal and commercial side of life. And that seemed like a really good opportunity to get out of doing law, because I actually it's really quite difficult to get out of doing law, and everyone thinks you're just a lawyer and it's just very difficult.

00;05;04;13 - 00;05;07;02

GUEST

So we went off to Africa basically.

00;05;07;07 - 00;05;21;24

HOST

So before that. So you what part of law did you specialize in? And, you know, was there a particular industry or niche. And it touched. And also it's hard to get out of it. Is that because earning potential and just your career path is is lead? Yeah.

00;05;21;27 - 00;05;47;12

GUEST

I mean think it's a classic problem with with with anything I suppose is that you are paid a certain amount, which is hard to come back from. What you don't realize at the time when you're 24, 25, 28 is that there's loads of potential to move around, but you think that actually to go a step backwards, to move into another industry or to do another job that pays, you say even slightly less, is actually to difficult to do.

00;05;47;15 - 00;06;05;23

GUEST

But actually, if you could tell yourself something completely different and now you would say, no, you

know, you just you just go for it and do whatever your earning potential is, is sort of 30s, 40s and onwards and loads of it. So there was always but no one tells you that, right? And everyone just says, make your own way.

00;06;05;25 - 00;06;32;15

GUEST

But I was a corporate finance lawyer, so we used to represent businesses who were either being sold or or being bought, and management teams within those businesses that were generally private equity backed. Yeah. That, worried about management buying the management buyouts or incentivization packages in some way. And then it is quite difficult. Yes, because of the earning potential, but also because people see the awkwardness.

00;06;32;15 - 00;06;57;12

GUEST

Expensive person. If you want that salary and you want to go straight into something else that is completely different from law, for example, which is what I really felt like I wanted, that it is quite difficult. What I find actually the most difficult thing is to work out what you wanted to do. The that's that's the ultimate issue is you, you go, look, all I know is, like I said, having fun at university didn't know what I wanted to do, you know, fell into this job.

00;06;57;20 - 00;07;23;08

GUEST

Where's the why? What's going to get me out of bed? What was the purpose that I will thrive in? Even if it paid me hardly anything, if I did a really good job of that, the potential could be there, like and and trying to find what that passion is, is really difficult. And you get trapped in that and, and and you really the only way I felt to be able to find it is to explore a different way.

00;07;23;08 - 00;07;42;04

GUEST

So hence I went off to go and join these two other people in Africa, because I felt that that was just a really good opportunity to dive right into the deep end. Cut cords wouldn't be able to come back into law necessarily, and therefore like, you know, just take the plunge and see, kind of see what happens. And that was that.

00;07;42;06 - 00;07;58;03

HOST

Growing up, what kind of kid were you at at school? Were you particularly academic? You touched on kind of the numerate side, not so much. Given you the history at Bristol, you kind of will are dealing, you know, you got a top, top set, top, top of the classes or.

00;07;58;10 - 00;08;24;23

GUEST

No, I wouldn't say so. I was, I was, I was probably okay at most things. I wasn't not numerate, I was better at the arts, you know. And I really enjoyed sport. I just I'd much rather be on the sports pitch than in the classroom. I would 100% be cramming my revision. I was pretty disorganized in my approach to exams, but I would do right because my short term memory is.

00;08;24;23 - 00;08;28;24

HOST

Is quite good. It's quite decent, gamified, reasonably articulate.

00;08;28;26 - 00;08;49;20

GUEST

Could be a bit cheeky, but also could use that to get away slightly with things from time to time. But I was always I never I, I didn't think I was ever like the most ambitious person. I always lived kind of for that day

or that moment or that bit of fun, when life got serious. That's that's when I always sort of had to slightly change.

00;08;49;23 - 00;09;16;08

GUEST

And when I look back on it now, it's it's kind of a funny thing, but no, I loved it. I love to do I, I was, you know, I was sent off to boarding school from seven and I went all the way through. And, you know, that kind of shaped me as to who I am today. Life is all about those sort of experiences, you know, not school necessarily, but the jobs you do, the people you meet, the kind of, frankly, the mock ups that you make, the mistakes.

00;09;16;10 - 00;09;38;16

GUEST

And that's what kind of shaped you, today. And and even just, like, being a lawyer, there's no way that I'd be sitting here and talking about X and Y having set up a business, were it not for, you know, being a lawyer and seeing the opportunity for either risk mitigation or commercial upside, that I certainly wouldn't have been able to do had I not been a lawyer.

00;09;38;16 - 00;09;58;23

GUEST

So even just those times when you're not enjoying something, you know, they're still good. You know, they are still positive as long as you're not, you know, moaning out doing absolutely nothing, you know, having some sort of outlet or output or, or something like that or objective in, in life is, is always a good thing. So yeah, hopefully that answers that.

00;09;58;25 - 00;10;05;21

HOST

One question before we kind of come to the African part of the journey. Is your parents were they lawyers or in property or were they.

00;10;05;28 - 00;10;25;19

GUEST

So dad was in the army always had been. Was army the whole way? So he's, live in Germany a lot, which is why I was sent to boarding school quite young. Which regiment is in the Royal Horse Artillery? Okay. She's a gunner as she about is about to celebrate their 50th wedding anniversary. So busy organizing a speech for that.

00;10;25;25 - 00;10;52;28

GUEST

But, mum was always an entrepreneur, so mum always had a fashion jewelry business. Multiple different guises and names. And that's the thing. Mail order, some retail shops, that's a thing. And, and that was her sense of, you know, wanted to see something and she I think that is the entrepreneurial streak that kind of runs, I think through, so I'm the youngest of three brothers.

00;10;53;00 - 00;11;18;05

GUEST

So I was, you know, roughly got what I wanted. If I shouted loud enough or had to eat faster or get things done really quickly if I wanted to get, you know, a voice. And so I think we all, and certainly my brothers, I think, also have also set up their own sort of things in the past. My little brothers, now doctor, my older brother lives in Dubai, but we all have at some point or another always wanted to, set up our own business.

00;11;18;05 - 00;11;31;14

GUEST

And I think a bit of it could be because we'll say we rebelled slightly from tapping the army, because the

idea of someone telling you what to do, being on parade, owning your chances at 3 a.m. and all those sort of things. We were like, no, we don't want to do that. We tell you what to be. Shout out to that.

00;11;31;14 - 00;11;43;07

GUEST

I don't want to be told to do 35 press ups. What? I don't really want to do any. And actually we we wanted to do our own thing. So I think between mum and dad, there was sort of a healthy kind of streak into what what we became.

00;11;43;09 - 00;11;49;13

HOST

Is really interesting. I've got a very similar upbringing journey. I'm the eldest of three boys. Okay. I was born in Germany. My dad was.

00;11;49;13 - 00;11;50;08

GUEST

I was born in Germany.

00;11;50;08 - 00;12;10;19

HOST

My dad was a helicopter pilot. And I can I can relate heavily to kind of that, not rudderless. But you know, my dad wasn't necessarily commercial or didn't have the the awareness or connections outside of the army to stock. Oh, maybe get his property or go and buy, stockbroker or an engineer or whatever it might have been.

00;12;10;22 - 00;12;13;26

HOST

And so I can completely relate to everything. Yeah.

00;12;13;29 - 00;12;37;26

GUEST

And it's I don't want to. It's like it's the tiniest violin, isn't it? But it's, But you're right. I'm. But that's fine, because I was given every opportunity to be able to make the right decisions by the level of education that I was incredibly lucky to be able to get. And that does provide, openings and opportunities that, you know, others or you wouldn't necessarily otherwise get.

00;12;37;28 - 00;12;57;16

GUEST

So despite that, and you are 100% right, and it doesn't necessarily lead you in any one particular direction or inspire you to go in any one particular direction, you still have a lot of opportunity to work out what direction you want to go. Yeah. In. And I think that that's, that's a privilege.

00;12;57;18 - 00;13;09;04

HOST

100% talk to me about after you left law headfirst into, move to Africa with a couple of other people, can you just talk to me about what you were doing out there? And, yeah, your role and remit was.

00;13;09;04 - 00;13;38;19

GUEST

So there was a couple of founders of a of a company called the sunbird Group, and, it was the, the main, I guess the CEO somewhere group with someone called Michael Aldridge, whose father was sarod. Aldridge, who had founded capita, the listed, you know, Footsie 100 list of business and Michael and will cites who as an ex banker had seen an opportunity to to operate, I guess a services business with a similar DNA to capita on the east coast of Africa.

00;13;38;19 - 00;13;56;21

GUEST

So there was a lot of foreign investment going into Africa and particularly into East Africa. And, it had become kind of out of tune with it, like I said, this, but sort of a proxy for a bit of a bit of a Cold War, because there's a lot of Chinese investment coming in, a lot of Western, particularly American investment coming in as well to challenge that.

00;13;56;23 - 00;14;23;21

GUEST

And a lot of it was going into kind of real estate and commercial real estate. And after they would be really nice buildings. But after a bit of time and that sort of environment, there would be really whether there was no onward services, basically to those buildings. So the idea really was to create an integrated platform of development finance to be able to, you know, finance the development of new buildings with with certain foreign investment to be able to build the buildings themselves.

00;14;23;21 - 00;14;47;26

GUEST

So we bought, construction business, which we can always come back to. That is that's an experience. And then the sort of facilities management, property services, that go with those buildings to be able to fully service them down the line. And then that was more what we referred to as blue collar services. And then as the market adjusted, you know, you could then introduce more white collar services, HR law, all those sorts of things to sort of captive market.

00;14;47;29 - 00;15;07;22

GUEST

Yeah, that was the idea. And as they say in Africa, you want to keep things relatively simple. And that was pretty complicated. So we made a ton of mistakes, which is all fine. All part of the learning experience. We raised lots of money and and personally, for me it was a really it was an MBA, right? It was an MBA on the job.

00;15;07;22 - 00;15;32;01

GUEST

I learned so much about, charity, corporate finance, the fundraising by equity and debt, finance generally, a lot of accounting skills, but most importantly, actually, what came out of it was the one of the things that I was while led on was the acquisition of a serviced office business in Kenya that had offices in, Uganda and, and Tanzania as well.

00;15;32;01 - 00;15;51;23

GUEST

And I got I got into it like I it was one of those things I said. So talking earlier about where you find your passion, that was the moment where I, I thought actually, I really kind of understand this model. I understand why people are doing it. It was at the birth of, of we work and their growth spectacular as it was at the time.

00;15;51;25 - 00;16;15;25

GUEST

And I went off to see a guy I was recommended to go and see in Amsterdam, bright, who was described to me as the godfather of the staff. It was a guy called Kiki Finster, and he had his own business called Tio in Amsterdam. Really successful. And I'll never forget, he picked me up at Schiphol airport, and we went to his offices, and he gave me about a day.

00;16;15;27 - 00;16;41;14

GUEST

Right. Incredibly, but a day where he just spoke to me about everything you needed to know about this asset class, how you, model, the commercial side of it. What you should and shouldn't do it sort of KPIs.

And that's the thing, and I, I just remember just being genuinely interested, you know, when you sort of have a clip moment where you think actually this is like, weirdly quite, interesting.

00;16;41;17 - 00;17;06;21

GUEST

And I can see why it would work. And anyway, that was my that was my kind of education in, into the sector. And I, we took that we put in and improved the, the the service office business that we had in Africa. We grew it out. And what we would do there is we would we would have anchored deals with very large multinational corporates like Siemens and European Investment Bank and Halliburton and people like that.

00;17;06;21 - 00;17;28;19

GUEST

And we would put them, we would find them, office space. Yeah. On flexible terms, that would underwrite the cost of taking excess space in that building that we would then carve up into traditional service offices. And therefore, that was your risk mitigation profile for any new building. And it was great. And that we grew that. And it was it was brilliant.

00;17;28;19 - 00;17;51;10

GUEST

And everything else sort of stopped. So all the development finance side, the construction side, the facilities management side kind of stopped and sunbird became what's now described is or is now called cafe C, which broadly stands for co-working and Swahili. And that's what they're now purely focused on is kind of hospitality led serviced office space across predominate East Africa all day.

00;17;51;13 - 00;18;10;19

GUEST

The last thing I did was a deal with Google in Lagos. So that was it was always the rule. I would knock at West Africa and then and we were very bad with rules because we were quite entrepreneurial. And then, Google came and asked me whether we set up something in Lagos and, and so we obviously said, well, clearly we'll do that.

00;18;10;21 - 00;18;19;22

GUEST

So anyway, so that's the only that's the idea I live in, in, in West Africa, but then not doing that, doing other stuff at Google in, in kind of central in East Africa.

00;18;19;22 - 00;18;22;10

HOST

So that's how I say.

00;18;22;13 - 00;18;25;01

GUEST

That's my end. That's my insurance will stay. Yeah.

00;18;25;04 - 00;18;36;21

HOST

But your training and the exposure that you had as a solicitor, you know, form. Yeah there's a lot of transferable skills. Yeah. That that you can then leverage and apply to to the real estate world.

00;18;36;22 - 00;18;56;20

GUEST

Yeah 100% I mean it's commercial right. So you're thinking about, you know, how you can make money out of this, which is you do get a little bit from, from doing enough corporate finance law. It's risk mitigation in the you look at it and you go, I don't like the buy long, sell short model. Like, how do we mitigate that?

00;18;56;20 - 00;19;15;14

GUEST

Which is why we came up with this sort of bank clients that we would go off to to see whether we could put them somewhere. And the bit that you kind of have the least experience, ironically, coming from a corporate finance background is the corporate finance side of us is actually more the pure finance side of it. So, you know how you're running accounts, you see balance sheets, your cash flows and all that.

00;19;15;16 - 00;19;34;21

GUEST

But, you know, as a result of being kind of passionate about it and understanding the business model, you kind of you can pick that up like relatively fast. I mean, you're always learning, right? But it's you get the basics pretty fast, and we have enough good people within the kind of finance, the finance side of life that. So we had a sort of central accounting and finance function that were really good.

00;19;34;21 - 00;20;04;12

GUEST

So that was helpful. But yeah, wouldn't have been able to do it had I not been, a corporate finance law. I also also did all this structuring. Right. So I set up, all of the, the companies in Africa, in the UK, you know, looking at various tax implications, etc., etc., and to make sure that it was as efficient as possible that we weren't overloading companies and, that actually even just generally from an accounting point of view, it also worked.

00;20;04;14 - 00;20;07;23

GUEST

So wouldn't have been able to do that had it not been for the corporate finance stuff.

00;20;07;23 - 00;20;11;16

HOST

Then you're with somebody for four and a half years.

00;20;11;18 - 00;20;12;21

GUEST

Yeah.

00;20;12;23 - 00;20;16;24

HOST

Living in Kenya all over.

00;20;16;27 - 00;20;42;04

GUEST

I mean, I'd go, I'd do three weeks a month sometimes just going, I mean, I could Kenya, I'd, I'd get, to da Salaam, Tanzania, I'd get him a pizza. Mozambique, I Uganda get a Zambia. And then I'd usually end up, in South Africa. And if I could work it usually in Cape Town, but quite often Johannesburg, where we had an office and I think I used to then I used to fly most of the time.

00;20;42;06 - 00;21;06;21

GUEST

Via Doha, because I wanted to get the points right. So I think I must be one of the fewest number of people who managed to get a gold. A BA gold, award just from economy, purely economy. I'd only ever fly economy because, you know, we were a cash strapped sort of business, and we try to be as fiscally responsible as possible.

00;21;06;24 - 00;21;13;06

GUEST



And so, yeah, I would always go via Doha. I think my record layover there was about 14 hours.

00;21;13;08 - 00;21;14;20

HOST

Just to get just.

00;21;14;20 - 00;21;18;03

GUEST

To get to gold, just to get gold, only for it to get taken away. Yeah. Later.

00;21;18;03 - 00;21;19;29

HOST

Yeah. Just don't use it. Yeah. But I think.

00;21;19;29 - 00;21;36;25

GUEST

The point was that I was, so I was having my wife had had one and was probably expecting a second child on the way. And I it was not sustainable to continue traveling. I didn't want to move out to Africa. I was pretty clear about that. I never wanted to move full time, didn't want to move the family over there.

00;21;36;28 - 00;22;04;04

GUEST

And my wife is pretty clear about that as well. So the kind of moment, I suppose, the X and Y was born was when we were doing a one of our new fit outs for, so this, this stuff is business in Africa. And we wanted to get some debt for the fit out. And we went to the local banks in Kenya, and we asked them and they said, that's fine, but your interest rate would be, you know, 18% per annum.

00;22;04;07 - 00;22;32;00

GUEST

So we thought, oh, look, come on, we're a UK company operating in sub-Saharan Africa. We must be able to go and get some cheap debt from, you know, foreign invested donors. So the off season, the difference in the opex of this world. And they said no. And when I asked them why, they said, well, the reality is you're talking about, repaying this debt that we would provide through bottom line and expansion of new sites.

00;22;32;05 - 00;22;51;06

GUEST

And I said, yeah, but that's that's what we would do. And they said, yeah, but what we want to hear is like that. You're promoting jobs, businesses between borders, Wi-Fi to entrepreneurs, mentorship, generally jobs, you know, all those sorts of things. That's what we want to hear. We want to hear about the really sort of positive social impact.

00;22;51;06 - 00;23;23;25

GUEST

And if you can unlock that, then, you know, we would be interested in having a discussion about providing cheaper debt than you would otherwise get. And I thought that was the that was the time when I realized this connection between those companies that have really positive social aspirations and those that actually create more money reality, like those companies that do good also do well and I thought that was really interesting kind of, hypothesis, because most people think that doing well in the social aspiration was for social enterprise, a charity, not necessarily for the benefit of profit.

00;23;23;28 - 00;23;44;08

GUEST

So when was this just like, whatever, seven years ago? Eight years ago. And purpose driven business wasn't really a thing. And but you started to read more and more about the, the issues in the world that

were happening on the front pages, particularly around climate change. And so I started looking into this. I started looking into this idea of what it was to be a purpose driven business.

00;23;44;10 - 00;24;03;00

GUEST

And I, you know, once you get into it, you realize there is a whole teeming amount of businesses and particularly young businesses, SMEs, entrepreneurs driven through, you know, Gen Z and, and, maybe even 30 year olds who, who would only ever set up a new business that was designed to think about people and planet as well as profit.

00;24;03;02 - 00;24;24;17

GUEST

And then I looked to movements like the B Corp movement, the B Corporation, which is sort of, you know, the highest sort of standard, I suppose, for responsible business across not just your impact on the planet, but also across your workers, your governance, your customers. And I sort of thought it was just a really, really growing sector and a really interesting thing.

00;24;24;17 - 00;24;45;11

GUEST

So I thought about how we could set up a business that did those things, on the one hand, created kind of it, that kind of flexible workspace amenity provision that I knew wasn't going away, but we could do it in a risk mitigated way, but also was a purpose driven business. I it had a reason for being beyond pure profit.

00;24;45;11 - 00;25;10;19

GUEST

It had a mission. And that's when we started thinking about, okay, can we actually use it to create kind of really inspiring, flexible, innovative, kind of, you know, sustainable spaces that we could house these types of businesses at all stages, right? From those that would be cool from the time that they were born and were leading the way in terms of what, a purpose driven business should look like.

00;25;10;19 - 00;25;43;05

GUEST

And those companies, who were interested but had never thought about it and were maybe a bit slower to take it up, but wanted to and you could collaborate and collaborate. Those types of people in one room, and you could track the kind of progress that those companies that weren't necessarily doing it as much as they possibly could do, and see, whether you could prove that connection basically between doing good and doing well, i.e. where there are people staying for longer, where they making, you know, more money, where they genuinely making an impact on the planet.

00;25;43;05 - 00;25;52;18

GUEST

How were they doing that? Were they making meaningful connections and were people staying longer, less sickness, that sort of thing. And that was what the sort of blueprint for X and Y was.

00;25;52;20 - 00;26;13;29

HOST

So you left your job, you dropped your gold card with BA, stop doing your miles. Yeah. You had this concept. How did you take it from concept to an actual reality? Obviously. Can you talk about your co-founders as well in terms of their roles within? Yeah, within this, but also raising capital and actually getting the idea in motion.

00;26;14;02 - 00;26;34;17

GUEST

Yeah. So the first thing was my wife is a very good accountant, and she was very helpful with helping me build a business model, which I was pretty like, okay with. I knew, I knew the broad concept was what I

just described, but also that we didn't want to end with the leases. We wanted to take management agreements.

00;26;34;17 - 00;27;01;24

GUEST

This obviously sort of 2017 18 that I'm talking about here. So management agreements, not what they were in fact, sort of blackballed, but I still wanted to do it that way. So we built the model and did a very basic pitch deck, which without a name or anything, but just a very basic pitch deck. And I took it to a, a couple of potential investors and sort of just a broadly and crudely work out what the feedback would be.

00;27;01;24 - 00;27;29;18

GUEST

And I remember going to somebody in particular who said, it's a really interesting idea. You should talk to Phil Nevin about it, who's had a similar idea, but within the university sphere, i.e. looking at how we can create a kind of more purposeful approach to university and halls of residence. And that's the thing to make, universities sort of slightly less about what I described it as for me, which is this fun at the expense of everything else.

00;27;29;20 - 00;27;46;08

GUEST

So I went to see Phil, who I had been at university with and had also been part of a world record setting bunch of people to do the math and all tied together. I think that was 34 of us all tied together and the, and, so.

00;27;46;08 - 00;27;48;05

HOST

It all tied together. And you did a marathon. Yeah.

00;27;48;05 - 00;28;23;12

GUEST

So basically it was Virgin Money. It was the first year that they had decided to sponsor the London Marathon. And, Richard Branson wanted to go as a, a butterfly, and he wanted his daughter Holly and his son Sam to be a caterpillar running behind them. And I knew Holly and knew Sam, and they asked 34 people basically to be connected behind them as a caterpillar, all connected by sort of bungee, to follow behind Richard as we run through so that, that, that and Phil was part of that caterpillar as well.

00;28;23;12 - 00;28;25;05

HOST

So he was asked.

00;28;25;07 - 00;28;48;17

GUEST

Yeah. So he was asked and, and actually Holly was the common connector and was the one that I went to to. So what about potentially investing into this? And she was the one that said, speak to Phelan anyway. So Phil got it. Love that. His background is in very high end residential development. So he knew what good look like in terms of, you know, quality real estate essentially.

00;28;48;17 - 00;28;54;07

GUEST

And it does translate. It does translate relatively easily from residence, a good quality hospitality.

00;28;54;07 - 00;28;54;25

HOST

Increasingly.

00;28;54;26 - 00;29;15;14

GUEST

Workspace. Exactly. And I'm sure we'll talk about that. So he got it. And then I asked Tanya to be able to, to, to, you know, to be the CFO. But she was relatively reluctant to do, at the beginning, which is fair enough anyway. And so it was the three of us was sort of, you know, joined by this relatively loose framework of what we wanted to do.

00;29;15;14 - 00;29;44;11

GUEST

And, and then we over time, we we just spent a bit of time just timing it out. And we built a deck that was much better and was really clear about what we wanted to do about this idea of uniting purpose driven businesses every day, inspiring them and then amplifying, what they were doing. And, so we took that and we took it and we took it to Holly, and we took it to somebody called Lord Rumi Verjee, who had originally founded Domino's Pizza in the UK.

00;29;44;14 - 00;30;13;21

GUEST

And we took it to, a couple of others, including Richard Reid, who is the founder of, Innocent Smoothies. And, we raised, some money through, you know, those sorts of people. And, and we were off basically to the races. And the first building was actually one of a Lord verges, which had just bought in East London, which then became People's Mission Hall, which is our very first site in East London that opened in April 2019, I think.

00;30;13;21 - 00;30;16;05

HOST

So he was capital as well as real estate. Yeah.

00;30;16;06 - 00;30;34;06

GUEST

And I think, you know, there was there was quite a lot of that in terms of people saw the opportunity and they said, you know, I kind of like the idea that I see that there is a potential in this ongoing, flexible workspace idea that people don't really want to set long term commitments and they don't want to pay the cash to do big time fitout.

00;30;34;06 - 00;31;01;24

GUEST

I need to then have a, something happen to their business plan, which meant they either outgrew it or, or needed less space or had cash crunch or whatever and needed more flexibility. So they kind of little virgin got the idea. Andy was in real estate so he could he was able to do both. But I think you see that increasingly, obviously with lots of people who are in real estate who say, okay, I'm going to I want to do this.

00;31;01;24 - 00;31;21;17

GUEST

I don't know how to do it. I want to get somebody to come and do it. But if I'm going to provide the real estate, I also want potentially a piece of, the operating pie as well. And that's and I've seen, I've seen that a fair amount actually in the sector. So it's a great way to get on the ladder if you are a new operator wanting to come in.

00;31;21;20 - 00;31;30;08

HOST

Someone who's listening to this, who doesn't know what a management agreement is, can you just explain what a management agreement is and why is it different to a traditional lease?

00;31;30;08 - 00;31;50;03

GUEST

Yeah. Sandra. Traditional lease, X and Y would enter into at least with the landlord for ten years, where we would guarantee a rent essentially, and we wouldn't have to pay the landlord any more than that, but we would take the risk on paying that. Then we would take the risk on all the operating costs, including things like business rates and service charge.

00;31;50;06 - 00;32;13;24

GUEST

And if there was ever any issues, i.e. we couldn't fill the spaces for whatever reason, we would have the burden of constantly, repaying, always paying that rent, notwithstanding how business was performing. So that's what I mean about buying long selling short. So you're taking a long term lease commitment. You're carving it up into licenses for short term for people to to enjoy on a short term.

00;32;14;01 - 00;32;37;17

GUEST

So you're taking that long term risk. Sure. You're charging more per square foot to the underlying tenant, but still you're taking that long term risk over a 1015 year period or whatever it is, a management agreement. Obviously, in my opinion, is a lot more of an equitable arrangement between a landlord and an operator where we are essentially not entering into a lease.

00;32;37;17 - 00;32;58;21

GUEST

We're entering some management agreement whereby, rent, as it were, is coming out of the profits that you're making. So in good times, which usually you have there are you are essentially paying the landlord more than they would get on the lease because you're profits are a good but on a on a downside. And obviously we'll talk about Covid in a little bit.

00;32;58;23 - 00;33;24;15

GUEST

You know that that springs back. Right. So you are taking a more equitable approach. You also sometimes quite often don't have the operating cost risk. So for example, if you know startup capital before you're a minimum amount occupied there will be some working capital requirements. Usually, you'd have a conversation with the landlord about doing that. So, you know, it's it's a far more I think, as I said, equitable arrangement between landlord tenant.

00;33;24;15 - 00;33;28;06

GUEST

It's much more what you'd sort of typically see in the hotel industry.

00;33;28;10 - 00;33;29;15

HOST

That's where it's very complex.

00;33;29;21 - 00;33;53;26

GUEST

Exactly. And I think most of the management agreements, there are 250 ways, I think of doing them. And I think that you're now getting it's becoming much more refined, and it's becoming much more refined around the framework that the hotels have set, which is you know, kind of fair enough. And management agreements are now, you know, really prevalent.

00;33;53;26 - 00;34;07;04

GUEST

In fact, I think the majority of operators, will be doing it now. And the number of operators who are doing straight up leases, other non exceptional assets are few and far between.

00;34;07;04 - 00;34;21;23

HOST

Now because it's a partnership and it also stops. What happened with we work which is I'll just put the agreement in an SPV that's ringfenced from the wider business. And so if they can't afford to pay the rent, they to shut that business down. The landlords left high and dry.

00;34;21;26 - 00;34;44;13

GUEST

Yeah. That's right. And I think that it all comes back quite often to the valuation of the building. Right. So the value that someone puts on a building is based on the yield, which is based on the covenants of the leases that are, that are in there. So if you've got IBM or Apple taking a a ten year lease in a building, then you are sitting on a very low yield and a very high value building.

00;34;44;13 - 00;35;10;25

GUEST

And that is typically then a developer would flip that. So they would want to fill it with good strong covenants leases and then sell it to a pension fund to then run it and take the cash for ten years and not a developer would then go and do it with a bigger building, basically. Yeah. And yeah. So with the SPV and I think a lot of people were doing the SPV realization Covid is that they were basically worthless.

00;35;10;28 - 00;35;51;23

GUEST

Right? And especially when something like we work, which had such sort of big exposure to the buy long sell short element that actually, when that decided to die, the covenant attached to even that SPV was, was, was so low and then that SPV itself, they could just crunch and get rid of. So actually it was almost entirely worthless if in worst case scenario, and you're sort of seeing it now, I think with, those buildings where we work in and they have leases, is that actually the value of those leases is really impacting the debts that the landlords are able to put against that building, because it's.

00;35;51;29 - 00;35;52;27

HOST

Banks are going to lend to.

00;35;52;29 - 00;36;11;28

GUEST

Not they're not wanting to, certainly not a decent interest rate, certainly not in this market. Yeah. And certainly not, you know, the that the debt to equity ratio is you probably could get on your balance sheet before. So that's why I, I guess somebody used to describe it as, I guess the imperialist model of traditional landlords. It's kind of changed, it's slightly broken.

00;36;11;28 - 00;36;33;05

GUEST

And I think landlords are having to think a lot, a lot more outside of the box. And, at the same time, people who are taking who are taking leases are looking for a lot more amenity and hospitality than in the workspace. And the landlords have to work out how they can deliver that as well. So you've kind of got this double whammy of how do I fill buildings and how do I make them amazing and how do I create value.

00;36;33;07 - 00;36;39;02

HOST

That's good. So you opened your first site. Was it shortly after September 18th when you set up the business or.

00;36;39;02 - 00;36;54;26

GUEST

Yeah. So so raise money in in I think you're right. I think it's September to December 18th and then opened at People's Mission Hall in April 19th and then opened our second building in March, 2020.

00;36;54;28 - 00;36;55;16

HOST

Perfect timing.

00;36;55;16 - 00;37;16;14

GUEST

Perfect timing. Yeah. So there's the thing, right? Because obviously we were in management agreements and we were just able to essentially work with the landlords and say, look, let's just keep people, let's do the best deals we possibly can. It's not think about the bottom line that you, you know, they weren't in a position necessarily to be greedy.

00;37;16;14 - 00;37;36;11

GUEST

They were like really practical about how we want it, which meant we could really focus on going to the tenants at the time and just say, guys, we get it. Here's a deal. It's amazing. Stay, do whatever you want, blah blah, blah. And it meant that, you know, we didn't lose as many potentially as we could of. And so that kind of management agreement worked.

00;37;36;11 - 00;37;59;05

GUEST

Whereas those operators that had traditional landlords were having to fight tooth and nail with those landlords to get some sort of break that they then had to pass on to their, you know, members or tenants and therefore were able to do a lot less. And the communication you can imagine had to happen at 900 miles an hour in real time to both sides of that equation.

00;37;59;08 - 00;38;19;12

GUEST

And the quicker you can move with your tenants, the better chance you had. So if you were slow to do great deals, you were going to lose. You were going to lose, you know, a a massive, immaterial number of them. Whereas I think we were able to actually work really fast with our tenants and be able to just put good deals in place.

00;38;19;15 - 00;38;38;12

GUEST

And the landlords basically just, you know, we just had to be transparent with them and say that was the best way to go. But at the same time, once you got over the kind of three months of hell that was between us and then March, April, May, of that year, because it was management agreements, we were able to go out and do quite a lot of business development.

00;38;38;12 - 00;39;09;29

GUEST

So we went and saw where other operators were, unfortunately, having real difficulty in real crisis because of leases. We were able to go out there and start talking to new landlords about, opportunities. And I think landlords started to see particularly really progressive ones, started to see the opportunity for management agreements and a lot of them started to see, actually, this is going to change a lot of things, particularly over time, you know, as it went from three to 6 to 12 months to 18 months, people started to think, okay, people are going to want different things when they come back to the office.

00;39;10;01 - 00;39;31;19

GUEST

We're going to introduce more amenity. How are we going to introduce more hybrid working? You know, initiatives, all of this stuff. So we were in a great spot, basically because of where we were to be able to

make the most of that. So we came out of Covid with, you know, a lot of a lot of new sites and a lot of new relationships and partnerships with, with really cool landlords, which is great.

00;39;31;22 - 00;39;39;14

HOST

Can you just talk to me about the business today? Like how many sites have you got, where are they located? And also a little bit about the the team too.

00;39;39;15 - 00;40;04;11

GUEST

Yeah. So we got we managed about 400,000 square foot across the UK. I mean, in, in Manchester, Birmingham, Milton Keynes, London, hopefully into other cities fairly soon to be announced. And we operate sort of all amenity, not just decent chair. So we'll do front of house will do club spaces would be food and beverage. We'll do events will do wider meeting rooms.

00;40;04;17 - 00;40;23;12

GUEST

We can just do the amenity in those spaces. We don't necessarily have to do the kind of the flex workspace at the same time, because I think a lot of people have just generally little landlords are just generally really struck by how to put in good quality office space. I mean, amenity space, but don't necessarily want to take the the valuation issue of a management agreement on the office space.

00;40;23;12 - 00;40;44;28

GUEST

So we quite often work with landlords on just doing you know, members club spaces, which are typically amenities with kitchens and bars where you can, you know, eat, drink and and access meeting rooms and event spaces and that sort of thing, which is obviously like really popular today and hopefully drives greater lease pricing for the landlord across the other floors.

00;40;44;28 - 00;41;14;05

GUEST

So a lot more democratization of of really quality space in buildings. So about 85 people now, X and Y is and the idea is the X and Y itself is a kind of thin bunch of really kind of quality operators who support the teams on the ground in each of the sites. And yeah, like I say, it's we kind of operate across traditional destinations, but we will also do high end hospitality.

00;41;14;05 - 00;41;37;18

GUEST

So members club spaces and event spaces, across our various things, which means we're very into a food and beverage kitchen. Chefs, sous chefs, porters, memberships, membership managers, all those sorts of things. So always trying to activate buildings to create kind of best in class experience wherever we can as a shared kind of vision with the landlord, basically where, where they, where they wanted.

00;41;37;18 - 00;41;40;05

HOST

To see you're in proper partnership with them.

00;41;40;05 - 00;42;04;17

GUEST

Yeah, yeah, it's total partnership. We'll give the vision that we think. So we'll say this is we'll leave our building and go, yeah, what sort of thing do you want to do? And here's kind of what we could do. And we have an amazing in-house design team now that that can design these incredible spaces and the landlord can tweak it, change it to whatever will provide the numbers and the business case for it, and then hopefully they're up for it.



00;42;04;17 - 00;42;24;26

GUEST

And, you know, we'll just we'll enter into a management agreement, will design and build it and operate it, manage it and report, regularly to, to the landlords. As needed. And generally landlords get involved as much or as little as they want to do. Some will want to get involved in the literally the minutiae. They want to know what the color is of the of the of the curtains.

00;42;24;26 - 00;42;35;24

GUEST

And some will just say, just report to us on a quarterly basis and we trust you to do it. So, fundamentally, our business is set up to be a partner with landlords, just basically the way I describe.

00;42;35;24 - 00;42;46;10

HOST

It, where does data fit in to this? And is that increasingly important in terms of kind of tracking usage or tweaking parts or how you configure a particular building?

00;42;46;13 - 00;43;06;25

GUEST

Yeah, data is really important. So with these buildings, you typically never finished, you're always doing something to the building, whether that's pushing through walls to create more office space or more meeting room space, or changing the staffing levels to suit, you know, the amount of revenue that's coming in and, times that people are using the space.

00;43;06;28 - 00;43;28;18

GUEST

So you're always using data to be able to identify what you can do to create either a better experience for the underlying member or customer, as well as sort of more revenue, I suppose, or saving cost to be able to get a better bottom line that those two obviously go hand in hand. You can't just be totally bottom line driven.

00;43;28;18 - 00;43;50;19

GUEST

You need to think about the customer experience at all times. But generally in order to be able to marry those two, to create kind of the best building possible, you've got to rely on that data, which obviously quite a lot of that is around the systems and the process that you have in place. Food and beverage, for example, is very different in terms of its systems and processes than, say, traditional kind of desk and chairs workspaces.

00;43;50;21 - 00;44;13;22

GUEST

So we have to very different processes and systems on on those other things, which is broadly a nightmare, but is is needed. And then you can work out, for example, with food and beverage. The biggest issue is waste, right. So how do you control stop waste? How do you manage stock. It's a very different kind of, problem to how can we use space to create as much revenue generating space in a workspace.

00;44;13;29 - 00;44;15;12

GUEST

Yeah. So the.

00;44;15;19 - 00;44;30;00

HOST

Upside versus yeah, downside as well. Exactly. And then you're responsible also for going and finding the tenants. Yeah. Or working with brokers to put sustainably minded B Corp driven or impactful purposeful

occupiers into your space. Right.

00:44:30;00 - 00:44:53;16

GUEST

Yeah. And and I think, you know, just to be really clear, they don't have to be that way. Our members, we have such a different range as you can imagine from kind of high end, professional services firms and hedge funds to, you know, creative entrepreneurs starting up a business. And it's more like the collaboration or the collaboration if they want to, between them.

00:44:53;16 - 00:45:17;00

GUEST

But generally our spaces are very high end. They are hospitality led. So we will be kind of more food and beverage provisions into general amenity, obsessed by having kind of fun and aspiration into the office space rather than just sitting at a desk all day. And so we will. We definitely wouldn't say you have to be a purpose driven company or business.

00:45:17;00 - 00:45:39;00

GUEST

We will amplify you to the max if you are, and we will put you on a pedestal. And we'd love to partner and become, become a serious ally of those at all. But generally, you know, anybody with exceptions obviously can become a member. Every member has to sign a pledge. So within the license agreement. And nobody's ever marked this up or said no.

00:45:39;00 - 00:46:02;24

GUEST

But within the member agreement that we have with our members, everybody signs a pledge to to people and planet broadly, as well as profit and which is which just taken a lot from the B lab or B Corp framework that you sign if you want to become, a certified B corporation. And that means that everybody has subconsciously made this commitment in some way to people and planet as well as profit.

00:46:02;25 - 00:46:20;26

GUEST

And I think that's really interesting because regardless of whether you're from a hedge fund or whether you're from a sustainable building company, you come together. There is some sort of like a Venn diagram, Btigs, where you've got something which which I guess combines you, but quite often that that, I mean, and you don't have to and we're not soapbox preachers about it.

00:46:20;26 - 00:46:24;08

GUEST

And if you just want to, you know, do your work, that's cool.

00:46:24;11 - 00:46:44;17

HOST

You touched on, fun within that and you put, I know you put a lot of emphasis on having fun at work, which is really refreshing because I think people do have fun at work, but they're not necessarily as overt about having fun. You know, work needs to be more serious, but you suddenly the interactions and dealings that we've had together, you put an awful lot of emphasis on having fun.

00:46:44;17 - 00:46:45;26

HOST

Where does that come from?

00:46:45;28 - 00:47:06;01

GUEST

Well, surely like that when I spoke about my time at university, like when there wasn't any aspiration, it

was just about having fun in the moment. No, I think look, I think it completely changed and I think that people realized. So when I was a lawyer, like I said, it would be, you would come in, you would you would come in at a certain, and you wouldn't leave before a certain hour.

00:47:06;04 - 00:47:30;12

GUEST

Right. So you would. And that's the classic putting your jacket on the back of the chair to show that you're still there at 7 p.m., 8 p.m. in the evening. And what is the point? Like, what is the point? Why are you not measured on, I don't know, productivity, for example. And so it kind of and then Covid came along and everyone questioned, do I really need to sit at this desk in this office to prove productivity?

00:47:30;14 - 00:47:57;10

GUEST

Or can I prove productivity by just doing my work? And if I'm sitting at home doing it, then that's cool as well. So slightly shifted what the office became about. And actually it became about mentorship, firm engagement. And that's what we're just kind of reflecting and what we do. So, you know, if people want to go and use amazing breakout spaces, to go and, you know, have a group meeting or they want to go and do a team bonding with a gits with some gin and tonics and a beer.

00:47:57;13 - 00:48:17;14

GUEST

You know, that's great. And for me, I'd much rather come in and do the latter, than I would necessarily to come in just to come and sit at a desk. I'll come in for a reason. I'll come in for a meeting or I'll come in for team drinks, or I'll come in for drinks with someone else. But, you know, you've got it.

00:48:17;14 - 00:48:32;19

GUEST

You've got to have fun with these sort of things. Because if you're not having fun and then what's kind of the point? And there is something that we constantly remind or try and remind ourselves about as we're completely exhausted. But, you know, you do need to have fun. And sometimes you can realize that actually, you completely missed the high five moments.

00:48:32;21 - 00:48:49;12

GUEST

Certainly something that you know, with with a with a business. When you're starting up, you move on very, very fast from any success to the next thing to the next thing, to the next thing. And you never stop and go, well, how do we live this moment? How do we celebrate this moment? How do we get everybody else involved?

00:48:49;12 - 00:49:03;08

GUEST

How do we mark this as, as a as a serious milestone? And that's the something that I've always got in the back of my mind, about how we can do that better, but we still we still don't, as well as we should do.

00:49:03;08 - 00:49:21;00

HOST

Really. Can you share the details of some of the landlords that you partner with? Or if you're not able to do that, I'll be able to share some of the names of the landlords you'd like to partner with. And I'm assuming they're kind of bigger institutional businesses that have got big portfolios that you can kind of scale across multiples of their their different sites as well.

00:49:21;00 - 00:49:43;03

GUEST

Yeah, they really range. I mean, obviously the first one was with Lord Verjee, and kind of that high net worth area is, is quite interesting because generally we partner quite well with people who think about

long term commitment to real estate. So generally because as I mentioned earlier, people wouldn't apply as good a valuation on a management agreement as a lease.

00:49:43;05 - 00:50:09;28

GUEST

It's typically those people that therefore don't think about valuation, just think more about cash return that we would typically work with. So they tend to think generationally. So if you think about landed estates like Portman Estate or Grosvenor or other states that are out there, like we don't work with necessarily, but the dividends and grow and Cadogan and people like that, you know, from a London point of view, they hold assets for a long time.

00:50:09;28 - 00:50:41;09

GUEST

So they're always thinking about placemaking. Yeah. Which is very different from a developer who just wants to spin off and sell it at the first possible opportunity, saying that we do also work with some serious institutional investors, including Santander, HSBC, Trust and Capital. So lots and lots of, of others that have, you know, identified our brand and hospitality as a really interesting placemaking tool to increase the value in the rest of the building.

00:50:41;09 - 00:51:00;13

GUEST

But also to create something a bit different and something that's a bit more engaging. Yeah. And I think that, yeah, some people will use that. Yes. To increase the value of the releases and the rest of the space, but other people will use it as an amenity to fill the building or to do something, like, I say, a bit different, particularly maybe if it's outside of a traditional location.

00:51:00;18 - 00:51:14;26

GUEST

For example, you know, where you have to think slightly outside the box, then you would, you know, that would be a typical time. But generally we will we will always try and identify assets that are in really, really good locations in different gateway cities around the UK.

00:51:14;28 - 00:51:31;13

HOST

So you touched on design, a design LED space, and also that F and B element with chefs in the catering part. Can you just expand on that because and where, you know, there's similarities between hospitality or hotels or just. Yeah, the hospitality aspect of it. Yeah.

00:51:31;13 - 00:52:09;01

GUEST

So as I think you mentioned my earlier, is that there is actually quite a lot of similarities between kind of residential and office space. These days, and particularly with hospitality. What we're trying to do is work out how we can create a space that people want to engage with all the time. Right? So typically what we found is that a lot of landlords are therefore looking at how you can create food and beverage within real estate and people, from an office perspective, or tenants are asking how we can personalize space for them, where they wouldn't necessarily have the same cash output as they would under a lease.

00:52:09;01 - 00:52:37;13

GUEST

For example. So we have built or Phil Nevin, the co-founder, and who is our chief creative officer, has built a design team essentially based out of, really kind of amazing backgrounds in places like square and Partners, to be able to design. I guess, hospitality led spaces and then being able to adjust those spaces over time so we can design kitchens, which.

00:52:37;16 - 00:52:38;21

HOST

Is a completely.

00:52:38;21 - 00:53:09;22

GUEST

Different skill, obviously, and a bar that, a can't be finished managed office or smaller office. And so that's, you know, Phil's done an amazing job on that. We have this, initiative called y design where people can employ our design department. So actually, you know, create their own space, help them be able to design, manage, even pay for, to some extent, the rent space that, you know, built to their set particular requirements.

00:53:09;24 - 00:53:27;03

GUEST

And that's happening more and more I think nowadays. And I think that's kind of good quality hospitality and design is is basically what people are looking for. And for us, what we always wanted to do, we always wanted to be at the top 1% of, of kind of hospitality offering. I think there's a market always in the top 1% or the bottom 1%.

00:53:27;06 - 00:53:43;07

GUEST

So the bottom 1% is always people who want cheap, high, like, you know, space that they can access really quickly and they want to pay a lot of money, and there will always be that market, and then they'll always be regardless. Those people are the one. The very best and everything else is is a bit of a butterfly fight to be able to distinguish and differentiate yourself.

00:53:43;07 - 00:53:55;23

GUEST

So for us, hospitality, food and beverage, ability to be able to be design led was the totally the requirement to be in that top 1%, which is why we built that design team. And Phil has done a really good job on that.

00:53:55;26 - 00:54:14;10

HOST

When I walked into Cumberland Place, that's the name of it, right? Yes. Your HQ, it literally is like a hotel and I hate the word hotel ification, but that's what it is, right? It's the blending of the kind of the super luxury high end residential hotel experience with the offices.

00:54:14;10 - 00:54:32;15

GUEST

Yes, the service with the fitout. So it's the design plus the service. So for us there we are in charge of all of the amenities. So we're in charge of the front of house. We when we then tendered out the facilities management. But we run the energy chip facility, the front of house, the members club space on the top floor overlooking Hyde Park.

00:54:32;18 - 00:54:50;01

GUEST

All of the fitout on floors two and three, which are the X and Y flexible workspace, floors. So you generally get that amazing experience that flows through the whole building. So the moment you walk in, right, they will then communicate to the team that are up in the club space. You then arrive, they say, hi Matt, really good to see you.

00:54:50;01 - 00:55:10;16

GUEST

I haven't seen you for the last three months. You get an incredible kind of experience and feeling that, you know, that's what hospital. You're also in an environment that looks incredible. You go out, you have a

meeting, you go to an event, and then you have a beer at the bar. Right. That's amazing. It's an amazing experience based on hospitality, both from a design point of view but also a service point of view.

00:55:10;22 - 00:55:28;19

GUEST

And that's why we quite often really enjoy running the service across multi-tenant the buildings. So most people just think, yeah, well, you would do the front of house if you running the whole building, but quite often this isn't about funding the whole building. This is just about having really good quality amenity space throughout the building. But there'll be leases in there as well.

00:55:28;19 - 00:55:45;06

GUEST

So we might help the agents in terms of like, you know, with them at least start by showing a potential new lessee around the club space or the facilities in the building. But you always know that from the moment you walk into that building, whoever's at that front desk is going to greet you in the best possible way.

00:55:45;12 - 00:55:53;26

GUEST

And it's, you know, that first and last 5% is always going to be phenomenal. And that's always been, you know, the idea of of being joined up in the hospitality provision.

00:55:53;28 - 00:56:01;09

HOST

And you talk about you do compartmentalize parts of your your chain as well. Right. And people can get access to different parts of that. Yeah.

00:56:01;09 - 00:56:03;04

GUEST

What do you mean in terms of different spaces. Yeah.

00:56:03;04 - 00:56:08;18

HOST

Different spaces. You get a touch on the design aspect just now. Yeah. You can do parts of the building or.

00:56:08;19 - 00:56:33;00

GUEST

I think it's a really I think it's a really important piece. I think people should be able to access club spaces. For example, we have club spaces in London and Birmingham that we want to introduce across more across our portfolios, and I think that's a really interesting provision as a, as a sort of most people would have talked about co-working before, you know, this idea that you can go sit down, grab a coffee, access Wi-Fi in a in an open plan environment.

00:56:33;03 - 00:56:54;26

GUEST

It's okay, it's cool. But actually, what is that open plan environment like? If you if we can introduce a kitchen with a bar with, you know, really cool views and really interesting service level and people know your name, you're getting into much more sort of develop hospitality and how people can access that sort of environment around key gateway cities in the UK.

00:56:54;28 - 00:57:14;16

GUEST

That's super cool. So that's kind of, one of the things that we want to do, as well as the traditional kind of co-working, but also people can access through our app you in multiple different meeting rooms across all

of the buildings. The network is important. You know the network if you want to go into, for example, Manchester and Birmingham, they also want to be joined up with Leeds.

00:57:14;16 - 00:57:40;14

GUEST

Right. And people in Birmingham might want to access Milton Keynes because it's on, it's on the same railway and people from Birmingham, Manchester might want to come to London quite a lot because it's, you know, despite everything, it's still a central hub for the UK. And so if they can use X and Y as a single vehicle to be able to do all of that work and be able to access all of those things, not just for work, but also for the team to have fun, then, you know, I think that's cool.

00:57:40;14 - 00:57:42;09

GUEST

I think that's that's what we're trying to.

00:57:42;09 - 00:57:45;25

HOST

Do, is a big tick when it comes to talent acquisition and retention as well.

00:57:45;26 - 00:58:09;04

GUEST

Yeah, but all of these things, you know, particularly in a post-Covid hybrid world, all of these things are cultural. They always come back to in a we've got a low unemployment rate, roughly 3%. You've got quite a lot of transients, particularly in kind of younger generation of workers, a lot of work. Lessness so what are companies doing to be able to promote that culture so that they are getting the best possible talent?

00:58:09;06 - 00:58:24;11

GUEST

So hybrid working is one of them. But then when you come into the office, what does it look like? You know, how can you generate really good culture? And a lot of people also start with the quality of their office space. And I think it is quite an important piece. So you can come in. Why are you coming in?

00:58:24;13 - 00:58:40;03

GUEST

Right. You're not coming in. Just sit at a desk. You're coming in because you're coming in for a meeting or because you're learning, or because you're mentored, or because you all want to have fun and you're having engagement with the rest of your team, and you're not getting that sort of sense of isolation that you would do at work, at home all the time.

00:58:40;05 - 00:58:52;25

GUEST

So I just think it's changed fundamentally. It's sort of it's just changed a little bit. But the idea and the war for talent and the connection between the war for talent and The Office is super clear.

00:58:52;27 - 00:59:05;00

HOST

What's the biggest challenge? Scaling X and Y. What's what's the hardest thing to kind of unlock right now into trying to scale the business? Or maybe not just the business, just the kind of the sector. Yeah.

00:59:05;00 - 00:59:27;01

GUEST

Now as well, I think culture is a really big piece. So the thing that probably keeps me up the most at night is how can we improve culture right within our business. So obviously when you're scaling quite fast. So we did 300,000 or 250,000 square foot last year. You're scaling fast. You're employing a lot of people. It can stretch your DNA in terms of what you're trying to do.

00;59;27;08 - 00;59;48;16

GUEST

It can stretch the kind of profile of the right kind of candidate, the right employee for X and Y, and you can therefore get some transients. And a lot of people are quite that's probably not a great culture. And I challenge that assertion because, you know, we still have we're still very clear on our DNA and what we want to do, but it is still a challenge.

00;59;48;18 - 01;00;17;19

GUEST

And we're getting a lot better because this year we've not opened nearly as much space. You know, we've done a deal with Lloyds for 60,000 square foot and we've opened something in Melbourne, but it's relatively small compared to last year, so we're able to consolidate a lot better, which has been so good. So we've had to spend so much more time focusing on culture through really good hiring practices, really good onboarding practices and really good training, and that if you can get that right, because actually people never forget about that first day at work.

01;00;17;22 - 01;00;41;00

GUEST

If we can get that right, then it sets you up so much better to be able to then create a platform for people to be able to thrive. And I'm not saying we're perfect. We definitely are not perfect, but we have got a quite good plan now to be able to do that. But that's still like the number one thing that I think most businesses, to be honest, will struggle with for the reasons we mentioned earlier about, you know, unemployment and work business and, and that sort of thing.

01;00;41;02 - 01;01;02;10

GUEST

So culture, we're always looking for new buildings. You know, there are a lot more operators these days. The, the world is slightly going back to some sort of normality in terms of leasing. So a bit tricky at these days, to find kind of high, high, high quality assets. But, you know, we're still doing all right. And there's still a lot of good things in the pipeline.

01;01;02;10 - 01;01;04;19

GUEST

But those are probably the two main things.

01;01;04;22 - 01;01;16;25

HOST

As we draw, to a close repeat, a question I ask everyone on the podcast is if I gave you 500 million pounds worth of equity, who are the people? What property and which place would you look to deploy?

01;01;16;27 - 01;01;42;12

GUEST

So I would introduce a kind of concept of hospitality and workspace. I would go with potentially a kind of combination of residential members, club workspace, wellbeing. So like Jim and I would put it all in in a single building, run through a single platform, obviously X and Y, but I'd love to be able to buy that building. Right?

01;01;42;12 - 01;01;47;27

GUEST

I'd love to be able to buy it and develop it. So I would probably have 500. Is that equity? Yeah.

01;01;47;27 - 01;01;49;13

HOST

So you can put a capital.



01;01;49;18 - 01;02;07;10

GUEST

Okay. I was thinking we could leverage you can leverage up to a billion but okay. You could that go into a few things right across kind of key gateway cities. You'd obviously have maybe more than one in London, but I'd love to be able to do that and do it with a development partner who understood that kind of hospitality message basically.

01;02;07;10 - 01;02;33;28

GUEST

And and the one thing that we slightly struggle with is the translation of what we do, which is management, operations and development. So we'd love to partner with a development, you know, finance business that has shared that kind of vision for hospitality and the sort of values of doing well and doing good, and be able to put it into really, really kind of central locations within key gateway cities and not just gateway cities.

01;02;33;28 - 01;02;45;29

GUEST

I'd love to go into sort of, other places like Oxford and Cambridge, for example. And I'd love to be able to do it in those sorts of environments as well. But that would be that would be roughly what I'd do with that.

01;02;46;01 - 01;02;50;12

HOST

And any people that you bring along the journey, well.

01;02;50;14 - 01;03;09;13

GUEST

I suppose we'd bring a, you know, who would we bring? I mean, apart from the the development finance team, I'd want to build like a best in class kind of F and B team that could actually nail it. I'd want to get a really cool kind of anchor clients, you know, maybe like an innocence Smoothies or something like that.

01;03;09;13 - 01;03;21;06

GUEST

Who could come in and and be an anchor client and shout about all the amazing things that that we're doing at the space. But otherwise, obviously just the three best founders of X and Y, and so all you need.

01;03;21;06 - 01;03;42;18

HOST

And the wider team will look great, but you've built, an amazing business, a purposeful business that balances purpose and profit and enables other people to do good as well. You've had a fascinating career, and, I think people will take heart from the fact you actually took a step back to go forward, and you are constantly building the plane while it's flying as well.

01;03;42;21 - 01;03;47;28

HOST

And I'm really excited to see what you and the team going to build. This year, beyond perfect.

01;03;47;28 - 01;03;51;16

GUEST

Well thanks, Matt. Thanks those words, and thanks very much for having me. It's been great.

01;03;51;19 - 01;04;17;03

HOST

It's been a pleasure. Thanks for listening to this week's episode People property Place podcast. If you found it insightful, feel free to share it with a friend or colleague. Give us a rating like or comment. It helps

tremendously. It'd be great to hear from you on LinkedIn. I'm super open minded to recommendations of guests we should have on the show or areas of the market we should explore further.

01;04;17;03 - 01;04;47;14

HOST

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01;04;47;16 - 01;04;50;24

HOST

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