

00;00;03;29 - 00;00;26;18

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;21 - 00;00;57;07

HOST

Today, on the People Property Place podcast, I'm excited to host James Lock, founder of Rotation Real Estate. From laborer manager, innovator developer to a 13 year stint at Blackstone as an investor. He has moved to founding partner and owner of Rotation Real Estate and Entrepreneurial, creative and Enterprising Investment manager. Driven by passion, ethics and profit to identify and reimagine the real estate of tomorrow.

00;00;57;09 - 00;01;13;29

HOST

In this episode, we'll explore James's early career moves transitioned from corporate leadership to entrepreneurship. His vision for the future opportunities in the market, and how rotation is poised to capitalize on the opportunity set in front of us. James. Welcome to the podcast.

00;01;14;03 - 00;01;15;20

GUEST

Good to be here, Matthew. Thanks for having me.

00;01;15;21 - 00;01;25;27

HOST

Not at all. Well, a place that we always like to start these conversations is how and why did you get into real estate? Because you got into it at a very young age. As a laborer, if I'm not mistaken. Yeah.

00;01;25;29 - 00;01;47;11

GUEST

No. Very true. So how background is farming? And based on the back of that, I was a very bad farm laborer actually refers at my father's car when I was 16 and a tractor and trailer. So that was a very quick career move to alternative sector. On the back of that. Both he and I agree that I shouldn't be involved with farming, and I went to London to go and labor for a friend's business family business.

00;01;47;14 - 00;02;09;07

GUEST

So I spend my summer holidays just living on the back of Edgware Road and sleep on the floor of this individual's house. And then during the day, basically breaking down bricks and driving minivans to Wandsworth dump and basically getting at the hard end of real estate. It was a small property company doing high end reverbs around central London, so a great and very enjoyable way to spend my summer and various holidays.

00;02;09;14 - 00;02;22;07

HOST

So I'd always been kind of, one could assume your hard work and coming from a family background for the up early, plowing the fields or attending the livestock. We did. You always kind of one for kind of physical activity and hard working long hours. So yeah.

00;02;22;07 - 00;02;39;16

GUEST

Once again, my father would disagree entirely with that up early for sure. But in terms of input to farming, very, very low on the agenda. But yeah, no, I mean definitely interested in physical labor. Definitely. I've always had this as fixation with physical buildings and real estate. From a young age, I actually wanted to

be an architect, but I didn't have the patience or the math skills to actually pursue that.

00;02;39;16 - 00;02;44;21

GUEST

So I then pivoted into an alternative theme around the same sort of stuff, which is fundamental real estate.

00;02;44;29 - 00;02;53;15

HOST

So you did you did the laboring piece and that was your window into into real estate. You then went onto Oxford Brookes. Is that right to go and study it more formally?

00;02;53;18 - 00;03;15;07

GUEST

Yep. So I started off in a company called Jonathan Alexander and then continued to work for them from 16 through to the end of my studying at Oxford Brookes, or as it's known today, Oxford Notebooks. And yes, at that stage it pivoted into a slightly more, I guess, grand entity with external backing. As shareholders. We had done Mccrickard, who was ex chief executive, TSB Bank and also Michael Ashcroft.

00;03;15;07 - 00;03;31;29

GUEST

And I'm sure some of your listeners have heard of as our main to investors. So on the back of coming out of Oxford Poly, I went to the office day one in a pinstripe, thinking I'd probably made it. I've got some form of qualification and my colleagues who I've been laboring with took the suit off me day one, literally, and I was back in at ground zero.

00;03;31;29 - 00;03;49;29

GUEST

But yeah, that was the transition to what became actually a very successful residential investment platform. We listed the business, then called London Town plc, five years after I came out of university, and at that stage, probably it was ten years or 15 years ahead of its its current peer group. In terms of that press platform. So very exciting times.

00;03;50;05 - 00;04;07;13

GUEST

We did a lot of projects. We were running around driving fancy cars, thought we made it, and then Oxford. Things were too good to be true. And, unfortunately we bought too many sites with consents because we had to feel this machine of just a product to go and sell to individual buyers. And as a result, you pass like premium.

00;04;07;13 - 00;04;12;18

GUEST

And when the market turned, we got slightly caught out. But a great journey. Yeah, really enjoyed it.

00;04;12;19 - 00;04;23;23

HOST

How did your role evolve from kind of laborer doing some of the manual lifting to driving fast cars and probably taking a bit more of a leading role in that business? Did you kind of find your your kind of niche there or.

00;04;23;25 - 00;04;46;27

GUEST

Well, you have to you don't need to sink or swim mentality is something that I'm sort of getting used to not being as like yourself, an owner of your own business. You have the predator mentality or the prey, and

the predator is basically eyes forward and you basically throw yourself into it. I mean, I was dealing with individuals covering a spectrum of sales, marketing and development, working on appraisals, putting together brochures, speaking to investors at a very young age.

00:04:46;27 - 00:05;11;15

GUEST

And for sure it was extremely nerve wracking and extremely challenging. But when you're a team of four and then you come a team of five and then a team of 20 to 25, you grow with that. And the opportunity it brings is something that I think gives you the energy to keep going. But there was no structure. It was literally wake up the four of us, two directors or family ownership and then one director, and then I guess myself, we would just sit down for the day and and just roll the dice.

00:05;11;16 - 00:05;17;18

GUEST

So it's something I really enjoy doing and something which probably is, you know, see me evolve into where we're sitting today.

00:05;17;20 - 00:05;28;18

HOST

I guess a lot of your friends from, from Brooks went on to the grad schemes to the big surveying, the surveying shops to kind of get their letters and have a little bit more formal structure and rotation that that didn't appeal to you never did.

00:05;28;18 - 00:05;45;21

GUEST

No. I mean, I had a job offer coming out of university, and during the university years I was working for this business. So I felt a connection to it, an element of not ownership, but responsibility. Every holiday I'd work for this company. So for those 3 or 4 years and I did one interview I think in advance were going to.

00:05;45;21 - 00:05;59;27

GUEST

So I joined my times at Oxford Brookes and that was with Hayden Baker, which was great. So I spent two weeks, I think in those days, Portman Square or Hanover Square, great fun socially, but I didn't get the same buzz of putting the hard hat on, actually going to a site, or even just driving a van to Wandsworth dump.

00:05;59;27 - 00:06;07;03

GUEST

It was like the hands on approach was probably better for me, but my skill sets than the maybe a slightly more institutional approach.

00:06;07;06 - 00:06;15;11

HOST

You said that business had a meteoric rise and then had its challenges. Yeah. What what prompted you to kind of pivot and change and what role did you move to after that?

00:06;15;14 - 00:06;37;24

GUEST

Well, I learned a lot. I learned a lot about development risk and capital risk. We bought a site outside the Tate Modern, which was the old Hopton Street printworks. We got the first high rise residential consent, and then we got torn apart by a bit of bureaucracy and a bit of really bad management on our behalf. And, the investor I mentioned, Michael Ashcroft, who was in his right to do so, pulled the funding on that scheme, which fundamentally followed the actual business.

00:06;37;26 - 00:06;56;23

GUEST

So on the back of that, I wanted to try and continue that path in development. And then the next stage was I probably brought in my skill sets outside of central London to look at what was happening 20 years ago was urban regeneration. And this whole thing of mixed use development, which when you said today you're on a mixed use building in a mixed use world and a mixed use capital city, it seems ridiculous.

00;06;56;23 - 00;07;16;16

GUEST

But then it was actually quite incredible. The idea of putting residential, commercial and industrial in the same masterplan or even the same uses been in a building or different uses of in a building that was was pretty unheard of. So I came across a company called Roxy Light, which sounds like a nightclub, and it was a nightclub. Three founders once again very small, very entrepreneurial.

00;07;16;16 - 00;07;42;19

GUEST

They had some great backing from HSBC during this period and a joint venture with Lang O'Rourke called U r UK, and we went out and once again, probably post-lunch, I was anyone in the office. So I went out trying to find opportunities to invest both the jv's money, but also our own capital into projects. We also had a housebuilding company called Saxon Homes, which I was responsible for going to twice a week, and space in High Wycombe, but very entrepreneurial.

00;07;42;20 - 00;08;07;17

GUEST

I mean, once again, incredible opportunity and we came across some, you know, legends of the industry. I mean, I was sitting across the table once with Gerald Ronson discussing buying a Vauxhall Motors car plant, which for us was just ridiculous. I mean, I was 28 at this stage and there was Mr. Ronson adjacent. We got involved with buying the boots site up in Nottingham, which was a major regeneration project, still ongoing today, been for non successful.

00;08;07;17 - 00;08;21;11

GUEST

Unfortunately we run out of juice before it came to that success, as was the case. But yeah, it was just a once again a traditional sorry a traditional property company, but with some really interesting individuals and a great entrepreneurial spirit and some great projects.

00;08;21;13 - 00;08;31;24

HOST

And so how did your kind of role evolve, or is it just try and find deals, engineer deals, structure deals, oversee the kind of development of these deals and just run health a leather at the next thing?

00;08;31;26 - 00;08;49;14

GUEST

Definitely health leather on all things. No. I mean, my my skill set was very much origination through building by now. Pretty decent contact base for a person at my age. Then the oxygen was that I loved. So, urban planning, design, development and then getting involved with the transactional side of it and also the financing side of it.

00;08;49;16 - 00;09;08;02

GUEST

I'll go back to my first point about being a very enthusiastic laborer, but not necessarily a good one. At that stage, I didn't have the skill set to go and deliver and execute on major master plans, but we had some great projects and, you know, getting consents of million square feet, you know, and things like Vauxhall Motors car plant was was great and likewise in Nottingham so super enjoyable.

00;09;08;02 - 00;09;13;23

GUEST

But yeah more front end and then back end. We had a great team of people delivering on the back end for a long Langer Walk relationship.

00;09;13;27 - 00;09;22;09

HOST

From there you had a small stint. If I'm not wrong CBRE, why and how did that come about? And then talk to you about talk to me about that decision.

00;09;22;09 - 00;09;39;01

GUEST

Opportunity knocks. So I was actually introducing Nick Joplin, who at the time was running the residential business within CBRE, which is a joint venture with Hamptons International. It was something that Nick was involved with setting up, and I was trying to introduce him to Roxy, like to see if he can get involved with some of these big residential mixed use projects.

00;09;39;04 - 00;09;58;18

GUEST

And then the very long lunch Nick said to me, with what I want, you can work with me. And when you spent by then eight years working in entrepreneur environments, and to your point about looking at your colleagues, one thing they had, which I didn't have was that institutional black book. I had some great contacts within the sharp end of commercial and residential development and real estate.

00;09;58;18 - 00;10;24;21

GUEST

But those institutional relationships, the aviva's, the challenges that they just didn't come across my desk and my early stage in my career and going to CBRE would have given me and did give me that access. So Nick got me involved. We created this CBRE Hamptons joint venture, did some great projects again, we got involved Middlesex Hospital, which we sold to the Kennedys, which probably was the first major transaction that that team helped on.

00;10;24;23 - 00;10;49;06

GUEST

And then more importantly, it gave me a great segue into actually looking at just opportunities, which you probably won't find unless you were on that scale and size of machine. The best example is the whole regeneration of the Nine Elms corridor, which the team at CBRE together myself, spent some time looking at and staring at and thinking, why is it just such a secondary tertiary industrial estate, given its proximity to the center of London?

00;10;49;06 - 00;11;04;06

GUEST

And we worked with Roger Timms, who was working at Wandsworth, who was then the current planet, trying to evolve and create an alternative story and it was during that story that came across the next phase of my career, which was with Ballymore and the whole on looking at the Nine Elms masterplan.

00;11;04;09 - 00;11;07;08

HOST

So how long were you at CBRE working with Nick for three, three.

00;11;07;08 - 00;11;27;01

GUEST

Years and I would have done longer. It was nothing. No reflection on CBRE at all. I did personally find giving advice, which I 100% didn't necessarily personally believe quite hard. As an advisor, you have to basically balance between obviously what's right for your client and what's right for your, I suppose, a potential buyer or seller. Yeah. And that is a skill set, which I think some people have brilliantly.

00;11;27;01 - 00;11;49;20

GUEST

And I didn't find it very easy probably. Well, I think when you come from a grassroots background, you've sort of probably which can be detrimental, get to a conclusion maybe quicker than you should do sometimes, but also have an opinion and you because you have to. Do you have that through lived experience? Yeah. Whereas if you're a consultant, I think you have it through the technical skill set you have and probably the brilliant people around you, but you probably have the same lived experience as someone who's done this or had to do it.

00;11;49;22 - 00;11;50;02

GUEST

To your.

00;11;50;02 - 00;11;58;08

HOST

Point. Yeah. So there's no recourse for them giving you advice, right? It's not it's not their money. It's not their asset. Whereas if it is yours, the buck stops with you.

00;11;58;09 - 00;12;14;07

GUEST

Yeah. And you got a client who's probably influencing that dialog and discussion as well. So I wouldn't say I was the best pitcher or best, you know, advocate of that consultancy role. But I say I did give you a great access to a some brilliantly talented people, but also a market reach which doesn't exist in small companies.

00;12;14;10 - 00;12;25;12

HOST

And did it give you the opportunity to see a bigger picture within real estate, as in the types of institutions, platforms, deal sizes and scale that was actually on offer for sure.

00;12;25;14 - 00;12;45;22

GUEST

Yeah, I mean incredible. I mean, today those top 4 or 5, businesses or real estate advisory businesses are global, both in terms of footprint and in terms of market share. I'm in a massive businesses, and so that was super exciting, especially around people. I mean, you sit one day in a room with X and one day and Y, and these people are leaders of their trades or their industry.

00;12;45;22 - 00;12;51;12

GUEST

And so you don't get that personal reach unless you are working in those types of organizations, or it's harder to come by.

00;12;51;15 - 00;12;52;13

HOST

Yeah.

00;12;52;15 - 00;12;57;18

GUEST

So I really enjoyed that part of it. And yeah, it's a great addition to my sort of calling card.

00;12;57;21 - 00;13;02;19

HOST

You move to Ballymore. How and why did that come about and what was your role there?

00;13;02;19 - 00;13;24;17

GUEST

Yeah, through Nine Elms. So when Nine Elms transitioned into this mixed use master plan, Shauna, Ron and John, the family business, they were clearly very active in East London, and we tried to bring them into central London, which was the catalyst for their first investment. And at the Docklands. And during that time of the market, there was a lot of Irish capital, a lot of Irish debt as well supporting this.

00;13;24;17 - 00;13;47;02

GUEST

And so whether it was Battersea Power Station, whether it was with Ballymore, there was, a competitive dynamic for sure, mainly Irish across that whole mixed use corridor. So on the back of pitching that to Sean and Tim Farrow, who was working with Sean at the time, they asked me to come across. And so it was basically going back to what I felt most comfortable with, namely at the source rather than in the middle of the real estate journey.

00;13;47;02 - 00;13;48;08

GUEST

And I jumped at a.

00;13;48;14 - 00;13;57;15

HOST

Family, family kind of run business for bigger scale and an opportunity to kind of influence and get back to your core skillset. Having had some time at CBRE and a great.

00;13;57;15 - 00;14;12;14

GUEST

Developer, I mean, you looked at what they were doing down the Docklands once again, if you're if you like physical real estate and you get excited about masterplan development, they were and they are still today the best in class and to learned a lot from the business. Had a great time there and actually the tough times were actually the best times.

00;14;12;14 - 00;14;30;10

GUEST

So I sing when the music stops and the Irish banks basically move back to to Ireland and left, their main clients hanging in the UK. When you wake up a morning and you look at your boss and he looks at you and he's questioning whether the banks will be solvent, let alone the business, it's quite a meteoric change in how you look at your day to day routine.

00;14;30;10 - 00;14;32;16

HOST

What year was it that you joined Ballymore?

00;14;32;19 - 00;14;38;15

GUEST

So that would have been 2009, 2008, 2009.

00;14;38;15 - 00;14;42;14

HOST

Okay, so you literally joined just before the GFC? Yeah, probably had two years.

00;14;42;14 - 00;14;57;12

GUEST

Three years actually, looking back on that year, 2 or 3 years, we did Ladbroke Grove, we bought some stuff in Brentford Docks. We looked at the acquisition of Nine Elms and then three years into it. Yeah. So in 2006 probably actually I would if I could join the team and then, and then we picked up the Nama case

study.

00;14;57;12 - 00;15;17;26

HOST

Irish Bad Bank for someone who's listen to this, who doesn't understand that, can you just give some give some additional context to that? And actually what happened at the time, because you touched on a second ago how actually the when the music stops. Yeah, that is a good thing of, of sorts to kind of learn maybe not at the immediate time, but on reflection, can you just give it a little bit more context to, for people listen to this who might not be privy to what exactly?

00;15;17;26 - 00;15;18;12

HOST

I mean.

00;15;18;14 - 00;15;39;10

GUEST

Sure, super complicated, but high level. The banks lost control of their data. They retain. That was a government independent government body, which basically they put in place to control all expenditure, all projects and, and basically lockbox the banks and do anything. And if you were a recipient I a class those banks you yourself were handcuffed. We had to get permission literally to spend 10 pounds.

00;15;39;13 - 00;16;06;10

GUEST

Everything went through the books. Every week was meetings with non representatives. You had monthly meetings quarterly valuations. It was an extremely painful time. And if you're an entrepreneur and an incredible guy like Sean Moran and now John, his son, and you're basically watching your assets being literally taken away from you, you have two things. You either fight it like some of them did, and actually someone actually just jumped ship and went away and overseas, which was interesting.

00;16;06;10 - 00;16;36;15

GUEST

Learning itself or you accept it like John did and Sean did especially, and say, take it all, but back me, because what we have is a the knowledge beat experience and see most importantly the land. And one thing it did teach me is that underlying land value in the right location is akin to gold, because you can't recreate land, as my grandfather once said, so that through his ability to actually demonstrate what they're done and be his humility, which is incredible to see, the results were were fantastic.

00;16;36;15 - 00;16;44;16

GUEST

After eight years, Ballymore went from being probably the hate figure of Irish real estate and ugly Irish finance.

00;16;44;16 - 00;16;47;03

HOST

Just because it borrowed so much, or the size and.

00;16;47;05 - 00;17;18;17

GUEST

Size and scale of it. Yeah, and then they were looking for they were looking for a scapegoat. And yes, I'm like, Sean is stuck with it rather than flayed or basically fed the country or basically just walked away. Some money actually stuck with it. Had the had the conviction and the humility to stick with it was very easy to be pick at and seeing that business get through that initial period and then arguably evolve and within five years become a client of Nama and a trusted advisor to Nama and do joint ventures with Nama was a great example of how, you know what I was told once actually make friends, but you know you'll

00;17;18;17 - 00;17;35;24

GUEST

need them on the way down, on the way up. And so when you basically have those friendships and you have that dynamic, it changes your perceptions. I mean, Ballymore played a blinder and, you know, I was a very small part of it. And, you know, I moved on after a year and a half of being in that Nama handler because it was very hard to basically see a way through it.

00;17;35;24 - 00;17;40;18

GUEST

But having experienced it, but directly and also seeing the company grow to us mean hats off to them.

00;17;40;20 - 00;17;43;19

HOST

So you moved to Blackstone. Yeah.

00;17;43;22 - 00;17;44;17

GUEST

Yeah.

00;17;44;20 - 00;17;46;11

HOST

And who the hell of Blackstone? Yeah, that.

00;17;46;11 - 00;18;01;05

GUEST

Was my that was my own at that time. Right? I was my own. I never heard of Blackstone. I'd met, Nick Lowe. Who, through a friend, sort of, said, you know, just coming over from the West coast into the UK. If you've got any ideas or thoughts or want to show me around some stuff, please.

00;18;01;05 - 00;18;02;19

GUEST

A shot which obviously I didn't.

00;18;02;26 - 00;18;07;11

HOST

So. So Nick was coming over from the West Coast just to kind of help set up the. Yeah, right. Writing European platform.

00;18;07;11 - 00;18;24;05

GUEST

Yeah. That was sort of Chad Doug, Doug Kirkland. Yeah. Those, those sort of guys in those days were small business ever. So ten people, 12 people in London on this sort of asset management and the transactional side. So it's still in its growth stage. And and Nick had just been hired, Stuart Grant was there. So Stu had been working for the business for a while.

00;18;24;08 - 00;18;30;03

GUEST

And yeah, having sort of spent some time with them, just sort of touring stuff and helping out where I could really,

00;18;30;06 - 00;18;36;04

HOST

And was that that was while you were at Ballymore. Yeah. And were you trying to pitch deals to them, or was it not necessarily that that relationship.

00;18;36;10 - 00;18;43;00

GUEST

A little bit? I mean, I as I learned pitching there was a Blackstone requires a certain technique and I definitely didn't have it that way.

00;18;43;01 - 00;18;44;15

HOST

Yeah. We'll come onto that in.

00;18;44;17 - 00;19;04;19

GUEST

I definitely didn't have it then. I remember actually, Robin, embarrassingly, chat showed me one of my original pitches, which was basically a Fletcher chart with some dots and arrows and FS on it, so pounds per square foot. So it wasn't it wasn't definitely the exemplar of a general Blackstone pitch deck, but, I think it was a combination of just trying to pitch some deals and actually just stay close to the guys.

00;19;04;19 - 00;19;20;16

GUEST

And, it was more of a friendship level than it was a sort of mindset to go and work. There was a guy with basically no real qualification other than lived experience, with no academic qualification of Oxford Poly, going to do working in a business like Blackstone. So I never had that mindset. But I got a call.

00;19;20;16 - 00;19;22;19

GUEST

So many people call you over to answer the phone.

00;19;22;21 - 00;19;25;25

HOST

So you got that call. Who was that call from and what was the message?

00;19;25;27 - 00;19;43;12

GUEST

Yeah, was from Nick actually saying that we're sort of at that stage, Blackstone were in some really complicated structures and some deals. Southern Cross Healthcare, etc.. And Chad, he was a great visionary in terms of calling markets and really a cycle. Said, look, that sort of indirect investment windows probably closing the opportunity setting. Now post GFC is going to be direct real estate.

00;19;43;14 - 00;20;04;08

GUEST

Maybe they didn't have a bench internally who sort of had that direct real estate experience or relationships. I mean, clearly for normal investment banking relationships it was investment bank mindset. But Chad, to his credit, said, right, get lock in and see what it was up to. So, I went through there very strenuous and very stressful. Interview process, which you do at Blackstone.

00;20;04;08 - 00;20;21;07

GUEST

You meet everyone, you talk to everyone. It goes on and on and on. And actually, the day my final interview with Chad was the day my wife gave birth prematurely to twins on Ladbroke Grove, literally in the morning. So it just wasn't the best precursor for a meeting with Chad, who isn't. He's a bit of a stickler for detail and especially energy, which she has lots of.

00;20;21;10 - 00;20;33;21

GUEST

So I went in for a chat with Chad. He spoke at me for 45 minutes. Luckily I said a few things and he said, what do you want to work here? And, I was very quick to decide, you know, Ballymore still in the Nama

hand lock. And so the prospect for financial growth near term was limited.

00;20;33;21 - 00;20;48;24

GUEST

And so obviously, you went from 3 billion of Irish government debt to 3 billion of raised equity, which the business had then, which is still a lot of money. But I mean nothing in the context of the other businesses today. It was an opportunity that I couldn't obviously refuse.

00;20;48;27 - 00;21;00;23

HOST

Did you have concerns around being a slight risk joining Blackstone to move to the UK, building up a platform, or were you just kind of overwhelmed by the equity they had, the vision and the plan and the opportunity set at that stage?

00;21;00;25 - 00;21;01;16

GUEST

Good question.

00;21;01;16 - 00;21;04;22

HOST

Because you just had twins right? There was, you know, that a there's a risk element to this.

00;21;04;23 - 00;21;10;26

GUEST

And there was no flight risk that I perceived. There was definitely flight risk that I had by myself. I mean.

00;21;11;02 - 00;21;13;02

HOST

What were the imposter syndrome and why am I.

00;21;13;04 - 00;21;27;26

GUEST

Here? I mean, imposter syndrome. I think some some of these successful businesses feed off that insecurity. They're very good. I'm not saying Blackstone is like this, but they're very good at walking up the hill. But then when you get just near the top and you're basically reaching for oxygen, they give you a little nudge and you go a few pegs back again.

00;21;27;26 - 00;21;46;24

GUEST

So they keep that sort of energy going and I personally had a challenge, I guess definitely initially with sort of the perception of, yeah, am I good enough, am I, should I be here? How do I compete with sort of such an academic bench especially? We look at some of the qualifications and the the incredible academia, these people within these organizations.

00;21;46;27 - 00;22;06;15

GUEST

So imposter syndrome, I think you use I guess for sure. Yeah. I mean, there was an imposter syndrome. But in that situation, what do you do? You basically do what you think you can do best, which is just take the real estate. And I was very clear throughout my time at Blackstone, and I think I had some interesting ups and downs with various CEOs and various leaders of the businesses.

00;22;06;15 - 00;22;28;28

GUEST

But hopefully one thing they would say is I was confident in my core skills, which was fundamentally real estate, and focus on the things you're good at. And the other thing is, obviously if don't ask, you won't

learn. So put your hand up, because in those environments you can learn a huge amount. But also if you don't put your hand up and it is a sort of, as the Schwarzman calls, a zero defect environment, it doesn't help.

00;22;28;28 - 00;22;33;09

GUEST

So I ask questions first to avoid making those mistakes.

00;22;33;12 - 00;22;41;12

HOST

Am I wrong in saying that Chad Pike, is there kind of a final sign off? Wrote James Locke, Oxford Brookes College I think there may be some.

00;22;41;12 - 00;22;42;00

GUEST

Confusion.

00;22;42;00 - 00;22;43;24

HOST

To get you through.

00;22;43;27 - 00;23;02;24

GUEST

Definitely to get me through. I think by that stage we were pretty much, on pretty much. But it's quite a rigorous onboarding process. And as part of your, process, you had to obviously interface with New York and New York requires a copy of your CV, which I sent on week two. I got an immediate response via fax, and the lady received it saying, I think you're missing a few pages.

00;23;02;26 - 00;23;20;15

GUEST

Unfortunately, it was all on one page rather than 4 or 5, and it didn't have any Latin in terms of, you know, qualifications and an exception. Yeah. Exactly that. And then I think at the bottom, there was a slight miscommunication around Oxford Brookes University being amended to Brookes College, Oxford, and I definitely was going to change that. So I'm an Oxford guy.

00;23;20;18 - 00;23;21;02

HOST

That's the wrong.

00;23;21;02 - 00;23;22;08

GUEST

Side of the river, so.

00;23;22;15 - 00;23;40;28

HOST

Just fit in that way. So you joined Blackstone being very true to the fact that you're a real estate guy. You're not a real estate financier or a financier who's turned their hand to kind of real estate. How many people are in the London team at that stage? You had 3 billion pounds worth of equity in what was the kind of the mandate and your role in terms of trying to get the business off the ground and and growing?

00;23;41;05 - 00;24;01;16

GUEST

Yeah. So I mean, Chad and John Gray were co-heads of real estate, actually Tony James, who recently stood down a super. And obviously you had Steve Schwarzman, who was involved with everything. This was going to grow in Europe. There were fundraising there. Just close that first fund and office looking to

deploy that capital and that. So those are the days where they did a brilliant deal with Broadgate.

00;24;01;18 - 00;24;25;14

GUEST

Just launches it park. So my first transaction on the back of that and looking to deploy capital into different areas, my national remit was to go and asset manager and oversee UK asset management. And then I guess by luck or maybe through non-disclosure, Stuart left within three months, to go and work in Asia. So there was a need to fill that void, which I best, you know, rest on my lap.

00;24;25;14 - 00;24;48;13

GUEST

And then I think within six months, Nick resigned to go and surf his own now very successful business, cross three capital with Sean Cross Street Real Estate. So there was a huge void suddenly for me to either embrace or run from. And at that stage, Peter still had headed up asset management. He then went onto Carlyle and together we built the asset management platform.

00;24;48;16 - 00;25;03;15

GUEST

But then within a year, I was a rare person within Blackstone because normally you get stuck into your career path and you focus on that element of the business. But within a year, Chad asked me to come in to a bit more Nick's role in terms of origination and execution and acquisition. So I then transitioned to the acquisition team.

00;25;03;18 - 00;25;20;20

GUEST

At that stage it was like, oh my God, I've really got to try and work out what we do now. And luckily, that was the day of the good old shed, and sheds were very unfashionable. They looked pretty cheap, even for my analytical standards. In terms of initial yields, there was no supply and rents were bottoming out post GFC.

00;25;20;20 - 00;25;31;04

GUEST

And, we got onto this basically huge journey of buying sheds and buying offices to asset classes, which historically had some association with. So it was a great start to my investing career.

00;25;31;05 - 00;25;45;22

HOST

The and Blackstone, was it a case of direct investing? Was it JVs with operating partners and was it also building building platforms as well? We doing all three types of deals or did one kind of take take precedent over the other at this stage? Yeah.

00;25;45;22 - 00;26;03;02

GUEST

Good question. And I think today is very different in those days that are probably more flexible who they partner with and, and on what because there was less capital to deploy and they're looking to basically make a broad range of investments across different areas because it's good risk diversification, but also it's a good way of growing a profile and growing a platform.

00;26;03;04 - 00;26;22;28

GUEST

So we had some joint ventures. We had a joint venture with Catalyst Capital that we had done some stuff with, with other UK property companies. Obviously the Broadgate joint venture with British Land, but it very quickly pivoted to control and execution, direct execution responsibility and direct control. So then became very close. So let's let's just do this. Let's focus on what we're best at.

00;26;22;28 - 00;26;45;05

GUEST

Let's build teams around it. Which then I would say probably is part efficiency, probably part skill set to we've got good people. Let's let's get them to really focus on one area. Yeah. And I guess within two years of my journey into Blackstone, I had to for the first time, I heard the theme. Also, I think the concept of thematic investing, which I didn't really I didn't know not what it meant, to be honest.

00;26;45;05 - 00;26;45;19

GUEST

But

00;26;45;22 - 00;27;03;22

HOST

Because at that stage it was kind of closed ended, diversified pooled funds and, and you would, you would look for where relative value was based on the return profile of that particular funds. You might be buying a shopping center or national retail park or an office or an industrial site, and you'd amalgamate it all together. So you had blended risk that you'd look to return to an investor, right?

00;27;03;23 - 00;27;04;03

GUEST

Yeah.

00;27;04;04 - 00;27;13;14

HOST

Correct. Whereas now it was more about stock picking and more thematic and longer term kind of views and, and capital to match that. Is that is that correct?

00;27;13;14 - 00;27;29;09

GUEST

Yeah. And you said better naked both in terms of the profile of what we were doing and what we're trying to do. But I mean, when you go from three these numbers, by the way, I mean, I come from I've had the good fortune of actually seeing 1 million pounds in cash, definitely on my own. And so I always visualize the scale of that physical content of money.

00;27;29;11 - 00;27;54;28

GUEST

So I don't talk loosely around billions in the context of Blackstone. You'd have to learn pretty quickly. That's what I did again. So you go from 3 billion to 6 to 9 to 12 to 15 to 20. These are raised funds. And so deploying capital becomes a very important part of that investment process. So instead of doing 2 or 3 sub 50 million equity checks, you end up doing, 400 investment into one sector or into one large scale investment.

00;27;54;28 - 00;28;12;06

GUEST

And that is efficient from their perspective, both in terms of deployment and in terms of overhead. Yeah. And control. So yeah, and I think also the reason that change was change of personnel as well, I think Chad Pike, I would say is a deep rooted entrepreneur. He has an amazing ability to pick, do and he can look through a do.

00;28;12;09 - 00;28;30;20

GUEST

And John Gray's exactly the same. The when John took control of the real estate business, he really sort of had this great saying when people are jumping out of the pool, we ought to be jumping in. So it was almost that sort of reverse psychology of around investing. And he still does it hugely successfully today across governments. How many strategies and what a phenomenal individual.

00;28;30;23 - 00;28;45;25

GUEST

So that came with a change in mindset, which was, I think, supportive of the market but also driven by this this mindset of we're all in, don't look at the pot, look at the direction it travels, was not a favorite of hers, so try and be ahead of it. So I picking it up, that's great. But if you're picking an asset and a credit pool, you're probably paying market price.

00;28;46;02 - 00;28;52;15

GUEST

If you can get ahead of that pool of capital and actually look at something in a different lens or with a different belief, he was brilliant at identifying.

00;28;52;15 - 00;28;59;27

HOST

That and with a bigger ticket as well as well. It's the same. It's the same process. Underwriting a £20 million deal is a 200 million pound deal, right? So this is.

00;28;59;27 - 00;29;00;24

GUEST

Very much that.

00;29;00;24 - 00;29;39;03

HOST

More efficient in terms of, focus. 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 tremendously. I've got really big plans for people property plays podcast, and that one small action really, really helps grow the show and the present and enables us to keep doing what we do.

00;29;39;04 - 00;30;00;21

HOST

So if you haven't already, please follow or like on the platform you watch or listen to. Thanks so much. Can you just talk to me about some of those those platforms that you were involved in and what some of those themes were, because logical malware, BioMed Hudson there's there's a whole range of these platforms. Are they the business lines that you.

00;30;00;23 - 00;30;01;12

HOST

Yeah.

00;30;01;15 - 00;30;16;19

GUEST

Correct. I mean, it comes with two people. It comes of two, two ingredients. One is market and one is brilliant. People. And you know, there were some brilliant managers in the business. I mean, Ken Kaplan and Steve Mars, they all came through and managed the London office. And now obviously James runs an office which covers Europe as well then.

00;30;16;19 - 00;30;36;19

GUEST

So leadership is great. The other thing I learned is that the wind blows from west to east. So like a theme that the Americans are backing and generally so when I was looking at initially, the first foray into that sort of themed investment was around logistics, and even I couldn't screw that up. So we bought some great sheds or we went three times to, I see, so nine, ten caps.

00;30;36;19 - 00;30;54;24

GUEST

We basically saw the ability to grow rents. We saw this whole bit of luck, bit of judgment. Like everything in life, this whole just weight of industry into online, whether it's basically the actual process of delivering what was the technology behind on line. And that was he helped the story of logistics hugely. So e-commerce became a very fabled tailwind and we had great success.

00;30;54;24 - 00;30;58;24

GUEST

And that was sort the first major plus platform that, that and that built in the UK.

00;30;58;26 - 00;31;00;25

HOST

And what time was that 2012.

00;31;00;25 - 00;31;22;24

GUEST

That's I think our first investment was 12. Yep. Project Triangle brought from London, Stanford and on a metric. And then we did one from Prologis sent their beta to. And then we started buying and by and by and the train hasn't stopped since. Incredible really. That was an amazing experience, having that conviction, having the ability to go out and do deals, not even think about basically what are the right ones, but just in aggregate, this is going to prove out to be a great thing.

00;31;22;24 - 00;31;23;29

HOST

So just buy through that.

00;31;24;05 - 00;31;40;01

GUEST

That's obviously, you know, some schemes clearly markets and some markets which you have what it but it was like a go get mentality which I've never never experienced. I was a single asset guy. You know I spent months analyzing an individual Bernie. It was like right James what's next? What's the next month's ticket? What's on the five months ticket investment committee ticket?

00;31;40;04 - 00;31;41;00

GUEST

So I did that.

00;31;41;03 - 00;31;45;15

HOST

Because the challenge is just getting the capital out the door. And so it's just finding the deals, finding the deals.

00;31;45;15 - 00;31;47;07

GUEST

And wasn't the belief having the belief as well?

00;31;47;09 - 00;32;00;15

HOST

Yeah, I get that massively. So that you're doing the right thing. Especially five years ago. You know, the whole world had taken a massive hit. Was that where logical started coming to the frame or did this, did all this kind of shed buying, did that precede logical or.

00;32;00;15 - 00;32;19;16

GUEST

Preceded the logical was the output. That's the end game. So we spent five years aggregating this

business across different geographies, across different asset types, as many big box businesses as range has been that to 50,000 500,000, but in development as well. And having basically looked at managing it internally on a few occasions, it was a case of like, we've got this asset base, it's going to keep growing.

00;32;19;16 - 00;32;39;24

GUEST

How do we monetize it? Well, through a recap and B, how do we give it the sort of independence to then go and grow again, so we can move on to something else. And that's something else was now they will think reincarnate well the incarnation of Mo. So we went from big box to small industrial. I remember very clearly we were in a strategy review, which once again was squeaky bum time.

00;32;39;24 - 00;32;42;14

GUEST

So they would come over, they sit there. It's being held in Chiswick Park.

00;32;42;18 - 00;32;43;13

HOST

As in the US.

00;32;43;15 - 00;33;02;00

GUEST

The US colleagues. Yep. All right. SM days and John himself and a fantastic man called John Schreiber who was chairman of Blackstone Real Estate. And just a genius look through the lens of both finance and also just practical application around real estate. Just a great guy. And actually my pitch my pitch was modular, industrial and verbatim.

00;33;02;00 - 00;33;24;20

GUEST

The feedback directly was we don't buy shitty real estate. And anyway, we then got onto a, conversation around maybe what could be interesting and this two tier solution to logistics, supply chain, outfield, infield, blah, blah, blah, and then accepting that some of the pitches really weren't the best I put in this deck either. So we then got onto this theme of multi-layer last mile, which became last Mile.

00;33;24;20 - 00;33;44;07

GUEST

But fundamentally it's mostly industrial, same logic tenants being really I suppose, un sensitive to rent space was like 3 or 4 pound square foot rents. Yeah. Like a supply again because it beat the GFC. No product coming through, increase in demand. It was just simple real estate supply demand dynamics which people sometimes forget. I mean the fundamentals of real estate are very simple.

00;33;44;07 - 00;33;57;22

GUEST

That's why I took a career in it because I probably wouldn't succeed elsewhere. You got to basically overlay that today with a bit of financial engineering as well. But we learned the fundamentals that should serve you. Okay. So both those played out very well. And malware again was a huge success.

00;33;57;25 - 00;34;19;11

HOST

Was that a case of everyone kind of looking at offices or retail or some slightly sexier or shinier kind of objects and you just taking a step back and looking at it and going multi layers, there's massive tailwinds behind it. There's an opportunity set here. It's pretty unloved. It's not that institutional. We reckon we can buy some of these sites at scale and then really easily kind of well not easily but it can be very granular but then start turning the screw.

00;34;19;11 - 00;34;26;25

HOST

And once you've done that on one one little estate, it's the multiplier effect in terms of the values is going to increase rapidly. So I.

00;34;26;27 - 00;34;44;18

GUEST

I don't think that is the case. I think you basically buy two things. You buy underlying assets which look, right, trying to discount replacement cost and you buy cash flow. And those, those were both present in both logistics and in terms of multi layer industrial, I think on a balanced portfolio, you look at how Blackstone deploy capital.

00;34;44;20 - 00;35;05;20

GUEST

You also look at how you can basically get that alpha. And that sometimes comes through development. And in the same time we deploying money in budget joysticks and whatever industrial we were doing 12 office transactions individually within central London, which once again was a hard sell because these were complicated, they were back to frame. They were part of the whole Blackstone straight John Gray mantra of buy, fix, sell.

00;35;05;22 - 00;35;27;08

GUEST

So I between 12 and 15 require these assets. Adelphi three doesn't get those docks through the lake on house through to a square. Some are brought from distressed, others some are brought on the back of a deemed appropriate business plan. So heavy lift and as basically a weighted exposure. There were definitely sectors like any investor, which at the time there was nervousness about shopping centers being one.

00;35;27;08 - 00;35;55;09

GUEST

And once again, a great lesson from John Schreiber, who actually flew into Luton Airport on a noncommercial flight. And I was told to go meet him for Thursday morning and he was going to flights, an Innox shopping center in Glasgow, which was being sold at the time, I believe, by Ivanhoe Cambridge. And we had looked at this and we'd analyze it and through the seller dynamic and through the property opportunities specific to this asset based on it was town center location scale.

00;35;55;11 - 00;36;13;05

GUEST

We got excited about it because generally shopping centers, even then were something we were very adverse doing. Anyway, the investment itself, come back to. But the most embarrassing thing was I've never been in on a private jet before, and I didn't know this, but you have, like, chairs, chairs and then sofas and sofas. You know, I thought you just sit on the sofa.

00;36;13;05 - 00;36;29;15

GUEST

I mean, why would you pay for that? Putting your seatbelt on when you're, like, just chilling at the back. And anyway, we took off and I had a John, should I use a drink? Liters of Starbucks, which I basically brought for him in advance. It's know every data set, every bit of stuff. And bomber coffee. So we had the coffee.

00;36;29;15 - 00;36;45;00

GUEST

He was sitting in a seat, not one, but the boss seat. I was in the back and as we took off, I initially just slid down and this coffee went everywhere. And he turned around and literally I was on my back. So that was not a great start to our asset to to Enoch's, but to me, a great lesson, he said.

00;36;45;00 - 00;37;06;15

GUEST

Like, it's very relevant today. Investing in certain real estate applies to offices today. I think you know, the like shipping tankers. You know, you've got to keep putting money in to move very, very small angles of difference. And he looked at this center. He said fundamentals are great. You drive rents. You've got active demand. Your Townsend location, you're seeing benefits from basically Sauchiehall Street coming into the center.

00;37;06;17 - 00;37;08;21

HOST

But you've got to put a lot of money in.

00;37;08;24 - 00;37;30;01

GUEST

And obviously DHS had gone past me, thought I was opportunity, but more money to go in there and really told me a really insight to that shopping center, that high, high asset management of high operational real estate to make things change. And it's relevant for offices today. You've got to put cattle in and you've got to pack the assets, which can basically have that incremental outsize change or turn or pivot from putting that \$1 in.

00;37;30;05 - 00;37;33;12

GUEST

And certainly that wasn't the one that didn't work out well for us.

00;37;33;14 - 00;37;55;18

HOST

Yeah. It cuts buy the assets, sit on it and make your returns that way. And I think a lot of people are finding that out now at the start of a new cycle, as you touched on in terms of that operational piece you touched on. And I want to move the conversation to to rotation. But my way has been a roaring success and it's gone through lots of different changes, obviously seeded with M7 and oryx before it kind of pivoted out and span and and logical has gone on to do some great things.

00;37;55;20 - 00;38;08;05

HOST

Well, what are some of your lessons because you're involved with the as you said, the offices and tog and then kind of film studios with with Hudson Pacific. What are some of your kind of learnings from building those platforms over and above what you've already said?

00;38;08;08 - 00;38;26;06

GUEST

Oh, don't fall in love in real estate. So look at it as literally nothing. I'm just a commodity. But come back to that, maybe because I think real estate in the last five years on cheap debt has become over commoditized. But don't fall in love with it either. So get the right balance between basic bleeding in it and investing your time and energy into it.

00;38;26;06 - 00;38;43;09

GUEST

But time can be to your detriment as well. If you keep bleeding. Bleeding that this is best in class, but this is the best asset within the subsector. So stick to your framework, stick to your business plan. So I think that's a good lesson people, without a doubt, probably the most important part of an execution plan you can have.

00;38;43;09 - 00;39;01;01

GUEST

You know, the best investment guy or girl run a number, put together a great structure, get a great financing, put in, put in place a great maybe joint venture. But as I said to my colleagues when I was at Blackstone, you can buy a site is going to pay a quid more the next person. It's actually how you take that pound and make it two ideally.

00;39;01;04 - 00;39;20;09

GUEST

So the execution with the right people and the right partners is is fundamental. Obviously, Blackstone had done that with Hudson in the US on film studios. And I think the best example is probably the biomed team who are just brilliant people, brilliant people who know their market, they know everything about that market, and they wake up every day and think about that market.

00;39;20;11 - 00;39;44;00

GUEST

So I'm probably go against the idea of being sector specialists, because I think in today's world you need to have a slightly broader spectrum of outlooks. And I the last ten years become very fashionable to just deal with specialists. I think you can work two ways. I think you become one was biopic and has a one thing actually to get maybe the bigger picture, but the same time, you want people to really understand that sector and have that, have that they've been through the journey.

00;39;44;02 - 00;40;02;03

GUEST

So I think that that's who learnings people for sure having the right structure, for sure, having the right incentivization is key as well. Incentive is the best form of any any I think energy. If people are on incentivized then I mean, you know, this is not a yeah. What we're doing today is this, this is the one chance we have to do it.

00;40;02;03 - 00;40;22;29

GUEST

So make the most of it. An incentive is is part of that journey. Yeah. People and product and structure I think a three lessons and having the conviction I mean, I've never been more amazed than sort of the Blackstone learning of conviction and something I'm still learning. When you really believe in something, you've got to go all out to prove it, to run with it, to promote it.

00;40;23;02 - 00;40;34;22

GUEST

I mean, when you're investing a got, it's easier because some people you create your own market. Blackstone does. Yeah. I mean, I'm not saying it's a negative way, but it can rely upon an element of that to basically drive value. I mean, they're investing. So everyone else is all in, as I would say, herd.

00;40;34;22 - 00;40;35;11

HOST

Mentality.

00;40;35;11 - 00;40;49;27

GUEST

A bit of herd mentality, which once again, I don't think is going to be around for, for for not in the scale. It was maybe around certain specific assets. But I think that sort of chief financing was driven by herd mentality. Keep basically Bonnie up on the yield curve. But in today's world, I think you touched on it.

00;40;49;27 - 00;41;06;05

GUEST

I mean, operational real estate when I grew up, you know, first laboring around London, you know, everything was about creating value. I mean, it was called value out. You know, you bought something which may be actually at a, at a yield below your debt. And people look at this day like, well, I mean, I

asked a question once, a Blackstone what is cash on cash?

00;41;06;05 - 00;41;32;19

GUEST

I mean, it seems strange, the concept of physical ability to rely on that. You got a great total return, which is asset management and income. And I think that's where we are today. Probably pivots on to why I step back from a great career up at Blackstone after 13 years and roll the dice on my own business, because I saw a seismic change, I think, in basically how people are looking at real estate today versus maybe how they would have looked at it 3 or 4 years ago.

00;41;32;22 - 00;41;56;27

HOST

Yeah. And I think that's a perfect segue, because you've been there from 13, 13 years. You're probably kind of number 13 into the into the UK business. 3 billion at that stage just got over 300, if I'm not mistaken. Or how was that. However, however many notes at the end of it and the team is vast and the kind of conquering the financial engineers and their real estate people as well, and data is a big part of their success too, and they can see kind of global trends.

00;41;56;29 - 00;42;06;29

HOST

Why did you decide fundamentally to take a step back from Blackstone and at 48 years old, set up your own business? Very good question. I must be.

00;42;06;29 - 00;42;27;01

GUEST

Mad. I think when you have a that's what I'll be very kind of this, that sort of two. And one is pride within that business like Blackstone, there's an element of meritocracy, and there's people who get rewarded for doing very good work. And sometimes those people have maybe a slight different background to you. And so there's a clearer path for them to basically keep going up the ladder at Blackstone.

00;42;27;01 - 00;42;43;04

GUEST

And when you get to a nice director, the step between MD and senior director is seismic, and there's only a number of people who take that. And I think two things maybe I wasn't ever committed to doing that, because with that comes also certain sacrifices, which.

00;42;43;06 - 00;42;44;26

HOST

Were my personal personal standpoint.

00;42;44;26 - 00;43;04;09

GUEST

Yeah, I think from personal standpoint, the work ethic within the business and hence why it's so successful. And people like James, a partner and similar nature of what they are today in terms of where they're standing and industries, because they commit a huge amount of work and commitment to the business. That was an element of, yeah, pride. People were getting promoted around you and you weren't probably running at the same level.

00;43;04;09 - 00;43;21;16

GUEST

So by default, we're all human. Say you look back and say, actually, well, I'm going to go and proven not wrong, wrong word, but do something different. Those elements of nervousness around taking that sacrifice. And that comes with a lot of years of prep as well. You don't just go back year 10 to 11 someday. You have to work at it continuously.

00;43;21;18 - 00;43;40;01

GUEST

And I'd have a different work ethic. Take me wrong. But as hard as anybody, the weekends were probably more focused on alternatives by family rather than getting prepared for the next Monday morning meeting. So the combination of lifestyle, a combination of pride and then most importantly is just, I've always had that, you know, need to have that scratch.

00;43;40;01 - 00;43;52;23

GUEST

And so you stand back and you say, why don't you do this? And I was going to do it actually before probably Covid or at least consider it and had a very good relationship with James and with Ken always said, when I get to a stage where I've sort of run out of steam, I don't feel like I'm giving 110%.

00;43;52;24 - 00;44;10;17

GUEST

I'll just say so, and I'll have a conversation of maybe how I can pivot to an alternative rollup of it with you, maybe even better, and to go look at doing something else. And then Covid came, got involved with some great businesses like Biomet and HP, and I had a great two years. And then year 13 came and combination of the things I mentioned, plus the market really excited me.

00;44;10;17 - 00;44;18;12

GUEST

So yeah, I decided to step back and, resigned 12 months ago and started working longer. And Tom, that's going to start a rotation rest day on the first of Jan.

00;44;18;14 - 00;44;22;22

HOST

You resign six months or why do you have kind of a year notice. How did that no.

00;44;22;28 - 00;44;45;15

GUEST

No no that I mean black sort of brilliance of that I mean conventional way through. I mean they see the value in me. Hopefully we have an ongoing relationship on a few strategies and a few assets, and with that comes a belief that I can still work with them and the combination of me being on this other fence and then being on their side, doesn't mean we shouldn't be basically crossing paths on a continuous basis, especially from my point of view.

00;44;45;15 - 00;45;02;28

GUEST

And from this, I guess I'm sort of, if I'm being candid, a pretty cheap option. And to me, that a potential great source of capital and a great source of friendships and loyalty. So there's nothing like that at all. We just got to the stage where, you know, and the shake hands. I thank them for all I got out of the business.

00;45;02;28 - 00;45;16;20

GUEST

I mean, I remember standing up now almost, you know, I could fit in my body, you know, the nervous system basically going to, you know, the LP conference and presenting for four years. I mean, I got a BCD from a poly, I'm in a room and 900 people, some of the brightest people in the world supposedly running billions of dollars.

00;45;16;21 - 00;45;31;18

GUEST

I'm explaining to them why they should invest in London real estate. And then I was pinch myself being a farmer so that actually could have ever occurred. I mean, so I got a huge amount out of it, both professionally and personally. So no, I'm not here at all. I'm still very close to some of the team members

within the business.

00;45;31;20 - 00;45;49;04

GUEST

So you shake hands, you move on and you keep going. And that's where we currently are. Six months and months into it. And it's just been nothing short of exhausting, exhilarating, exciting, and all the things you've done yourself in terms of being entrepreneur and you'd never really know what it's like until you're in it. I was close to it.

00;45;49;06 - 00;46;01;29

GUEST

London town, three of us, Roxy, like four of us. I come from an entrepreneurial background, and the word entrepreneurial is overused. But, I mean, being a self-starter, it's very different. It's you rather basically on a team.

00;46;02;01 - 00;46;21;20

HOST

So you went from laborer, manager, innovator, developer, investor to owner. Do you have a business plan? Did you have capital you touched on? You kind of had an arrangement with Blackstone and then maybe some contingency fees or what have you on a couple of strategies that a bit of advice. What was the the kind of the plan, the strategy, the view, the vision for for rotation?

00;46;21;23 - 00;46;50;26

GUEST

None. No, none at all. It's no business plan. Didn't have a cash flow. You got to have confidence in your ability to stay relevant, find interesting opportunities and rely upon some great deep, rich relationships to put good ideas with capital. That is the business plan. I think a lot of people out there come from either a maybe financial background and they're an investment manager or asset manager and maybe lack some of the lived experience you get from actually being at the grass root and developmental in real estate.

00;46;50;28 - 00;47;16;11

GUEST

At the same time, there are people who come from maybe a delivery element who then try and create an investment manager and probably don't have the forward looking lens of what the investor and or the capital partner requires. If I had a business plan, it was the idea of bringing both those two together. I spent 13 years and probably the best institution in the world, and I've had people who have come from similar institutions, but also I've got this deep rooted, understanding experience of just real estate, which I'm passionate about and love.

00;47;16;14 - 00;47;40;29

GUEST

And, you know, I'll be looking to basically probably bring more people in from that end of the spectrum to basically create that balance. But that's really the vision, institutional understanding, financial rigor, whether it's grassroots real estate and bring it together. And of course, the people out there, successful people out there who have done this. But I still think there's a room for a slightly different approach, and I still think there's definitely a room for the markets like we're moving into.

00;47;41;02 - 00;48;04;27

GUEST

So that was the business plan, cash flow and modeling, who knows? I mean, as yourself, whatever your forecast is going to be wrong. So you give yourself a window of time to put the put it a mindset on to go and try and be successful and do it. And you hope that within that period of time, you've got the other relationships like Blackstone, who, as you've touched on, I have an ongoing relationship with them, or you basically engender relationship on a partition of the face to who support that process.

00;48;04;27 - 00;48;24;13

GUEST

And that's the risk you're taking. If you don't, something else will come of it. I'm a big believer that, you know, having the ability to almost let go is very hard. Control your inputs, but don't try and control the outputs. And I have a career coach has been super helpful in terms of having a partner to bounce stuff off of.

00;48;24;13 - 00;48;41;22

GUEST

And my poor wife, who obviously gets the wrong end of that sort of a journey of discovery. The bad things around the good things. And as she said, you've got to have this mindset of remind what, you know, self-worth. You've done a lot. So believing that most people don't. And it's hard to do, I think British people generally are quite standoffish with that.

00;48;41;22 - 00;49;05;23

GUEST

But remember what you've done. So have that. Be present at the moment whenever you can. Don't get too bogged down in exactly what you're trying to do. And the best thing that she said was no expectations. And she works with sports professionals. And this whole expectation, I'm assuming Olympiad, you spent four years of your life grinding away every day for nine seconds, or 30s or two hours, meaning what sport you're doing, but for years.

00;49;05;23 - 00;49;23;15

GUEST

So imagine having this burden of expectation every day. If you've had that, you just get worn down, just so you know, control your inputs for sure. And that's what we try and do at rotation. We work hard. We're hopefully quite innovative in not thinking. We're super enthusiastic. You have to be probably we could do more that I could do more that in terms of the energy.

00;49;23;15 - 00;49;32;10

GUEST

But the energy start up, you have to have it on for 100%, don't you? As you know, at the same time, control the inputs. But let the outputs just. Yeah.

00;49;32;12 - 00;49;39;13

HOST

What what are some of the kind of the themes and the strategies that you're thinking about at the moment and you're having conversations with capital about. Yeah. So we're we're.

00;49;39;13 - 00;50;01;02

GUEST

Working on a couple of great projects, portfolio transactions, part of the whole sort of reorganization or restructuring of non-listed rates and or funds and UTI funds, end of life funds. So we're trying to basically get onto the end of those types of transactions. We're working on one currently, which is super exciting, and we've been on that for since basically inception of the business.

00;50;01;05 - 00;50;19;18

GUEST

And we like that because as I mentioned, we've got a touch point across a whole range of from real estate. These are generally sort of balance funds. They've got retail, they've got industrial, they've got office. So we can add value there. We can also look at spot pricing and run all the analysis around that. And depends very clearly and very distinctly.

00;50;19;18 - 00;50;36;25

GUEST

So it's a good way of us getting our skillset into the capital. So that's been quite successful. We've probably lost one would probably hopefully get one. I don't know who knows. So portfolio mop ups or portfolio tidy up place where you know there's a reason for selling. I mean we like the idea of working on a project where we know there needs to be an outcome.

00;50;36;27 - 00;51;02;05

GUEST

You know, appreciate when you're doing a business. Time is not on your side. So, you know, working on things that you think will happen for the better than trying to manufacture things which won't happen. Portfolios. We spent some time on big box logistics going back to the good old routes, keeping it simple. Supply demand imbalance in that big box is always harder to read, but we think once again, there's an interesting inflection point between forecast and supply and the reality of supply, especially in light of what's happened the last 2 or 3 years with construction costs.

00;51;02;08 - 00;51;18;18

GUEST

We still think that supply chain pattern of whether it's a reshoring or onboarding or whatever these acronyms are, but there's still going to be a pretty good depth of demand for that. So we like big box logistics and the office. I mean, we're sitting in a talk building today, which I touched on when I was at Blackstone, and Charlie, an only child.

00;51;18;18 - 00;51;37;24

GUEST

She downstairs. I mean, phenomenal vision to go, you know, create this type of product. And and Woodhouse the evolution of the offices for sure happening. You know, as I mentioned at the outset, why now there's technological technological change there, societal change. There's regulatory change. There's touching so many different elements of the real estate spectrum and uses and ugly offices.

00;51;37;24 - 00;51;58;25

GUEST

And right in the middle of this storm, ESG, relevancy, occupier needs, feels, demands, financing. So, you know, when it's difficult, ugly, we should be looking at that and trying to consultation. So we're definitely not stepping back from office. And that is sort of current things. But you know, once again you appreciate this. When an opportunity comes.

00;51;58;27 - 00;52;00;03

GUEST

It could be anywhere.

00;52;00;05 - 00;52;09;04

HOST

How have you gone about building your team and what's the vision and the view in terms of the size and scale and team members coming into the business as well?

00;52;09;06 - 00;52;32;09

GUEST

Still working on the vision. Yeah. Should be getting clarity on that. Probably more than I am. But just the pace of running at it's hard to see maybe how that plays out. But that once again, back to my phenomenal, career coach. She's been on to me about that. So the team would hopefully say that the vision is yeah, built around the principles you discussed and your deduction, integrity and ethics and experience and bring it under one roof.

00;52;32;11 - 00;52;51;01

GUEST

And the people I've got have joined me so far. Alessandra Matthew came from Blackstone. He was there.

He left before I left Ashley but has come on board. It's amazing. You look at saw Sandra. He's 31. He's been a Blackstone for his whole professional career. And he talks about in front of investors or in front of advisors or colleagues a number of deals he's done.

00:52:51;01 - 00:53:15;21

GUEST

I mean, that's one thing to understand when you work in these organizations like Blackstone do 40 deals a year. I mean, a year, maybe more. So he's got a huge depth and experience in transactions. Nick got a written he came from Morgan Stanley. Nick worked with Nick white on the banking side. So skill set probably I don't have a that eight at out of ten structuring financing.

00:53:15;23 - 00:53:40;08

GUEST

Nick's actually from a real estate background but went into investment. So I went into banking. So he's got both both tools in his locker but definitely a skill set which helps me when we start to do transactions to put in place financing, structuring and and execution we've taken on. Sam Parker came from a research background as known as genius OCR, and my long suffering assistant Danny was mad enough and kind enough to come on board as well.

00:53:40;08 - 00:53:59;19

GUEST

And that's the currency. And obviously as we grow assets, we'll basically look to bring in asset management skills and grow that team. But do we see ourselves as a one stop shop for everything? No, I mean, I do believe that we can rely on some brilliant people outside of the camp to execute for us contracting wise, kicks wise, etc. but the core nucleus of real estate needs to sit within the building.

00:53:59;19 - 00:54:18;14

GUEST

So for sure, as we grow, hopefully that will grow at a sensible rate and with the right skill sets and the right mix of people as well. And most importantly, a big believer in people power and getting the right energy. And real estate historically has not been so good at that, I'd say. And bringing people in from different backgrounds, different talents, different everything is, I think, a good thing.

00:54:18;16 - 00:54:32;14

HOST

We spoke a little bit about the business and the deals in the team. Can we just touch on the type of capital that you look to partner with? Who is that, what type of institutional group or capital sources you look to like to work with any?

00:54:32;17 - 00:54:51;02

GUEST

No, I mean, we've got to we've got to be on this. I mean, we try and line ourselves with the more the institutional capital, principally from private equity backgrounds, because we understand back to my earlier points around looking at through their lens and our own, through basically having the experience of working in those organizations. I think the capital is key to have common alignment.

00:54:51;02 - 00:55:12;28

GUEST

So to answer your question, I'm not aware of capital. I have a commonality of view. They really do appreciate the value we can bring, and hopefully we can get rewarded for that same time, we need to be mindful of their long term commitment to either us or to the sector, or to the asset type. I think huge personal and as you can go into developing relationships, and sometimes those are probably shorter than people expect.

00:55:12;28 - 00:55:32;17

GUEST

And at that stage things generally don't work out. But having come into alignment, either in duration or in terms of remuneration, I think is really important. But yeah, institutional capital, private capital, I think you'll see a huge growth in private wealth over the next few years. You're seeing that from the alternative investment that is getting into private wealth solutions for a number of institutions.

00:55:32;20 - 00:55:44;02

GUEST

So hopefully I'll be able to basically work with, as I say, other other capital sources outside of that institutional bracket. But the common thread should be commonality of view, bilateral relationships.

00:55:44;04 - 00:55:55;11

HOST

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

00:55:55;13 - 00:56:14;23

GUEST

Who are the people? Well, hopefully you're looking at it. So I'd be remiss of myself not to say that. So yeah, I mean, we'd love to basically have that type of capital. In terms of the assets, I mean, as I say, I mean, we've got our views on different strategies at the moment. I think whatever we did, it would be on a diversified basis if it was a 500 million lock box.

00:56:14;25 - 00:56:41;20

GUEST

I think there's some great contrarian views, actually. Nick mentioned my colleague when I was talking about this. He said, you shouldn't be contrarian for just the sake of being a true, very true, contrarian isn't overused word, but I think there's some really interesting cyclical pace like leisure. I think the role, the cinema for sure today is not a good week to be talking about it with Cineworld and restructuring, but people have basically dismissed a number of things through Netflix, through technology, which actually haven't played out.

00:56:41;20 - 00:57:02;18

GUEST

And I think the leisure actually human interaction, open space, car parking. You've got to get technical freak off. I'm just saying, I think leisure is an interesting area, though. It be a diversified pool of investments in themes that we 100% of the conviction, as I mentioned earlier at Bell, even. And in terms of where I mean, I'm just a UK guy, so it would have been principally 80%, probably London, 20% in the regions.

00:57:02;20 - 00:57:17;13

GUEST

I think the regions have got some phenomenal cities being evolved through education, through growth, through tech. Bristol, Manchester obviously has been established. Bristol, Leeds, it would be probably a focus around around those cities as well as the great capital city that we're doing this from.

00:57:17;15 - 00:57:29;00

HOST

If you cast your eye back to when you're 16, laboring on just off the Edgware Road, did you have the expectation before the age of 50 you would have had the career that you have had, and you'd be the founder of your own business?

00:57:29;02 - 00:57:47;06

GUEST

Jesus, I get emotional. No, I mean, definitely not. I mean, there's so many things which occur in life which are driven by a combination of right time, right place and luck. I mean, the reason I met the guy I basically labored for was because I was 16 stone at 16, like at breaking snowboards, and one actually hit his daughter.

00:57:47;06 - 00:58:05;28

GUEST

And I was confronted by this guy and I thought I was gonna take my block off. So I had a conversation. I said, I'm really sorry. I pay back in any way. So what can work for me? I'm looking for labor. I said, fine, never would have happened otherwise. Roxy lights met through just very strange connections. Sean Ballymore to the work we did with CBRE.

00:58:06;00 - 00:58:22;01

GUEST

Just every avenue. That's why I'm a big believer. Whatever you do in life, never underestimate what that meeting or call or interaction could be. In a world with him. It's a day where everything's done. A lot of it's done too much without face to face engagement. If someone says to you it's fancy meeting you. Fancy coffee, do you fancy going somewhere?

00:58:22;01 - 00:58:38;20

GUEST

Say yes behind a screen. Only certain things can happen in the real world. You've got to get out there and meet people. And, that's been my major benefit, I think, for my career. But to answer your question, not a chance. But I'm pleased, and it has worked out and I think back ten years will be hopefully just exciting.

00:58:38;20 - 00:58:40;09

GUEST

It definitely is rewarding.

00:58:40;11 - 00:58:45;06

HOST

But James, thank you so much for joining me on the podcast today. Excited to see what you and the team you're on today.

00:58:45;08 - 00:58:47;05

GUEST

Good hear. Thanks.

00:58:47;07 - 00:59:09;22

HOST

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.

00:59:09;25 - 00:59:36;29

HOST

We should explore further. So do drop me a message. The People Property Plays podcast is powered by Rock on the team recruit, leadership and future leadership hires for real estate owners, funds, investors and developers. So if you're looking to hire top talent for your business, head over to the website. Rock Buncombe, where you'll be able to find a wealth of information.

00:59:37;02 - 00:59:44;26

HOST

Or feel free to drop me a message on LinkedIn. Have a great day wherever you are, and I look forward to catch you next time.