

Podcast Episode

Season 1, Episode 3: Jonathan Will??n, Chief Executive Officer, Europi Property Group
From the ULI's New Real Estate Vanguard

Date: May 12, 2021

00:00:02 --> 00:00:05: My name is Andrea Carpenter. I'm the director of women
 00:00:05 --> 00:00:07: talk real estate and I'm delighted to be hosting this
 00:00:08 --> 00:00:10: new podcast series from the Urban Land Institute.
 00:00:10 --> 00:00:13: You lie brings together real estate and land use experts
 00:00:13 --> 00:00:16: from around the world with a mission to shape the
 00:00:16 --> 00:00:19: future of the built environment and to make transformative
 impact
 00:00:19 --> 00:00:23: in communities. And with this podcast we will focus on
 00:00:23 --> 00:00:25: that future and that transformative impact.
 00:00:25 --> 00:00:29: Your allies, European Young Leaders Group recently
 selected 10 outstanding
 00:00:29 --> 00:00:31: contributors to the industry,
 00:00:31 --> 00:00:33: hailing them as the new real estate Vanguard.
 00:00:33 --> 00:00:36: These are people in the early years of their career
 00:00:36 --> 00:00:40: who have already demonstrated entrepreneurial flair or
 shaken up.
 00:00:40 --> 00:00:43: The corporate world will use these podcasts to hear from
 00:00:43 --> 00:00:44: each of them about their story.
 00:00:44 --> 00:00:48: What brought them to real estate and how they are
 00:00:48 --> 00:00:49: disrupting our industry.
 00:00:49 --> 00:00:52: Today I'm delighted to welcome Jonathan will and CEO of
 00:00:52 --> 00:00:55: your OPI property Group A pan European real estate
 investment
 00:00:55 --> 00:00:56: company.
 00:00:56 --> 00:00:59: Jonathan's business is the new generation of private equity
 players
 00:01:00 --> 00:01:01: in real estate seeking out value,
 00:01:01 --> 00:01:04: add, and opportunistic real estate deals from its offices in

00:01:05 --> 00:01:05: London and Sweden,
00:01:05 --> 00:01:09: but firmly focused on social and environmental outcomes as well
00:01:09 --> 00:01:10: as financial Jonathan.
00:01:10 --> 00:01:12: Thank you so much for being with us today.
00:01:12 --> 00:01:14: Great to be here, so Jonathan,
00:01:14 --> 00:01:16: we I do not even sure that you almost destined
00:01:16 --> 00:01:18: to end up in real estate.
00:01:18 --> 00:01:20: You actually did quite a traditional.
00:01:20 --> 00:01:23: Investment banking roles in the in the beginning.
00:01:23 --> 00:01:26: So how did that switch to real estate happen?
00:01:26 --> 00:01:29: How did we and was a competition amongst other industries?
00:01:29 --> 00:01:32: For your talents, you're right and I spent the first
00:01:32 --> 00:01:35: five years of my career investment banking,
00:01:35 --> 00:01:38: which was a great learning experience.
00:01:38 --> 00:01:40: Definitely more abstract than real estate,
00:01:40 --> 00:01:43: which is all about things you can see and touch.
00:01:43 --> 00:01:46: And as I had some experience in banking,
00:01:46 --> 00:01:48: I wanted to leverage that and be more of an
00:01:48 --> 00:01:49: investor.
00:01:49 --> 00:01:52: And at the time. I thought there's two ways of
00:01:52 --> 00:01:52: doing it.
00:01:52 --> 00:01:55: One, I'll be a generalist investor,
00:01:55 --> 00:01:57: investing companies or public equities,
00:01:57 --> 00:02:00: and the 2nd is I'll pick a sector which I'm
00:02:00 --> 00:02:02: interested in and I'll try to learn as much as
00:02:02 --> 00:02:05: I can about it and do something more niched and
00:02:05 --> 00:02:09: as I was researching different sectors and combining that with
00:02:09 --> 00:02:12: the grad school experience in the USI decided that real
00:02:12 --> 00:02:14: estate in the built environment,
00:02:14 --> 00:02:17: which I'd always been interested in,
00:02:17 --> 00:02:19: was was actually what I wanted to do.
00:02:19 --> 00:02:20: A deep dive in and.
00:02:20 --> 00:02:22: And have and haven't regretted it since.
00:02:22 --> 00:02:25: And did you consider other sectors where there were further
00:02:26 --> 00:02:27: deep dives anywhere?
00:02:27 --> 00:02:29: I did, and I spent a bit of time and
00:02:29 --> 00:02:30: energy and renewables,
00:02:30 --> 00:02:32: which I definitely find interesting.
00:02:32 --> 00:02:35: I spent some time thinking through being a generalist
investor,
00:02:35 --> 00:02:37: which I also find interesting,

00:02:37 --> 00:02:38: but at the end of the day,

00:02:38 --> 00:02:42: you know I was quite passionate about the built environment

00:02:42 --> 00:02:44: and real estate and how you can shape community.

00:02:44 --> 00:02:48: Some really have an impact and decided to go with

00:02:48 --> 00:02:48: that.

00:02:48 --> 00:02:51: And then some around six to seven years into your

00:02:51 --> 00:02:52: into your real estate.

00:02:52 --> 00:02:55: Part of your career, you launch your OPI.

00:02:55 --> 00:02:58: It was with Brunswick. So maybe you can tell us

00:02:58 --> 00:03:00: what triggered that you've been spending.

00:03:00 --> 00:03:03: I think most of that time at Blackstone.

00:03:03 --> 00:03:06: So how do you suddenly have a conversation with another

00:03:06 --> 00:03:09: company about setting up your own business with them?

00:03:09 --> 00:03:11: Yes, and as with many things,

00:03:11 --> 00:03:14: it was about people at the end of the day.

00:03:14 --> 00:03:17: And I came in contact with.

00:03:17 --> 00:03:20: One of the key people of of Brunswick in Sweden.

00:03:20 --> 00:03:24: We had an informal coffee and we shared a vision

00:03:24 --> 00:03:25: for building a pan.

00:03:25 --> 00:03:30: European real Estate Investment Company and I quickly realized that

00:03:30 --> 00:03:34: I had all this experience from from large institutions that

00:03:34 --> 00:03:38: I could leverage and try to build a platform around

00:03:38 --> 00:03:40: and Brunswick Ventures were great.

00:03:40 --> 00:03:42: As part of that too,

00:03:42 --> 00:03:45: to share that vision and help set it up.

00:03:45 --> 00:03:48: And what do you think you said to them that?

00:03:48 --> 00:03:50: Meant that they were going to take you on someone

00:03:50 --> 00:03:53: who hadn't run a business before and had always been

00:03:53 --> 00:03:53: part of,

00:03:53 --> 00:03:57: you know, larger institutional businesses.

00:03:57 --> 00:04:02: Well, we had good chemistry from the beginning and we

00:04:02 --> 00:04:06: shared a vision of what could be built as a

00:04:06 --> 00:04:11: Evergreen real estate pan European investment Company.

00:04:11 --> 00:04:16: We liked similar type of investment themes and people to

00:04:16 --> 00:04:21: work with and started just working through the business case

00:04:21 --> 00:04:24: and what would it look like?

00:04:24 --> 00:04:25: How would we do it?

00:04:25 --> 00:04:30: And that was very. Positive experience that we both,

00:04:30 --> 00:04:33: I feel felt, felt very comfortable to explore it further.

00:04:33 --> 00:04:36: So you felt confident at that time of like?

00:04:36 --> 00:04:38: Yeah actually I can do this now.

00:04:38 --> 00:04:41: I can jump out of Blackstone and just do my
00:04:41 --> 00:04:43: own thing with with this company.
00:04:43 --> 00:04:48: Yeah, and I had always had an entrepreneurial.
00:04:48 --> 00:04:50: Aspiration at some point in my career,
00:04:50 --> 00:04:51: but I was also very conscious.
00:04:51 --> 00:04:54: Once you take that step and I've been working for
00:04:54 --> 00:04:56: large institutions for almost 10 years.
00:04:56 --> 00:04:57: Once you take that step,
00:04:57 --> 00:04:58: it has to be right,
00:04:58 --> 00:05:00: and so I'd looked at a number of other things
00:05:00 --> 00:05:01: and in the years prior,
00:05:01 --> 00:05:03: but it didn't feel entirely right.
00:05:03 --> 00:05:06: And when we started sketching out a vision for your
00:05:06 --> 00:05:06: OPI,
00:05:06 --> 00:05:08: it felt right and the people were great and I
00:05:08 --> 00:05:10: haven't looked back since.
00:05:10 --> 00:05:12: It's been a really good experience,
00:05:12 --> 00:05:14: so I think most people who want to be entrepreneurs
00:05:14 --> 00:05:17: sort of know that from the beginning and can't wait
00:05:17 --> 00:05:18: to get started.
00:05:18 --> 00:05:20: So I think it's interesting that you.
00:05:20 --> 00:05:22: Almost of did your time in some of those big
00:05:22 --> 00:05:25: banking institutions and then that Blackstone.
00:05:25 --> 00:05:28: Do you feel that that was a necessary step for
00:05:28 --> 00:05:31: you know you see young people who might feel like
00:05:31 --> 00:05:31: I wanted.
00:05:31 --> 00:05:34: You know I want to get on from this part
00:05:34 --> 00:05:35: of my career.
00:05:35 --> 00:05:37: Yeah, I think it was absolutely necessary,
00:05:37 --> 00:05:41: and I think those experiences make me a better investor
00:05:41 --> 00:05:44: and have helped shape how I think about decision making.
00:05:44 --> 00:05:48: How I think about really everything from acquisitions and
00:05:48 --> 00:05:50: asset
00:05:50 --> 00:05:53: management building organizations.
00:05:53 --> 00:05:54: And working with people. So this is not to be
00:05:54 --> 00:05:58: underestimated.
00:05:58 --> 00:06:03: I think the experience of working in some of these
00:06:03 --> 00:06:06: institutions and learning and at the same time being
00:06:06 --> 00:06:09: entrepreneurial,
00:06:09 --> 00:06:10: which is very rewarding and very fun.
00:06:10 --> 00:06:12: But I feel like your chances of success are much
00:06:12 --> 00:06:12: greater.
00:06:12 --> 00:06:12: Or perhaps I'm just risk averse.

00:06:12 --> 00:06:16: But once you have a good foundation to build upon,
 00:06:16 --> 00:06:17: and that's a bit high,
 00:06:17 --> 00:06:21: approached it and so do you see yourself now being
 00:06:21 --> 00:06:21: sort of,
 00:06:21 --> 00:06:24: you know. A younger leader of a company like this
 00:06:24 --> 00:06:25: as a disruptor.
 00:06:25 --> 00:06:28: I mean we we see a tradition of boutique private
 00:06:28 --> 00:06:30: equity firms like Patron and Tristan,
 00:06:30 --> 00:06:33: and I wonder if you feel like you see yourself
 00:06:33 --> 00:06:34: in that mode,
 00:06:34 --> 00:06:37: or whether you're a new generation of of that tradition
 00:06:37 --> 00:06:39: in this sort of this generation.
 00:06:39 --> 00:06:42: Yeah, we do try to be as innovative and as
 00:06:42 --> 00:06:45: disruptive as we can within the investment space.
 00:06:45 --> 00:06:49: Of course there's any real estate investor you're ultimately
 00:06:49 --> 00:06:51: judged
 00:06:51 --> 00:06:53: on your investment performance and returns,
 00:06:53 --> 00:06:55: but I think that's both financial,
 00:06:55 --> 00:06:59: and it's also about the.
 00:06:59 --> 00:07:02: Impact you have on communities than you're used footprint
 00:07:02 --> 00:07:06: and
 00:07:06 --> 00:07:10: the way in which you conduct business.
 00:07:10 --> 00:07:13: We've taken a very returns driven approach where we've
 00:07:13 --> 00:07:16: said
 00:07:16 --> 00:07:18: we can invest across almost all major European
 00:07:18 --> 00:07:23: geographies.
 00:07:23 --> 00:07:26: We can invest in all different segments.
 00:07:26 --> 00:07:29: We don't mind investing in both debt and equity.
 00:07:29 --> 00:07:31: It can be public securities,
 00:07:31 --> 00:07:35: private buildings and portfolios, but we really focus on risk
 00:07:35 --> 00:07:39: adjusted returns and we like to work with partners.
 00:07:39 --> 00:07:39: So I feel, at least in today's world,
 00:07:39 --> 00:07:42: where everything is changing very quickly,
 00:07:42 --> 00:07:45: there's lots of structural trends you need to be able
 00:07:45 --> 00:07:48: to adapt and change between markets and investment
 00:07:48 --> 00:07:51: themes quite
 00:07:51 --> 00:07:53: quickly,
 00:07:53 --> 00:07:55: and our flexibility has enabled us to do that.
 00:07:55 --> 00:07:58: Those private equity companies are quite typical,
 00:07:58 --> 00:08:01: and the fact they're very opportunistic.
 00:08:01 --> 00:08:04: Quite short term approach very you know returns focus.
 00:08:04 --> 00:08:07: That's been the model in the past.
 00:08:07 --> 00:08:10: How are you going to be different?

00:07:55 --> 00:07:58: Particularly that short term horizon?

00:07:58 --> 00:08:00: Yeah absolutely. And I'd say there are.

00:08:00 --> 00:08:02: There are two points I would make.

00:08:02 --> 00:08:05: The first one is our structure is a little different.

00:08:05 --> 00:08:08: Most private equity groups raise funds in there.

00:08:08 --> 00:08:11: Often closed ended funds. And you know it's not a.

00:08:11 --> 00:08:13: It's not necessarily an Evergreen,

00:08:13 --> 00:08:17: although there are also everybody structures we've set up our

00:08:17 --> 00:08:18: structure Morris.

00:08:18 --> 00:08:21: As a company investing its balance sheet,

00:08:21 --> 00:08:26: recycling equity, trying to generate long term value for our

00:08:26 --> 00:08:31: shareholders while being very true to a nice Gianna community

00:08:31 --> 00:08:32: LED approach.

00:08:32 --> 00:08:36: So having that flexibility and how we can invest what

00:08:36 --> 00:08:39: we can invest in working with partners,

00:08:39 --> 00:08:41: staying true tarius G philosophy.

00:08:41 --> 00:08:45: But at the same time recycling equity and being a

00:08:45 --> 00:08:46: long term investor.

00:08:46 --> 00:08:49: I feel sad that sets us apart.

00:08:49 --> 00:08:51: So you can sort of take a longer term approach

00:08:51 --> 00:08:54: on these things and that sort that internally managed structure

00:08:54 --> 00:08:55: in a way absolutely yeah.

00:08:55 --> 00:08:57: And do you think about you know when you sell

00:08:57 --> 00:08:59: those assets on you need to sell them on to

00:08:59 --> 00:09:02: someone who's going to take the same care of them

00:09:02 --> 00:09:04: as you? You know you've had them for a short

00:09:04 --> 00:09:04: time.

00:09:04 --> 00:09:07: Actually, that longer term ownership might also be in

00:09:07 --> 00:09:08: elses hands.

00:09:08 --> 00:09:10: Yeah, we always look at that and.

00:09:10 --> 00:09:12: In terms of hold periods,

00:09:12 --> 00:09:15: it really depends on the situation.

00:09:15 --> 00:09:19: We've looked at things which are shortest a couple of

00:09:19 --> 00:09:19: years,

00:09:19 --> 00:09:23: but also at strategies where it makes sense to hold

00:09:23 --> 00:09:25: these assets for 6-7 years.

00:09:25 --> 00:09:29: I think having a variety of these types of situations

00:09:29 --> 00:09:32: and assets in your portfolio helps really diversify,

00:09:32 --> 00:09:36: and when we think about next buyers and who eventually

00:09:36 --> 00:09:40: we exit to a key consideration is of course also
00:09:40 --> 00:09:41: what what?
00:09:41 --> 00:09:44: Impact that will have on on that sit in the
00:09:44 --> 00:09:46: community around it and etc.
00:09:46 --> 00:09:49: So how can you make your OP stand out from
00:09:50 --> 00:09:51: the competition?
00:09:51 --> 00:09:54: I think what we always try to do is to
00:09:54 --> 00:09:56: be really good partners.
00:09:56 --> 00:10:00: Our model is based on working with local partners in
00:10:00 --> 00:10:06: our different target geographies and I can't emphasize
00:10:06 --> 00:10:06: much.
00:10:06 --> 00:10:09: Impacts on business model access to deal flow.
00:10:09 --> 00:10:13: Ability to generate and execute on business plans and being
00:10:13 --> 00:10:15: really good partners is schemer.
00:10:15 --> 00:10:19: The state because it's a lot about people.
00:10:19 --> 00:10:22: And in addition to being good partners,
00:10:22 --> 00:10:24: we tried to do the uncomplicated,
00:10:24 --> 00:10:26: transparent and open in our decision making,
00:10:26 --> 00:10:30: which isn't. It's the advantage of his smaller investment
00:10:30 --> 00:10:33: company.
00:10:30 --> 00:10:33: I suppose some of the larger funds where you'd have,
00:10:33 --> 00:10:36: you know, 567 investment committees to come to some
00:10:36 --> 00:10:39: decisions,
00:10:36 --> 00:10:39: whereas in our case we can be very quick and
00:10:39 --> 00:10:40: very uncomplicated.
00:10:40 --> 00:10:42: And can you give me an example of one of
00:10:42 --> 00:10:45: those deals a typical type of thing that you might
00:10:45 --> 00:10:46: be looking at?
00:10:46 --> 00:10:49: We're looking at the moment at building an office platform
00:10:49 --> 00:10:49: in the UK,
00:10:49 --> 00:10:51: which we're very excited about.
00:10:51 --> 00:10:56: Where we've focused on the six largest cities outside of
00:10:56 --> 00:10:57: London,
00:10:57 --> 00:11:02: and these are markets where you can acquire city center
00:11:02 --> 00:11:03: office assets.
00:11:03 --> 00:11:08: Really great day buildings. So the type of post covid
00:11:08 --> 00:11:13: occupier desirable space at quite attractive prices and we are
00:11:13 --> 00:11:17: now at a portfolio for assets which we feel will
00:11:17 --> 00:11:21: continue to seed a larger portfolio.
00:11:21 --> 00:11:25: And that's. Strategy we're working with a partner to really
00:11:25 --> 00:11:26: grow and take forward,
00:11:26 --> 00:11:29: so there's been a sort of post pandemic view of

00:11:29 --> 00:11:31: where officers are going to be.

00:11:31 --> 00:11:33: Yeah, we started this in the fall.

00:11:33 --> 00:11:37: We spent a lot of time debating the future offices

00:11:37 --> 00:11:37: and well,

00:11:37 --> 00:11:40: our view has always been that it's going to be

00:11:40 --> 00:11:41: quite nuanced.

00:11:41 --> 00:11:44: There will be good demand for high quality space,

00:11:44 --> 00:11:47: especially well located, high quality space,

00:11:47 --> 00:11:50: and it's going to be quite.

00:11:50 --> 00:11:54: Nuanced for more secondary and tertiary space and locations,

00:11:54 --> 00:11:56: as well as being community LED,

00:11:56 --> 00:11:59: and I think you've seen lots of occupiers wanting to

00:11:59 --> 00:12:02: have a hub and spoke type of footprint going forward.

00:12:02 --> 00:12:05: I think the place of offices in though that type

00:12:05 --> 00:12:08: of post pandemic view though is is really about the

00:12:08 --> 00:12:10: other uses around it and you know how it fits

00:12:10 --> 00:12:13: into a more a bigger community picture.

00:12:13 --> 00:12:15: Is that something that you is going to be part

00:12:15 --> 00:12:15: of?

00:12:15 --> 00:12:18: Your investment strategy? Yes absolutely.

00:12:18 --> 00:12:21: And this. Thesis or philosophy of work?

00:12:21 --> 00:12:25: Live play us as was often said in the US

00:12:25 --> 00:12:26: some time ago.

00:12:26 --> 00:12:30: I think it's not really coming back into focus and

00:12:30 --> 00:12:34: you're seeing a lot of communities having or mixed use

00:12:34 --> 00:12:39: assets having lots of different functions where people can go

00:12:39 --> 00:12:42: to the office, but they also can get together and

00:12:42 --> 00:12:45: you have experiential type of retail.

00:12:45 --> 00:12:50: You have all your fitness things and that makes sense.

00:12:50 --> 00:12:53: To have a little more localized communities where real estate

00:12:53 --> 00:12:55: fills a multitude of purposes,

00:12:55 --> 00:12:58: yeah, and there's a certain stewardship,

00:12:58 --> 00:13:00: though around doing that sort of thing,

00:13:00 --> 00:13:03: and I suppose I'm interested in sort of how capital

00:13:03 --> 00:13:06: that does sort seek higher returns sits in that type

00:13:06 --> 00:13:09: of environment of actually wanting to be like building a

00:13:09 --> 00:13:11: cohesive place for the long term.

00:13:11 --> 00:13:14: Yes, and a good example of that is a project

00:13:14 --> 00:13:16: we invested in in Poland.

00:13:16 --> 00:13:18: We invest in a company called Capital Park,

00:13:18 --> 00:13:21: which is, I would say the market leading developer and.

00:13:21 --> 00:13:25: Owner of asset of real estate assets in in Poland
 00:13:25 --> 00:13:29: and we have really exciting Warsaw City center mixed use
 00:13:30 --> 00:13:33: asset in the final stages of development due to be
 00:13:33 --> 00:13:37: open this summer and it's an old factory.
 00:13:37 --> 00:13:40: It's called nor Blend, where 50 years ago used to
 00:13:40 --> 00:13:44: be an old factory and now it's been transformed into
 00:13:44 --> 00:13:49: a phenomenal asset which serves really good office tenants
 but
 00:13:49 --> 00:13:52: it also has this whole.
 00:13:52 --> 00:13:56: You know futuristic vision of experiential retail,
 00:13:56 --> 00:14:00: the type of community spaces that not just office tenants,
 00:14:00 --> 00:14:03: but local residents will desire an,
 00:14:03 --> 00:14:05: creates a really good vibe,
 00:14:05 --> 00:14:09: and those types of assets and that positioning I feel
 00:14:09 --> 00:14:13: even even at value add type returns you are contributing
 00:14:13 --> 00:14:17: to this place making which is really important and I
 00:14:17 --> 00:14:21: sort of mentioned the pandemic and I can't not ask
 00:14:21 --> 00:14:23: you how your 2020 was.
 00:14:23 --> 00:14:25: In terms of running a business,
 00:14:25 --> 00:14:28: I think you set this up just in 2019.
 00:14:28 --> 00:14:30: If I'm correct. Yes, that's right.
 00:14:30 --> 00:14:33: So we were fortunate in one way because we set
 00:14:33 --> 00:14:35: up the structure in 2019,
 00:14:35 --> 00:14:38: we did an initial fundraising the fall of 2019,
 00:14:38 --> 00:14:41: and we had everything ready and we had a platform.
 00:14:41 --> 00:14:45: We had our initial team and 2020 was nowhere near
 00:14:45 --> 00:14:47: what we thought it would be like,
 00:14:47 --> 00:14:50: but it was still a pretty good year for us,
 00:14:50 --> 00:14:53: and we saw lots of deal flow in our target
 00:14:53 --> 00:14:53: markets.
 00:14:53 --> 00:14:56: We are very selective with what we went through with
 00:14:56 --> 00:14:59: and we're very happy with the deals that we went
 00:14:59 --> 00:14:59: through with.
 00:14:59 --> 00:15:02: With. Those mainly deals that you had started already,
 00:15:02 --> 00:15:04: that you know there was,
 00:15:04 --> 00:15:06: it was challenging to get through due diligence,
 00:15:06 --> 00:15:09: but you least knew where the starting point there were.
 00:15:09 --> 00:15:12: Some of those, and then there were some knew that
 00:15:12 --> 00:15:15: came as came about as result of the pandemic you
 00:15:15 --> 00:15:17: will recall and a lot of people will be aware.
 00:15:17 --> 00:15:21: So this huge distress in public markets last year and
 00:15:21 --> 00:15:22: we invested into.

00:15:22 --> 00:15:26: Public real estate companies last year that have turned out
00:15:26 --> 00:15:27: really well,
00:15:27 --> 00:15:29: but we also look to the UK.
00:15:29 --> 00:15:34: For example, I references UK office strategy where there's
been
00:15:34 --> 00:15:37: so much uncertainty around the UK with Brexit and with
00:15:38 --> 00:15:42: legislation and with capital flight etc that there's Ville
opportunity
00:15:42 --> 00:15:44: to.
00:15:44 --> 00:15:47: Best if you have conviction around the future of of
00:15:47 --> 00:15:49: the UK and some of those markets.
00:15:49 --> 00:15:52: So it was a combination of rethinking as the world
00:15:52 --> 00:15:53: was changing in 2020,
00:15:53 --> 00:15:56: but also staying true to our philosophy and what we
00:15:56 --> 00:15:59: really believed in from an investment perspective.
00:15:59 --> 00:16:01: So was there a point in 2020 when it stopped
00:16:01 --> 00:16:03: being about like OK,
00:16:03 --> 00:16:05: Oh my God, we need to sort out the portfolio.
00:16:05 --> 00:16:08: We need to think settle everything down.
00:16:08 --> 00:16:10: We have OK now we can actually see this as
00:16:10 --> 00:16:11: an opportunity.
00:16:11 --> 00:16:14: Now there's a moment to understand how the world is
00:16:14 --> 00:16:17: going to change and how that's going to affect real
00:16:17 --> 00:16:17: estate.
00:16:17 --> 00:16:20: Yeah, in the beginning we were very.
00:16:20 --> 00:16:22: We were very cautious and in the spring of 2020
00:16:22 --> 00:16:24: I mean both with public markets.
00:16:24 --> 00:16:27: No one was really sure how far it could go
00:16:27 --> 00:16:30: and then all of the structural questions around,
00:16:30 --> 00:16:33: you know future of offices in the future retail and
00:16:33 --> 00:16:35: what's happening with logistics,
00:16:35 --> 00:16:37: which keeps growing and growing.
00:16:37 --> 00:16:40: All of these things as they fell into place.
00:16:40 --> 00:16:43: We built conviction around a few themes and then started
00:16:44 --> 00:16:46: acting as quickly as decisively as we could.
00:16:46 --> 00:16:49: And do you think? Running a business through a crisis
00:16:49 --> 00:16:52: like that is going to change how you lead the
00:16:52 --> 00:16:53: business going forward.
00:16:53 --> 00:16:57: Yeah, I think so. It's been a really interesting and
00:16:57 --> 00:16:59: great learning experience.
00:16:59 --> 00:17:04: And it's it's I feel really about having conviction.
00:17:04 --> 00:17:08: You know, where you have conviction then.
00:17:08 --> 00:17:11: Don't be afraid to to take a view on on

00:17:11 --> 00:17:12: things in that domain,
00:17:12 --> 00:17:15: but at the same time about being very risk conscious
00:17:16 --> 00:17:19: and understanding some of the structural trends and how the
00:17:19 --> 00:17:23: world can change to your disadvantage and then weighing those
00:17:23 --> 00:17:26: two against each other and and seeing if that makes
00:17:26 --> 00:17:27: sense.
00:17:27 --> 00:17:30: Yeah, and then. But we're still in a challenging year
00:17:30 --> 00:17:33: where we still don't know what you know,
00:17:33 --> 00:17:35: what the prospects lie ahead.
00:17:35 --> 00:17:38: How are you feeling about investing into that into that
00:17:38 --> 00:17:39: kind of time?
00:17:39 --> 00:17:43: Yeah, I think you know real estate is always been
00:17:43 --> 00:17:46: around in some shape or form and I think there
00:17:46 --> 00:17:47: is a.
00:17:47 --> 00:17:51: There is a constantly changing role for real estate in
00:17:51 --> 00:17:55: in communities and societies and being able to find niches
00:17:55 --> 00:17:56: and investment themes.
00:17:56 --> 00:18:01: Ask those roles change in their structural change to the
00:18:01 --> 00:18:01: industry.
00:18:01 --> 00:18:05: That's always the challenge and I think we we try
00:18:05 --> 00:18:06: to identify themes.
00:18:06 --> 00:18:11: We tried to work with partners and build conviction around.
00:18:11 --> 00:18:13: Ideas which which we then invest in.
00:18:13 --> 00:18:16: So what will you be your ambitions for European?
00:18:16 --> 00:18:18: Then let's say next three to five years.
00:18:18 --> 00:18:20: Well, we want to grow.
00:18:20 --> 00:18:24: I mean, we're quite a vicious we're looking to grow
00:18:24 --> 00:18:26: up and want to be in three years,
00:18:26 --> 00:18:29: let's say ???500 million of assets.
00:18:29 --> 00:18:33: But it's not about growing an asset based as much
00:18:33 --> 00:18:37: as it is about finding the right types of deals
00:18:37 --> 00:18:38: and partners.
00:18:38 --> 00:18:41: And I guess the organization will have to go a
00:18:41 --> 00:18:42: little bit with that,
00:18:42 --> 00:18:46: and eventually we're we're looking to create a real platform
00:18:46 --> 00:18:50: in a real company out of this type of historically
00:18:50 --> 00:18:51: fund investing,
00:18:51 --> 00:18:54: but we feel like doing it in an Evergreen structure
00:18:54 --> 00:18:56: where you can recycle equity.
00:18:56 --> 00:19:00: You have long term shareholders will create a lot of
00:19:00 --> 00:19:00: value.

00:19:00 --> 00:19:05: Another particular trend, structural trends that interest you the most

00:19:05 --> 00:19:08: in terms of how the world is changing for real

00:19:08 --> 00:19:09: estate.

00:19:09 --> 00:19:13: Well, I think your theme of mixed use assets and

00:19:14 --> 00:19:19: mid states serving a multitude of purposes to communities is

00:19:19 --> 00:19:22: definitely one of them.

00:19:22 --> 00:19:25: And another one which you know we're always trying to

00:19:25 --> 00:19:27: find creative ways of investing in,

00:19:27 --> 00:19:31: is this obviously the growth of E Commerce and logistics?

00:19:31 --> 00:19:34: And some of these light industrial spaces where there's just

00:19:34 --> 00:19:38: a ton of competition from the capital perspective and you

00:19:38 --> 00:19:38: have to.

00:19:38 --> 00:19:41: You have to either bill even in very,

00:19:41 --> 00:19:44: very strong growth projections to be able to do that

00:19:44 --> 00:19:45: at our cost of capital.

00:19:45 --> 00:19:47: But at the same time,

00:19:47 --> 00:19:51: if you're entrepreneurial and you're working with good

00:19:51 --> 00:19:53: partners,

00:19:51 --> 00:19:53: it's not impossible. And I think being.

00:19:53 --> 00:19:56: Invested in that would be would be great for us

00:19:56 --> 00:19:58: as well over the next year.

00:19:58 --> 00:20:00: And what about the flip side of that and retail?

00:20:00 --> 00:20:03: I mean, that's you know if this had been a

00:20:03 --> 00:20:04: cyclical change for retail,

00:20:04 --> 00:20:08: that's something that private equity would have been all over.

00:20:08 --> 00:20:10: But I understand it's structural.

00:20:10 --> 00:20:13: It's more complicated, but do you see value there now?

00:20:13 --> 00:20:14: Or maybe in the future?

00:20:14 --> 00:20:16: Is that watching brief for you?

00:20:16 --> 00:20:20: Yeah, retail. It's difficult, but I think it's also nuanced

00:20:20 --> 00:20:24: and I think while there is a strong structural change

00:20:24 --> 00:20:25: in the retail space.

00:20:25 --> 00:20:28: There's still a demand for some experiential retail,

00:20:28 --> 00:20:30: and for some different types of history.

00:20:30 --> 00:20:34: Tell him for the occasional shopping center retail park,

00:20:34 --> 00:20:37: but it's about which markets have been oversupplied,

00:20:37 --> 00:20:40: where, where is demand shifting the quickest away from

00:20:40 --> 00:20:42: some

00:20:40 --> 00:20:42: of these physical stores to online,

00:20:42 --> 00:20:44: and how does that stack up with pricing,

00:20:44 --> 00:20:48: capital values and rents? Not to mention that financing for

00:20:48 --> 00:20:52: some of these retail assets is obviously very difficult in

00:20:52 --> 00:20:53: today's climate.

00:20:53 --> 00:20:55: And as Europa grow, your OPI grows,

00:20:55 --> 00:20:58: sorry. How do you see yourself growing as a leader?

00:20:58 --> 00:21:01: How do you feel you might need to change?

00:21:01 --> 00:21:04: Yeah, that's that's a good question.

00:21:04 --> 00:21:07: I mean, I think as europy grows I'm always trying

00:21:08 --> 00:21:12: to anticipate one step ahead or trying to think both

00:21:12 --> 00:21:17: from from a deal perspective from an organization perspective and

00:21:17 --> 00:21:22: make sure that there's enough within the organization to support

00:21:22 --> 00:21:23: that growth.

00:21:23 --> 00:21:25: Part of that, I believe,

00:21:25 --> 00:21:29: is empowering employees who who show that they are interested

00:21:29 --> 00:21:30: and capable,

00:21:30 --> 00:21:33: and taking on more responsibility.

00:21:33 --> 00:21:35: And really, growing as a team.

00:21:35 --> 00:21:37: So as we go, I'm looking to invest more and

00:21:37 --> 00:21:40: more in the team and to really have this be

00:21:40 --> 00:21:42: a journey for the for the group as a whole

00:21:42 --> 00:21:44: so it's nice to run the company where you know

00:21:45 --> 00:21:47: everyone and you talk to everyone all the time.

00:21:47 --> 00:21:50: But as you grow there comes to a point where

00:21:50 --> 00:21:51: suddenly needing HR function,

00:21:51 --> 00:21:53: suddenly you need a marketing function,

00:21:53 --> 00:21:55: something you need accounts, you know,

00:21:55 --> 00:21:58: did you see euro? You want Europe to remain more

00:21:58 --> 00:21:59: fleet of foot,

00:21:59 --> 00:22:01: almost smaller and more you know.

00:22:01 --> 00:22:02: So when you set something up,

00:22:02 --> 00:22:05: that's a small business you end up doing.

00:22:05 --> 00:22:09: Almost everything yourself be that from finding office space are

00:22:09 --> 00:22:10: doing HR functions,

00:22:10 --> 00:22:14: working through investment decisions. And as we go I think

00:22:14 --> 00:22:18: will definitely stay quite small and nimble by working with

00:22:18 --> 00:22:20: partners in our different markets.

00:22:20 --> 00:22:23: We don't need a huge infrastructure internally,

00:22:23 --> 00:22:25: but at the same time as we do more we

00:22:25 --> 00:22:28: need more people and we need more capacity.

00:22:28 --> 00:22:31: But being a small company definitely has its benefits and

00:22:31 --> 00:22:35: it's been been a really good experience working closely with

00:22:35 --> 00:22:36: with a great team.

00:22:36 --> 00:22:38: Be quite quite pleased to not have to do all

00:22:39 --> 00:22:41: the HR and getting the office and things like that.

00:22:41 --> 00:22:44: It might be nice to focus on the deals.

00:22:44 --> 00:22:47: Yes, no absolutely and that's even over the past 18

00:22:47 --> 00:22:47: months.

00:22:47 --> 00:22:50: I mean, it's definitely moved in the right direction and

00:22:50 --> 00:22:53: now we have a really good scalable platform that I

00:22:53 --> 00:22:56: feel can can grow quite quickly now at the beginning

00:22:56 --> 00:23:00: of interview you said you were quite risk averse.

00:23:00 --> 00:23:02: How does that affect how you do business?

00:23:02 --> 00:23:05: 'cause obviously you're in a part of the market that

00:23:05 --> 00:23:06: takes more risks.

00:23:06 --> 00:23:08: You know, relatively yeah, no,

00:23:08 --> 00:23:09: it's a good question.

00:23:11 --> 00:23:15: The risk averse nasai think is healthy when you're an

00:23:15 --> 00:23:18: investor because he on the one hand you have to

00:23:18 --> 00:23:18: accept risks.

00:23:18 --> 00:23:22: But it's often about trying to figure out what's within

00:23:22 --> 00:23:24: your control and not within your control.

00:23:24 --> 00:23:28: An building conviction around some of the themes that you

00:23:28 --> 00:23:30: really believe in.

00:23:30 --> 00:23:31: So I'd say you know,

00:23:31 --> 00:23:34: with the team the wider team and the way we're

00:23:34 --> 00:23:38: approaching things in the way we've been collectively making

00:23:38 --> 00:23:40: decisions.

00:23:38 --> 00:23:40: It's worked really, really well,

00:23:40 --> 00:23:43: but I do think as an investment company you need

00:23:43 --> 00:23:46: to be a little cautious and you need to be

00:23:46 --> 00:23:48: aware of which risks you're taking.

00:23:48 --> 00:23:52: It's very important that mean you're quite research orientated,

00:23:52 --> 00:23:56: quite data orientated rather than maybe instinctive about

00:23:56 --> 00:23:57: what you

00:23:56 --> 00:23:57: want to do for deals.

00:23:57 --> 00:23:59: Yeah we tried to be data driven,

00:23:59 --> 00:24:02: we try to always have data to support the decisions

00:24:02 --> 00:24:03: that we make.

00:24:03 --> 00:24:07: Of course, a lot of it is also about instinct,

00:24:07 --> 00:24:10: but there has to be something to support that,

00:24:10 --> 00:24:13: and there has to be be data to rely on

00:24:13 --> 00:24:17: so you get excited doing deals when you spot something

00:24:17 --> 00:24:18: you think.

00:24:18 --> 00:24:20: Gosh, that's a great opportunity.

00:24:20 --> 00:24:24: Yeah, I think absolutely and and working with great partners

00:24:24 --> 00:24:29: and working on exciting projects I referenced nor Berlin and

00:24:29 --> 00:24:29: Warsaw,

00:24:29 --> 00:24:33: which is great place making project and also our office.

00:24:33 --> 00:24:35: Platform build out in the UK.

00:24:35 --> 00:24:38: It is really fun and it's fun to look at

00:24:38 --> 00:24:41: a new situation and think what could we do differently.

00:24:41 --> 00:24:45: You know what's our vision for the future within this

00:24:45 --> 00:24:45: segment?

00:24:45 --> 00:24:49: At the same time, it's also challenged and you were

00:24:49 --> 00:24:52: looking at all of Europe and or being opportunistic and

00:24:52 --> 00:24:53: looking for value.

00:24:53 --> 00:24:56: Add deals. There's so much we can do,

00:24:56 --> 00:24:59: and having a system Anna funnel how we source ideas

00:24:59 --> 00:25:03: to executing and there's a lot of iterations in between

00:25:03 --> 00:25:04: and a lot of things.

00:25:04 --> 00:25:07: We would spend time looking at and then decide.

00:25:07 --> 00:25:09: Or end up not doing and some things which we

00:25:09 --> 00:25:12: identify and we do quite quickly because we really like

00:25:12 --> 00:25:12: them.

00:25:12 --> 00:25:15: Is that frustrating though when you have to put things

00:25:15 --> 00:25:18: to one side 'cause you just don't have the capacity

00:25:18 --> 00:25:19: at this time.

00:25:19 --> 00:25:21: I mean, it can be frustrating,

00:25:21 --> 00:25:25: but it's it's part of I think it's a necessity.

00:25:25 --> 00:25:28: Because you have to be very selective investing,

00:25:28 --> 00:25:32: there's always going to be a ton of things to

00:25:32 --> 00:25:32: look at.

00:25:32 --> 00:25:37: And it's just the way we we approach.

00:25:39 --> 00:25:41: Deals I think yeah OK.

00:25:41 --> 00:25:44: Well well if you final questions that we ask all

00:25:44 --> 00:25:45: our podcasters.

00:25:45 --> 00:25:48: So what advice would you have for someone starting out

00:25:48 --> 00:25:49: in real estate?

00:25:49 --> 00:25:52: They want to be you in the coming after your

00:25:52 --> 00:25:54: business in six or seven years time.

00:25:54 --> 00:25:57: What do you think they should be doing?

00:25:57 --> 00:26:00: I think should be really curious and I think you

00:26:00 --> 00:26:05: should really engage with lots of different stakeholders to

00:26:05 --> 00:26:07: understand

00:26:05 --> 00:26:07: the different roles in with the state.

00:26:07 --> 00:26:10: Get lots of perspective. Read research.

00:26:10 --> 00:26:15: And visit lots of projects and an assets that you

00:26:15 --> 00:26:19: think are interesting or think are really cool.

00:26:19 --> 00:26:21: And by doing that you will get to meet lots

00:26:21 --> 00:26:24: of people and I think part of part of finding

00:26:24 --> 00:26:27: how to get into real estate is finding people you

00:26:27 --> 00:26:30: really like to work with an if you have good

00:26:30 --> 00:26:33: chemistry you have good connections with those people that will

00:26:34 --> 00:26:37: often lead you to something which is quite rewarding and

00:26:37 --> 00:26:39: to help them along the way.

00:26:39 --> 00:26:42: Can you recommend? Maybe a business book or a podcast

00:26:42 --> 00:26:45: or something that has inspired you within for your business?

00:26:45 --> 00:26:49: Yeah, I'd mentioned two things I think for real estate

00:26:49 --> 00:26:49: investing.

00:26:49 --> 00:26:52: Which I guess is closest to what we do.

00:26:52 --> 00:26:55: I would definitely recommend this book called The Real Estate

00:26:55 --> 00:26:55: Game,

00:26:55 --> 00:26:57: which is written by Bill Pourvu.

00:26:57 --> 00:27:00: This one of my professors in the USC grad school.

00:27:00 --> 00:27:03: That's an excellent.

00:27:03 --> 00:27:07: Somewhat drive, but really excellent overview to real estate investing

00:27:07 --> 00:27:09: and how to think about it.

00:27:09 --> 00:27:14: Meant entrepreneurship. I would reference the book called Founder's Dilemmas

00:27:14 --> 00:27:17: by Knowing Vasserman which is also an excellent account of

00:27:17 --> 00:27:19: founders in different situations.

00:27:19 --> 00:27:23: Trying to make decisions whether or not to go entrepreneurial

00:27:23 --> 00:27:25: an at different stages in entrepreneurship,

00:27:25 --> 00:27:28: how to think about growth and how to think about

00:27:28 --> 00:27:30: organizations and both of those books.

00:27:30 --> 00:27:33: For me at least have been go to sources of

00:27:33 --> 00:27:35: information that have been really,

00:27:35 --> 00:27:37: really useful and that second mother.

00:27:37 --> 00:27:40: But entrepreneurship. Did you read that once you were an

00:27:40 --> 00:27:44: entrepreneur or did that influence your journey towards that?

00:27:44 --> 00:27:47: That actually influenced my journey towards that,

00:27:47 --> 00:27:51: and I read that after my banking experience when I

00:27:51 --> 00:27:52: was in grad school.

00:27:52 --> 00:27:54: And just after Graduate School,

00:27:54 --> 00:27:57: I still went back to working for institutions,
00:27:57 --> 00:27:59: and I spent five years in Blackstone,
00:27:59 --> 00:28:02: but it did plant a seed of wanting to eventually
00:28:02 --> 00:28:03: go into entrepreneurship.
00:28:03 --> 00:28:05: And, you know, found a smaller company,
00:28:05 --> 00:28:07: and that was really, really,
00:28:07 --> 00:28:09: I'd say, definitely at the source of it.
00:28:09 --> 00:28:12: And will Jonathan thank you so much for joining us
00:28:12 --> 00:28:13: today?
00:28:13 --> 00:28:15: It's been a real pleasure to speak to you.
00:28:15 --> 00:28:18: Thank you so much for having me.
00:28:18 --> 00:28:21: We hope you've enjoyed this podcast to find out more
00:28:21 --> 00:28:24: about the other episodes of this series,
00:28:24 --> 00:28:26: go to the Young Leaders page on the ULI Europe
00:28:26 --> 00:28:27: website.

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