

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
00:05:48 --> 00:05:50: management building organizations.
00:05:50 --> 00:05:53: And working with people. So this is not to be
00:05:53 --> 00:05:54: underestimated.
00:05:54 --> 00:05:58: I think the experience of working in some of these
00:05:58 --> 00:06:03: institutions and learning and at the same time being
00:06:03 --> 00:06:06: entrepreneurial,
00:06:03 --> 00:06:06: which is very rewarding and very fun.
00:06:06 --> 00:06:09: But I feel like your chances of success are much
00:06:09 --> 00:06:10: greater.
00:06:10 --> 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
judged
00:06:49 --> 00:06:51: on your investment performance and returns,
00:06:51 --> 00:06:53: but I think that's both financial,
00:06:53 --> 00:06:55: and it's also about the.
00:06:55 --> 00:06:59: Impact you have on communities than you're used footprint
and
00:06:59 --> 00:07:02: the way in which you conduct business.
00:07:02 --> 00:07:06: We've taken a very returns driven approach where we've
said
00:07:06 --> 00:07:10: we can invest across almost all major European
geographies.
00:07:10 --> 00:07:13: We can invest in all different segments.
00:07:13 --> 00:07:16: We don't mind investing in both debt and equity.
00:07:16 --> 00:07:18: It can be public securities,
00:07:18 --> 00:07:23: private buildings and portfolios, but we really focus on risk
00:07:23 --> 00:07:26: adjusted returns and we like to work with partners.
00:07:26 --> 00:07:29: So I feel, at least in today's world,
00:07:29 --> 00:07:31: where everything is changing very quickly,
00:07:31 --> 00:07:35: there's lots of structural trends you need to be able
00:07:35 --> 00:07:39: to adapt and change between markets and investment
themes quite
00:07:39 --> 00:07:39: quickly,
00:07:39 --> 00:07:42: and our flexibility has enabled us to do that.
00:07:42 --> 00:07:45: Those private equity companies are quite typical,
00:07:45 --> 00:07:48: and the fact they're very opportunistic.
00:07:48 --> 00:07:51: Quite short term approach very you know returns focus.
00:07:51 --> 00:07:53: That's been the model in the past.
00:07:53 --> 00:07:55: 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: someone

00:09:07 --> 00:09:08: else's 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 estate.

00:19:08 --> 00:19:09: Well, I think your theme of mixed use assets and

00:19:09 --> 00:19:13: mid states serving a multitude of purposes to communities is definitely one of them.

00:19:14 --> 00:19:19: And another one which you know we're always trying to find creative ways of investing in,

00:19:19 --> 00:19:22: is this obviously the growth of E Commerce and logistics?

00:19:22 --> 00:19:25: And some of these light industrial spaces where there's just a ton of competition from the capital perspective and you have to.

00:19:25 --> 00:19:27: You have to either bill even in very,

00:19:27 --> 00:19:31: very strong growth projections to be able to do that at our cost of capital.

00:19:31 --> 00:19:34: But at the same time,

00:19:34 --> 00:19:38: if you're entrepreneurial and you're working with good partners,

00:19:38 --> 00:19:38: it's not impossible. And I think being.

00:19:38 --> 00:19:41: Invested in that would be would be great for us as well over the next year.

00:19:41 --> 00:19:44: And what about the flip side of that and retail?

00:19:44 --> 00:19:45: I mean, that's you know if this had been a cyclical change for retail,

00:19:45 --> 00:19:47: that's something that private equity would have been all over. But I understand it's structural.

00:19:47 --> 00:19:51: It's more complicated, but do you see value there now? Or maybe in the future?

00:19:51 --> 00:19:53: Is that watching brief for you?

00:19:53 --> 00:19:56: Yeah, retail. It's difficult, but I think it's also nuanced and I think while there is a strong structural change in the retail space.

00:19:56 --> 00:19:58: There's still a demand for some experiential retail, and for some different types of history.

00:19:58 --> 00:20:00: Tell him for the occasional shopping center retail park, but it's about which markets have been oversupplied, where, where is demand shifting the quickest away from some of these physical stores to online,

00:20:00 --> 00:20:03: and how does that stack up with pricing, capital values and rents? Not to mention that financing for some of these retail assets is obviously very difficult in

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00:20:48 --> 00:20:52:

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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