

Dan Nicholson

Executive Director at GPE, with over 26 years' experience in development, finance capital raising and extremely passionate about real estate. Meet our first Master in Real Estate.

“ Did you choose real estate? Or did it choose you?

When I was a small child, my grandfather and I used to squeeze behind the railings of half-built Barratt houses near where he lived, and he used to talk me through how they were built and what they should have done better. I was fascinated from then on. Before I started university, I did basic jobs in almost every part of the City, working in post rooms, or as a messenger; and was able to see what it was really like to be a solicitor or banker rather than the varnished version you get on open days. Nothing appealed. After one day of work experience with someone I met through our university, who explained to

me how an industrial estate was going to be turned into a supermarket and flats, I knew there was a career there somewhere. It's fair to say therefore that real estate chose me.

What do you value most about your work?

The variety of issues with which you have to deal on a day-to-day basis, whether those relate to resolving the needs of team members or outside stakeholders; or whether it's something more practical, like working out how to approach a planning application, a freeholder or a procurement issue. All of them are so different that it keeps your brain whirring and constantly learning.



How do you balance people (human impact) with profit?

The people are always the most important element of your work, whether that be colleagues or those outside your own organisation. If you take care of those, then profit can follow.

Who has been the best mentor to you over the years? Why?

Ian Marcus has always been generous with his time, advice and patience, which has been invaluable at strategic points. Also, there have been some amazing people for whom I've been lucky enough to work, all of whom have taught me different aspects of our industry, and what to do /not do. Hugh Stallard, Patrick Despard, Adrian Wyatt, Paul Taylor, Michael Spies and Julian Stocks have all been people from whom I've learnt an enormous amount.

Which part of your upbringing has been most valuable to your career?

Even though I was lucky enough to have had a privileged education, my parents always kept my feet on the ground and reminded us that we needed to make our own way.

If not real estate, what industry would you work in?

I'd love to have (re)launched a British motorcycle brand. A forward-looking Indian business has just done that to Norton, but their need for middle-aged chartered surveyors looks thin . . .

Who do you admire most in the RE industry and why?

As a businessman (I don't know him personally) Nick Leslau is someone who I've always looked up to - he's changed his business model over the years to suit the cost and type of capital available, and has always excelled. I wish I had half of his vision and ability!

What would you change about the industry today?

We need to get a greater diversity of people into this industry. Whilst efforts are being made, these are generally in their formative stages, however, I think, if pursued, they will bring a huge variety of ideas and approaches which will be refreshing and productive.

What advice would you give to those looking to build a career in the London real estate market?

As you start your career, talk to as wide a range of people as you can, before formulating your own plan as to what you want to do, and where you want to get to. Then execute your plan, even if this means moving from a job that you might like or going into deeper waters to gain the right experience. And be flexible! The market, the capital, the customers, and their requirements will change and evolve, so be ready to adapt your plan to reflect this. If you do this, you should have a fulfilling and rewarding career which challenges you on a daily basis. And you will have made some great friends on the way through too.

WORDS OF WISDOM

What advice would you give to your younger self?

You're not as smart or as good as you think you are; so adjust your behaviour to reflect this.

If there was one business decision you could change from your career, what would it be and why?

There have been a couple of deals, which, in hindsight I wouldn't have done; however it's more the deals that I didn't do that are more regretted. With the benefit of hindsight, I should perhaps have found a mentor a little earlier too . . .

Name one book that changed your life.

Sebastian Faulks Birdsong - a wonderful story, beautifully written, and a constant reminder that anyone born after the end of the turmoil in the early part of the 20th Century has been incredibly lucky.

What assets should we be investing in right now? Why?

Unsurprisingly, I think the best investment at the moment would be GPE's shares. Huge discount, great assets, but most importantly a great team. I have a deep understanding of how well the business is run, and I'm amazed that the discount to NAV exists at its current size.

What's GPE's USP?

Its people. Many have been working here for well over 10 years (and the CEO over 20), and are therefore a strong trunk from which the rest of the branches can grow. This is testament to the leadership we have been shown and the strategy we have formulated and pursued.

What has been most rewarding about joining GPE?

The opportunity to work with a talented and committed group of people, from those who look after the way our buildings tick on a daily basis; right up to the non-executive members of the board. The strategy for the business is clear; and we all know how we can contribute to its fulfilment. As a result, there is a great sense of unity with everyone heading in the same direction.

What has been the most surprising?

I have never worked at a senior level in a public company; and have been surprised at how different the interaction is with investors when compared to a private business.

Why is the London market still relevant to investors/developers?

London is still relevant due to its attractiveness to occupiers. They come here for the available talent, across every sector of business, unlike some of the continental or US cities, which are often far more focused in specific directions. As a result, buildings will be leased and capital value will be created - hence it's a market which matches even the mighty New York for liquidity and opportunity.

What's London's future?

As mentioned above, London provides the talent pool for many industries, including finance, tech, creative and media, professional, and a number of other sectors. As a result, if you build the best buildings that meet the relevant criteria for your customers, which are now increasingly being stipulated as being as necessary as a roof, those buildings will let, creating value; and thus London can be a successful place for developers and investors.

What assets/where should we be investing in right now?

The repricing of London real estate at the core end happened quickly, as it swiftly became evident that you couldn't purchase long-leased assets, and gain an incremental return on equity, by using leverage. The repricing of the riskier end of the curve has been slower, and should be more pronounced, however, this hasn't really happened yet. This is where our capital should be invested, so that we can turn this raw material into the great quality and sustainability-focussed end product which GPE has produced for a long time. These assets are inherently more volatile due to the wide number of variables which contribute to their value, however they give you the opportunity in due course to create best-in-class space as demanded by the majority of London's customers.

Where do you expect to see most growth over the next three-five years?

We expect that the flex market (providing not only physical office space, but also all of the services that go

with it, leaving customers to focus on their core business) will be a huge area for expansion over the next few years. This is due to the percentage of turnover expended by a company on rent in today's market relative to 20 years ago; it's clear that the growth in salaries has far outstripped that of rents, meaning that customers can afford not only the base rent, but also to outsource and pay for many of the services which they would have otherwise carried out in-house. This leaves them clear to pursue their own businesses, rather than trying to organise a fit out or air-conditioning servicing plans etc. when they have little or no experience of any of these.

In addition, we believe that producing the best HQ buildings which meet all of the sustainability and quality criteria demanded by customers for larger spaces, which they can then fit out and brand themselves, will also be in high demand. The requirements of customers are growing, in that they want to show not only those consuming their services, but also those whom they employ, that they adhere to the highest standards in terms of sustainability and social impact.

What are the challenges London will face?

London has many challenges, which is why capital, wanting real estate returns, is best invested via a business such as ours; however, I would highlight the planning system as an area where the variability in support, response and service requires a huge amount of patience and tactical intelligence ■



SUSTAINABILITY

Why is sustainability so important to the future of real estate investment/development?

Sustainability isn't a choice – if you want mankind to be walking the surface of the Earth in a few hundred years. The data tells us that we need to change many aspects of what we do, and GPE is trying to show the way, for example with the reuse of steel from one of our developments where we are deconstructing a building; into another new building which we are going to build. The numbers currently show that the amount of carbon produced by this process is lower than that of a deep refit of the existing building.

How are GPE planning on reaching net-zero by 2030?

GPE are already producing net zero carbon buildings, with a constant striving to lower the levels of carbon production before offset. Innovative ideas, such as the reuse of steel mentioned above, are typical of the ingenuity and forward-thinking being shown by the GPE team to reach net zero. This is just one example of how we are constantly challenging our teams to find ways in which embodied and operational carbon of a real estate asset can be reduced; and instilling this into our underlying corporate philosophy which ensures that every issue is tackled with this in mind. Our 'Statement of Intent' details our approach to reducing energy intensity; reducing our carbon intensity; reducing embodied carbon in our developments; and only offsetting once we have met the standards required by our other targets.

E, S or G - What matters most?

Environmental has had the most limelight over the last couple of years; and governance has always been of huge importance when you are managing capital. However, we will soon realise that the impact we have on the communities in which we are developing is just as important.