

INTERVIEW: Santhosh Gowda of Strawberry Star on successful prime property investment

In less than five years, Strawberry Star has quietly accumulated over 700 luxury apartments across London, investing more than £500m in the process. Talking exclusively to PrimeResi, Chairman and MD Santosh Gowda explains how the firm turned an £18m investment in Chelsea Bridge Wharf into one of the UK's most powerful portfolios, and why he's so optimistic about the future of London property...



- **You've led major property businesses in India, Singapore and the UAE before coming to the UK in 2007. How does London stack up against other world centres in terms of investment potential in your opinion?**

We consider London to be the most vibrant real estate market in the world. It has the unique element of global interest in prime London property. Investors show a preference for London property, as it is a prime city, offering a stable currency and a solid regulatory framework. This, combined with a stable political system and the predictability of the taxation regime, means that interest in London developments remains stable within the global marketplace.

- **Your firm has invested in over 700 luxury apartments across the capital over the last five years (starting with an £18m investment in Berkeley's Chelsea Bridge Wharf in 2009); which major schemes can Strawberry Star now claim significant interests in?**

Our next major freehold following Chelsea Bridge Wharf is in the regeneration area of Nine Elms, where we have the SkyGardens development. Alongside this, we are the sole investors in Hoola, London, our largest acquisition to date in the Royal Docks. Our interest in the area grew from the Mayor of London's deal to transform it into a European gateway for Asian businesses in the form of the Asian Business Port.



Chelsea Bridge Wharf

- **Are you typically taking a long or short term view on these investments?**

We take a long term view of the market and don't react to short term fluctuations. We are focused on building a land bank of quality developments, and help manage them with the very best service standards. Our newest addition of a Lettings and Sales arm means that we can advise on when it is best to grow an investment, or indeed when it is best to divest. We believe investors should put their money in quality developments that are able to weather any movements in the short-term. Building new offices specifically for our Lettings and Sales team means that we can offer a premium service for our customers in this way.

- **Did you generally come up against much competition from other purchasers and investors during the acquisition process? If so, what gave/gives you the edge?**

We are a high-growth business with a proven track record of success. This, combined with my 20 years of experience in global property and our access to a consortium of investors gives us an extra dimension compared with our competitors. As a result, we have the ability to make bulk asset purchases in highly-desirable prime London areas, such as Chelsea, Docklands and Nine Elms.

I think the real secret behind our success though, has been that we work across the whole development cycle; not only are we part of the initial investment, we manage the lettings and tenancy process and also stay present through the resale and exiting procedures.

We have teams focused purely on identifying the right sites for our next projects. We have development management teams who are technical specialists and monitor our projects all the way through the planning and development process. Then we have a big focus on service – with sales and marketing teams and now lettings management teams who are there to take the pain away from investors when it comes to managing their investment. This is where our big focus is at the moment.

- **How much are Strawberry Star's London investments worth in total?**

In less than five years our investments in London have grown from £18m to over £500m. Nine Elms, for example, has delivered growth of 70% since our investment in 2009. Our aggregate London investments now total over £500 million including over 700 luxury apartments.

- **How would you sum up the current state of the sales market in the capital? And the rental market? Do you have any predictions for 2015?**

There are many reasons to be optimistic about the future of London property. We have developments in two of London's most exciting regeneration areas – Nine Elms and Docklands – which will continue to transform in the coming years. Demand will continue to outstrip supply and there are infrastructure schemes such as Crossrail that will make locations such as Docklands even more desirable. According to the Mayor of London, there is a need for 42,000 homes per year for the next 20 years, and this much demand can only be healthy when it comes to development.

- **How closely do you work with Sathvik Sathish (Director of Acquisitions)? Can you briefly explain how the acquisition/identification process works within the firm? Which sources do you rely on for your market intelligence?**

We are very clear on the locations we want to acquire for future sites and projects – we prefer areas of regeneration in London with new infrastructure. We work with leading agents to acquire deals, and are now looking to buy more sites towards the east of London. Under Sathvik, the acquisition and technical teams have strengthened considerably.

- **You recently claimed to have been one of the first developers to spot the potential in Nine Elms; what led you to back this area in the first place?**

As specialists in prime waterside real estate in London, we have a proven track record of choosing the right locations at the right time. We were one of the first to spot the potential in the Nine Elms area following the announcement that the US Embassy would move to the area. Since then, a multi-billion pound regeneration project has started the transformation of the final part of London's riverfront, where initial investment was followed by three more developments: Riverlight, Embassy Gardens and of course, SkyGardens – we are delighted to play a part in the transformation of Nine Elms.



SkyGardens in Nine Elms

- **We hear you are on the lookout for joint venture partners, especially with Asian and Chinese developers who have moved into the London property market. Can you expand on the criteria you are looking for in a firm and the type of projects you have in mind?**

We are unique in that we offer an end-to-end service from land acquisition, to development management, marketing and sales, as well as an after sales service with lettings management and resale. There are many large investors in Asia looking for companies like Strawberry Star Group. We look for investors who match our values and think about long term investments to create quality communities. Ideally, we would like to get involved in medium to large-size developments.

- **How does Strawberry Star differentiate itself from its competitors?**

We operate in three key areas. Firstly, we partner with some of the world's most respected developers to bring new projects to market. Secondly, we invest in the very best exciting developments in prime London. And finally, we let and manage properties in those developments on behalf of our clients.

The advantage we have over our competitors is our 20 years of experience of the global property market. We have a proven track record following our divestment from the Dubai market at its peak in 2006, after spotting the long-term opportunity for investment in prime London real estate. In addition, we provide a unique end-to-end service to meet the long-term needs of discerning prime London buyers. We believe that overseas investors need a partner with a depth of understanding in the market, combined with a high quality product and a service that takes the pain out of the buying process. I think that we are one of the only companies to be able to offer all of these elements to their customers.

- **How do you go about building relationships with your customers?**

Setting up our Lettings and Sales arm has really allowed us to develop an even deeper relationship with our customers – building an office in Docklands, for example, means that our Hoola, London investors will have

access to this division on their doorstep.

We are in regular contact with our investors in the form of newsletters. Until SkyGardens, Nine Elms is completed in 2016, investors will be receiving quarterly updates on construction milestones as well as general news and updates about Strawberry Star. We also hold regular marketing events and specialist seminars to really interact with our customers, most recently a tax seminar in Hong Kong.

- **Your firm is also behind the Hoola, London development in the Docklands; we're told you're setting up a 'unique end-to-end proposition' here, which includes a lettings and management vertical; can you explain further?**

We have launched a unique and unrivalled end-to-end offer for both overseas buyers and local landlords, designed to maximise the returns and minimise the effort undertaken on the part of the investor. The process begins with the initial purchase and a pre-completion service, moving through to lettings facility and tenancy management, and finally to resale and exit by our Lettings and Sales arm. In August, we opened our first Lettings and Sales offices in Docklands and Wandsworth, which will soon be complemented by a further opening in Vauxhall, to provide a property management service to landlords that is fluid, seamless and transparent.

- **You've just opened a new office in Hong Kong; what's the rationale behind this launch and are there others on the horizon?**

Overseas investors, such as those in Hong Kong and Singapore face more challenges than those investors already based in London, in not having as deep an understanding of the market, or the same awareness of issues such as tax. We saw the need for quality advice and support for these buyers in their market.

The opening of the Hong Kong office is our first in Asia, and it is a direct result of the success we have had in our business there so far. Hong Kong and Singapore are currently worth 60% and 40% of Strawberry Star's Asia Pacific sales respectively. We are opening an office in Singapore shortly, for the same reasons.

- **Which new scheme in London would you personally buy into and why?**

I would personally invest in regeneration areas where new infrastructure is being built. These areas create a lot of employment, which in turn create a demand for rental property. In these areas, I also see potential capital growth alongside the rental yield – for example, our investment in Nine Elms has grown considerably in the last few years.

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