

MIDDLE MANAGER

Strawberry Star, which invests in mid-market housing in London, has moved deftly since its 2008 debut. Founder and chairman Santhosh Gowda talks to Alexander Peace about his journey from Bangalore to Dubai and finally to London – where he sees an influx of Indian capital and potential in the Royal Albert Dock. Portrait by Rosie Hallam

From Bangalore to Dubai and on to London, Santhosh Gowda has made a career out of taking advantage of booming property markets.

Since moving to London, the chairman of residential investor Strawberry Star has gone from west to east, funding towers from Vauxhall Sky Gardens, SW8, to the Royal Albert Dock, E16, and now he says he is looking for more opportunities that little bit further out.

Unlike many overseas investors in the London market, Gowda has no intention of investing in prime

areas. He is looking instead at the zones within the mid-market price point that have the highest potential for growth.

“For us, you build and should be able to either sell or rent to people. Rental yields in London are 2% or 2.5%. Values have gone up so high that it does not work as a business. So we keep back money for projects that are more affordable and that not many outside London understand.”

From Bangalore to London

After starting his first rental company in Bangalore 25 years ago, Gowda swiftly moved on

to brokerage for developers, before making the move to the Middle East. At the time, says Gowda, the Indian community working there wanted to invest money back into India. “I used to bring projects from Bangalore to sell in the Middle East to Indians, and it was a very successful journey for me.”

With the liberalising of international investment into Dubai in 1997, Gowda set up his own office, and moved into developing joint venture residential projects with local companies, before taking a look at London in 2007.

“We left Dubai to find a more regulated and stable

market. So that’s when we set up our holding company in Singapore, and I set up Strawberry Star in 2007.

Avoiding the Dubai crash in 2008, he waited until the markets were at rock bottom in London before investing, zeroing in on the Nine Elms area in 2008, and making a deal with Berkeley to buy the last phase of its Chelsea Bridge Wharf scheme.

“And then we continued to invest in Nine Elms during the short period in 2008-09 when the markets were down. We were right in choosing the area,” he says.

But after working through Strawberry Star’s flagship





The Hoola scheme at Royal Victoria Dock, E16

scheme, Vauxhall Sky Gardens, and not wanting to compete within an increasingly busy marketplace, Gowda and Strawberry Star set their sights on east London and mid-market residential developers HUB and its Hoola development.

Set to benefit from the booming infrastructure and investment coming into the Royal Albert Dock through Crossrail, Gowda homed in on it as his next target.

“We knew about ABP coming up there, which would create a lot of employment and boost demand for the properties around the place,” he says.

It was not long before he signed up for a £40m investment in the Royal Dock, comprising 8% of the scheme, and 50% of its residential.

“We know that area very well. Zones one and two are so expensive, and local communities cannot afford to buy into these areas. So we wanted to get in where we could sell properties locally. The ABP residential falls into that category for a £600 per sq

“There is a shortage of homes in zones three, four and five. If we price it right, there will be a lot of people looking to buy”

ft price, for which we feel there is a strong local market.”

Not a new Canary Wharf

Asked whether he is worried it could turn into another Canary Wharf, he says: “No, I see it in a different way. There is a lot of connectivity there. You have got the three DLR stations and Crossrail coming up and there is huge employment being created there in the commercial sector.

“More than anything else there is a shortage of homes in zones three, four and five, and we feel pretty confident that if we price it right there will be a huge list of people looking to buy.”

Gowda is still looking for mid-market opportunities in London. His firm’s development fund, with a focus on east London, is looking to invest in two or three standalone sites where they can build up to 200 units.

And standalone residential schemes are just the start.

Gowda wants to tap into the increasing amount of Indian capital flowing into London and is looking to diversify.

Strawberry Star has set up five different companies in London, covering everything from development to management. Earlier this year, the firm appointed Nick Stonley, who spent seven years as managing director at United House, as the managing director for development.

“A lot of Indian corporates and investors willing to diversify away from India are speaking to us,” says Gowda.

“A few, such as LODA, have already come, but there are many more people looking at more stable markets, who have built product in India and have amassed substantial wealth and want to diversify part of it. A lot of people are speaking to us.”

But he stresses that he wants

to direct that capital towards slightly cheaper price points.

“Companies like LODA want to buy prime. We have three or four partners in India who have expertise in building integrated townships.

“I was telling the mayor [Boris Johnson] that if you can provide us with a large piece of land, slightly outside the centre, maybe zone three, four or five, we can get funding to build those developments, you can create large townships of maybe four or five thousand units, which can benefit London as whole.”

An Indian conglomerate

While the notion of a conglomerate of Indian investors building townships in the outer zones of London may at the moment seem far-fetched, the continuing squeeze on house prices and affordability in central London means well connected outer boroughs are ever more in demand.

With increasing amounts of Indian cash looking to come to the UK, watch this space.