



STREET VIEW

Ramblings on Real Estate

*Has the World changed forever?
Where are we right now? Is this
the new normal for Real Estate?*

WRITTEN BY JAMES BANNISTER

I have to confess that the last three months have been the busiest I have known since the summer of 2007/early 2008. There is a lot going on, only this time it is a mixture of restructuring/default management as well as raising debt and/or equity for new projects, the latter of which has been the busier for me in the last couple of years (just over €800m successfully placed).



It is a nice balance, it certainly makes my working week more interesting and personally, I like to balance myself between the property side and the debt side. I am a Chartered Surveyor at heart but I love to crunch numbers and find a way to make a plan work. At the moment however, **we are seeing a more and more challenging situation on existing loans**. That said, when we look at today and consider the “where are we now”, we can see a major difference vs 2007/2008 - there is money out there, in fact for me I have never known so many different lenders, or so much money looking for deals to be deployed into.

PRS remains in high demand along with more and more funds interested in the co-living angle. Logistics and Industrial - we have all seen the news. Last Mile Industrial is an interesting concept although appears to be marmite depending on who you talk to. There are even out of town logistic properties with a higher rent psf than in town prime offices! Who would have thought that?!

What's
HOT

WHAT'S
NOT

Retail, high street and shopping Centres are the kryptonite of the investment market, not convenience retail or retail warehousing (or some are calling it essential stores to drop the Retail word), those are selling like hot cakes – But hang on, surely retail is as low as it can go and there is opportunity?!?! NatWest's Project Mercatus will be an interesting one to follow.

What's interesting?

The Hospitality and Leisure market – when will it recover and will it recover fully? The healthcare market – lots of opportunities for remodelling and getting primary care closer to people, and perhaps more importantly, how and where we are going to live going forward? We have learnt that we like outdoor space, we don't like the 9 to 5; we want some flexibility but you cannot dismiss the office environment, the collaboration, the team building, the energy to get a deal done and, most importantly, the ability to train and nurture those starting out in their careers. They need face time, someone to talk to, to ask that, in their eyes, "silly question" (note – in my eyes there is no such thing as a silly question).



What's next?

A lot of restructuring to be had! It's important that a year on from the start of the world changing forever, that

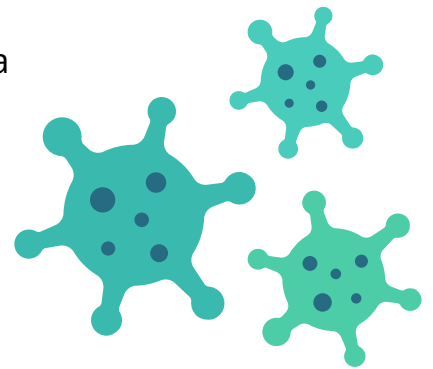
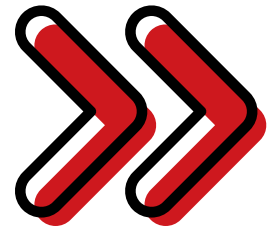
Lenders/creditors do not take a wait and see approach. It is important to drill down into the assets/businesses and

understand *what is going on right now and how to **stabilise** them, what is backing up? What does that Business Plan of a year or so ago really look like today? Has that changed forever? What can be done to replace it, finesse it, and enhance it? Is there ultimately going to be some pain for someone, somewhere? Is it inevitable? If not and they have a plan, can they take it forward and put the money/time into making that happen?*

Ultimately, we do not believe in waiting to find out.

I am not sure we are done with Covid yet and it may be a year or two before we can see

stabilised/manageable/plannable years – in the meantime, if another jolt to the economic system comes along from leftfield, it may be too late to restructure/rebalance the asset/business.



What won't change?

The need for hard work, drive and always having a Plan B. Ultimately, the key for us in any project, and I think is so important in managing a problem or distressed situation, is:

STABILISE - ENERGISE - MODERNISE - OPTIMISE

It's incredible how crucial the **energise** part really is. It is easy to get deal fatigue but so important to never stop and to keep on pushing; there is always a way. My personal approach to any given problem/situation is to start with the asset and understand that first, then bring in the loan agreement and the debt structuring instrument documents and to see what is stopping us from getting the asset to where it needs to be.

Where are we?

I look around at our team, and the experience of that team truly is exceptional. It has seen and done an awful lot, it is entrepreneurial and it never ducks its responsibilities. It is capable of undertaking many roles, perhaps more than people realise, from the basic facility agency/security



trustee, through to the more complex investment management and advisory and everything in between. For me personally, the focus is managing our Real Estate problems and that means 1) **Special Servicing** again, 2) **NPL underwriting and management** as well as 3) **Structuring and funding new deals**. Number 1 is likely to keep me busy for the foreseeable future and Mount Street is well placed to help Clients new and old in this field because:-

- We are truly independent, direct and transparent
- We do not shy away from problems and we do not sit on our hands
- We always speak to Creditors in all parts of the debt stack and take their input on board to help frame our decision making
- We can stand as the LPA Receiver in England and Wales and have worked successfully and collaboratively with a number of IP's and Administrators across the UK and Continental Europe
- We have a knowledge and experienced based contacts book that enables us to compile the right team for any given situation and it is supported by Waypoint Debt Advisory to bring additional resources where required to manage problem situations
- And, most excitingly, we are expanding our special servicing business in the USA through our joint venture with Mission Peak Capital in Kansas City

As a firm, we also take the requirements of today very seriously, we have to **modernise** our thinking and move with our Clients into the early adoption of new concepts, such as ESG, we have our own ESG focused team advising clients.

We go and grow with our clients.

We are always happy to discuss a given problem to find a solution. Give us your worst problem, we will happily take a look and give you a view on how to ***optimise*** it.



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