

Chris Lacey targets large-scale projects with new residential capital advisory business



BTR platform: the Fountainbridge scheme by Moda and Apache, which Lacey advised in their early days

After decades at CBRE, Chris Lacey has struck out on his own by establishing a bespoke residential capital advisory firm. **Helen Crane** finds out why

CBRE's former head of capital markets, Chris Lacey, made a name for himself as the go-to agent for the build-to-rent (BTR) sector at a time when the concept as we know it now was virtually unheard of.

Lacey (pictured) worked at CBRE for more than 30 years, latterly becoming its executive director of residential and setting up its residential capital markets team. In that role, he helped Swedish housing company Akelius enter the UK market as the first institutional investor into the PRS and advised Moda Living and Apache Capital when they set up their regional BTR platform, now worth £1.4bn. He also helped establish a residential investment platform for Delancey and major Dutch fund APG as part of the regeneration of London's Elephant & Castle.

And now he is in the vanguard once again, having left CBRE in late 2016 to set up what he

believes is the UK's first independent residential capital markets advisory business. Lacey Capital Partners launched last month and advises investors and developers in the BTR, private rental and wider residential capital markets sectors.

Bespoke service

"I've always wanted to run my own business," explains Lacey. "I want to create a boutique, personalised, quality advisory firm."

Lacey insists he will not be competing with agents at the major property consultancies. "It's all about partnership and strategic alliance. It's not about agency," he says. "This is very different. It's confidential, it's trusted, it's discreet."

In addition to brokering deals on new sites, he says he wants to become part of his clients' "inner sanctum", gathering market intelligence and consulting on wider strategy and branding.

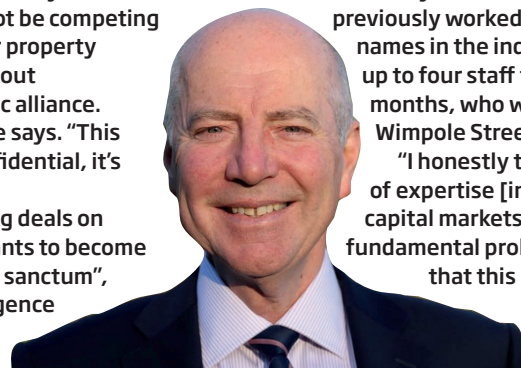
"It's not just PRS and BTR; it could be built stock, ground rents, raising money against an existing fund or creating a new platform," he explains.

One thing the projects Lacey works on will have in common is that they will be large in scale. "There is only a finite resource, so although it will not necessarily be high-end stuff in terms of value per square foot, it will be fairly large, chunky projects."

Clients are yet to be announced, but Lacey has previously worked with some of the biggest names in the industry. He hopes to recruit up to four staff to his team in the coming months, who will be based in offices on Wimpole Street in the West End.

"I honestly think there is a lack of expertise [in the residential capital markets sector] and that is a fundamental problem," he says, adding that this has contributed to the sector taking time to get off the ground.

"When we started >>



Joint venture: Lacey helped establish an investment platform for Delancey and APG in Elephant & Castle



the CBRE residential capital markets business after the worst of the doldrums of the banking crisis, people understood that [BTR] could be a good idea, but there was so little understanding that it became very difficult to make any real decisions," he recalls. "The deals didn't really start flowing until two or three years on."

The decision to go out on his own was fuelled by a belief that current market conditions will allow BTR to flourish. Lacey says that the EU referendum result has "only improved the sector's outlook", as it has created a more level playing field between housebuilders and BTR developers for land.

"Rents and renting are demonstrably sustainable through good and bad markets and there are clearly more renters in the market today," he adds.

Moreover, the traditional buy-to-let market has become "more difficult and less attractive, primarily due to taxation issues", he says.

Lacey also believes that the momentum the market has gathered in recent years is set to pick up pace. In the past six months alone, significant progress has been made, he notes. "Funds such as M&G and L&G have raised new money,

the government has put up more financial and policy support, the regions and Scotland have seen good progress and new entrants such as Oxford Properties, Teachers Henderson, Asian investors and local authorities have emerged," he elaborates. "Modular construction has also become supported and new designs such as co-living have captured funds' imaginations."

PRS boom

The PRS as a whole is currently worth in the region of £1.4trn, according to OneSavings Bank - but at the moment only 2% to 3% of that is in the hands of institutional investors. The UK needs 1.8 million new BTR properties over the next eight years in order to meet demand, which would represent a 32% increase on current levels.

Lacey believes the market will develop through the creation of listed and regulated residential investment funds. "We will see a good number of major funds emerging - most likely when schemes have become income

producing - via very significant IPOs, REITs and collective funds," he says.

International investment in BTR is another area in which Lacey forecasts significant growth. "Looking at the institutional and sovereign wealth coming from the Middle East, the US and Canada, mainland Europe and

Asia - as well as domestic funds - it is not hard to see tens of billions, perhaps even up to £50bn, being aimed at this sector," he says.

"The most fertile ground will be schemes around the £35m to £70m mark, particularly those involving domestic funds, but there is also a huge amount of money out there looking for a way into the market, which is unlikely to come in directly. Private wealth and sovereign wealth need proper guidance into the market and probably to set up partnerships."

That, he believes, is where Lacey Capital Partners comes in. If the market does continue to grow at its current pace, the list of high-profile projects he has worked on could be set to become a whole lot longer. ■

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