The Student Perspective

Welcome to the fifth edition of 'The Student Perspective', my name is Dan Sables. I am a Masters student of Real Estate at the Henley Business School, having studied Architecture at the University of Kent.

If, like me, you are beginning a career in Real Estate, I hope that this newsletter contains food for thought about the wider Real Estate context for interviews and conversations.

I want this to become a forum where we can learn and share insights with one another, so let me know your thoughts…

What I am following

Making a winning strategy
I recently concluded my Real Estate Masters with a week-long strategy competition known as "The Blue Game," hosted by Jurg Bernet. This event, focused on social value creation and 'Game Theory', challenged 18 teams to engineer win-win scenarios that maximised value over time. The competition simulated the real estate industry, complete with team roles, property and stock markets, and macroeconomic and political shifts, creating a dynamic and immersive environment.

Our team's strategy hinged on the assumption that most competitors would focus on immediate profits and adopt "win-lose" negotiation tactics early in the game, postponing their social value efforts to the later stages. In contrast, we initiated a partnership program from the outset, providing a platform for all teams and stakeholders to easily achieve their social value objectives while simultaneously generating substantial returns for our team. By the game's conclusion, this approach sparked a bidding war among the teams, eager to pursue their social commitments, offering below-market rates and funnelling substantial sums into our fund. By boldly emphasising the often-silent 'S' in ESG, we crafted a winning strategy and brought home the gold medal.

This capstone experience was not only enjoyable but also valuable, offering insights I plan to apply in my future property development career. It was a vivid reminder that beyond the numbers, we are creating spaces for people living, working, learning, and playing—sometimes all within the same space.

Dangers of a "Green Bubble?"

Labour's development manifesto
This topic, although fitting for our "Big News" header, certainly deserves a deeper dive. Our new Prime Minister, Keir Starmer, is already making waves as a potential agent of change, particularly with his proactive stance on the UK's property industry, which has seen some stagnation in recent years.

Before the election, Starmer introduced his party's '5 golden rules' aimed at revitalising the built environment. These focus notably on the sensitive issue of Green Belt development. The rules include:

1. **Brownfield First** (within Greenbelt) - Brownfield being land once used for industry. We are not breaking new ground with this one, which raises questions on how his implementation will differ from previous attempts. .
2. **Grey Belt Second** - Labour proposes a new category called Grey Belt, focusing on less picturesque Green Belt areas such as "wastelands and unused car parks" – more details to follow.
3. **Affordable homes** - Plans on these designated sites must include 50% affordable housing, a significant increase from the current minimum of 10% mandated by the NPPF. This ambitious

Trends to watch

Building bottoms out: M&G analysis sees growth ahead for the UK property industry as we reach the trough of the property cycle.

Refinancing inbound: A projected 25% of property financing loans to mature in 2024. Will mezzanine loans fill the refinancing gap?

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target may render projects financially unviable except for the largest developers, potentially impacting competitiveness.
3. **Boost public services and infrastructure** - Details are yet to be released, but likely involve higher S106 fees and more developer contributions to local areas.
4. **Improve genuine green spaces** - With the focus shifting to less valuable Grey Belt areas, developers are encouraged to enhance the quality of the surrounding protected Green Belt areas. It will be interesting to see if this becomes part of the developers' Biodiversity Net Gain (BNG) obligations.

Starmer's pro-development rhetoric has sparked both excitement and caution among stakeholders. With promises to 'cut through the red tape' via a review of the NPPF, developers might be optimistic about a more streamlined and secure project pipeline. Yet, the vague wording in Labour's manifesto and the focus on planning for strategies rather than concrete strategies themselves warrant scrutiny.

While I welcome the reform and the fresh perspective on unlocking Green Belt sites, it's crucial to critically assess these propositions. For instance, with the introduction of the Grey Belt, there's a concern about potentially misunderstanding the fundamental purpose of the Green Belt—not just for environmental and biodiversity significance but also to prevent urban sprawl. Clearly defining which areas qualify as Grey Belt—whether they simply do not meet all five NPPF requirements or if the rules will be rewritten—is essential for clarity and effective policy implementation.