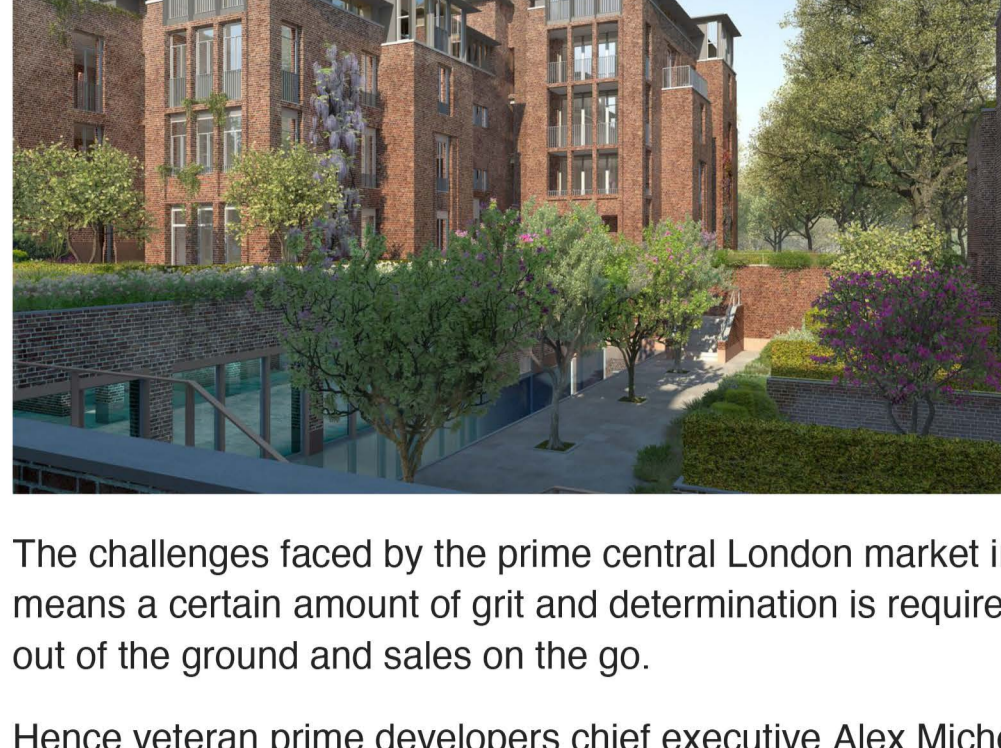


Q+A: Valouran – "In development there's a lot of courage and strength required"

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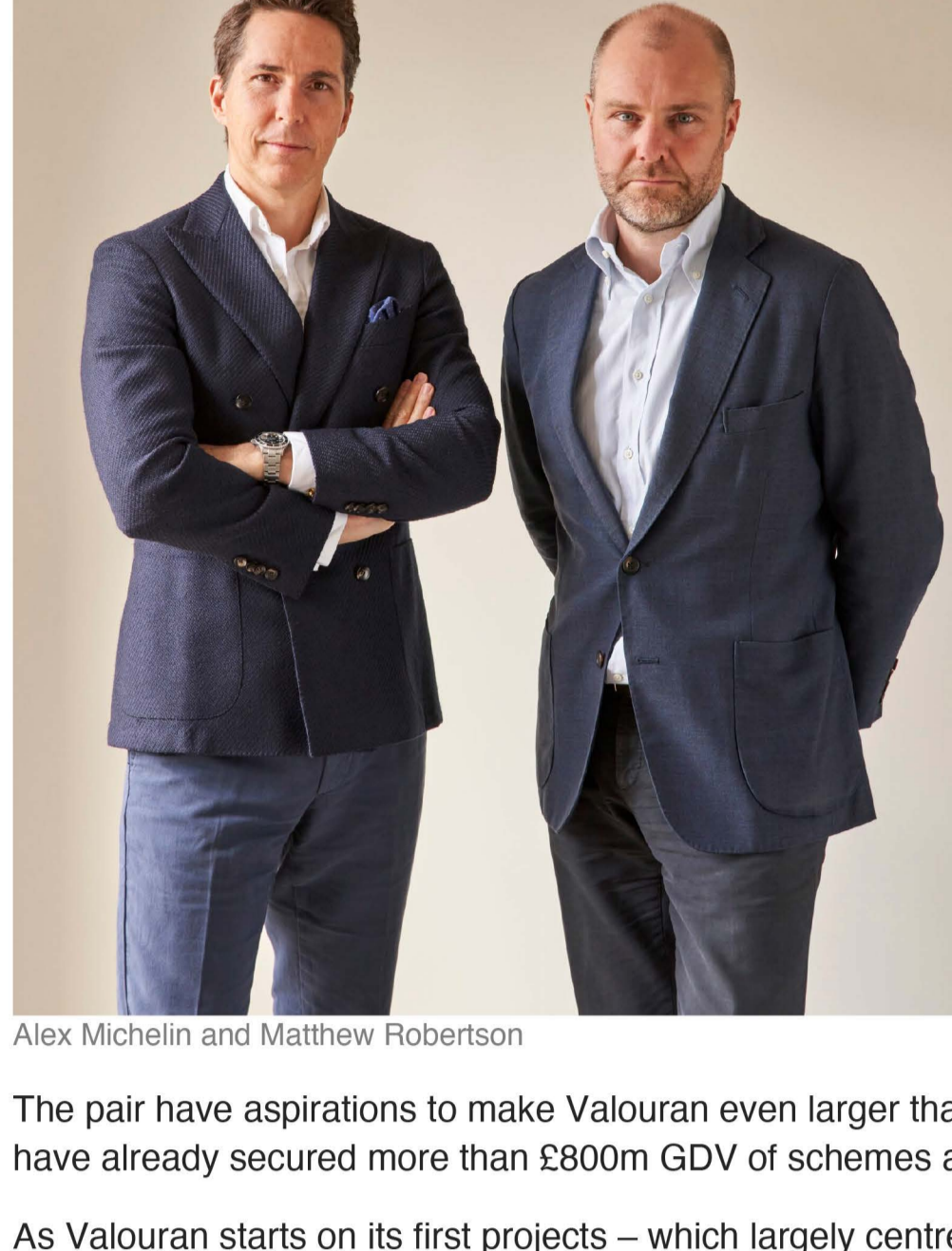
Green Street News caught up with Alex Michelin and Matthew Robertson on the launch of their prime London development firm



The challenges faced by the prime central London market in recent years means a certain amount of grit and determination is required to get schemes out of the ground and sales on the go.

Hence veteran prime developers chief executive Alex Michelin and chief financial officer Matthew Robertson's decision to make "valour" the central part of their recently-launched company brand, Valouran.

The duo have already spent many years working together at well-known London super-prime developer Finchatton, which Michelin also co-founded. Its projects included the £3bn redevelopment of The Whiteley in West London, as well as bringing the first Four Seasons and Six Senses residences to the city.



Alex Michelin and Matthew Robertson

The pair have aspirations to make Valouran even larger than Finchatton, and have already secured more than £800m GDV of schemes across the capital.

As Valouran starts on its first projects – which largely centre around conversions of existing buildings – *Green Street News* caught up with its founders to discuss the company's aspirations and priorities.

Why the decision to launch Valouran after your time at Finchatton?

Alex Michelin: I founded Finchatton about 25 years ago with Andrew Dunn, who is a good school friend. We started small and built the business up to a couple of billion pounds of development.

A bunch of us decided that we wanted to go and do it slightly differently. So we moved on and created Valouran. The name Valouran comes from the word "valour", which means to have courage and strength when faced with danger. In the property development game, there's a lot of courage and strength required.

You're always fighting contractors and banks, and realistically it's a tough game. We've created an amazing team to form a specialist operator and placemaker that is going to do very much what Finchatton did, but on a much bigger scale.

"The name Valouran comes from the word 'valour', which means to have courage and strength when faced with danger"

ALEX MICHELIN

We're focusing on multi-unit, mixed-use development where we can be place-making and really thinking about all of the stakeholders. While we're going to focus on prime London, it's not just prime London – we will do things further afield, which is really exciting.

We've got a number of great projects, from a converted chapel in St John's Wood, to a 2.5 acre site on The Bishops Avenue, reaching around £800m GDV already under our belt – so it's been an amazing and auspicious start.

What's your impression now of the prime market in London?

AM: I don't think prime London's boomed, but we very much believe that you can make money in any cycle and in any market environment, as long as you do it well and do your numbers properly.

I'm lucky that I've got a numbers genius here with Matt and I was in corporate finance as well, so we are quite detailed in the way we analyse our transactions. That has meant that we've never lost money on a transaction and we've always done them successfully.



Valouran is development manager for a scheme on Elsworth Road, Primrose Hill

I feel very confident that what we've bought so far will do very well, but it's not the market it once was in 2007. London is partly to blame. It's lost a little bit of its zeitgeist. Unfortunately politicians and the governments have slightly taken the shine off it as a centre for Europe, which hasn't been good. Look at the London stock market; look at IPOs in the country; look at the tax. There's just so many metrics we can all look at, which are not pointing the right way.

Do heritage-based schemes reflect what you like to work on?

Matthew Robertson: Pretty much all we are doing has an element of retained facade, repurposing a listed building. I don't think we're doing anything that is pure demolition, with a shiny, steel-glass new build.

Inevitably we're appealing to an international clientele and when they think of London, they don't think of Asian skyscrapers, they think of heritage and history. Though they still want the luxury inside of the solid floors, the air conditioning, and the sustainability credentials that come with new buildings.

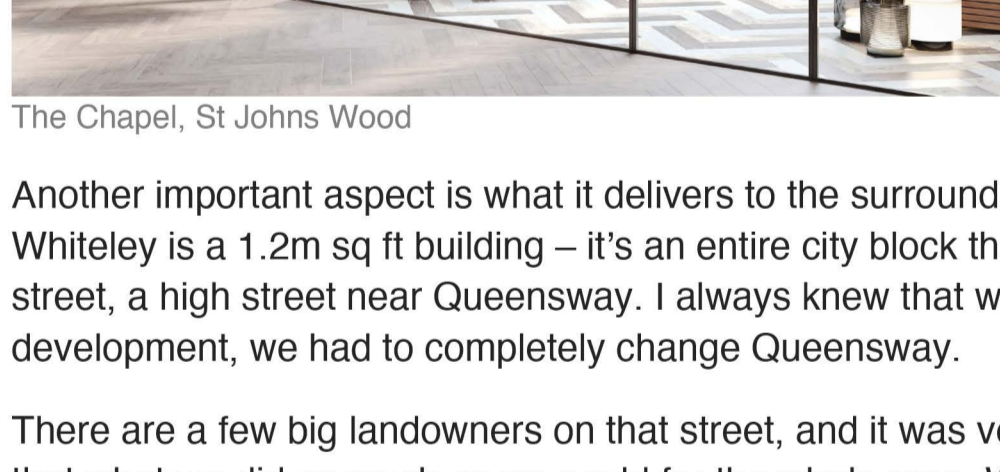
AM: It's a lot more expensive and a lot harder to repurpose an existing building. We have to be careful that it's not a one-size-fits-all. I think sometimes again with the planners, there's a policy which says "we want to keep buildings and retrofit first". Policy doesn't say you can only retrofit, but that's kind of how they're all interpreting it. I do think we have to be careful, because clearly a lot of buildings you just can't bring up to the standard anymore.

"When international investors think of London, they don't think of Asian skyscrapers, they think of heritage and history"

Some of these buildings are just not fit for purpose and you need to start again. But a lot of buildings – like with The Whiteley, which I am continuing to deliver within my capacity as co-founder of Finchatton, alongside investment partners MARK and CC Land – you can retain the beautiful facade and still put in new windows that have the credentials, while maintaining the incredible beauty that was there.

How important is the design aspect within your schemes?

AM: I think architecture is so important. It really lifts your spirits, I genuinely believe that. We try to make rooms and spaces that really give that "wow" response. Architecture and interior design are key and central to everything we do.



The Chapel, St Johns Wood

Another important aspect is what it delivers to the surrounding area. The Whiteley is a 1.2m sq ft building – it's an entire city block that sits on a very long street, a high street near Queensway. I always knew that when we started that development, we had to completely change Queensway.

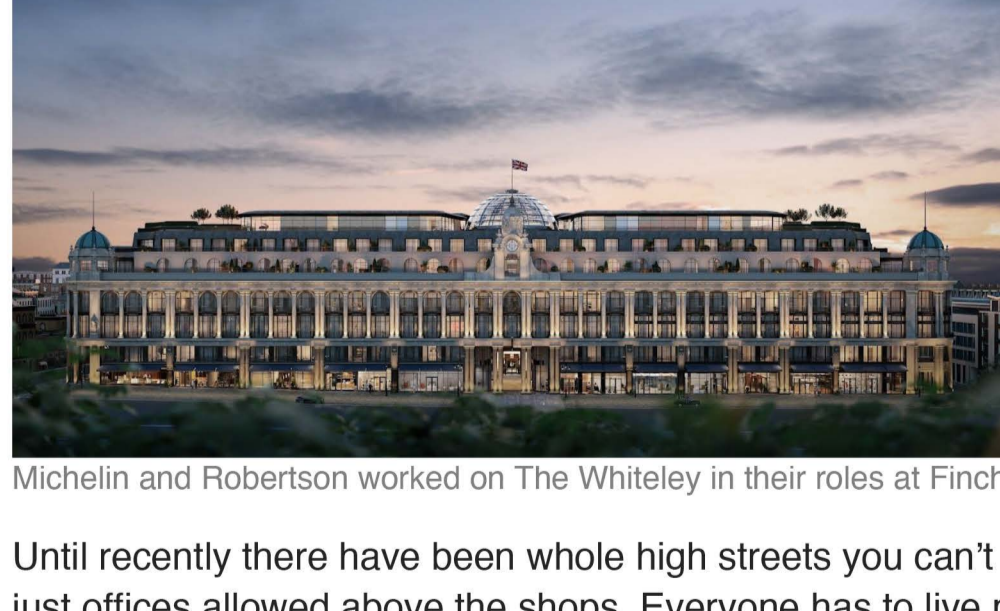
There are a few big landowners on that street, and it was very important to me that what we did as much as we could for the whole area. We put together the Queensway Steering Group, which now consists of pretty much 70% of the land ownership on that street. We talk about street cleaning, traffic calming, planting more trees.

Why also have a development management offering?

AM: That's responding to demand. There's so much money – from pension funds, from investors, from those in Japan, China, India – which comes to London to buy a piece of this amazing city, but they don't have that expertise. They're saying: "I need someone to help me get planning and do it all for me." So we're here to meet that need.

How much potential do you feel there is around office conversions to residential?

AM: We're looking at that very strongly. If the highest land use value because of all the demand is for housing there, then let's allow the housing to go in. That will then help the retail, it will help high streets, it'll help people walk more.



Michelin and Robertson worked on The Whiteley in their roles at Finchatton

Until recently there have been whole high streets you can't put any resi on, with just offices allowed above the shops. Everyone has to live miles away – they're driving to that high street which creates the traffic, and all the while we have empty offices on the upper floors of the most prime addresses in the world, like Knightsbridge.

Would you do other schemes nationally or internationally?

AM: Definitely London-focused, not nationally. It's a different skillset. We're very good at the layering of design, luxury, excellence and craftsmanship. It's quite hard to then go and do something in Manchester, which you're just not going to be able to spend that much money on.

Prime London is expanding. It very much used to be those golden postcodes of Mayfair, Belgravia, Knightsbridge, then it became Kensington. Now it's Notting Hill, Chelsea. There's really prime Hampstead, there's quite prime Wimbledon.

MR: A lot of what we've done throughout our careers, prior to Valouran, has been in partnership with luxury hotel brands such as Six Senses or Four Seasons. Since the inception of Valouran we've looked at ski resorts, we've looked at some stuff in the Caribbean. We are experts in providing high-level serviced residential alongside a hotel resort concept, so I think if we went internationally, it would have that flavour.

Will Valouran remain in your ownership?

AM: We do have external funding partners, of course, everyone does. But this is our gig and it's on a deal-by-deal basis.

"We are developers at heart. We want to put our own capital to work"

ALEX MICHELIN

We'll bring on other partners over time, but we will use external capital selectively and try and do most of it ourselves. We are developers at heart. We want to put our own capital to work.

If it's another large-scale project with a GDV of more than £1.2bn, you need a funding partner. No single person's doing that. But on the smaller projects we'll try to do them ourselves, if it is sub-£100m.

We have backers from sovereign wealth funds, large American property funds, big endowments, as well as some high-net-worth individuals.