

Mr Nice Guy: Guy Nixon interview

5 October 2017 | By Simon Creasey

Go Native founder Guy Nixon tells *Property Week* about his bold BTR vision and how he plans to triple the firm's turnover in the next five years.



Source: [Phil Weedon](#)

When Guy Nixon posted an advert in *The New York Times* in the mid-1990s offering his two-bed flat in London for rent to US business travellers, little did he know that he was laying the foundations for a company that today generates annual turnover of £30m.

At the time, he was part of the joint venture team at ABN Amro Rothschild, where he was working in the equity capital markets team responsible for creating and launching private equity investment funds within the Asia-Pacific region. He had grown bored of corporate life, however, and was seeking a business idea that would allow him to escape the rat race.

The ad sparked that idea. He initially felt that the \$1,000 (£747) a week he was charging was quite toppy. Yet he received a flood of enquiries, making him think that maybe there was a market for hotel accommodation that felt more homely and so in 1998, **he launched aparthotel operator Go Native.**

'Go native' is defined as 'adopting the way of life of the locals', which is what I was encouraging people to do

Now, having **diversified into build-to-rent (BTR)** in the late noughties and received an injection of capital from US-based investor Ares in December, Go Native is poised for the next stage of its evolution. *Property Week* caught up with Nixon at a Go Native BTR scheme in Dalston, north London, to find out more about his plans to transform Go Native into a £100m-turnover operation within the next five years .

When Nixon founded Go Native – he says he chose the name because “the Oxford English Dictionary definition of the phrase is ‘adopting the way of life of the locals’, which is what I was encouraging people to do” – the business model was pretty rustic.

Although he had strong contacts at corporates such as ABN Amro, Bank of America and Merrill Lynch, he did not have any buildings he could lease. “So I started tapping up my mates for flats they had in London,” he recalls.

Learning curve

This gave him a real “hodgepodge” of properties, he admits. “I had some people who checked in and who would check out again in five minutes saying ‘I can’t live here’. It was a quite a steep learning curve.”

Despite a few “hairy moments” early on, the business grew and he soon started to take on blocks of apartments within buildings, but this arrangement was still far from satisfactory. Nixon knew that to grow Go Native’s aparthotel business he needed to get his hands on the right buildings in the right locations and be able to manage them in their entirety – not just take piecemeal chunks.

There was also the issue that what he was doing in these early days was, technically speaking, illegal. “Most of the stays I was accommodating [in London] were for less than 90 nights, but I was putting them all into residential properties and you’re not supposed to accommodate people for less than 90 nights, so I was operating in a grey market, which was never going to build value as a business because what I was doing wasn’t strictly legal,” says Nixon.

‘White-knuckle moment’

Around this period the 9/11 terror attacks occurred, which gave Nixon his first “white-knuckle moment” and made him question if Go Native could survive the aftershock as business travel essentially ended overnight.

Thankfully, just a few weeks prior to the attacks, he had successfully completed an angel investor funding round and this cash, which had been earmarked to help the company grow, was instead put to good use keeping Go Native afloat.

Snapshot: Guy Nixon

- 1989–94: After training as a solicitor, Nixon works in the Hong Kong-based corporate finance team at Richards Butler
- 1994–97: He joins ABN Amro Rothschild as an assistant director in the equity capital markets team
- 1998: Nixon leaves the corporate world to set up Go Native

Not long after that, Nixon won his first major nationwide account with Accenture, which saw him house 450 people in Leeds in a series of buildings that had recently been built and sold to BTL investors.

“We just went in and leased up the whole lot,” he says. “This was the first opportunity we had to put a concierge in a building and begin to run it as we wanted to. Plus that 90-day rule didn’t apply outside Greater London so what we were doing there was actually legal.”

From that point onwards, the business has not looked back. Today, in addition to operating numerous sites in London, Go Native runs aparthotels in Bristol, Glasgow and Manchester and is eyeing up future expansion into Birmingham and other large regional cities.

Build to rent

Nixon says the aparthotel side of the business is “really flying now”. The same could also be said for the other side of Go Native’s operation: its burgeoning BTR interests.

Nixon first dipped his toe in the BTR sector just after the financial crisis of 2007–08 when he was awarded the operating contract for a building in Ilford that had originally been built with the build-for-sale market in mind.

Source: [Phil Weedon](#)

“When we won the



contract, we slightly thought: ‘Jesus, what have we done here? Do we really know how to do this?’ It was the biggest building by far that we had taken on.”

To get a better steer on how the BTR market worked, he wrote to the chief executive of AvalonBay Communities, a major US-based multi-family REIT. “I said ‘we’re about to launch this building and it’s probably the first BTR building in the UK since Dolphin Square – we think we know what we are doing, but we would love to come and meet an expert’ because there was no one really doing it [BTR] here in the UK at that time.”

To Nixon’s surprise, the chief executive invited him over, introduced him to the company’s operating teams and gave him a tour of its schemes in New York and Arlington, Virginia. “We came back from that trip with lots of confidence,” he says.

In the pipeline

Since then, Go Native has taken on lots more BTR “kit” and has numerous other projects in the pipeline, including the 183-unit Carolyn House in Croydon, which comes on stream at the end of next year.

At present, the company is operating or contracted to operate around 1,300 aparthotel units and around 2,000 BTR units. Nixon says the two sides of the business complement each other neatly.

We’ve brought a real passion for product from the aparthotel sector into BTR

“We still get a lot of corporate demand and a lot of that goes into aparthotels because it is sub-90 nights, but a lot of it comes into buildings like this [the 102-unit Dalston Works]. In this building, we’ve got PwC coming in shortly and taking 42 units for its graduate programme and we’ve also got a group of doctors coming in for a few months.”

In terms of similarities between the two sectors, the key to success is the same for both aparthotels and BTR, he argues. “If you build something really well, it makes the job of leasing it forever after so much easier.

“We’ve brought a real passion for product from the aparthotel sector into BTR. All this is Conran, because we think that if we work with that type of design furnishing outlet we will have a better-looking product and it will always sell itself.”

Operating partner

One company that has bought into Nixon's approach is Ares. In December last year, it was announced that **Ares had acquired a 70% stake in Go Native** for an undisclosed sum. The two companies first encountered one another on the Kampus BTR scheme in Manchester, which Ares agreed to forward-fund in February last year.

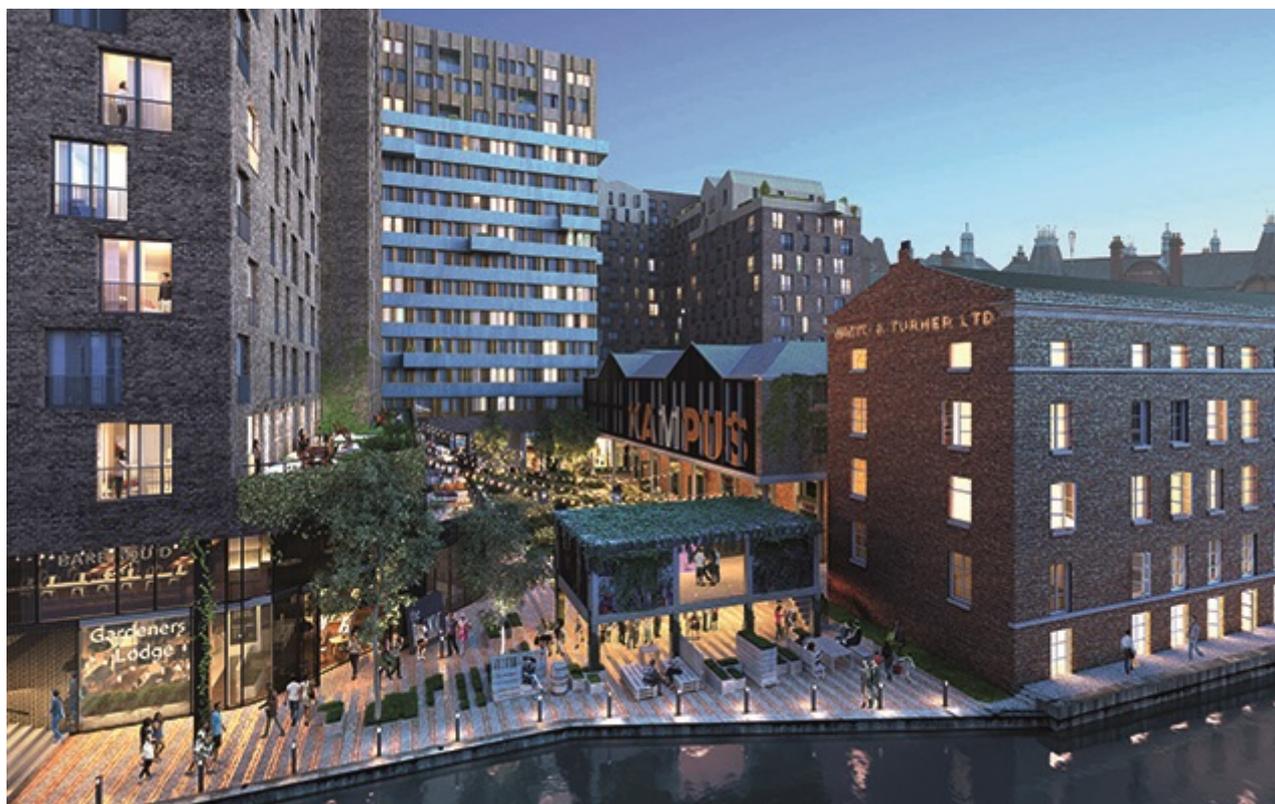
Go Native was asked to write a business plan for Kampus by CBRE, which was appointed to find funding for the scheme. "We met a lot of investors that were looking at it and Ares was one of them. We really liked them. They were very dynamic, very entrepreneurial and very visionary. They also had a lot of experience [of BTR] in the US and across northern Europe, where they own around 40,000 multi-family units."

Ares asked Go Native to become operating partner of the Kampus scheme and also got involved in the redevelopment of an 1860s-built warehouse in Manchester that Nixon wanted to convert into an aparthotel.

We really liked Ares. They had a lot of experience in the US and across northern Europe

"We had a couple of investors approach us in the past and they kind of got one side of the business but not the other side, whereas these guys have got both sides. They said 'we would be really interested in investing in your business if there is an opportunity' and I said 'actually there is an opportunity'," says Nixon.

He adds that the move has worked out really well for Go Native as the company has been able to tap into Ares' experience and expertise in the BTR sector. "It's very much about helping us to build our brand, build our profile, build our team and really get the platform in great shape for the growth that they felt was going to come in both asset classes," adds Nixon.



The 550-bed PRS scheme Kampus is being developed in Manchester

That growth has been pretty impressive so far this year. Nixon estimates the aparthotel side of the business will end 2017 with occupancy rates of around 89% to 90%.

"That's a good year," he says. "The market is probably around 87%. The average daily rate performance across the hotel sector – including aparthotels – this year is also up about 12% to 14%, so it's been a really good year for the sector."

He anticipates further growth as the aparthotel business continues to mature and eats into the market share of conventional hotel operators.

"We are opening a building next summer in Manchester that's 166 units, so it's as big as the bigger hotels in Manchester. And then we've got a big block on Commercial Road [in London] opening in about two years,

which will be 183 units, so as these larger buildings come online, it's much easier for us to compete with the hotel market and offer one-night stays if that's what people want."

At the moment, the aparthotels generate around two-thirds of the company's turnover, but when Go Native reaches that £100m milestone – which he hopes to do within five years – he expects the balance to have shifted in favour of BTR, which he anticipates will account for around 65% of turnover. The main obstacle stopping him reaching that target is finding the right assets.

Value-add opportunities

"We have a number of schemes up and running and we have a number in the pipeline," he says. "Every week, we're pitching for new business and we are looking at portfolios where there is an opportunity for us to add some value to an investment process, because we are really keen to grow."

He thinks that there is demand for "well-built, well-priced and well-managed" BTR schemes across the UK, but he concedes that the numbers don't stack up in some locations at the moment.



Source: *Phil Weedon*

"In Manchester we've had the sweet spot of being able to compete effectively with the build-to-sell market, whereas in London it's really hard to compete on build-to-sell, so you see less BTR coming up in central London because the build-to-sell market is still relatively strong," says Nixon.

As for aparthotels, he hopes to "get a flag" in every major city in the UK and he thinks he will achieve that in the next 12 to 18 months as there are plenty of opportunities. The key is that assets are well located, he says.

Every week, we're pitching for new business and looking at portfolios where there's opportunity to add value

"We like city centre locations and depending on the city, we're looking for somewhere between 75 and 200 units in terms of scale, with unit sizes probably between 18 sq m [194 sq ft] and 25 sq m," he explains. "We love to have F&B [food and beverage] space on the ground floor that we wouldn't operate ourselves, but it's a cohesive part of our operation and if there is some co-working or serviced office space within a building, we love that too. As for BTR, we are up for exploring everything really."

At the moment Nixon says that he is having “loads of fun” and that he doesn’t have any concrete plans for the business beyond the current five-year horizon he’s working to. “You can talk about having a particular exit plan at that point, but really it will be a case of wait and see,” he says. “We will see where we get to and see what’s the best path from there.”

Go Native has come a long way since Nixon placed that newspaper advertisement in The New York Times and the journey is far from over.

In the aparthotel and BTR business, it clearly pays to be a nice Guy.

Follow @pw news

64.6K followers

Like Be the first of your friends to like this.

G+