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# CoStar Profile: DTRE going from strength to strength

DTRE, the niche agent founded by two of the UK's best-known industrial investment advisers, has made serious inroads into both the industrial and office investment and leasing markets, achieving significant market share in the process. As the firm approaches 10 years of trading, CoStar News catches up with partners Keith Dowley and David Turner to learn more.



Keith Dowley and David Turner

Anyone with even a passing interest in CoStar's investment agents league tables, won't fail to have noticed that DTRE has been consistently topping the 'single branch' rankings for some time now, and also featuring consistently among the top ten on the main 'national' tables. High transactional volumes, however you wish to measure them, have been the norm for the London-based agency and consultancy firm since its inception.

It has been a success story that has gathered momentum as the company has expanded, to become one of the leading boutique firms in the UK. Not at all bad, considering it launched in the wake of the global financial crisis. The business has done that by winning mandates in all four

corners of the UK, whilst continuing to be based in offices in London. The partners put this success down to a mix of experience, hard work, communication and customer focus.

DTRE was formed in early 2010 by Keith Dowley and fellow ex-CBRE director David Turner. The duo had known each other professionally since 1996, working at niche industrial and office specialist Holley Blake, where they were equity partners. CBRE acquired Holley Blake in the summer of 2006. Dowley and Turner continued as industrial directors at CBRE, helping to grow its investment and agency offering, but the long-time colleagues eventually had a decision to make, as Dowley and Turner explain:

“We had been in business together as partners for 10 years at Holley Blake and three years at CBRE, so it was a natural thing for us to do in setting up the company.” They resigned in August 2009.

“At that stage, we didn’t know for sure what our business was going to be, what it was going to look like, or what we were going to call it. We concluded that there wasn’t a truly national industrial player. There were a number of regional specialists but there wasn’t a national independent industrial advisor. We very much set out to take that space in the market.”

For many, starting up a company at the peak of the recession in 2010, in a highly competitive market-place to boot, would seem a daunting proposition, but Keith and David were confident it could be a success:

“It wasn’t a difficult decision because we had done it before, so for two guys in their early forties who had already been part of a niche practice, it made setting up our own company easier”

“When we started, we had a decision to make: do we create a two man operation - just David and I and perhaps a PA, in some basic offices above a shop in Mayfair or such like, and just see how we get on. Or, do we try to be a brand from day one with a team of people capable of handling client mandates and instructions. We decided on the latter. When we opened, we started with seven people because we knew there were clients who wanted us to handle their agency business on various development projects. Obviously, it was a difficult market at that time, so people wanted advisers with the level of experience that we had to offer in marketing their projects. We were confident we could get several mandates if we could demonstrate we had the resources to service them, and so we made a conscious decision from day one to be a bigger firm.”

One of DTRE's most high-profile early successes was the £480m Chiswick Park office investment deal, brokered not long after they started trading. For a company whose experience was largely in industrial, it was an unexpected success.

“Did we set out to be an industrial agent? We did decide to specialise, said Dowley, because we thought that was the best way to get market share. Historically I was a shed leasing agent, and evolved into shed development and funding. David has always been what I call a traditional investment agent and he has dealt in all sectors - buying and selling in retail, hotels, offices, industrial, etc. He has always had a good knowledge of the office market and we were never going to ignore that market.

“Chiswick Park was an unexpected success for us with Blackstone, but we had always intended to grow the office side. Off the back of doing that and another three or four fairly significant office investment deals, we decided that we could be much more effective by having agency input, and so that’s when we recruited Simon Glenn, two years after we started.”

Indeed, in an industry known perhaps for its revolving door of personnel, staff development and retention has been core to DTRE's success, with colleagues such as equity partners John Adcock and Richard Harman having been with the company since the beginning.

"John and Richard have been with us since the Holley Blake days, so they were guys that we knew very well. In fact, we've lost only one member of staff in our ten years, who made a decision to join a developer client. "I guess people will make up their own minds as to why we've been successful in retaining our staff, but hopefully the culture is good. When one looks at the overall package - the prospects, the culture, the earning ability etc, it's something that appeals and they generally stay."

And then there is the retention of DTRE's services as agent. A case in point being its appointment by L&G in the £127m forward-funding purchase of the Aker Campus in Aberdeen in 2014, the purchase of a £27m logistics unit in Dublin for Oxenwood, as well several large national portfolio mandates, demonstrating an ability to repeatedly facilitate large transactions for major institutional investors. These deals also demonstrated an ability to broker deals throughout the UK from the London base. It could be argued that DTRE opening regional offices and expanding its services would give them greater reach and presence in these markets but Dowley is not in a hurry to radically change the model that has served them well so far, as he explains:

"You don't have to be too scientific about it - the bigger brands feel they need to have presence in all markets and offer their clients the full suite of services. We don't do that. We do agency, development, investment - we do offices and industrial. That's what we're known for - that's what people expect us to provide and we believe that most clients have the confidence that we can do this pretty much anywhere in the UK.

"It's sometimes tempting to think that having offices in the regions are part of the natural extension of what we do but we have avoided doing that. The ethos of our business is that the agency and investment teams sit together. We take the view that when you have people operating remotely, it makes it difficult to maintain that perfect knowledge that we try to achieve. We're not ruling it out but it's not something we are actively seeking to do. We've ended up doing a lot business in Manchester and the North West - more so than we perhaps intended to do. We've been able to prove we can give investment or development funding advice in the regions by being joined up. "

Yet for all the successes, it hasn't all been smooth sailing for DTRE. There was the documented case against their former accountant, who was convicted of defrauding the firm to the value of almost £2m.

"It was a very difficult time for us," Dowley acknowledges. "And one that we are glad to put behind us!"

Back to the present day and commercial real estate has seen some significant culture shifts in recent years such as the shrinking of the high street and the resultant growth of logistics sheds for the facilitation of online shopping. Then there is the rapid rise of data centres and the alternatives sector. DTRE did not necessarily anticipate such paradigm shifts back in early 2010, but it has strategised since then to capitalise on these changes.

"As I say, we deliberately started out under an industrial banner because there was no independent national industrial advisor, and in a sense, Holley Blake had probably been that advisor before it was sold to CBRE in 2006. When we departed to form DTRE, the market was in a difficult place and probably the only other firm doing what Holley Blake did was M3, who

themselves were acquired by CBRE. So in that sense yes, we predicted strength in the industrial sector as an advisor, but I don't think we could have honestly predicted what we have seen as a result of online retail.

"And since then, we have sought to capitalise on our strength in the sector. We have boosted our agency presence; we have now got eight people doing industrial agency nationally and I think that also has been part of our success. Mark Webster is one of the UK's leading corporate advisers in the logistics sector, which has also added to our offer significantly. We're doing far more business around the country than perhaps we originally envisaged."

"We have nine people, excluding David and I, doing industrial capital markets; we think that's one of the largest capital markets team in London. This probably explains our ability to undertake some of the larger portfolio mandates that we have done. We have five people in our offices team undertaking leasing, development and investment - we advised on something like £300m of investment transactions last year."

"We are not interested in being number one per se, because that's what the big corporates will always set out to do - they've got national presence with offices all over the UK and that's going to be important to them. But having market share is a very nice thing to have achieved and we hope to maintain that going forward. We enjoy doing what we do, and we happen to be quite good at it I think.

"We try to be the credible alternative to the big firms. Advice is the most important thing we give. We don't pretend things are rosier than they are and we don't pull punches in advising when we think things are not as good as they need to be. We're quite happy to tell clients not to do a deal and I think people value that."

So as the company approaches its ten-year anniversary, what of future plans? Is DTRE where the partners expected it to be?

"As a business, we have written three business plans in our ten years - we've just written our third one. We have managed to achieve the goals set out in our business plans so far. For us it's about keeping it fresh - standing still is of no interest to us - we want to continue to evolve. We don't want to grow for growing's sake necessarily, but we want to make sure we are adaptive to market conditions and trends. Continuing to strengthen what we do in the UK industrial market will always be a focus and we'll look to further enhance our office presence as well.

"The next step for us will be to see how we can take our brand into Europe. Over the last 12 months or so, we've been more visible in the European market. It's a natural extension, given that, particularly in the world of logistics, a lot of the investor clients are on a pan-European level now. We have relationships with some of those people through our exposure to them in the UK."

Expanding its research function is also important to the DTRE ethos and subscribing to platforms such as CoStar, which provide impartial data is of value to the company.

"We are well aware that clients want access to research to back up our on the ground, up to the minute market knowledge and two years ago we appointed Robbie Taylor to lead our research function. We believe in what we say, and we therefore want to back it up with strong independent research."

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