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**How Calum MacInnes
is rebooting the student
accommodation sector**

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Can this man reinvent student digs?

Calum MacInnes had always wanted to run his own business, then a chance property revelation awakened his inner entrepreneur. Now he's aiming to reinvent student accommodation in the UK

Dropping off his children for their second year at university, an idea took root in Calum MacInnes's mind. "We went from the centre of Oxford to the centre of Bristol, both affluent southern cities, and I was utterly shocked by the quality of accommodation that I was paying very good money for my children to rent," he says. He felt sure that if he was providing student accommodation, he could do it far better.

So, two years later, at the age of 52, MacInnes turned off the salary tap from the Royal Bank of Canada and took the plunge to become a property entrepreneur. "It coincided with a period in my life when I decided I'd had enough of investment banking and wanted to put my efforts into something else, to create something that has a bit of longevity to it."

That was in 2014, and since then, he's made dramatic progress. That initial observation, that students too often get a poor service from their landlords and letting agents, has led to a growing portfolio of student properties. MacInnes's ambition is to redefine and reinvent student accommodation in the UK, under his brand: Student Tribe.

After his original revelation, it didn't take long for MacInnes to stack up the potential. First, this is a growing market. There is long-term political momentum behind university education, despite the uncertainties of Brexit and the impact of tuition fees. While university applications fell slightly in 2017 (by 25,000), the proportion of 18-year-olds applying to go to university is still at an all-time high, and applications to UK universities from people outside the EU increased by two per cent in 2017. UK universities enjoy a global reputation.

MacInnes had spent many a happy summer holiday in the south-west of England, which led him to look at Exeter as a fruitful ground for investment. The city's university had recently joined the elite

"I decided I'd had enough of investment banking and wanted to put my efforts into something else, to create something that has a bit of longevity to it"



WORDS: MATTHEW ROCK / PICTURES: JIM MARSDEN

Clockwise from right: Ample communal space is a top priority for Student Tribe houses; all are equipped with Virgin Media WiFi; tradespeople are on hand to quickly fix property-related problems; students feel at home with good-quality basics in their bedrooms

‘Russell Group’ of top universities and, crucially, was planning to up its student numbers to 18,000 by 2018/19.

So, in September 2014, MacInnes acquired four large family properties in Exeter and entrepreneurial life was under way.

Student Tribe’s pitch is straightforward, but, in this underdeveloped sector, still radical: the houses are fully furnished and well maintained; they’re within the parts of town where students want to live; if you have a problem in the property, then someone will be round promptly to sort it out; the rents aren’t cheap, but neither are they out of reach – “we’re appealing to the top 40–50 per cent,” says MacInnes.

The decision to develop a brand rather than just buy a string of one-off properties feels smart. MacInnes’s aim is to develop a portfolio that, in effect, markets itself. “If you have a reputation for having good houses and providing a good service, and you’ve got a name behind you, then the brand can spread like wildfire,” he says. In Exeter, he’s got one house that has been passed through the university’s wine society members for the past three years. Very little marketing spend is required there.

He’s even recruiting his own student ambassadors to spread the word. They’re paid £10 an hour and get a bonus on any deals they land. “They like the idea of earning a little extra money,” says MacInnes, “and they might want to go into property later, so this is something they can put on their CV.”

In 2016, MacInnes raised £3m of equity funding from friends and family, on top of which he added a further £4.5m of debt. With this war chest, he added seven more properties to his portfolio, bringing it to a total of 20. He has expanded Student Tribe into Birmingham, Leeds and Manchester, and is now aiming for the next level of growth. Specifically,



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EVERY STUDENT WANTS

Four must-haves



DECENT TECHNOLOGY

All Student Tribe houses have Virgin Media WiFi; in Exeter, each has 100MB broadband capacity. This is a non-negotiable. In the future, Calum MacInnes is looking at introducing 26-inch desktop screens in all bedrooms so that students can have dual screens while working on their laptops.



LOTS OF COMMUNAL LIVING SPACE

In MacInnes’s experience, a decent amount of communal living space is a top priority in student houses. So you won’t find a Student Tribe house with the sitting room carved up to create an extra bedroom. “They want to have their mates round, so we make sure there is a proper amount of living space and space in the kitchen.”



QUICK FIXES

This is not just an asset story; it is very much about delivering a high-quality, personal service to the students. This is what helps sell the properties (and raise brand recognition) from one year to the next. Part of MacInnes’s original market analysis was that students can get ignored by landlords and/or agents. With the advantage of scale, Student Tribe has plumbers, electricians, etc, on hand to deal with property-related problems. Critically, these tradespeople get paid on the day they do the job, incentivising them to respond quickly and deliver a good service.



GOOD-QUALITY BASICS

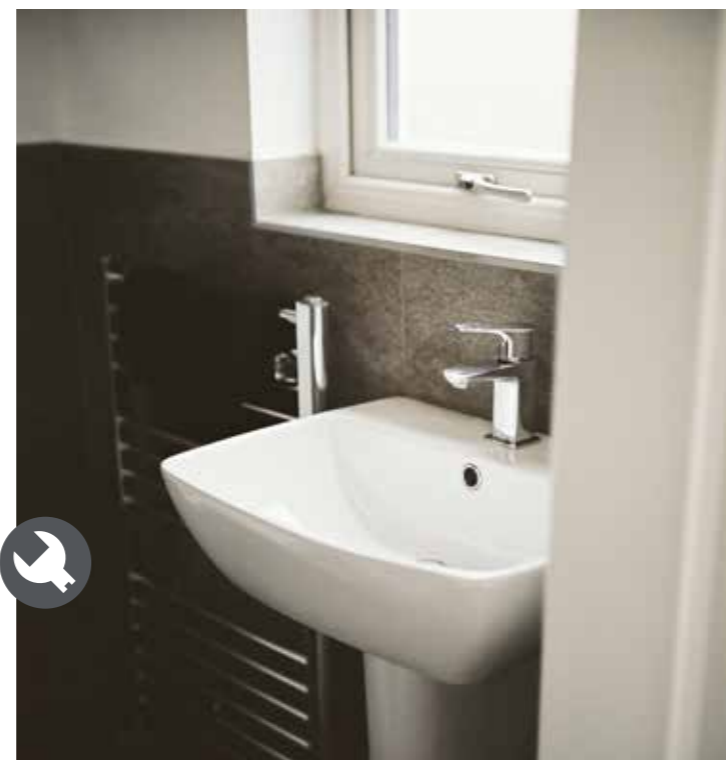
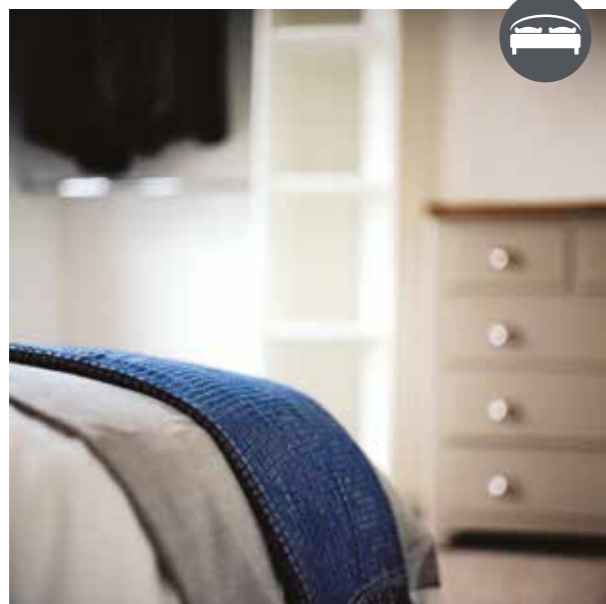
Giving students a bedroom with a double bed, desk, chair, lamp, chest of drawers, wardrobe and mirror will make them feel at home. Similarly, in the kitchen, plenty of fridge and freezer space, dishwasher, washing machine, dryer (not combined washer-dryers) and all the pans, plates and cutlery complete the set of basic essentials.

that means establishing a Real Estate Investment Trust and raising something in the order of £75m in debt and equity. This would move Student Tribe into interesting new territory, between the individual private investor with a few properties, and the major institutions that are raising hundreds of millions. Some of the mid-tier banks, such as Investec, will come into play as debt providers in this mid-tier space.

As the business grows, so do the risks, of course. EU student numbers are likely to fall amid Brexit uncertainty, but, in what MacInnes calls “an interesting positive”, more non-EU students could be drawn by the fall in sterling that makes the UK a relatively affordable place to study.

And then there are property costs. “The student accommodation sector has been very strong over the past 24 months,” says MacInnes. With economic uncertainty and more regulations affecting property owners, however, there’s the chance that prices will start to soften – an advantage for Student Tribe. “We will be sitting there with our net hoping to catch sellers who decide that they’ve done very well out of this over the past few years.”

As a relative newcomer into the property business, MacInnes sees negative connotations too often attached to landlords. “There’s never



THE STUDENT TENANT

“It’s like a real home rather than student accommodation”

Lucy Sleeman, 22, lives with five friends in a Student Tribe property called Edgerton Park Lodge, in Exeter.



The property has six bedrooms, five bathrooms (four en suite), a large kitchen, sitting room, off-street parking for four cars and even a cellar, which may explain its popularity with the university’s wine society. For the past three years, Edgerton Park Lodge has been passed down through its members, and will do so again this year.

Student Tribe properties in demand

“It’s like a real home rather than student accommodation,” says Sleeman. She particularly likes the big kitchen, “huge” dining table (great for student dinner parties) and having a handyman on tap who will come out within two days. “The houses are slightly more expensive than average student accommodation, but they’re 100 per cent worth it.”

Sleeman is a big fan of Calum MacInnes’s approach to being a landlord. “Each year, he’ll add a new touch to the property that new tenants will like.” The Edgerton Park Lodge property, for example, has two sofa beds so that students can have friends and family to stay. It’s planned to roll these out in other properties in 2018.

In fact, Sleeman likes the Student Tribe offer so much that she now works part-time as an ambassador for Student Tribe, securing new tenants for its properties in the city. It’s great preparation for her own next stage: a Master’s at Reading University in, wait for it, real estate.

Lucy is a third-year undergraduate at Exeter University studying geography



Above: Calum MacInnes set up Student Tribe to provide good-quality accommodation for students

an article about a happy landlord experience,” he says. His hope is that Student Tribe and others can change that. “This is where the NLA does a first-class job, sponsoring the industry in a way that allows it to be seen as responsible, as a contributor to the economy.”

In business, truly distinctive products and great service usually win through. Talking to MacInnes, you get a real feeling of innovation, a sense that he’s determined to inject new ideas into this market. Sure, he’s not alone; there are many others also focused on creating a platform for aspirational student property. And students themselves, armed with social media and powers of mass recommendation, are becoming more influential as a collective force. Put all these forces together, and you see a market where change and disruption are imminent, and standards are likely to rise. For entrepreneurial landlords, it’s all good news. **UKL**



Get in touch

Are you shaking up the rental market and providing a positive model for other landlords to follow? Would you like to see your story in print? If so, contact us at uklfeedback@landlords.org.uk