



MYSTERY PLAYERS

Niche investment agents keep their figures to themselves. But we lift the lid on their fabulous takings. *Julia Cahill* and *Darren Lazarus* investigate

Each year, one distinct band of advisers resolutely declines to participate in *EG*'s annual rankings: the niche investment agents.

While participation in the *EG* Top Agents questionnaire has never been compulsory, most firms readily volunteer, driven by pride in their financial successes or by a fear that fingers will be pointed should they refuse.

Not so the niche boys, who – to the frustration of a wider market that is fascinated by their activities – live by an unwritten rule not to disclose figures to the outside world.

Following the hottest period for the investment market in history, niche firms have, more than ever, been the subject of intense discussion in the bar and boardroom by their peers, who can only dream about the astronomical fees they rake in and how much that works out per partner. After all, these companies have few staff, allowing the majority of fees to be retained as profits.

Firms such as Franc Warwick, BH2 and Michael Elliott have regularly been referenced on *EG*'s news pages for advising on investment deals, but the partners that run them – über-agent Franco Sidoli, Gordon Gekko fanatic Tony Gibbon and West End guru Mark Shipman respectively – remain enigmatic and reluctant to open their firms up to further scrutiny.

“It’s about focusing on the deals and moving on to the next,” explains the head of another leading niche player. “Why would we want to rub our clients’ noses in it by boasting about fees?”

Niche target big-ticket deals

Yet information collated by research firm Property Data provides an insight into the prosperity of some of the niche firms. The table (right) shows the value and volume of deals transacted by the 20 most active UK agents in 2006, and demonstrates how niche firms (in bold) punch well above their weight.

The leading niche player, Gibbon’s BH2, has an investment team of just two but handled some £3.4bn of deals. This was a third of the amount handled by the entire investment team at top-placed CB Richard Ellis, and almost three times the volume of its comparatively huge rival Lambert Smith Hampton – ironically, the firm where “Gibbo” first made his name.

Just as revealing is the number of transactions it takes niche players to arrive at their huge total-value figures. All of them handled fewer than 100 deals (BH2 advised on 34,



Franc Warwick 58, Barrs Freer-Smith just 18 and Michael Elliott 82), compared with the big agents’ triple-figure numbers.

This highlights the sheer magnitude of the deals the niche agent targets in order to make its fees. The average deal size for BH2 and Barrs Freer-Smith was around £100m, compared with the big five’s figures: just £19.5m at Knight Frank; £28m at Cushman

& Wakefield; £30m at Savills and JLL; and £70m at CBRE.

“Because we employ so few staff, we have to hone in on big-ticket, deliverable deals rather than risk wasting time on the widely marketed smaller lot sizes,” explains another press-shy niche agent. “The difference between the niche and the national or global firm is the level of agent a client is dealing with. With us, a client knows they are always going to get a senior guy rather than a graduate.”

To continue to make huge fees, they have to make their clients huge profits, and that has led to an impressively loyal following. For example, Nick Leslau and Leo Noe would seemingly not blink without the nod from “Franco”, who is “the only agent who is like a Brazilian footballer – everyone knows who he is by his first name”, according to a rival. Similarly, Chelsfield’s investment progress and the staggering growth of Boulton was almost exclusively driven by Michael Elliott. For years, AXA, Scottish Widows and others would not move in the City without speaking to BH2.

John Burbage, who quit Lambert Smith Hampton to set up niche industrial agent Burbage Realty four years ago, explains: “Clients come to us for a particular knowledge or expertise, which is sometimes different from the global organisations.”

While the bigger firms have been busy buying up independents, there are still agents breaking away to make more money as niche players, such as HP Four, which was founded in 2005 by four breakaway agents from CBRE.

Many niche firms insist they will simply never be bought. As one puts it: “So long as this remains a people business, there will always be a role for the niche firm.”

Top investment agents ranked by deal value (2006)

| Rank | Firm | Total value (£m) | Number of deals |
|---------------|--------------------------|------------------|-----------------|
| Top 10 | | | |
| 1 | CBRE | 10,617 | 150 |
| 2 | JLL | 8,730 | 254 |
| 3 | Savills | 5,678 | 173 |
| 4 | C&W | 5,526 | 199 |
| 5 | Strutt & Parker | 4,845 | 120 |
| 6 | DTZ | 4,768 | 234 |
| 7 | Knight Frank | 4,593 | 235 |
| 8 | King Sturge | 4,152 | 153 |
| 9 | BH2 | 3,392 | 34 |
| 10 | Franc Warwick | 3,164 | 58 |
| 11-20 | | | |
| 11 | GVA Grimley | 2,396 | 187 |
| 12 | Morgan Williams | 2,019 | 44 |
| 13 | Colliers CRE | 1,880 | 66 |
| 14 | Barrs Freer-Smith | 1,874 | 18 |
| 15 | Atisreal | 1,555 | 155 |
| 16 | Michael Elliott | 1,541 | 82 |
| 17 | LSH | 1,328 | 124 |
| 18 | Nelson Bakewell | 1,100 | 29 |
| 19 | BTWShiells | 1,046 | 12 |
| 20 | Tudor Toone | 999 | 54 |

Source: Property Data