

# LITTLE FIRMS, GREAT PLANS

**Five years on** Smaller, niche companies are proving that they can more than hold their own against the City big boys, despite the economic downturn. *David Harris* looks at the progress of four firms which started up five years ago

Interview

New niche agent Hargreaves Goswell Down launched last week, led by the three eponymous City agency veterans. Robert Gibson asks them why they want to take the risk of going it alone now, of all times, and checks out some other recent start-ups trying to make a name for themselves

## Small in the City

"As of tomorrow I'll have no life cover, mobile phone or company car," says Angus Goswell, former head of City agency at Colliers & Wakefield Healey & Baker, on the last day of June. But so one of the three founding partners of central London's newest niche agency he will celebrate the first, not the fourth, of July as "independence day".

The first of July was the official launch of Hargreaves Goswell Down. The firm will work from the premises surrounding the former headquarters of Guardian Royal Exchange in the City's Royal Exchange.

The new outfit is backed by the financial muscle and European network of Swedish-based Catella Property Group, which is making its return to the UK. Catella's previous UK operation closed after it decided not to back in UK markets over merger talks.

For Colin Hargreaves, former chairman of CWIB's City office, and Goswell, July also marked the end of a year's off-and-on period, including six months of propping lease, from their former employer.

It is also the end of an era for the two former CWIB equity partners. Had they stayed until July, Hargreaves would have checked up a quarter of a century with the firm. Goswell's service was a mere 14 years.

but then his father, Sir Brian Goswell, was at Healey & Baker for 41 years. Little wonder Hargreaves says "Leaving a large organisation where you have been for a long time is both scary and exciting".

The third founding partner, Stephen Down, a senior City investment agent and former head of central London development at Jaspis, Richard Ellis, no doubt shares the mixed feelings. Technically he remains on probation, having been GJE for the rest of his six months' notice. But he is hoping that he will get "time off for good behaviour" as Jaspis is unlikely to enforce the same terms as CWIB.

CWIB was shaken by the unexpected decision of two equity partners to leave and set up in competition. It also had to deal with angry clients when Hargreaves and Goswell were told to drop day-to-day contact with them, six months into their 12-month notice period. The public nature of the row and spin-off income from clients who took their business to other agents has cost CWIB more than £5m.

The figure is disputed by Andy Gifford, CWIB's deputy senior partner. "We have recognised our years, which is now younger and stronger and gets deals done. There is illustrated by our listing of Chiswick's

names to look on. It's Hargreaves, Goswell and Down outside the office at the Royal Exchange, the heart of their starting point.

15,000 sq ft Riverside House, St James's, the biggest deal in the City this year". Hargreaves and Goswell had a very public falling out with their employer. But other firms are suffering their fair share of internal divisions. "There are a lot of very good but very kid-up people out there. It is partly the market but it is also partly the changes in corporate structures," says Goswell.

Risk pickings for firms seeking staff. Discount is one of the driving forces behind start-ups but also provides rich pickings for those firms in the fortunate position of being able to recruit. HGD will, for example, list on the proof for sales, and has the cash at hand from Catella to be able to make attractive offers.



**Colin Hargreaves**  
Born 1954. Graduated the College, Chichester and Brunel University and Reading University.  
1978 joined Healey & Baker.  
1985 -88 senior partner.  
1987 -88 equity partner.  
1994 -04 head of management.  
2001 Chairman of Colliers City office.  
2002 Regional Funds HGD.  
Lifestyle Lives in High Wycombe with wife, two sons and one dog. Hobbies include sailing, tennis, golf and music. Member of the City for Club.

**Angus Goswell**  
Born 1947. Graduated Brunel and Oxford Poly.  
1969 joined Healey & Baker City agency.  
1992 in New York, joining J&B's rival City office.  
1999 took over Healey & Baker City office.  
1998 -04 senior partner.  
2000 David equity partner.  
2001 -04 Colliers City agency.  
2002 Regional Funds HGD.  
Lifestyle Married to Mrs. Elizabeth with two children. Active and George. Hobbies include shooting, wine, sailing and golf.

**Stephen Down**  
Born 1961. Graduated Brunel University, Brunel University of West London.  
1985 Director of Commercial Property Investment Activity, Brunel University.  
1999 joined City office of Colliers.  
2000 head of central London development.  
2003 Regional Funds HGD.  
Lifestyle Lives in London, and is married to Sue with three children, Rebecca, Jack and David. Hobbies include tennis and golf, sailing, tennis, golf, chess, reading and wine.

**Five years ago:** How *Estates Gazette* reported the birth of Hargreaves Goswell Down in July 2003

If you work for a large property agency, the prospect of setting up on your own is both seductive and scary. It certainly was for Colin Hargreaves, the veteran City of London agent who was one of those who left Cushman & Wakefield Healey & Baker in July 2003 to set up Hargreaves Goswell Down (HGD). That company was one of four start-up niche firms featured in *Estates Gazette* on 5 July 2003.

Five years on, nobody connected with the companies is expressing regret at their decision to step outside the corporate fold. Three firms are still independent, but HGD is not, after being bought by Jones Lang LaSalle last year for a rumoured £4m.

The purchase brought to a profitable end a time which Hargreaves describes as "the most exciting and anxious of my life". He explains: "When you wake up in the morning and you are completely independent you know that what you do will make or break you."

The firm must have been doing something right for JLL to buy it, although Hargreaves says that he and fellow founders Angus Goswell and Stephen Down had "not remotely contemplated" a buyout. Money clearly played its part in the decision, although Hargreaves says they thought long and hard before accepting the offer.

Just before the sale went through, Down, HGD's investment specialist, set up a City office for Swedish firm Catella, previously a backer of HGD. Down says: "I wanted to remain independent and explore private, niche business."

Hargreaves' advice to anybody thinking of setting up their own practice is to get the timing right and acquire quality people with enough experience for the set-up team.

This advice is not surprising, but it does echo the thoughts of all the other niche companies featured here (see panels). They need to be specialist, and specialists need expertise.

All emphasise that small firms of experienced people can win business not because they can do anything more cheaply but because, in the absence of junior staff, they can ensure that senior people do the work.

Therefore, in niche firms, the work is not just overseen by the directors - it is done by them. That, for many, is the key selling point.

### Spring4

Not many property agents will be opening new offices this year, but Spring4 is one of them. The company has had a City of London office for five years but had long desired a West End office too. In March, it opened one in Grafton Street, then recruited two new staff members.

This may seem an extreme act of anti-cyclical bravado, but director Hugh Stallard is confident. He says: "I think this is the only new office to open this year, as far as I know, but we know what we want to do."

Spring4 has yet to see the effects of the downturn but the four founding directors - Stallard, Ian Campbell, John Martyn and Richard Peperell - all of whom came from the City office of Lambert Smith Hampton, are confident they can weather any storm. Turnover rose from £800,000 in the first year to £1.6m in the second, and it has exceeded £2m ever since.

The firm's name was suggested by Stallard's seven-year-old son, and the directors felt it was a better option than the more conservative choice - a string of their names.

Around 80% of Spring4's business involves acquiring offices for tenants, while a good part of the remainder is in asset management.

The directors believe that one reason for their success is that they agree on most things. In five years they have never had to vote on any issue, and their discussions usually take place over lunch near the company's Cheapside office.

Stallard says: "We have a

company rule that whoever is in the office all take lunch together, and we talk about things in the old-fashioned City way."

Among Spring4's major deals is the biggest letting in the City this year - 155,250 sq ft at Hermes' new development at 20 Gresham Street, EC2 - which will be occupied by Standard Bank next year.



Hugh Stallard



Ian Campbell



John Martyn



Richard Peperell



Success: Colin Hargreaves, above, describes his time with Hargreaves Goswell Down as the "most exciting and anxious of my life"



Above: fellow company founder Angus Goswell

"When you wake up in the morning and you are completely independent you know that what you do will make or break you" Colin Hargreaves, Hargreaves Goswell Down