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'Real estate has not had its Uber moment, but many people are looking to launch disruptive businesses'

I've always been a "glass half-full" person who likes looking forward. However, reflection is part of this. I haven't entered the real estate sector through the traditional route, which I've always seen as a positive. I started my career in travel (Tui and British Airways) then on to executive search (as CFO/COO) – all customer service-focused businesses. I'm not programmed to think in a certain real estate way. I enjoy being a little contrary.

A few years ago, I was once again toying with the perennial question: what next? It was time to do something more challenging, away from the confines. So Young, my consultancy business, returned and is enjoying working with entrepreneurs with ideas that will enhance people's experience in the living sector.

This goes back to Young's early days of investing in the residential sector for the long term, to then championing the private rented sector through our PRSUpdate medium 15 years ago, which morphed into pioneering the build-to-rent sector. As they say, the rest is history.

It feels like there is another shift coming along. Brands are coming to real estate. The days of succeeding by buying, holding and selling are limited. You need to operate, create a brand, be customer centric. Real estate has not had its Uber moment, but many people are looking to launch disruptive businesses in our sector. At Young, we are keen to embrace it.

There are challenges. How to break in? The need to understand how the sector works, the language, the organisations. Personally, I found the living sector very welcoming. At Young, we are keen to help new start-ups, using our experience of the living sector.

The "hotelisation" of resi

We've discussed dozens of ideas over the past six months. What we have found is

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many ideas that are pitched are coming from people outside real estate. The service side is really coming through. This is very encouraging. For some years I've been saying that BTR will end up like the hotel sector – a varied offering. Service levels are where new entrants are really focused. We are seeing the hotelisation of the living sector.

There is a lot of interest from tech firms in eradicating clunky processes – especially in lettings. This is either how to minimise time-consuming admin, such as paperwork and referencing, or how to enhance processes by adding value, such as using AI to find new housemates. The big disruption has not occurred yet for lettings, but it will happen. There is also an increased interest in the "Internet of Things" to aid ESG strategies.

The early days of investment in the BTR sector were slow. I believe this was due to fund managers struggling to fit it into the neat bracket of either an income-only fund or a capital-only fund. The truth is that residential is cyclical between income and capital growth. Now we are in for a period where income is key. Capital growth will be driven by income growth, and the proven strength of that income growth will lead to yield compression. So we've been focusing on the service offering.

We are seeing this with the advent of the co-living sector, which delivers superior yields – how else can you justify investing in London residential? This obviously has an element of risk because it is a sector that is yet to really be established, unlike PBSA and BTR. Politically, there is a lack of understanding of the offer, and design is in its infancy.

Nurture, evolve, grow

I am a growing fan of shared living – it is ripe for innovation and efficiency. The difference between co-living and shared living in my eyes is that the former involves large buildings with many people renting small self-contained "units", whereas shared living typically involves a house of five to 10 residents who have their own bedroom and possibly en suite. Both have amenity space, but the scale differs.

You could argue that the latter is the hotelisation of the HMO offer from yesteryear. It is this latter offer that our business, We Are Kin, is focused on in the student space. We are also working on a business in the key worker rental space.

Covid-19 has really brought to the fore the importance of "local" – the walkable neighbourhood. Residents have seen the value in their local retail, public realm and community. I believe this will continue. The demise of Arcadia and Debenhams points to the strength of the local high street and smaller retail, perhaps with flexibility, thus creating local employment and encouraging entrepreneurship.

I have described above some sub-sectors within the living sector that have some way to go. One warning, though: don't expect change overnight. In my experience, new ideas take time to nurture, evolve and grow. Be patient. I mentioned We Are Kin, and we have other businesses underway that will come to market. It takes time. There's no rush.