

HOUSE AND HOME

Pensioners driven to build on experience

After retiring from careers in other fields, more entrepreneurs are moving into property development, says Catherine Moyo

Most executives and entrepreneurs are content to relax in luxurious second homes after retirement. But, for many high-flyers, building them has become an even more attractive option.

James Davies, a director at Hamptons International, says he's seen a perceptible rise in the number of people who are turning to residential property development after becoming wealthy in other fields. "Property is accessible and people understand the basics," he explains. It's also seen as a relatively stable investment. "You are buying an asset and, if you play it reasonably conservatively, you always have that asset. In a market that is growing you should always be able to make money."

Gulu Lalvani, 70, is one of the new retiree developers. Having netted more than £300m from the flotation of his Binatone electronics group, he could have taken it easy. Instead, he launched a £32m marina development of waterside villas and apartments in Phuket, Thailand. "I decided to retire but I got bored," he explains. "I'm a workaholic."

Lalvani, who moved from India to the UK as a student 50 years ago, has owned a villa on Phuket since 1991. Demand for the 300-unit second phase of his Royal Phuket Marina scheme is expected to be high when it goes on sale next month but he says he has philanthropic as well as financial motives.

"Since the tsunami, the project has taken on new importance," he says. "We're employing almost 1,000 people and putting in an infrastructure that didn't exist before. I did this for Phuket as much as a business project."

Davies says that property development particularly appeals to executives migrating from industries that produce less tangible products. Real estate deals

involve site visits, one-on-one meetings, ground-breakings, construction and, finally, interaction with buyers. Still, "you need to be very careful not to get carried away with an idea, especially if you don't know the territory you are in," he warns. "Those who succeed bring an ability to co-ordinate and build a good team from other fields. Not getting the right team in place and the right advice can be your downfall."

Ronnie Hogg, who moved into property after selling his share of a database company, can attest to that. Although his project – the renovation of an estate near Pisa called Borgo di Colleoli – was ultimately successful, he acknowledges that he might have jumped into it too hastily.

"I was 40 and had invested in some high-tech companies but wasn't working full time, so I was pretty bored," he recalls. A friend told him about the 15th-century manor at Borgo, which was at the time roofless and pigeon-infested. "He rang me because I was the only person who was crazy enough to actually do it," Hogg says. When he visited he was immediately captivated both by the beautiful Tuscan countryside and the business opportunity.

In 2000 he set up a company, Craggenmore, to restore the manor, grounds and adjacent village. But he underestimated the complexity of doing business in a different culture. "In Italy, when you ask a question, it's like peeling an onion," he explains. "By the sixth time of asking, you get to the real answer. It's one of the Italians' loveable character traits but it's also exasperating."

Every step of the project had to be overseen by the Italian fine arts ministry. Redecorating involved hiring fresco artists to restore ceilings an inch at a time. "I set myself an investment limit and a reserve but ended up breaking the reserve by a huge amount," he says. "I broke all my [business] rules



The Smiths' Abbazia Celestina near Assisi: 'It's been an intimate project, more spiritual'

for the first time because of the lure of Tuscany."

Still, the Borgo, which offers freehold or fractional ownership and a residential club scheme, has bought Hogg a wealth of pleasures. "The biggest difference from my previous company is that the principal has to do everything face to face to gain the confidence of the people," he says. "Previously, I had

solicitors or marketing people doing all that for me. Getting the Borgo open to the public and [hearing] the feedback was the greatest reward. The client interface is so satisfying. You are selling dreams to people and making them come true."

Graham Smith, who made his fortune at Livenote, a legal software business, says his experience with Abbazia

Celestina, an abbey estate near Assisi with a six-bedroom farmhouse, truffle woods and theatre, was similar. He and his wife have turned it into a holiday rental property. "We always wanted a place in Italy but had never imagined taking on something so ambitious," he says. "In some ways the rental was a way of providing revenue from the place to maintain its upkeep."

Although Smith describes the decision to buy the abbey as impulsive, he acknowledges using the skills he developed at Livenote. "My business acumen certainly helped in understanding timescales and prioritising different things," he says. "But mostly one needed to have a vision of what the place could become and then to think what kind of client would be attracted to it. That meant having the right business strategy in place and focusing on the target market and perspective of that individual."

The sympathetic renovation ranged from replacing antique tiles and reviving a garden with 1,500 species of flowers to creating a small golf course and installing broadband, flat-screen televisions and new bathrooms with hot tubs. Smith, who visits the abbey with his wife at least one week each month, says his new role is a wonderful contrast to running a software firm. "Having an American business at the sharp end is the epitome of everything that is material, whereas in Italy it's been an intimate project, more spiritual," he says.

'You are buying an asset and if you play it conservatively you always have that asset. In a growing market you should always make money'

Retiree property developers might just see the new field as an opportunity to excel in a new field. Garry Kenny sold his successful haulage company in 1996 and visited Florida in search of a single holiday home. But he was so excited by the relatively low prices that he decided to buy more property and market it in his native Ireland.

"It's not about the money, it's about the deal, putting it together and making it happen," he says. Within five years, he had 150 properties under management and had made £1m out of building his first commercial mall. Later that year, he bought the Orlando franchise of US estate agency Coldwell Banker Team Realty, which he still owns. "I'd never considered putting my feet up because I like working," he says.

LATE DEVELOPERS

- Royal Phuket Marina, tel: +66 (0)7637 9379; www.royalphuketmarina.com
- Borgo di Colleoli, tel: +44 (0)1383-629 620; www.viewtuscany.com
- Abbazia Celestina, tel: +39 (0)75-594 1298; www.celestinabbey.com
- Coldwell Banker Team Realty, tel: +1 863-420 9404; www.coldwellbankerteamrealty.com