

# Crash survivors

In a market full of nightmares, the team at Vandermolten Real Estate tell **Akanksha Soni** how they are reshaping its residential offering

**W**hen Jonathan Vandermolten describes the residential market as “the worst market I’ve ever seen”, it is not said lightly.

“I was in the ‘91 crash, the 2008 crash,” he said. “And I think for clients everything has moved against you.”

Planning delays, build cost pressures, higher borrowing costs and the introduction of gateway approvals have combined to create a market where, as he put it, “everything that we do is about the exit”.

That focus on execution, finding a buyer who can complete, sits at the heart of the evolution of Vandermolten Real Estate.

Founded eight years ago with partner Sam Phillips, the firm began as a land and investment agency. Today, it is building out a broader, full-service residential platform spanning capital advisory, affordable housing and, potentially, new parts of the living sector.

“The day job is still selling land, buildings, commercial real estate, where there’s a greater value as residential,” Vandermolten said. But the model has expanded in response to market complexity.

“The game plan for us as a business is to try and be able to help all of our clients in any sector of the residential market,” the founder said.

The firm’s structure reflects that ambition. Adil Rashid, who joined around

18 months ago, leads the affordable housing arm. Adam Brews, who joined a year ago, heads capital advisory. Together, they are intended to support deals from multiple angles.

“When we’re selling land, Adam helps provide the development finance,” Vandermolten said. “So a buyer knows how much money they can borrow.”

That insight, he added, is critical to assessing whether a deal will actually complete. “We then know how much equity they will need and we want to see proof of that equity.”

Phillips frames the business’s origins more simply. “Johnny turned around to me and said, ‘Well, why would you want to buy one flat when you can buy multiple at the same time?’ he said. “It just kind of worked from there.”

That shift – from individual assets to scale and structure – has become more pronounced as the market has tightened.

“Our clients are only interested in one thing,” Vandermolten said. “Find the best buyer who’s going to perform and do the deal.”

## A market defined by constraints

At the core of the current market is a combination of constraints – financial, regulatory and structural.

“Planning is still a nightmare,” Vandermolten said. “We probably have half a dozen instructions at the moment where the developer has been waiting for six to 12 months to get a section 106 signed.”



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"Everything that we do is about the exit"

Sam Phillips

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**Jonathan Vandermolten, CEO**

That delay is now compounded by the gateway process. “Gateways are a massive, massive problem,” he said. “No matter what they say, it hasn’t got much better unless you really know what you’re doing.”

Even once schemes are delivered, further delays follow. “Once you finish something, you’ve got Gateway 3, it’ll take you six months.”

The cumulative impact is a stretched development timeline. “If you’re doing a big scheme, you’ve then got to build it and sell it. That’s seven years. How many businesses can afford to tie up capital for that period of time?”

**Funding gaps**

Alongside planning, finance is a critical pressure point – particularly the gap between debt and equity. “There’s more debt lenders but there’s a lot less equity [providers],” Brews said. “Without that equity, it’s hard for developers to actually do anything.”

The lending market itself has expanded significantly. “We reckon it’s 450 to 500 [lenders] with a team of five or more,” Vandermolten said.

But access to development finance remains constrained by gateway requirements. “You can’t get development finance until you’ve passed gateway,”

he added. That creates a funding gap between acquisition and construction – a period where schemes are exposed to higher-cost bridging finance.

“You’ve got that extra year of hold cost paying bridging rates rather than development rates,” Vandermolten said. “So it’s affecting value.”

The impact is visible in land pricing. “We thought it was 20–30% less than the peak,” he said. “I think it could be 40%. If it’s a tall building, it’s probably halved in value.”

The firm’s affordable housing arm reflects both a challenge and an opportunity. Rashid describes the role as one of facilitation. “Anything to do with affordable housing, anything that touches structuring deals, joint ventures, anything that will act as a facilitator between the private and the public sector,” he said. “It’s just trying to bridge that gap.”

But delivery remains difficult. “If you look at the way [housing associations] are structured now, they’re not structured to develop,” Rashid said. “They’re structured to reinvest in the existing property.”

That limits their ability to bring forward new schemes, despite policy support. “While the government has chucked lots of grants at them, they don’t have the ability to actually deliver the affordable housing that we need.”

Private capital is interested but constrained by returns. “When they look at the cost of money and what they need to achieve, they’re not able to do that,” he said.

**Structuring deals in a difficult market**

In this environment, transactions are becoming increasingly complex. Vandermolten described deals as “a bit

like a jigsaw puzzle”. “You need to have those four pieces,” he said – debt, equity, affordable housing and an exit.

The firm is also engaging directly with policymakers and local authorities. “I meet the GLA every five or six weeks just to get an understanding of where the market is,” Rashid said.

With the for-sale market under pressure, developers are increasingly turning to alternative routes. “A good example is if you look at the house builders,” Vandermolten said. “Every single national house builder is doing bulk sales. That tells you a lot about the market.”

Investment sales are showing strength. “Residential investment is the easiest,” Vandermolten said. “If the product is finished properly and it has all the fire regulations signed off, that is just a simple discount to vacant possession value and yield.”

For developers, the decision is often about timing. “The choice is whether or not he wants to sit in a prolonged sales period or... move it on,” Phillips added.

**Pricing and market reality**

Across all asset types, pricing remains the key determinant of activity. “It doesn’t matter if it’s a studio flat in Croydon, a mansion in Mayfair, a block of flats in Kensington, a site in Acton,” Vandermolten said. “You have to give people a reason to buy. And that’s price.”

In the current market, that often means a significant adjustment. “If you want to sell anything, it’s 25% less than you think it’s worth,” he added.

Transactions are also becoming more unpredictable. “However this transaction starts, it won’t finish that way,” he said. “If they don’t try and reduce the price there’s something wrong with them. Our job is to make them think they’re not [the only buyer in town], even if they are.”

One of the clearest signs of market stress is the increase in insolvency-related work.

“We’ve gone from seeing probably a job or two a week to a new job every day,” Vandermolten said. That shift reflects growing pressure across lender portfolios. “A lot of the lenders are finally realising there are differing issues... where they’re probably not getting their money back.”

He expects this trend to continue. “If you speak to all the big firms all of them are rushed off their feet,” he said.

**Growth and ambition**

Despite the challenging conditions, the firm is expanding. “This financial year we’ll probably do £250m of sales,” Vandermolten said.

On the capital advisory side, the pipeline is even larger. “We have half a billion pounds worth of transactions that we’re working on.”

Average deal sizes are also increasing. “At the beginning [it] was £2m–£5m,” he says. “It’s now £5m–£25m.” The firm is also looking to expand into new sectors,



Adil Rashid



Adam Brews

including student accommodation, co-living and hotels.

The goal is clear. “For anyone to be able to come to us with anything that has a bed in the residential sector,” he said, “that’s the objective.”

But Vandermolten expects conditions to remain difficult in the short term.

“We feel the market probably needs to get a bit worse before it gets better,” he said. “A lot of that is going to come down to how quickly the lenders get to grips with the problems within their book.”

But the underlying demand for housing remains unchanged. “We need to create homes,” he said. “Whether they’re for rent, whether they’re for sale, whether they’re for affordable housing... we are a long way behind where we need to be.”

Akanksha.Soni@markallengroup.com