The Parliamentary Review
A YEAR IN PERSPECTIVE

IDM Properties

IDM's St Georges Church development of 20 luxury apartments within this former church

Jonathon Curtis, Partner, IDM Properties llp

IDM Properties is an established name in the London property market where it has operated for more than 35 years. Having grown rapidly in the past few years, the developer has adapted to become a multi-functioning business catering for many requirements.

As a family business ran by the Curtis and the Meehan families, IDM Properties has forged a reputation in its industry for an expansive portfolio spanning investment, development, management, finance and construction. Shying away from high-end boutique developments, IDM Properties instead focuses on what company partner, Jonathon Curtis, describes as 'everyday' properties courted by the everyday Londoner. 'The housing shortfall lies in properties for people with normal jobs rather than the luxury property market,' he says.

IDM Properties has operated in the UK capital throughout its 35-year history, with Shoreditch in the east of the city its current home. In recent years, the company has expanded its reach by venturing out towards the suburban commuter areas on the edges of London.

Curtis, son of co-founder Andrew Curtis, says this is due to the surge in property prices making London living less affordable for would-be home owners. 'We are looking at properties in the Underground zones 3–6, areas which give great commuter access Central London and now further out into the Home counties,' he says, adding that due to sheer demand, the sale process has become quicker than ever before.

FACTS ABOUT IDM PROPERTIES

- London-based property services company, spanning investment, development, management, finance and construction
- Founded as IDM by the Curtis and Meehan families before rebranding as IDM Properties in 2007
- Recorded a turnover of more than £100 million in 2016
- Employs 60 staff

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One challenge, however, lies in the buying of the so-called raw stock, the site on which to develop the property. This is because landowner expectations have become unrealistic, Curtis believes. 'There's a lot of money out there from people trying to invest and this has led to people overpaying for raw stock,' he says.

The drawn out planning process times also continue to be problematic for the industry, especially for IDM which does nearly 90% of its projects as committed developments, Curtis adds. However, the introduction of the permitted development rights converting office buildings to residential apartments has greatly increased production our of units and allows for a faster deal cycle.
A prominent recent example of an IDM Properties-led permitted development project was at Channelsea House in Stratford for 72 apartments. This saw IDM Properties buy the building, carry out the work and sell the properties within an 18 month period. Once sold, it typically retains an interest in the development by managing the freehold.

Gainsborough Studios, one of IDM's flagship development in Shoreditch which was completed in 2003

A more positive development of recent times was the introduction of the Government-led Help to Buy scheme in former Chancellor George Osborne's 2013 Budget. 'Help to Buy brought about huge benefits for IDM Properties in the past 18 months and now accounts for around 80% of our overall sales,' Curtis says.

The decision to work on Help to Buy schemes was demand driven, with many customers inquiring strictly for properties associated with the programme. In a policy change from its predecessor, the Government of Theresa May announced the end of Help to Buy, although some schemes have been extended to 2020. 'The Help to Buy model will be a constantly evolving one,' Curtis says. 'A few years from now it may have totally changed and resemble something altogether different.'

A changing industry

For the wider industry, Curtis notes the stark changes from when he joined the industry in 2003; at this time the market was booming, which benefited both buyers and sellers financially. 'Since the market crash, the fourth in the history of IDM Properties, things have changed and the overpaying for raw stock is one of the most noticeable effects,' he says.

Following the last market crash around the time of the recession, IDM Properties chose to downsize the scale of its operation in order to negate its impact but, unlike some competitors, it had the benefit of a healthy balance sheet and access to lines of funding from banks. Curtis also concedes the false economy of the London property market in comparison to the rest of the country, a market he says 'typically slows down for period but rarely drops.'

IDM's Hoover Building developed into 66 apartments

A multi-functioning company

To keep up with a changing industry, IDM Properties has looked to enhance its available services over the years to become a one-stop shop. Aside from developing and management, other services include estate agency selling IDM and third-party stock and a mortgage broker service to assist would-be buyers. Most recently in 2016, this led to the formation of a new construction division following three key contractors going bust. 'Medium-sized contractors have a tendency to take on more work than they can afford and this leads to them running out of the cash flow needed to service the jobs they are doing,' Curtis explains.

The formation of the construction management business also gives the firm greater control over its operation. 'We have senior site teams running the jobs and putting packages out to subcontractors. That allows us to build, more efficiently and with a greater level of control.' Curtis says this also reflects a wider industry trend of more developers, mostly medium sized ones, bringing functions like construction management in-house, something larger developers have done for a number of years.

Future demand will grow

Demand is anticipated to continue on a large scale. A project to develop the Hoover Building in Perivale into 66 apartments by March 2018 has already generated in excess of 2,000 inquiries. 'The Hoover project is an exciting one and won't just be great for our brand but also for London in general,' Curtis says.

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Projects like these will contribute to growth. IDM Properties currently produces around 300 to 400 units per year and Curtis says a long-term target is 600 to 700 properties annually. He predicts London major infrastructure developments, such as Crossrail which is projected for 2019, will also generate more property opportunities in areas made more attractive by having a quicker route around London. 'The foundations are very much in place and it's down to us to use our good judgement by picking developments in the right locations that people will go for,' he says.