These Are The Top London Deals Of The Decade

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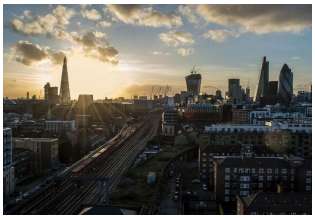
It can be hard to remember, and if you are new to the sector it is almost impossible to imagine, but as this decade rolled into view, London real estate was on its knees.

After the calamity of Lehman in September 2008, the shares in listed property companies started to rise in March 2009, but for the vast majority of the market, the start of the decade was still a terrible time. You could only lease office space at rock bottom rents, if you had loans maturing it was nearly impossible to find debt and if you needed to sell, there were almost no buyers around except at savagely discounted prices.



The decade that followed has been an incredible one for London and UK real estate. Buoyed by money pumped into the world economy by central banks, real estate prices recovered and then surpassed previous cyclical highs. On the back of the 2012 Olympics, London became one of the world's truly great global cities, and its real estate attained trophy status as a result. It became the tech capital of Europe, then saw its global city status questioned but ultimately unaffected by Brexit.

Throughout this decade, there have been some remarkable real estate deals. *Bisnow* asked more than 100 deal junkies in the London commercial property market for their deals of the decade for London (and in some cases slightly beyond). Some of these deals saw huge profits made through buying at the bottom and selling at the top, some were transformative corporate deals, others pioneering forays into new sectors. Here is a selection which tells the story of a remarkable period in a remarkable city.

LandSec And BL Build And Sell The Walkie Talkie And Cheesegrater

As the UK's two historic heavyweight property companies, Landsec and British Land take a lot of stick for not being nimble enough. But they undoubtedly called the market right when it came to two of this decade's huge skyscraper developments in the City. It is not quite clear who went first, but in 2010 Landsec and partner Canary Wharf decided to push the button and speculatively

develop the Walkie Talkie and BL and Oxford Properties did the same with the Cheesegrater. Both were rewarded with high rents as the City leasing market returned with a bang over the next few years. They sold the buildings to Hong Kong investors for £1.3B and £1.25B, respectively, netting huge development profits.

Carlyle Buys The White Tower Portfolio

In July 2010 Carlyle was facing serious losses from investments made at the top of the market in its European funds. But that did not stop it from making a bet on the future of London office values with the £671M purchase of Simon Halabi's White Tower portfolio. The price was far below the £1.1B of debt secured against the assets, which was being sold by receivers following a default on a securitised loan. Carlyle ultimately sold the assets over the next eight years for more than £1.2B, and the profit it made on this deal erased some of the losses from its other investments, persuading the firm to recommit to a European investment strategy that saw it raise another fund earlier this year.

APG And CPPIB Buy Into Westfield Stratford

Who says private equity firms do all the best deals at the bottom of the market? In November 2010 Dutch pension fund APG and the Canada Pension Plan Investment Board paid £871M for a 50% stake in Westfield Stratford, the 2M SF shopping mall in East London. Following a refinancing earlier this year, that stake is now worth £1.4B, a profit of more than £500M. It is not only a good deal for them, but for Westfield, which derisked the development; and for London, which got a shopping centre that formed a major part of the regeneration of Stratford alongside the 2012 Olympics.

Blackstone Buys Chiswick Park

Blackstone's most sensational London deal doesn't quite make the cut for this deal of the decade list — it bought its 50% stake in Broadgate in late 2009, using just £77M of equity and netting a profit of more than £650M when it sold the stake to GIC in 2013.

But it did not do too badly with its purchase of Chiswick Park, either. It bought the 1.9M SF West London business park for £480M in January 2011. It sold the park to the China Investment Corporation for £780M in 2014, but held one building that was under development back from sale. That building is now on the block for £300M, which would see total sales from the park touch £1.1B. The deal was important for the market, too: The original

purchase was undertaken using the first securitised loan since the financial crisis. Overall, Blackstone's profit from a 13-asset London office investment spree that started with the Broadgate buy is likely to top £2B.

Norges Bank Buys Stake In Regent Street

The Crown Estate had never had an external partner in its nearly 1,000-year history. Norway's giant oil-backed sovereign wealth fund had never done a real estate deal before. So when Norges Bank Investment Management bought a 25% stake in Regent Street for £452M in January 2011, it was momentous for both sides. It freed up capital for the Crown to start redeveloping its other central London and regional holdings, and started a £21B investment drive by the Norwegian fund. And while Middle Eastern funds like ADIA had long had a presence in London, this deal kick-started a period of investment by sovereign wealth funds from across the globe looking to buy assets in London.

Henderson Buys Leadenhall Triangle

This deal has to make the list for pure chutzpah. The entire city office market was gearing up for the Leadenhall Triangle site to be brought to market after its owner defaulted on loans in 2011. Seen as one of the best development sites in the City, Brookfield had been making noises that it had the deal sewn up. But Henderson Global Investors, now Nuveen, snuck in ahead of the pack and agreed an off-market deal with administrants and bought the site for £150M. This year, Nuveen secured a deal for M&G to fund an £875M, 905K SF development which could see the final scheme, now dubbed Gotham, valued at £1.4B.

Eastdil Arrives

In June 2011, a distressed Irish investor appointed a broker called Eastdil Secured to sell two London buildings that it needed to shift to repay debt. No one in the UK had heard of Eastdil before. They have now. It was the springboard for European expansion by the U.S. firm, which has brokered dozens of the largest sales in London over the past decade, including the sale of 50% in Broadgate by Blackstone to GIC for £1.7B, and the €11B sale of Logicor, and it was the broker of choice for the U.S. private equity firms that dominated London for much of the decade. Brokers like CBRE set up finance and debt divisions to match Eastdil's knowledge of capital markets, and not knowing about capital stacks was no longer an option for investment brokers here.

Delancey's Decade Of Dominance

Delancey is one of those investors whose name, like Brookfield and Blackstone, came up again and again across multiple deals when *Bisnow* canvassed market experts for their deal of the decade. The most important was probably the £559M purchase in July 2011 of the Athletes Village on the London 2012 Olympic site. Delancey used the 3,000 apartments as a platform to set up Get Living, the UK's largest rented residential company, now worth well above £3B, and the company which pioneered the UK build-to-rent sector.

In a separate but nearby deal, Delancey took on the Olympic broadcast and media centre for just £1, a building seen as a white elephant by many in property. The Here East scheme it created has attracted a diverse mix of academic, cultural and commercial tenants including UCL, the V&A and Ford, and is now achieving rents of £45 per SF and has a value approaching £500M.

In May 2011 it teamed up with Ares to buy Minerva, a listed company with assets potential valued at £1.2B but with £900M of debt. It paid £200M for the company and easily beat that £1.2B valuation when liquidating the assets.

Lastly, in 2015 it teamed up with LRC to buy Royal Mint Court, a 750K SF office scheme for £50M, a yield of 15%. Less than three years later it sold the site to the Chinese government for £255M, as the site of a new London embassy, a location no one would have guessed.

CBRE Buys ING REIM

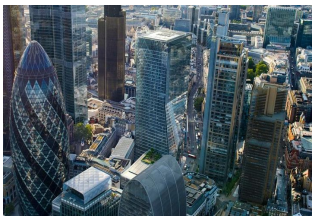
In September 2011 Dutch bank ING was struggling to sell assets to shore up its battered balance sheet. CBRE took advantage by acquiring its fund management arm for $940M and combining it with CBRE Global Investors, creating what at that point was the world's biggest real estate fund manager. It has slipped back today, lying in seventh place globally with more than $80B under management, but the deal made CBRE a player in the global fund management world, having previously had a predominately North American focus.

Blackstone Buys Teale Portfolio And Builds Logicor

When Blackstone bought the £215M Teale portfolio from Prologis in December 2011, UK real estate was a bit puzzled. This wasn't a distressed deal, and Blackstone had been a big buyer of London offices — what was it doing buying big sheds? Little did the market know that this was the first deal for what would become Logicor, the pan-European logistics giant which in 2017 Blackstone sold to the China Investment Corporation for €11B, the

largest European real estate deal ever. It was the start of a love affair with logistics for Blackstone that shows no sign of ending. As an aside, Prologis could have sold the portfolio to Morgan Stanley, but didn't after the investment bank chipped the price. If it could go back now, would it accept that lowball bid and potentially avoid creating a monster rival?

Brookfield's British Bonanza



The real estate professionals surveyed by *Bisnow* cited several deals by Canadian giant Brookfield as being deeply influential for the London market. First and probably most dramatic was the purchase by Brookfield of Hammerson's London portfolio for £520M in June 2012. Hammerson wanted to sell to focus on retail, and Brookfield wanted to make a splash in the London market. Both got what they wanted, but the deal is seen as a bargain buy for Brookfield. Later that year Brookfield bought the 100 Bishopsgate development site, and it said earlier this year that it has already made a £700M profit on the 1M SF building it developed. Lastly, and by no means least, in 2015 it teamed up with QIA to buy Canary Wharf Group for £2.6B, finally getting its hands on the London owner and developer after 11 years of trying. It remains the UK's largest-ever property deal.

LondonMetric's Pivot

One of the hardest things in life, especially as you get older, is to try something new. When Andrew Jones set up Metric Property, he was a retail parks guy: retail parks is what the company had always done, and at first that is what the new company bought. But then, he changed. Seeing the seismic shift that was coming, Jones started selling the company's retail parks and buying into the logistics units of the retailers he had known for 20 years. The process sped up after the company merged with London & Stamford in 2012, and has led to LondonMetric being one of the most consistent performers among UK listed property companies.

Google Takes 1M SF At King's Cross

Hermes, LCR and Argent's King's Cross Central scheme had been in planning and development since 1999, but in 2013, the decade and a half of delays and tricky loan negotiations all came good when Google agreed to take 1M SF at the scheme for a new London HQ. The deal catalysed the scheme and made it London's premier tech cluster, and other occupiers including Facebook, which is taking 600K SF, have been drawn there. It also cemented London's place as the tech

capital of Europe, and the city in which both startups and established tech companies want to take space. The deal persuaded AustralianSuper fund to buy a two-thirds stake in the development and ensure the funding of future phases.

Development Securities Buys U+I

Sometimes a great deal is about more than just profit and scale. The purchase of small developer U+I by Development Securities in May 2014 for £20M didn't really garner much attention at the time. But it has transformed what was DevSecs into U+I, one of the UK's most innovative developers. It has become a partner of choice for local authorities in London, Manchester and Dublin, undertaking some of the largest and most forward-thinking schemes in those cities.

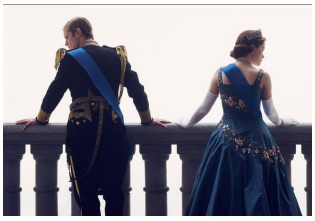
AXA-Led Consortium Buys 'The Stump'

When AXA led a consortium to buy the site of the stalled Pinnacle skyscraper in the City in 2014, the project had become a joke: halted at just eight floors it was known as The Stump. Just weeks after the Brexit vote, the company decided to commit to building the scheme, renamed 22 Bishopsgate, speculatively, at a time when no one knew if London would even have a financial services sector. While it is too early to say for sure what the building will be worth, the 1.3M SF tower is more than 50% leased ahead of completion next year at rents as high as £80 per SF. That means when it is completed it is likely to be worth significantly more than the £1.5B value put by Brookfield on next door 100 Bishopsgate.

Rockspring Sells The Tiger Portfolio To Lone Star

Sometimes a great deal is about getting assets at the right time. In November 2014 Rockspring sold the Tiger portfolio of five regional shopping malls to Lone Star for £265M. It was one of the best examples of selling at the top of the market, with retail values having trended down since then. Earlier this year Lone Star handed the portfolio to its lenders after the value fell bellow the level of the debt.

Aermont Buys And Refinances Pinewood Studios



One of the most profitable deals of the decade was undertaken in a sector that few people in real estate would even consider a property play — film studios In 2016 property private equity firm Aermont took film studio Pinewood private in a £323M transaction. It let the majority of the space at the company's Pinewood

the majority of the space at the company's Pinewood and Shepperton facilities in West London to Disney and Netflix, and earlier this year refinanced the company with a £600M bond, implying a valuation of £1B or more, almost trebling the value of the company in just three years.

Apple Takes Space At Battersea Power Station

The redevelopment of the iconic Battersea Power Station has had its problems, principally the fact that in the face of lower sales prices for residential units, it lowered the amount of affordable housing the consortium originally promised.

But as an office location it has been a spectacular success, securing Apple as a tenant for a new 500K SF HQ in 2016. That deal persuaded a group of Malaysian pension funds to buy the commercial element of the scheme for £1.6B, one of London's largest-ever deals, securing the funding for the wider development.

Patron Buys Punch Taverns

One of the most innovative deals of the decade came in a sector that few real estate investors have wanted to touch: pubs. In 2017, Patron Capital agreed to take private pub company Punch Taverns and its portfolio of 3,200 pubs in a £1.8B deal. Patron derisked the portfolio by teaming up with Heineken, which bought 1,900 of the pubs and reduced the amount Patron had to pay for the remaining 1,300.

See Also: Forget Politics And The Rise Of The Robots, Fees Are The Big Worry For Brokers

Related Topics: Blackstone, CBRE, Eastdil Secured, Carlyle Group, Hermes, Brookfield, Ares Commercial Real Estate, Westfield, APG Asset Management, CPPIB, Argent, Hermes Investment Management, China Investment Corporation, Logicor, Delancey, U+I, British Land, Landsec, Nuveen Real Estate