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**Reuters- Online**

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## Chinese developer to revamp London docks for Asian firms

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By Brenda Goh

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**(Reuters) - A Chinese developer has signed a deal to convert a derelict plot of land next to London's City Airport into the British capital's third financial district aimed at Chinese firms and worth an expected \$1.5 billion when completed.**

The 35-acre site at the Royal Albert Dock, industrial land currently strewn with empty warehouses and unused docks, will be redeveloped by [Advanced Business Park \(ABP\)](#) and British developer Stanhope into a 3.2 million square feet complex of offices, homes and shops that will house mainly Chinese firms.

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"Creating a third financial district in the capital, this development will act as a beacon for eastern investors looking west, bringing with it tens of thousands of jobs and billions of pounds of investment for the UK [economy](#)," London Mayor Boris Johnson said at an event where the deal was signed.

The scheme is the first project outside [China](#) for ABP, which has built a 15 million square feet [business park](#) in south west Beijing and is building two others in the coastal [city](#)  of Qingdao and Shenyang in north-east China.


It is targeting Chinese and Asian businesses looking to set up in Europe, believing this will provide a strong source of demand at a time when many European and U.S. firms are shelving office moves against a shaky economic backdrop.

The company will develop the site in five phases at a cost that was not disclosed. It will build a minimum of 600,000 square feet in the first phase and will receive the freehold once the complex is completed by 2021/22.

ABP has yet to sign up tenants for the scheme but has seen strong interest from Chinese firms looking to take space, ABP's Chairman Xu Weiping told Reuters. It hopes to sell 70 percent of the space to Asian firms, as Chinese companies prefer to own rather than rent their offices, he said.

The Royal Albert Dock, which opened in 1880, was once Britain's largest and is one of three docks in east London which the mayor has pegged for regeneration.

The city hopes to emulate the eventual success of the 97-acre Canary Wharf financial district that was built on the city's docks in the 1990s. Its skyscrapers now house investment [banks](#) such as Barclays and Morgan Stanley, after a difficult spell during which its developer went bust.

The Royal Albert Dock is connected to the rest of London by a light railway and its [transport](#)  links will further improve when the Crossrail scheme opens in 2018, Johnson said, adding the development would likely provide about 20,000 jobs.

London is keen to regenerate derelict sites around its eastern waterways in the aftermath of last year's Olympic [Games](#) and in March said it was hunting for a developer to build a floating village on the River Thames.

But the deal comes amid slumping demand for space in the City and Docklands (Canary Wharf) financial districts as Britain's [economy](#) struggles to recover from the financial crisis. The Shard, Western Europe's tallest skyscraper, has yet to announce an office tenant after opening in July last year.

About 9 percent of Docklands offices are vacant while 6.5 percent of City offices are empty, April data from CBRE showed. This compares to 3.4 and 3.5 percent respectively in late 2007 before the financial crisis.

Sovereign wealth fund [China Investment Corporation](#) owns a stake in Songbird Estates, the majority owner of Canary Wharf.

(\$1 = 0.6651 British pounds)

(Editing by Mark Potter)

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