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Chinese Developer to Turn London Docks Site into Asian Business Port

Boris Johnson Set to Welcome Major Property Investment from China

by Rachel McCormack, 10:59, May 29

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Chinese developer to create a 3.5 million square feet office complex

Boris Johnson is to unveil a £1 billion deal with a Chinese property developer to turn a London docks site into a 21st-century “Asian business port”, *The Financial Times* has reported. The deal, expected to be signed on Wednesday, May 29, is the London mayor’s biggest commercial property deal and one of China’s largest investments in the UK.

£1bn Docks Deal with Chinese Developer ABP

The Greater London Authority is understood to have nearly finalised a contract with Beijing’s Advanced Business Park (ABP) for a £1 billion development of a large business park on the north side of the Royal Albert Dock in East London, next to the City’s airport. The 35-acre dock site forms part of the 125-acre Royal Docks, which Boris Johnson nominated as London’s only recipient of enterprise zone status in 2011, with the aim to attract investment and jobs to an area that retains high levels of unemployment. If approved, work on the “Asian business port” project, which would be ABP’s first outside mainland China, would start in the next 18 months, leading to thousands of new jobs being created.

According to Johnson, the project, which will see the Chinese developer create a 3.5 million square feet office complex at the Royal Albert Dock, would create a third financial district in London after the City and Canary Wharf and would be appealing to Asian investors looking west. He was quoted by the FT as saying: "For centuries the waterways of east London were the throbbing arteries of UK trade and commerce. This deal symbolises the revival of that great era."

The Greater London Authority, which owns the land, has been advised by Deloitte Real Estate Consulting on finding a developer to turn it into "London's next business district". Other parties originally shortlisted included UK-based companies Muse Developments, Wrenbridge, Micro World Developments, St Modwen (LON:SMP) and Sinowest Construction Group. The lease on the Royal Docks site was thought to run for about 75 years, with the development programme expected by property market experts to take 10 years, the FT noted earlier this month.

Under the scheme, most of the docks site space would be occupied by offices, with 10 percent residential accommodation and some restaurants and retailers, the FT revealed. Aimed for completion in 2017 with the help of ABP's UK partner Stanhope, the project would comprise four phases, the first of which planned to develop 600,000 square feet of commercial and residential assets. ABP wants the complex to run as a 24-hour mini-city to accommodate the needs of Asian businesses focussed on Beijing time, which is eight hours ahead of London. Part of the appeal is its proximity to London City Airport, giving access to Europe, and Crossrail, for rapid transit to the City and Heathrow airport.

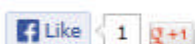
Unusual Business Model



Representatives of 20 Chinese banks interested in the property investment opportunity are expected to attend a signing ceremony

According to the FT article, no tenants have yet signed up for ABP's project but the Chinese developer has unveiled plans to target Chinese and other Asian banks eyeing access to London international markets. ABP has further remarked that it will adopt an unusual model by the standards of the London commercial property market, selling leases of up to 175 years on about half of the scheme, rather than renting it out.

Representatives of 20 Chinese banks interested in the property investment opportunity are expected to attend a signing ceremony on Wednesday, May 29 at City Hall before visiting the site.



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