

Chinese group to sign £1bn dock deal

By James Pickford and Ed Hammond

Boris Johnson will seal a £1bn deal today with a Chinese developer to turn a historic London dock into a 21st-century "Asian business port".

The scheme, which will enable Advanced Business Park to create a 3.5m square feet office complex at the Royal Albert Dock, is the London mayor's biggest commercial property deal and one of China's largest investments in the UK.

Mr Johnson said the 35-acre east London project would create a third financial district in London after the City and Canary Wharf and would be a beacon for Asian investors.

"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," said Mr Johnson.

No tenants have yet signed up for the scheme, the developer's first outside mainland China, but ABP is targeting Chinese and other Asian banks seeking access to London's international markets. Visiting representatives from 20 Chinese banks are expected to attend a signing ceremony today at City Hall.

Xu Weiping, ABP's chairman, said the developer had received expressions of interest from potential occupants. He added that he was "confident that there are UK and European businesses that will be attracted by the concept too, either to provide services to the Asian businesses, or to expand their own reach into Asia".

Under the plans by architects Terry Farrell and Partners, most of the space is to be occupied by offices, with 10 per cent residential accommodation and some retailers and restaurants. Carried out over 10 years in four phases, the project's first phase will develop 600,000 sq ft of offices and homes. The aim is for it to be completed in 2017.

Property developers have voiced doubts that ABP would be able to make money on the scheme, calculating that exorbitant rents would be needed to justify the £1bn investment.

But ABP will adopt an unusual model by the standards of the London commercial market, selling leases of up to 175 years on about half the scheme, rather than renting it out. Its UK partner on the project is the developer Stanhope.

ABP wants the complex to run as a 24-hour minicity to accommodate the needs of Asian businesses focused 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 transit to the City and Heathrow airport.