

East meets West

■ Government-backed conference examines Chinese perceptions of London. **Rhiannon Bury** reports

Last week more than 400 people packed into a marquee erected on a windswept development site on the banks of the River Thames to talk about how investment from Asia could transform east London.

An event organised by the Royal Albert Dock developer ABP, along with Savills and for which *Property Week* was media partner, hoped to establish new links between east London and Asian investors, to promote the area around the Royal Albert Dock site as a place where businesses will want to establish themselves and invest in new economic areas. The event was part of a larger five-day trade mission from China to the UK, backed by the CBI and UKTI, as well as the Chinese government. Around half the delegates were Chinese, with a focus on financial services.

ABP's chairman Xu Weiping kicked off the proceedings by welcoming the delegates to the site, where the company plans to build 3.2m sq ft of office and retail space, starting next year.

It is a year since the company signed a £1bn deal with the Mayor of London to redevelop the once-bustling Docklands area, and Xu said that the area has the potential to become "one of the capital's most exciting places to do business".

But the redevelopment of Royal Albert Dock will only be as successful as the occupiers it attracts. Xu claimed ABP is already in discussions with around 60 companies that are exploring the possibility of moving to the area, and the first occupiers are expected to be on site by 2017.

The plans for Royal Albert Dock are extensive: development on the 35-acre site will transform an area of London which was traditionally a hub of business activity with cargo coming into the capital via the Thames.

Today, with City Airport on its doorstep, a Docklands Light Railway station nearby and planned links to central London via Crossrail, the area's connectivity is more modern, but no less important.

The scheme is estimated to be worth £6bn to the



“**ABP has reinvented the rule book in many ways in terms of commercial development**”

Planning overview: communities secretary Eric Pickles, architect Sir Terry Farrell and ABP chairman Xu Weiping view the site model

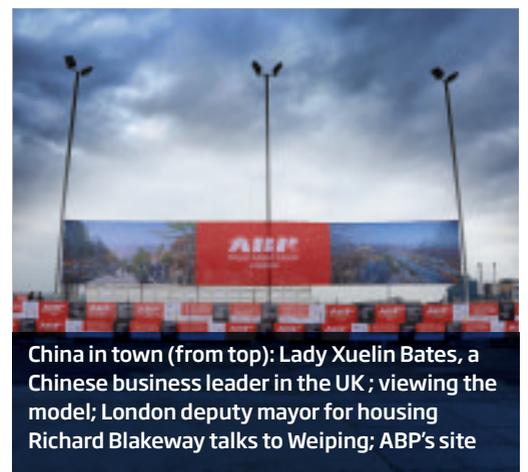
UK economy, and will generate £23m in business rates annually. ABP and UK development manager Stanhope submitted their plans to Newham Council in April with the help of architect Sir Terry Farrell.

Sir Terry told the conference last week that his masterplan was very much "place-based", incorporating a kilometre of new walkway along the river which will be open to the public.

Speaking as an investor in the UK, Dong Wenbiao, chairman of banking group China Minsheng Corporation and vice-chair of the All-China Federation of Industry and Commerce, told the conference about a recent meeting with prime

minister David Cameron. "Business leaders are very positive about the next 10 years in London," Dong told him. "There will be very fast development and very many business opportunities." He explained that the Chinese government is behind plans to invest money overseas as China's economy opens up. "China has reformed the economy it has had for the past 30 years and now it needs to go global. China is providing comprehensive support for us to go abroad."

Indeed, Chinese money is a huge influence on UK real estate. Research from Savills shows that mainland China, when combined with Hong Kong, is the second largest source of cross-border real estate investment in the world after the US.



Dong explained: "The UK is a mature economy and it has a sound legal system. Foreign investment in the UK can enjoy the same treatment as local enterprises. Also, the UK's political and social systems are quite stable and business development needs that."

Li Guangrong, chair of Sinosafe General Insurance, agrees. "Banks and financial institutions [in Britain] are willing to provide good support to projects, and there are professional and legal services which are willing to help investors."

"Overseas investors want to be able to control risk, to hire professionals and to avoid the related rises. These are key issues. Ultimately, Chinese investors will surely invest more and this will create a lot of opportunities and bring a lot of benefits."

Mark Ridley, chief executive of Savills, which is responsible for the leasing of the space at the Royal Albert Dock, said: "The scheme is already attracting lots of global interest, driven in part by the area's infrastructure. The site has excellent access to the rest of London and the UK, with City Airport on the doorstep flying to 43 international locations."

"There are opportunities for businesses to invest in the future – to buy their own headquarters building in a value-enhancing location."

Part of Savills' and ABP's challenge is attracting big occupiers to a part of London that they might not have heard of. Jeff Cao, head of Asia Pacific at London & Partners, said non-UK businesses need to know the advantages to being in non-traditional areas. "What matters is the cost of areas and the >>

China in town (from top): Lady Xuelin Bates, a Chinese business leader in the UK; viewing the model; London deputy mayor for housing Richard Blakeway talks to Weiping; ABP's site



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Chairman's address: Weiping welcomes delegates to the conference

» difference between locations in London. Most know nothing about the different characteristics of an area. If they compare the cost [of east London] to the cost of some of the other cities such as Birmingham or Manchester it's very similar.

“But how much do investors know about this part of London? Businesses want to be associated with London because of the prestige, and Asian investors are becoming more and more important to London.”

He praised the London Olympics in 2012 for an increase in the number of cranes seen across London's skyline and the work which is going into transforming lesser-known parts of the city.

David Cruickshank, UK chairman at Deloitte, agreed: “The success of the build for the Olympics and the impact on the investment around Stratford was huge,” he said. “It showed the world that big projects can happen with support. Newham is still an area with lots of deprivation – this sort of development [at Royal Albert Dock] will create many jobs.

“The statistics speak for themselves: 60% of companies from outside Europe choose to have their European headquarters in London. And there is something about business wanting to cluster together that makes a development like this ideal.”

One of the key messages from the conference was that the transformation of this part of London is a long-term process. Lord Mawson, social entrepreneur, said the importance of the area in the next few decades cannot be understated: “We're about 27 years into what is a 50-year process of regeneration.

“We have a long view. There is a new city



Extolling east London (clockwise from middle left): mayor of Newham Robin Wales addresses delegates; Lord Andrew Mawson on the roundtable panel; Eric Pickles joins the audience for Weiping's speech



East-west exchange: (clockwise from top left): Chinese delegates meet Eric Pickles; *Property Week's* Mike Phillips; Eric Pickles; Richard Blakeway, London deputy mayor for housing; Robin Wales and Weiping; Dong Wenbiao, chairman of Minsheng Corporation; Xiaoming Zhou, minister counsellor of the commercial office of the Chinese embassy in London



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emerging here in the east of London: Canary Wharf will probably double in size in the next 10 years. What we need in east London is intelligent business development.”

And political leaders are keen to encourage the companies to come in. Boris Johnson, who delivered a speech to the conference via video link, said the area around the Royal Albert Dock has the potential to become the third biggest business district in London, after the City and Canary Wharf, if future growth goes ahead as planned.

Communities secretary Eric Pickles hopes that growth will be buoyed by the decision to designate the area an Enterprise Zone. The area was granted the status in April 2012, giving it rates relief, simplified planning rules and business rates uplift retention for 25 years.

Pickles said the UK is the ideal place for Asian business to invest. “Britain’s economy is growing at its fastest pace for more than a decade,” he told the conference. “We are Europe’s number one inward investment destination. We have the lowest corporation tax in the G7 and since 2001, 1.7 million private-sector jobs have been created as well as 500,000 new companies.”

The area certainly has the potential to change – the area as it stands is little more than scrubland and concrete. ABP wants to transform the site into a buzzing hub of business activity within a decade.

“ABP wants to change the status quo,” Xu said. “We have to offer more than the centre of London – this has to become London’s next business district.

“ABP is revolution,” he said. And if he achieves everything he wants to, for this part of London at least, it will be. ■

