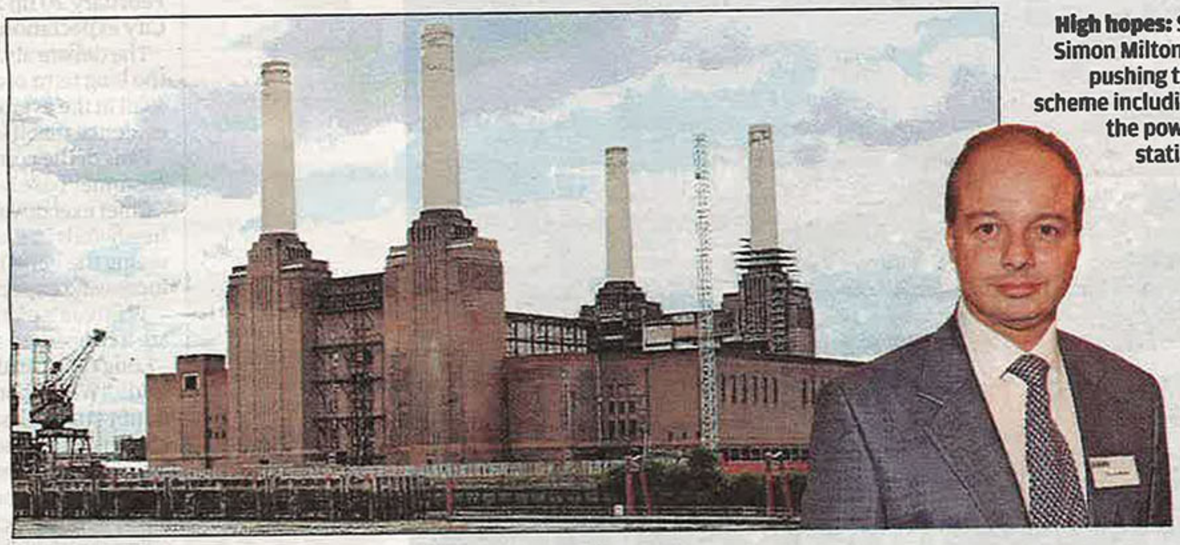
Business

A bright future at Battersea if obstacles are overcome

Peter Bill

ON PROPERTY



High hopes: Sir Simon Milton is pushing the scheme including the power station

CHAIRING a morning event at which 15 speakers laud the coming of London's biggest development after the Olympics can undermine one's natural scepticism.

At 1.45pm on Tuesday it was possible to imagine a 200-acre stretch from Vauxhall to Battersea filled by 2031 with 16,000 new homes, a rebuilt power station, a new New Covent Garden and tall offices surrounding the cubic United States embassy. All this, and more, linked by a broad linear park, under which will run an extension to the Northern line, with stations at Nine Elms and Battersea.

'There is now momentum. It looks like a new quarter for London is beginning to emerge.'

To reach this sunny conclusion you have to stop worrying about the £563 million needed for the Northern line extension, or the other half a billion required for new roads, bridges, services, schools and clinics. The figures come from a 200-page study which quietly worries that the £58 million gap between the £1059 million infrastructure costs and £1001 million of anticipated income from a development levy might widen to £513 million.

Boring: Instead imagine a whole new slice of Thames-side London filled in 20 years' time with 28,000 inhabitants and 25,000 workers.

Deputy Mayor Sir Simon Milton told the 220-strong audience at Battersea Power Station he was confident that the £58 million funding gap was "not an obstacle" and that a number of ways "including the retention of business rates" are being investigated.

Rob Tincknell, of power station owner Treasury Holdings, said he is confident the £563 million estimate for the Tube extension is sound. "We have had it looked at by Balfour Beatty. The contract will be fixed price and the risk taken by the contractor," he said.

It is a year since the last New London Architecture conference on Nine Elms was held. Then plans were sketchy. Now they are more detailed.

Wandsworth councillor Ravi Govindia caught the mood: "There is now momentum. It looks like a new quarter for London is beginning to emerge."

Berkeley Homes subsidiary, St James, pledged to begin work on 752 flats at the Tideway Basin in April. Sainsbury's showed drawings of a huge store surrounded by tower blocks. New Covent Garden boss Baroness Brenda Dean teased that fresh plans to rebuild the market would be revealed in days.

But, but, but: more than £700 million needs to be spent by 2015 on infrastructure, mostly on the Northern line extension.

In a sane world Transport for London would raise the money via a bond and claim it back, using a development levy. In the real world the developers are supposed to supply the bulk of the cash via a levy before and during development.

The chicken and egg issue is this: without the Northern line extension, there will be no development: without development there will be no Northern line extension. But let's stay positive: Milton promises the conundrum is being addressed.

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Capita buys library firm for £21m

Lucy Tobin

CAPITA, the outsourcer that runs the Government's criminal records bureau, today spent up to £21 million buying Talis, a library software-maker.

Despite the massive cutbacks in spending on public libraries and universities, Capita claimed Talis, which has around 100 academic and library clients, would add "valuable new expertise and capabilities" to its existing business.

The contractor paid £18.5 million cash, and said it will spend as much as £2.5 million more if Talis hits certain profit targets.

Paul Pindar, Capita's chief executive, said: "The acquisition of Talis will enable Capita to offer a wider set of services to the further and higher education markets and to local authorities, where we have a strong client base."

Birmingham-based Talis employs 42 staff. It made an operating profit of £3.5 million on turnover of £7 million last year.

Car fleet demand puts the brakes on falling sales

NEW car sales fell last month but not by as much as the City expected.

Sales normally dip in February which usually makes up just 3% of annual sales as buyers hold out for the new registration plate in March.

A total of 63,424 vehicles were registered in February – down 7.7% on the February 2010 figure, which was boosted by the Government's cash-for-bangers scheme, the Society of Motor Manufacturers and Traders (SMMT) said. Analysts had been expecting something just under 60,000.

The trade group said demand for car fleet vehicles remained strong but private sales had dipped again.

"The industry is looking for a strong March to kick-start demand for the new 11-plate," said Paul Everitt, SMMT Chief Executive.

Northbeach is riding on the crest of a wave

ADAM Blaskey was hoping his development of five Kensington flats we toured on Monday would be sold to a Chinese buyer by today. Result. Yesterday contracts were exchanged at closer to £15 million than £14 million for all 8300 sq ft at 3 Queen's Gate Place.

Now the 34-year-old former UBS equity sales trader can happily trade up to his next scheme, or two.

The Chinese investor will presumably be happy with the prospect of £590,000 a year in rents from the large and airy flats. Blaskey says they will be getting a 4% gross return on their outlay and the chance to cash in on rising prices.

Blaskey will be happy that his company, Northbeach, will get to manage the flats, even though in year one the price is zero. But the transaction will add to the credibility of his eight-year-old business, which is assembling investors to pledge £100 million with a promise of a 15%-20% return from converting and trading more mansion blocks.

Westfield beats Aussie rival Lend Lease to the punch

ON Tuesday, Aussie shopping centre giant Westfield jumped the gun on fellow-countrymen Lend Lease in the annual publicity race which culminates next Thursday at the MIPIM property show in Cannes.

By then, refreshed computer images of dozens of individual London schemes, as well as updated plans for Nine Elms and other major development zones, will have been spun into the media.

Westfield has permission to build 1.1 million sq ft of office space adjacent to its giant shopping centre in Stratford.

On the flimsy grounds cladding is complete, a 130,000 sq ft block called One Stratford Place was "unveiled" on Tuesday.

Next Monday, Aussie rival Lend Lease will unveil the branding for 4 million sq ft of nearby space they first unveiled a year ago.

On Tuesday the show shifts to Cannes. Apart, of course, from a speech by Mayor Boris, the big event that day will be the unveiling of a more detailed master plan for the 80-acre Earls Court redevelopment by Capital & Counties. The £1.3 billion company plans to build 7500 new homes and 2 million feet of commercial space. A planning application is to be submitted in June.

This Wednesday, CapCo produced a strong set of results for 2010. But the developer is having trouble with council tenants at Earls Court, who are threatening to go to law to protect their rights.

CapCo's financial statement raised the possibility of abandoning attempts to redevelop the flats on the western side of the site. So, those 80 acres may be subject of some shrinkage.

Next Tuesday the Olympic Park Legacy Company promises to pull a PR rabbit out of the hat at MIPIM.

Boss Baroness Margaret Ford has also invited an audience to review progress of what is dubbed the "Tech City" on Thursday.

Off to Cannes on Tuesday: Spin-resist copy next Friday, if that's humanly possible.

Zakay brothers keen on their day in court

EDDIE and Sol Zakay have a £1.5 billion property fortune. So why don't the brothers pay £40 million to settle a couple of long-festering legal claims?

The Government is suing their company, Topland, plus agent, LSM Professional, for £23 million.

The now-defunct Department of Constitutional Affairs alleges it was duped into paying too much rent for the Family Courts in Holborn, when it signed a new lease with Topland in 2003. This was not long after Standard Life sold the place to Topland for £58 million.

The insurer is also suing for £17 million, alleging LSM Professional did not reveal the DCA was signing a longer lease, which it alleges made the building worth £17 million more to a buyer.

Last week the Standard Life claim, lodged in 2009, was finally unsealed, revealing Topland's spirited defence, which makes it plain that the brothers are happy to see everyone in court.

Builder lands £86m deal to revive Woolwich

BUILDING firm Willmott Dixon has landed a major £86.3 million project in Woolwich near London's 2012 Olympic Park.

The Love Lane redevelopment – part of plans to revive the deprived area of south-east London – will house an 80,000 square foot Tesco superstore, car park, police station as well as 259 flats when completed in July 2013. Work begins in April.

Willmott Dixon director John Frankiewicz said: "It will bring huge inward investment to this part of Woolwich, which will create both new jobs and further growth."