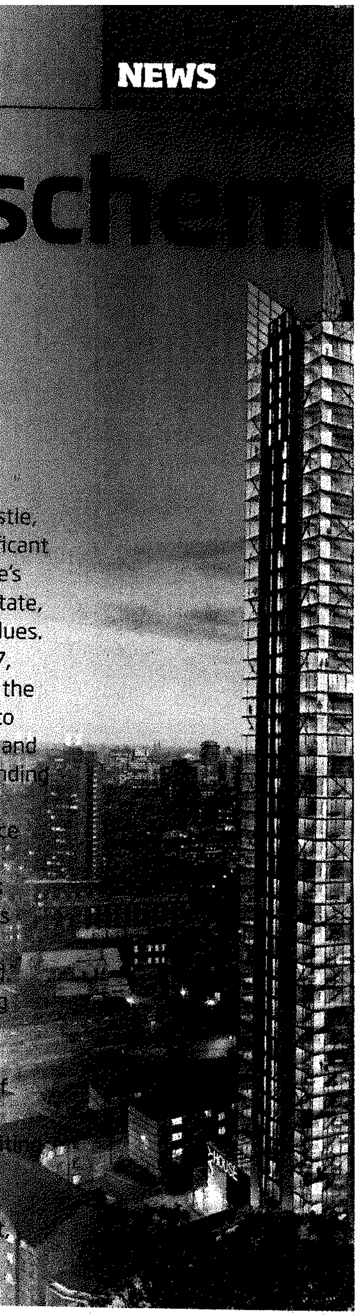
Blow to Boris as PRS sche[...]
opts for private sales



■ Mace considers cashing in on rising prices, leaving Essential Living out

BY HANNAH BRENTON

A scheme trumpeted as a "major milestone" for the UK's private-rented sector (PRS) market is expected to become a for-sale residential development in a major embarrassment for London mayor Boris Johnson.

Mace and Essential Living were appointed to develop a 44-storey tower – called 360 London – at Newington Butts at Elephant & Castle last July on land owned by the Greater London Authority.

But *Property Week* understands Mace has been talking to alternative developers to find a new funding partner for a residential scheme with predominantly for-sale properties, scuppering the mayor's plans to market the scheme as a solution to soaring housing costs in the capital.

The building would have been the tallest private-rented tower in the UK and, with Essential Living's involvement, the development was backed by US pension fund money managed by M3 Capital Partners, which Johnson hoped would lead to more institutional investment in the market.

Three-quarters of the 470 flats were to be brought forward as rental properties in a move hailed by the mayor's office as a "ground-breaking deal" and a "major milestone" for UK rental deals.

Although there are ongoing discussions between Mace and Essential Living, it is thought unlikely that the existing joint venture will proceed with the development.

GLA documents on Newington Butts state that the provision of PRS accommodation is optional depending on whether it is financially beneficial or accelerates the delivery of the scheme.

Mace is the only party mentioned in the contract award.

The lease agreement with Mace exchanged in March, but the final unconditional contract will not be finalised until October.

Mace's decision to pursue a for-sale scheme comes as rising residential prices in central London affect the viability of the PRS in prime locations, with open-market sale schemes netting much greater profits.

The area around Elephant & Castle, in zone one, is undergoing a significant regeneration including Lend Lease's redevelopment of the Heygate Estate, which is pushing up residential values.

Before the recession hit in 2007, First Base had an agreement with the Homes and Communities Agency to develop the Newington Butts site and won consent for the tower, but funding dried up in the financial crisis.

A Mace spokeswoman said: "Mace does not comment publicly on the details of its ongoing relationships with suppliers, clients and partners and we are currently progressing the Newington project as intended."

A spokesman for Essential Living said: "We will not comment on market speculation."

A spokeswoman for the mayor of London said: "Newington Butts remains on track to become an exciting new large-scale residential development, with hundreds of high-quality homes for private rent, delivered by preferred developers Newington Butts Development."

Shopping centre investment rises 45%

Shopping centre investment activity has risen by 45% in the first half of 2014 compared with last year, research by Strutt & Parker show, with £2.7bn of assets transacted between January and June.

A report by the agency has revealed that in Q2 2014, shopping centre transactions totalled £1.3bn – 65% up on the corresponding quarter last year.

Several notable deals have taken place during the first six months of 2014, including Land Securities' acquisition of 30% of Bluewater from Lend Lease for £656m and Westfield's disposal of its Derby shopping centre and 50% of Merry Hill to Intu for a combined £795m.

Strutt & Parker's research highlights that shopping centre investment volumes have continued to rise since 2012, when they reached their lowest level for 10 years. In the first half of 2014, volumes exceeded those for the whole of 2012, when only £2.6bn of assets were transacted.

Strutt & Parker head of retail Mike Rowlands said: "Shopping centre investment has picked up strongly since 2012, and 2014 looks set to exceed last year's figure of £4.5bn, with investors increasingly confident regarding the strength of the UK's recovery."

Palmer's Aberdeen bo[...]

Palmer Capital, Manse and Westhouse Estates have sold a site for 900 homes in Aberdeen to Barratt Homes for £30m.

Barratt has bought the 85-acre Riverside Quarter site in two phases, with the initial sale of 300 homes having completed last December for £10m.

Palmer Capital, Manse and Westhouse Estates bought the site for £10m in December 2010, meaning the £250m Palmer Capital Develop[...] Fund II, which funded t[...] scheme, has tripled its investment inside four [...]

Alongside Manse, on[...] regional venture capita[...] companies, and Westho[...] it obtained consent for [...] Davidson's paper mill sc[...] at Mugiemoss Road in 2[...]

Work on the first pha[...] of homes is due to start this summer.

Blackstone take FCA HQ
US private equity firm Blackstone has placed the Financial Conduct Authority's Canary Wharf headquarters under offer for around £165m.

Cadogan takes up in west London
Cadogan has acquired a £47m residential portfolio of almost 200 properties in South Kensington and Earls Court from fund management group Brandeaux.

JV buys Noma resi elements
A joint venture formed by Caddick Group and Generate Land has exchanged contracts to develop the residential element of The Co-op's Noma scheme in Manchester.

Mishcon moves to Africa H[...]
Law firm Mishcon de Reya has confirmed that it has selected Freshwater's Africa House on Kingsway, central London, for new headquarters.