

Jumbo ambitions

Delancey has acquired the Elephant & Castle shopping centre for £80m, but what does it have planned for what is universally regarded as an eyesore? *Helen Hamilton* finds out

White knight or reckless gambler? Specialist real estate investment and advisory company Delancey's acquisition of the unlvely Elephant & Castle shopping centre for £80m last December raised a few eyebrows in the property industry.

It looked like an excellent deal for St Modwen, which had bought the centre for £29m in 2002. Its own redevelopment plans had been hampered as it ended up at loggerheads with Southwark council.

Having been passed over as Southwark's regeneration partner, St Modwen faced demands for a chunky contribution towards infrastructure improvements and the council's refusal to consider more than 500 residential units in a redevelopment scheme.

Such constraints do not appear to deter Delancey and its acquisition

partner APG, which see the 3.5-acre shopping centre site primarily as a residential opportunity. The acquisition was the first by a new joint venture between the two firms, set up to invest in London's rented residential sector.

Delancey says it did not discuss the shopping centre site with either Southwark council or the Greater London Authority before the acquisition, because it was bound by a non-disclosure agreement with St Modwen. However, Delancey prides itself on tough negotiation and believes it has the bargaining power to get what it wants.

"The need to move forward with regeneration by the council has highlighted a willingness to be accommodating," says Delancey investment director Stafford Lancaster.

Infrastructure improvements are now to be financed largely with public money. They will include a redesign of the intimidating northern roundabout to allow pedestrian access and redevelopment of the Underground

DELANCEY AND OAKMAYNE PRESS AHEAD WITH SOUTH VILLAGE REGENERATION

Delancey also owns a site next to the shopping centre, with Oakmayne Properties, where construction of 373 residential units, student accommodation and leisure facilities is already under way.

The first phase includes a cinema and a new market square. In lieu of providing affordable housing, the developers are creating a large basement intended as an access and service area to a new shopping centre. This was part of the planning consent Delancey took on in

2011, and Delancey investment director Stafford Lancaster hints it may offer other opportunities for development.

The scheme had been called Tribeca but the name was criticised as a too obvious homage to New York, when there was already local hostility to the tall residential towers. Now combined with the shopping centre site, it is to be named South Village – a nod to Delancey and Qatari Diar's East Village scheme on the former Olympic site (see pXX).

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