CHAIRMAN'S CATEGORY COMMENTS

COMMERCIAL PROPERTY WRITER _Richard Northedge

The Commercial Property writers took as their brief an agenda that covered UK party politics, Greece's financial plight, the collapse of oil prices and the decline of a US gambling city. And UK property too! They covered that range in depth and with colour, chasing interviews and digging for detail. And the hard work and imagination paid dividends. The judges had to choose between a range of informative and entertaining articles that were a pleasure to read.

Winner: Hannah Brenton, Property Week

Hannah returned to Soho – an area that has regularly attracted the property press's feature writers – but found insights that had been missed by her predecessors. She also interviews the team from Argent, the company regenerating King's Cross.

But the article that most impressed the judges was her piece on Atlantic City, a once prosperous US gambling resort whose glory has faded. She provided colour and analysis and – after diligent persistence – got Donald Trump to give his opinion of where his dream had gone wrong.

Her skills include not simply giving the developers' viewpoint but talking to the wider group of stakeholders and painting a wider, deeper and more colourful picture.

IBP Awards

Hannah Brenton - Commercial Property Writer

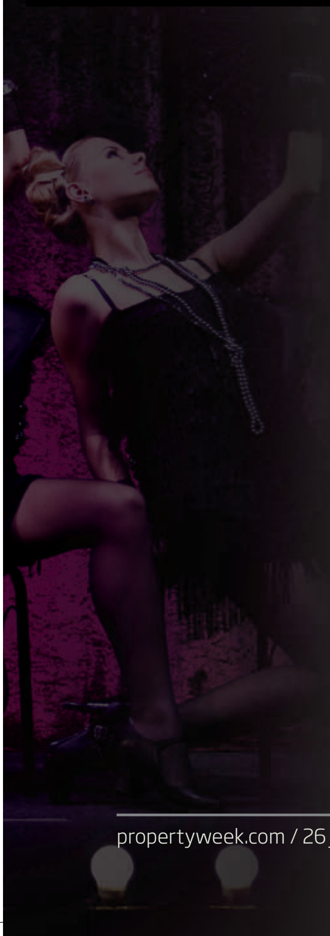
I am currently deputy news editor at Property Week, where I cover two of the biggest patches: the West End office market and residential property. I write in-depth interviews, features and investigations, while consistently pulling in exclusive front-page news for the magazine.

I attach a feature about the changing face of Soho, an interview with the partners at developer-of-the-moment Argent, and a piece on the regeneration of Atlantic City in New Jersey. They demonstrate the breadth and depth of my reporting on issues that have wide implications for the property industry and involve some of the biggest names.

The feature titled 'Red light for Soho amid gentrification fears' explored the battle to preserve the character of London's Soho. The fight has garnered national media attention, particularly since the launch of Save Soho campaign group in December 2014. However, the debate is often portrayed through either campaigners' eyes or from a developers' perspective. In this feature I sought to engage with both sides of the argument and spoke to both camps. I sought out local businesses in Soho facing rent rises, the Save Soho campaign, the council and large landowners to understand the different viewpoints. The resulting piece offered a lively debate without being skewed to one perspective.

The interview with Argent, one of the most talked about developers in the UK, revealed the ethos behind the company for our readers. Instead of interviewing one senior figure at the company, which is pursuing some of the country's largest redevelopment schemes such as the regeneration of King's Cross, I spoke to six partners to explore the rapid growth of the business and its future plans. The interview provided an insight into a small team now working on a series of huge eye-catching projects and their plans to move further into residential mixed-use development. It asked tough questions of the partners about the speed of growth, while offering an insight into the company's culture.

The feature on Atlantic City offered our readers in the UK an insight into the struggle to regenerate a former gambling mecca in the United States. The feature was the front cover of our international issue and included interviews with senior figures such as the Mayor of the city and billionaire developer Donald Trump – which took persistence and phone calls at odd hours to secure. I also travelled to the New Jersey seaside city to report on the impact on the ground and spoke to locals who had lost their jobs during the series of casino closures last year. The piece raised interesting questions about the potential redevelopment of former casinos and the difficulty in restructuring an economy overly dependent on one industry.



With concerns over the gentrification of Soho reaching fever pitch, **Hannah Brenton** hits the streets to find out whether the much-loved area is truly in need of a saviour

The battle is on for the soul of Soho. A host of famous faces, headed by chairman and all-round media darling Stephen Fry, launched the 'Save Soho' campaign last December, following the closure of burlesque nightclub Madame Jojo's.

The campaign claims music and performing-arts venues are disappearing because developers are not taking account of Soho's heritage or preserving its 'bohemian' atmosphere. Developers and the council counter that the area is just going through another evolution, as it did from its seedier roots in the 1980s. *Property Week* spoke to local businesses, landowners and the council to discover where the battle lines lie and answer the question: does Soho really need saving?

Heavily associated with crime and the sex industry in the 1980s, Soho has become a hub for the arts and the creative industries in recent years – while retaining some of the vestiges of its seedier past. Its winding alleys and back streets have insulated it somewhat from the throngs of tourists on Oxford Street and Piccadilly Circus, and it is largely home to independent bars and shops rather than the chains. Yet with the arrival of Crossrail in 2018, different routes into Soho will be opened up by an entrance on Dean Street, and as a result, a wave of development is being brought forward.

Campaigners claim this risks 'sanitising' Soho. "No one is craving the days when it was wall-to-wall sex shops," says Colin Vaines, a film producer working with the Save Soho campaign. "You could argue it had a character then that has somewhat disappeared, and quite honestly no one wants to go back to that, but at the same time there is a level of almost what I call 'Disneyfication'."

Vaines, who owns two flats in Soho and has worked in the area since the 1970s, claims existing businesses are being banished as landlords cash in on higher rents. "There's massive pressure to throw out existing businesses like editing rooms and tailors. These blocks are being very quickly revamped and refurbished into what ultimately have to be designated luxury flats at a price most local people would not be able to afford."

He argues there needs to be some sort of intervention from Westminster City Council or landlords to preserve the area. "Do they simply want an area of London that looks an awful lot like everywhere else and that has a lot of expensive flats and glossy

shops? Or do they want something that retains the kind of unique qualities that Soho has always had?"

Much of the criticism of the change in the area has focused on this point - small businesses being forced out in favour of upmarket boutiques. Whether it's sex shops, vinyl shops, textile shops or hardware, rent rises are having a very visible impact on the make-up of businesses in Soho.

The Soho Original Bookshop is a local business on the side of the campaign. "Does Soho need saving? Yes it does," says Oggy Jordan, book buyer and manager at the shop, which sits on the corner of Walker's Court, equipped with various racy titles.

The bookshop used to have four stores across the area but is now down to just one. An old shop on Dean Street has been replaced by upmarket juice brand Joe & the Juice, Jordan says scornfully, claiming that rent rises in Soho are "unregulated" and "out of control".

"The gentrification of the area is not very good for many of the small businesses," he says. "They want to get rid of the sex shops, but they are part of the area. Soho is known as a red-light district - many tourists come in and ask where it is."

But local landlords dispute the claims. Soho Estates chairman Steve Norris, whose company is redeveloping Walker's Court - where Madame Jojo's was located - said there was another reason Soho sex shops are closing.

"Nobody buys these books any more - that's why they are under pressure," he says. "There was a time when that was what pornography was. It was strip clubs and dirty book shops and illegal films that you bought or whatever. None of that stuff is selling any more because whatever you want - if that's your inclination - you can get it on the web with a click of the mouse.

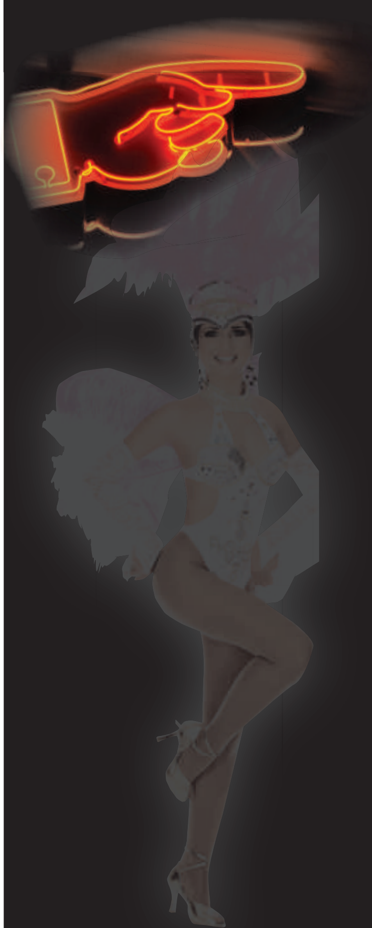
"That's why when those guys say we can't afford to stay, of course they can't, because their sales are going down and down and down. That's why all those businesses are getting sold. But that's like saying 'I'm a blacksmith and I'm in trouble with the rent' - you probably are."

Understanding Soho

Soho Estates' plans for Walker's Court include resurrecting the Boulevard Theatre and bringing back Madame Jojo's in the completed scheme. It will undoubtedly spruce up one of the more rundown alleyways in Soho, which are also home to The Box nightclub favoured by celebrities such as Cara Delevigne and Rihanna. The developer is also planning a mixed-use scheme at the former Foyles book store on Charing Cross Road.

"Nobody wants to save Soho more than we do. Some people who don't really understand Soho will describe any improvement as somehow destroying its character - and this is nonsense," says Norris.

Turning the page: Brewer Street is home to the iconic Soho Original Book Shop



He is adamant that Soho Estates, the realm of porn baron Paul Raymond, would rather have the "Algerian coffee house" than a chain in its buildings, arguing the last thing he wants is to turn the area into "Woking". But Norris does admit to having some reservations about the amount of residential coming into the area and advises buyers to be aware of Soho's raucous reputation.

Brian Bickell, chief executive of Shaftesbury Estates, the largest single landowner in Soho, offers a similar perspective. "The easiest way to kill an area is to stop it changing and responding to what people want because if you do that people won't come," he says. "We do need people to come to Soho. It has always been a magnet for whatever reason - dining, entertainment, a bit of shopping. But it's got to stay relevant to what people want today. It's no good serving up what people wanted 30 years ago, that is of no relevance any more."

Shaftesbury, he argues, is a long-term investor in Soho and it would not be in the company's interests to kill the area's vibe. The FTSE 250-listed company prioritises independent retailers over the big corporates, he adds, and would not let areas in its portfolio become "gentrified".

"We certainly don't go upmarket, we don't do high price points and we don't encourage Michelin-starred restaurants and Bond Street-type shopping, or even shopping centre-type retailers - that's not our world," he says, adding that the volume of people coming to and from the London 'village' would keep Soho mid-market.

He points to Kingly Court as an example of how existing buildings can be repositioned. Initially constructed as stables in the 1800s, the complex was then retail before becoming a popular food hub. "We believe change is inevitable and you need to embrace it and that's the way to keep Soho popular and prosperous," he says.

Westminster City Council too argues that it has been working to "preserve and enhance" the area by renting properties in its ownership to small businesses, protecting social housing and cracking down on office-to-residential conversions.

"I think that Soho has constantly evolved and will continue to evolve," says councillor Daniel Astaire, cabinet member for business. "We have given more than 70 new entertainment licences over the past three years, which I think shows the commitment to the entertainment and night-life aspect of Soho. It is effectively a jewel in Westminster's crown and something that we are very keen to see grow, as well as continue to offer the sorts of things that it does now to future generations."

It will need to because, for better or worse, there is certainly a lot of development work in progress. Broadwick Street is expected to become a thoroughfare into the area, with Great Portland Estates redeveloping the former St Lawrence House office building, to include more retail frontage. Shaftesbury has pre-purchased the retail at Barratt and United House Development's almost-completed residential development Trenchard House, and is also drawing up refurbishment plans for Jaegar House further up the street towards Carnaby.

Meanwhile, Peter Beckwith's PMB Holdings is redeveloping 90-104 Berwick Street to include a new hotel, 16 new homes, improved shop units and roof terraces for neighbouring Kemp House residents. *Property Week* revealed in June that Shiva Hotels has bought Marlborough Yard on Poland Street from Amazon Property for a 150-bed hotel scheme. Amazon meanwhile, is still thought to be pursuing a residential conversion of 52 Poland Street - and a number of smaller residential conversions are taking place across Soho.

Office schemes include Aviva Investors' 20 Soho Square refurbishment and Capital Real Estate Partners' 77 Shaftesbury Avenue. "You've got a number of schemes coming through that will be interesting to watch," says Chris Watkin, founder and partner at office agency Bluebook. "We will see a continuing change in the type of occupiers coming into Soho - I think you will see more from the non-media sector coming in."

Cross-town traffic

They will have to pay for the privilege. CBRE data shows top rents in Soho have risen from £42.50/sq ft to £85/sq ft over the past five years - potentially threatening to price out media occupiers. Watkin says most of the big names are still wedded to Soho - the likes of M&C Saatchi and 21st Century Fox - although, public relations firm Hill+Knowlton left Soho Square for Clerkenwell last year.

The biggest impact from Crossrail will be on the eastern end of Soho at Soho Square, traditionally priced below Golden Square in the west where the record £85/sq ft was set by global drinks giant Diageo in May, he believes. "If you think recently or historically Soho has been split into east and west Soho - with west Soho benefitting from the Crown's regeneration of Regent Street. Does Crossrail have the same effect on east Soho? I think it does," he says.

Tracey Mills, executive director of development and London leasing at Davis Coffer Lyons, works with Shaftesbury on its food leasing strategy. Like Watkin, Mills believes Crossrail will have a huge impact at the eastern end of Soho, blurring the boundaries with Covent Garden, particularly along Charing Cross Road where "early adopters" are already taking restaurant space while rents remain at a discount.

"Crossrail to us, from a food and beverage point of view, is a precursor to getting some interesting brands in between the two areas," she says.

Undoubtedly Soho is going through a period of change. Developers do need to keep Soho's heritage in mind, but campaigners should take heart that long-term owners have just as much incentive to protect the quirky, fun, live-and-let-live aura of Soho as they do. ■

All the King's

■ Argent cemented its reputation with its revamp of King's Cross. Now with a new backer, its partners tell **Hannah Brenton** why they are ready take on more

On a bright day in Granary Square, at the heart of the King's Cross regeneration area overlooked by Central Saint Martins college, six men blink in the sunlight, sticking out like sore thumbs in their suits and ties among the students and pop-up food vans.

While they look incongruous, they are far from it. Most of the students would not be frequenting said pop-up vans were it not for these six, for these are the men from Argent - the firm behind the area's reinvention.

Not many developers can boast they emerged from a complex decades-long regeneration project with their reputation not only intact but enhanced. Argent, which is now intrinsically linked with its rejuvenation of the 67-acre site to the north of King's Cross station, can. Even praised by anti-development groups, the firm has transformed the former red light district into a new and vibrant area of London and lured big-name occupiers such as Google and Havas north of Euston Road to pay as much as £80/sq ft for office space.

It is not stopping there. Since the turn of 2015, the developer has announced a new partnership with US private-rented giant Related Companies, been selected as the preferred bidder on Brent Cross South in north-west London and been lining up a 2,000-home regeneration scheme in Tottenham, north London. It is also working on Paradise Circus in Birmingham and Airport City in Manchester, and there is plenty of work on King's Cross still to come – as well as the prospect of working on the redevelopment of Euston station.

"If you look at the stuff that we've got on the books at the moment, it is 15m sq ft just today - let alone the stuff we haven't bid for yet or finalised," says managing partner David Partridge in an exclusive interview with *Property Week* inside their famed Granary Square development. "If you put £600/sq ft on it or something like that, you're talking £9bn-£10bn of end value potentially, and more. The sky's the limit."

But with so many huge regeneration projects in the pipeline as well as its joint venture with Related, how will it cope with all these schemes - and why is it diving deeper into residential?

Having seen its headcount leap from 35 in 2007 to 175 in 2015, Argent is accustomed to rapid expansion. Right now, however, it is facing the prospect of losing some of its best known faces. After almost two decades as the development arm of BT Pension Scheme (BTPS), in 2012 a management buy-out turned the company into a partnership. A roster of 10 partners was appointed to lead the firm, some of whom - Tony Giddings, Roger Madelin and Jim Prower - will be resigning over the next six to nine months, while James Heather is leaving to pursue new ventures.

The job of driving Argent forward now falls to the remaining members of the gang - David Partridge, Robert Evans, André Gibbs, Nick Searl, Richard Meier and Mike Lightbound. Fortunately, it is a gang diminished in number but not in spirit.

Relaxed in each other's company, despite claiming not to have been in the same place together for some time, they laugh easily and talk over one another to press their point. Partridge jokingly refers to Evans, Argent's residential guru, as 'Mr Cheese' for his terrible puns, to which Evans replies "Gorgonzola".

With their numbers to drop to six, they plan to bring more people into the partnership to get up to their usual 10 as well as add to the headcount across the wider company. Gibbs, who was one of the original partners in the LLP and is now overseeing the development of Brent Cross, believes Argent has already learned the lessons needed to deal with the anticipated growth.

"The big steps happened when we were going from 50 to about 75 [staff members] about seven

Cross men

Property Week Interview

years ago and we've had to put in a lot of deliberate processes reinforcing our culture as opposed to it happening by osmosis," he says. "But going through that painful process has set us up very well to be able to grow not limitlessly, but in a way that enables us to feel a little more comfortable that we can flex."

The team will not be drawn on how much they expect to grow, but joke that CVs should be sent to Gibbs for Brent Cross, before back-tracking in fear of an onslaught. Evans laughs that he was "teased" at Mipim about how Argent would cope with its new pipeline. "The cheeky answer was that we always said we can only do a handful of projects at one time - fortunately we've got quite big hands."

It is no different from the challenges any growing business faces, adds Searl, whose expertise is in offices and retail. Any expansion will be carefully controlled, he adds. "If you overstretch yourself, you risk damaging your reputation," he reasons. "So we will constantly make that judgement about how far is far enough and what makes sense for the moment."

Behind the scenes

This is not to say change will happen at a sedate pace now Argent has secured a new backer. Formerly, all of its schemes were undertaken with Hermes, the asset manager for BTPS, even as the LLP. But that formal tie effectively comes to an end once Paradise Circus and Tottenham are completed.

Hermes and Argent will still be able to work together, and Partridge describes it as a very "grown up" relationship, but Related will be the partner on new projects going forward and it will be the Argent Related joint venture that works on Hermes-owned land in Tottenham Hale.

"All the future stuff that we do will be through the Argent Related partnership," says Partridge. "Having worked exclusively for BTPS for 15 years, and since that wasn't going to go on forever, we've linked up with Related in a similar arrangement."

Evans adds: "We're doing bigger and bigger projects and there was a limit to what [Hermes] actually wanted to stand behind in our growing range of activities. The difference with Related is they obviously are a like-minded developer, so that's part of the equation."

Finance director Lightbound says one reason Related and Argent are such a good fit is they both

« take the long-term view. "It creates a certain synergy because Related is able to think like that."

Partridge cites three other attractions of Related as a partner. First, its big balance sheet to support Argent's ambitions. Second, its existing partnership with Sydney & London to redevelop Euston station – HS2 is expected to procure a development partner by the end of the year and although it's early days, given Argent's relationship with Related it naturally hopes to be in the running.

Third is Related's expertise in build to rent. Related owns 55,000 rented homes across the US and is undertaking the mega-$20bn Hudson Yards mixed-use regeneration scheme in Manhattan, New York. This expertise should be invaluable as Argent ventures further into residential and into the build-to-rent market for the first time.

Resi road to growth

For Searl, this move towards residential is the "single biggest change" the business has faced since he joined. "Over the last five years, a developer that essentially built offices is now very, very comfortable with building large-scale residential in different areas," he notes.

The move was in many ways inevitable given demand in the capital for affordable mid-market residential from the general public and the local authority and public partners with whom Argent works on most of its regeneration schemes, adds Evans. "If you're interested in mixed-use development at scale in the UK, which is what we do, you end up doing residential," he says.

The rise in values for residential only makes it more attractive, says build-to-rent specialist Meier. "If we can do [residential] well, as we have been doing, and in new and different environments, then it's good business for us but also good for London."

Argent's build-to-rent properties will be aimed at the mid-market, particularly young professionals and families. It is eyeing for-sale values in the £500-600/sq ft bracket, with a two-bed flat set to cost around £350,000.

The team also insists Brent Cross is not intended as a "dormitory town" and will actually have more office space than King's Cross, partly to scoop up companies being priced out of the centre. A compelling retail, food and beverage offer is also likely to play a significant role at Brent Cross, as it has at King's Cross.

All of this plays to Argent's focus on place-making, of course: a concept many talk about, but few know how to deliver. The Argent partners believe it is their attention to detail that makes all the difference.

Of King's Cross, Gibbs says: "We try to get people to feel that they own it. We do a lot of active management, but actually the passive management, bringing people through the spaces and making sure they are used and part of their daily lives, is what leads to a transformation from being bricks to being a place."

Granary Square, King's Cross (top); St Peter's Square, Manchester (above); Brindleyplace, Birmingham (left)

BOTTOM LEFT: OOSOOM; BOTTOM RIGHT: ANTHONY O'NEIL; TOP: FLICKR.COM/NICK

> **"We try to get people to feel that they own it - it's as much theirs as it is anyone else's"**
> **André Gibbs**

Contending that some housebuilders have been "found wanting" on mixed-use schemes because they simply add a "leisure box" to the bottom of a tower, Partridge adds: "We understand the complexities and layers of things, and sometimes people just think we'll build a nice big square and stick a restaurant in the corner."

Evans, meanwhile, stresses the importance of delivering on promises and building trust with the local community. "We focus very hard on doing what we said we'd do and sticking to it," he says. "That's a very simple thing to say, but a big thing in our industry."

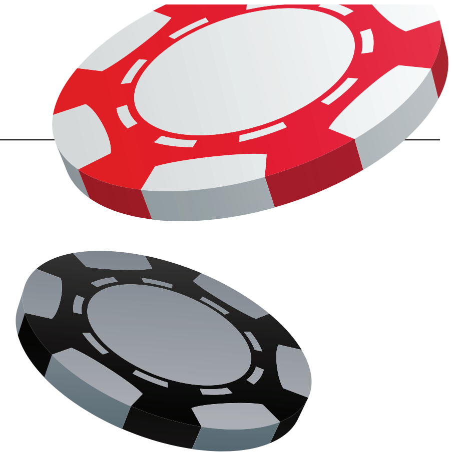
The Argent team argues that its partners and employees are particularly motivated because they hold a stake both personally and through the LLP. This commitment certainly appears to have paid off in terms of the results. But while Argent may have cracked the place-making puzzle at various of its schemes, it has yet to tackle the challenge of estate regeneration. The King's Cross project was not without controversy –it faced challenges at the outset due to its heritage buildings – but Argent did not have to contend with the backlash faced by the likes of Lend Lease at Elephant & Castle and Capital & Counties at Earls Court over the decanting of residents during construction and the effect of their schemes on the local community.

It may not be too long before it does. *Property Week* understands that the developer is still in talks with One Housing Group about regenerating a number of estates in Docklands.

The team will not be drawn on this, but Evans does say it will be impossible to meet home-building targets in London without estate regeneration. "We need as an industry to do estate regeneration, which we've put in a box marked 'too hard' for about 10 years - but how do we do it in a way that builds trust and does it better?"

If the Docklands project is added to its growing book of developments, Argent will certainly be stretching its own motto of taking on only a few developments at once. The partners would also have to face the challenge of dealing with existing residents in a way that wins support locally and attracts as little controversy as possible.

Not that it is afraid of or can't handle a bit of controversy - as its success at the likes of King's Cross demonstrates. ■



Place your bets

Atlantic City has hit a low – casinos are closing and revenues are plummeting. But as **Hannah Brenton** discovers, its luck may be about to change

At the northern end of the Atlantic City boardwalk, the Revel casino glistens in the sunshine. The now silent blue-tinted tower complex, which cost $2.4bn (£1.55bn) to build, was bought out of bankruptcy last month for $82m – a mere four cents on the dollar. Next door, the Showboat casino also stands empty – the crash of waves and the screeching seagulls all that is audible now there is no rattle of slot machines or rustle of cards.

For decades, Atlantic City has been all in on gambling – and last year it lost big. The New Jersey seaside city, known as America's favourite playground, saw four of its 12 casinos close in 2014, with the loss of more than 8,000 jobs. The Revel – which only opened in 2012 – the Showboat, the Atlantic Club and Trump Plaza all shut their doors. Their closures came as gaming revenues in Atlantic City halved from a $5.2bn peak in 2006 to $2.6bn last year after neighbouring states legalised gambling and ate into the city's East-Coast monopoly. In exclusive comments to *Property Week,* Donald Trump, who made his name in the city, says he has lost faith.

Unfortunately, the city's finances are dependent on the casinos and their closures and fall in revenues have not just ripped into its property tax base but left Atlantic City teetering on the brink of bankruptcy.

But the future is not completely bleak. In a bid to put its house in order, New Jersey governor Chris Christie has drafted in corporate finance attorney Kevin Lavin as emergency manager, with Kevyn Orr, the man who oversaw Detroit's bankruptcy proceedings, acting as special counsel to Lavin.

Investors and developers have also begun circling the Vegas of the East Coast with some eye-catching plans for its revival. Meanwhile, officials are seeking ways to encourage the diversification of the city's economy away from a pure gambling destination. But can Atlantic City really reinvent itself? And what will become of the huge swathes of beachfront real estate now occupied by closed casinos?

Gamblers' paradise

Atlantic City began life in the 1850s as a resort-by-the-sea and had a 'golden age' in the roaring 1920s when local political boss 'Nucky' Johnson – immortalised in HBO TV series *Boardwalk Empire* – flouted prohibition laws and encouraged alcohol and gambling in the city. In the 1980s, after a post-war slump, the city's economy became based almost entirely on casino gambling and it was poised for another high point.

"I saw the real heyday of Atlantic City in the 1980s and 1990s," says John, a 64-year-old dealer at Bally's casino, who like several others we spoke to preferred not to give his last name. "It was just Atlantic City and Las Vegas then."

After a referendum to legalise gambling in 1976, the first casino, Resorts, opened in 1978, with more following in the 1980s and 1990s, including a number – like the Trump Plaza and Trump Taj Mahal – owned by real estate mogul Trump.

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“For 30 years with no competition, all Atlantic City was concerned about was gambling and casinos,” Atlantic City mayor Don Guardian says. “But five years ago, that monopoly ended and instead of having 12 casinos in Atlantic City serving the East Coast, we now have more than 30 casinos just in the states around us: Delaware, Pennsylvania and New York.

“Unfortunately, the number of people who are gambling and the amount they are spending have not increased, so you basically took the same value of $5bn-$6bn and divided it by 30 instead of 12.”

The four beleaguered casinos could not survive. When the Atlantic Club – formerly the Hilton – shut down last year, 38-year-old Alcides, who is now working as a waiter at Jimmy Buffett’s Margaritaville, was shocked. His first job had been at the casino – and he had subsequently worked there for 20 years.

“They kept saying they might have to close it – but we didn’t believe them,” he says, adding that some of his former co-workers still haven’t found work. “Some of them went to the Revel, then that place closed; the Showboat, then that place closed; Trump Plaza, then that place closed – the rest got seasonal jobs. Some of them went to the Golden Nugget – they were lucky.”

The closures and job losses would be difficult for any city, but for one that is kept afloat by taxes from the casinos, it has been particularly hard. Jon Hanson, chairman of developer Hampshire Real Estate Companies, who oversaw a review of Atlantic City for Christie, says the city’s biggest challenge is the cost of running its local amenities, which stands at around $400m annually.

The city’s budget, he says, grew correspondingly with gambling revenues as the tax burden on the casinos increased with the value of their properties. Yet, as those revenues then declined and revaluations brought down values, taxes did not go down. As a result, the casinos filed tax appeals – and won. The pay-outs and ongoing change to its tax base have forced the city into a precarious financial position and led to spending cuts and lay-offs.

Following advice from Hanson’s committee, Christie appointed an emergency management team in January, led by Lavin and Orr. Their first report was published in March. In it the duo warned that the city faced a $101m shortfall this year and would have to reduce its workforce and make other cuts to close the budget gap.

Taxing times

Mayor Guardian has been at the forefront of spending cuts since he took office 18 months ago. The Republican says that as recently as seven or eight years ago, the casino industry paid 85% of the property tax in the city, but by January 2015 that was down to 49%.

“When the assessed values went down [seven years ago] the city and each casino fought over tax appeals and the city lost every one. By the end, the city will have had to take out debt of nearly $400m just to pay back casinos for their successful tax appeals,” Guardian claims. “The city has gone from a $20bn assessed value seven years ago to $7.3bn today, meaning two-thirds of the value and the taxpayers have disappeared from our world.”

Contentious: the Showboat is at the centre of a conversion battle

Waiting game: after closing in 2014, the Revel has been sold for $82m

However, the mayor says action has been taken to plug the gap. Since he took office the city has cut $30m from the annual budget and is planning another $10m cut this year. The state of New Jersey is set to provide $30m of support, while $60m the casinos formerly paid to the state for marketing and economic development will be redirected to the city’s coffers.

“People are saying we’re very much like Detroit, but Detroit had $19bn in debt and Atlantic City has around $260m. When we’re finished we’ll end up with about $400m. That [$400m] is certainly nowhere near a $19bn debt,” he adds, although he acknowledges the need for a “whole lot of belt-tightening”.

There are other reasons to feel cautiously optimistic. The latest figures released in the year to March show revenues have actually improved at a number of the casinos, particularly the three in the marina district – Harrah’s, the Borgota and the Golden Nugget, which is a short drive from the boardwalk. However, overall gaming revenues are slipping across the city, according to the Center for Gaming Research at the University of Nevada in Las Vegas.

Officials and developers are now intent on broadening the offer to both tourists and residents, and the shuttered casinos are beginning to change hands and use. Local higher-education establishment Stockton University is planning an island campus, hotel and student housing complex on the site of the Showboat. The university has agreed to sell the casino site for $26m to Florida developer Glenn Straub, who also purchased the Revel at the rock-bottom price of $82m. The Showboat conversion faces complications through an ongoing battle with Trump Entertainment Resorts, owner of neighbouring casino Trump Taj Mahal, which is seeking to enforce an old zoning agreement that only a casino can be operated from the site. It argues having students next door who are under-21 and cannot legally drink or gamble would be problematic.

“We’re not going to get the corporate office parks – they just won’t come”

John Palmieri, executive director, CRDA

Upmarket vision

Straub and Stockton have now joined forces to push through ‘Project Phoenix’, their $500m, eight-part vision for the seaside strip. As Straub now controls both the Revel and the Showboat, he envisions a new airfield project, extreme sports complex, two marinas with capacity to host superyachts, a world-class multipurpose equestrian complex, indoor and outdoor waterparks, two universities, a pier project with laser light shows, as well as high-speed ferries and a helicopter service connecting Manhattan and Atlantic City. Planning also includes a medical complex, high-end independent living facilities and an entertainment hub.

Straub – who owns a prestigious polo and country club in Florida – clearly believes in a more upmarket future for Atlantic City. Superyachts and a world-class equestrian complex bear the hallmarks of a developer with an eye on the East-Coast elites. It is early days for his grand plans, but he has already made progress taking control of two of the four shuttered casinos.

Meanwhile, the Atlantic Club, which also closed last year, is believed to be on the cusp of a deal with Endeavour Property Group, which specialises in residential property and housing for the elderly, so another of the casinos could well have a non-gambling future.

Trump Plaza, however, may not be quite as straightforward to repurpose. Both Guardian and John Palmieri, executive director of the Casino

On the strip: Atlantic City's famous boardwalk

Reinvestment Development Authority (CRDA), view the building as a more complicated conversion and suggest it could be demolished to create a new city piazza.

Since it became apparent casino revenues were in decline, Palmieri's CRDA has been working to finance projects that bring new visitors to the city. "We're not going to get the corporate office parks. They just won't come here - there isn't enough of a corporate and industrial presence. So we're focusing on tourism," says Palmieri, whose agency derives most of its money from a levy on the casinos. The CRDA has helped to finance a number of projects, including a new Bass Pro store, a $125m conference facility at Harrah's and a huge Ferris wheel at the Steel Pier - all of which are intended to draw in a different set of customers.

Bass Pro - a retailer specialising in hunting, fishing and other outdoor recreation equipment - opened in April. The 85,000 sq ft shop sits in the outlet mall area of the city and includes a fishing demonstration tank, boats and basically everything you need to enjoy the great outdoors. Such is the store's pull that it is being touted as a major boost for the city - even the governor attended the opening.

"Part of what Atlantic City is trying to do is diversify its economy so that it's not so much gaming based," says Eric Clements, general manager. "Bass Pro is part of that push… We'll draw people who are hunters, who are anglers, who are campers, who are boaters."

Harrah's is also hoping to appeal to a different crowd. Atlantic City already has a convention centre, but its new facility is targeting Fortune 500 companies and the 'business traveller'. Michael Massari, senior vice-president at parent company Caesars Entertainment, which now owns three of the 12 casinos, says he hopes it will help Atlantic City's turnaround. "Instead of it being 99% leisure, 1% business, we'd like it to be 80% leisure and 20% business," says Massari. "That's still leisure dominated, but it's not exclusively leisure."

The 200,000 sq ft conference centre, which can accommodate 5,000 people, will be the largest hotel and meeting space complex between Baltimore and Boston. It opens in the autumn and has already led to more than 100,000 room bookings. "If we can do what we hope to in this facility, we would like to see one of our competitors do a second meeting facility in town," Massari adds.

Alongside this, Philadelphia developer Bart Blatstein is redeveloping the Pier Shops at Caesars - a high-end retail offering including brands such as Burberry - into a venue called 'The Playground', which will include 14 music venues, two private clubs and the largest sports bar and bowling alley in the US. It is aimed at a younger crowd and scheduled to open its first section by 4 July.

Removing blight

Aside from the new attractions, Palmieri is also seeking to encourage wealthier young professionals to live in the area. The city is not wealthy - the latest census data shows that more than a third of its residents live below the poverty line - and he hopes residential infill development will help eliminate some of the "blight". To that end, the CRDA has given preliminary approval to $34m of financing for a 240-unit residential project by Boraie Development. "We're hoping this will become a place for young professionals," he says. "The middle class moved out 15 years [ago]; it would be great to get them back."

The mayor adds: "The housing market, the entertainment we're bringing in - we are certainly shooting for the millennials, so people in their 20s and 30s, maybe 40s - we think that's the right market for Atlantic City. It's not only a place to come and have a good time, it's a place to buy a second home and it's a cool place to live and work."

But not everyone is upbeat about the city's prospects. Trump, who decreased his holdings in the company controlling his former Atlantic City casinos in the early 2000s, told *Property Week* in an email that bad management, bad decisions by the city and the recession had led to the closure of casinos such as Trump Plaza.

"I'm a developer and when I see what's been done there, it's almost hard to fathom," he says. "Almost everything has been detrimental to the success of Atlantic City."

Trump, who recently ended a battle with activist investor Carl Icahn - who now controls Trump Entertainment Resorts - to remove his name from the Trump Taj Mahal, is still not completely convinced of the city's rebirth.

"There are always opportunities, but it would require a lot of groundwork to make it work," he says. "As an experienced real estate investor, I have to say that I'd be wary. I have too many other successful projects at this point to spend the time on it. But I think a savvy investor who has the time could make a difference."

There's little doubt that Atlantic City remains a gamble. Its drive to become more of an entertainment district and a party destination will certainly require some 'savvy' investment. Any city in thrall to one industry for so long would face a painful transition and attracting new groups of people will certainly take a bit of luck. But after seeing a third of its casinos close last year, the fact developers are already drawing up alternative plans can only be a good sign.

The Revel, for instance, is unlikely to stand empty at the northern edge of America's favourite playground for too much longer. Atlantic City is hoping that the bet pays off second time around. ■