



international building press

CHAIRMAN'S CATEGORY COMMENTS

'NEW' JOURNALIST - David Taylor

Judges were impressed with the maturity and application demonstrated by the entrants and this breadth and scale of the projects covered.

Winner: Amber Rolt, Estates Gazette

Amber was a clear winner in this category, her entry fully living up to her own ballsy application intro. Of particular interest was Amber's unexpected and informative piece on the potential revenue stream provided by film locations. She also showed the human angle behind the property industry.

IBP Application – New Journalist of the Year: Amber Rolt

My ideas are different, but they work. I'm not afraid of challenges and relish the opportunity to dig deep into topics which the sector has not tackled before. My relentless energy and enthusiasm means I get the interviews I want, and access to people and places which have never been reached before. My talent for creating fresh, informative content which delves deeper into the market with daringly new angles has caught the attention of the whole industry.

My creative flair brings my pieces to life, both on and off the page. This skill fares well as the property industry becomes more creative. In light of this, I investigated the hidden profits which empty buildings can enjoy from being used as film sets.

This piece epitomises how I can think outside the walls of bricks and mortar to extend content to a wider reach, whilst staying loyal to the B2B sector.

Through meticulous research I found London's most used film destination, which served as the perfect case study for my piece. I even got access to a day's filming of a new BBC drama on location, which I documented in a video for EG TV. The video got more than 1,000 hits in the first week.

The finished product enlightened property developers across the country to a new opportunity as well as attracting readers from outside the industry.

I have perfected a no-nonsense interview technique. I patiently persist with my interviewees to get them to open up to me, whilst simultaneously earning their respect and trust.

This hasn't been easy, and interviewing Hammerson chief executive officer David Atkins was a prime example. I chose to enter the interview armed with a string of questions which I knew he was not going to want to answer.

I politely stood my ground, despite being criticised for my attempts, and the final piece was a fair and truthful depiction of the discussion as it unravelled into dangerous territory.

Such experiences only encourage me to dig deeper. I persuaded the chief executives of the US' biggest investor in student housing, Greystar, to take a break from their £2bn UK empire to talk to me in their first ever profile interview.

They were a tough crowd, but by gaining their trust they exclusively revealed to me the methodology behind their business, their motivations as well as their insight into the most lucrative sector in the UK market this year.

The finished product was a perfectly polished piece, and the revelations within ended months of curiosity among their competitors. I revealed for the first time who they really were, and to our readers this revelation was far more valuable than any empire.

Submitted pieces

Film locations

The subject of this feature was the perfect platform to simultaneously display my creativity as well as my understanding of the property sector. Through thorough research I found that properties which are lying empty awaiting planning consents can be potential gold mines. Location agencies can source film directors to use them as film sets, meaning the landlord can make some hefty money on properties which would otherwise bleed money. While investigating this topic, I found that this was an opportunity that not many landlords were even aware of, and the response to the feature and the accompanying video was fantastic. It showcased both my talents as a writer, producing entertaining content which could be appreciated from both a consumer and commercial angle, whilst remaining loyal to the B2B reader.

Video link: <https://www.youtube.com/watch?v=cLk6OzZR02Q>

Greystar

My interview with the UK and executive managing directors of Greystar was the first time they had accepted to do a profile. It was not an easy interview to get, and took several meetings in person to gain their trust. They were very nervous, and even tried to back out of the interview at the last minute after I had arrived at their offices and they had had their pictures taken. But, with some persuasion and assurance that I would tell their story sensitively, they agreed for the interview to go ahead. The American duo have invested more than £2bn into the UK student housing sector in the last 18 months, and up until my interview with them, they were an elusive mystery investor to the industry.



Commercial property stuck in the planning process can make ideal sets for film and TV productions, bringing in welcome revenue and PR perks for landlords. Amber Rolt goes behind the scenes

STARQUALITY



(Main and below) GUARDIANS OF THE GALAXY



THE IMITATION GAME

The former Central Saint Martins site in Holborn, WC2, is a mecca for film makers. Its spiral stairwells, hidden corners and unusual open spaces serve as the perfect canvas. The main atrium is where Keira Knightley sat her maths tests in *The Imitation Game*, former classrooms served as the laboratories in the upcoming *Frankenstein* movie starring Daniel Radcliffe, and today it is set up as a court for the new BBC adaptation of

Agatha Christie's *And Then There Were None*. The art college moved to King's Cross, N1, in 2011 and its Holborn site is now under new ownership and awaiting development. Although it has been vacant for more than four years, the 230,000 sq ft property has been given a new lease of life as one of the most shot film locations in the UK. According to film and media agency Film London, 75% of the UK film industry is based in and around London, and almost £1bn of the UK's

£1.4bn feature film spend was invested in the capital in 2014. Location agencies, such as The Collective, search the city for sites that can be used for film production. And this presents an opportunity for landlords – not just to get their assets in the spotlight, but to keep their properties active when they would otherwise be lying empty. "There has never been a better time for landlords and developers to cash in on this demand for unique location hire," says James Hanford, The

Collective's acquisition manager. **Tax incentives** The incentive for the film and TV industries to shoot in the UK is clear. Apart from the vast range of locations, producers can also cut costs through a tax credit scheme introduced in 2013. It delivers a 20% rebate for shows that cost more than £1m per hour of screen time to make. Rupert Murdoch's Fox received £7m from HM Revenue & Customs for shooting *24: Live Another Day*

in London. Producers have clocked onto this, and with blockbusters like *Star Wars* hogging studio space, demand in the capital for alternative locations is surging. But how does the property sector benefit? And what returns can it expect? Unlike most aspects of the film industry, this is less about making big bucks and more about keeping assets stable and protected. This set-up works best where filming brings revenue for sites that are tangled up in planning.

Developer Cathedral Group took advantage of this with its 17-acre Old Vinyl Factory site in Hayes, Middlesex, which hosted the production for 2013 blockbuster *Thor: The Dark World*. With sites of this size, it can take up to three years from purchase to getting spades in the ground, and not much can be done to mitigate the costs in the meantime. "Empty sites need money," says Cathedral creative director Martyn Evans. "If you have the ability to do it, if the sites are

safe and have public access, filming is about the only way you can raise some money." In terms of how it usually works, location agencies will scout potential sites and act as the middle man between film companies and landlords. "If a site has got life as a film location, there is no big pressure on landlords to put things through planning as quickly as possible as they are not bleeding money. They can relax a little," says Collective managing director Antony Iredale.

And he adds that while allowing a property to be used as a film set does not change business and empty rates law, the money you can bring in by opening the doors to a film crew can help to cover these. But how much money are we talking? Mark Hughes-Webb, who runs London location agency Space 2, estimates that landlords sitting on the right site can make hundreds of thousands of pounds per year through a series of different projects. "Income comes in the form



THOR: THE DARK WORLD



of a location fee, which will range from between £1,500 to £4,000 a day as a typical fee for TV and film, and more for feature films," he says.

"The way to make the most money is to maximise the location fee at an industry-sustainable level so that you get repeat business. It is more about seeing it as a steady income stream rather than just a daily fee."

While there is clearly value to be clawed back that can help to mitigate costs, being a film set does not cover them completely.

"We would not have covered the costs of a 20-acre site by filming alone, but we made a six-figure return from that activity," says Evans.

SEEN ON SCREEN

Land Securities, Lewisham shopping centre, SE13, *28 Days Later*

Land Securities, One New Change, EC4, *Guardians of the Galaxy*

Global Grange Hotels, Central Saint Martins, WC2, *The Imitation Game*

Cathedral Group, Old Vinyl Factory, Middlesex, *Thor: The Dark World* (right and above)

Cathedral Group, Morden Wharf, Greenwich Peninsula, *Luther*

In on the act

Another developer known for working with production companies is Land Securities. The REIT has a portfolio of assets which The Collective is promoting for filming, with the sky garden at the Walkie Talkie, 20 Fenchurch Street, EC3, its most recent addition.

LandSec brand partnership manager Richard Isom works with the location agencies and takes care of all filming activity across the portfolio.

"There are certain aspects of our portfolio which would be underutilised if we weren't

filming," he says. "The right building can generate a six-figure sum annually, and a feature film can make as much as £10,000-£15,000 a day, so there is a clear financial benefit."

A bit of extra cash is always nice, but financially speaking, filming does not always have the power to boost the value of a landlord's entire portfolio, or help with long-term business.

"The revenue itself counts towards the valuation of our assets, but in terms of selling more space, I wouldn't claim that it contributes," says Isom.

It is not part of The Collective's objective to help business in this way, either.

"I wouldn't say that what we do becomes the core part of someone's business plan," admits Iredale.

But then the benefits go beyond the cold, hard cash. "It showcases our buildings to a much wider audience," says LandSec's Isom. "You can see a building such as 20 Fenchurch Street on screen, which promotes it to tourists and the public. Ultimately, it is about promoting London as a destination."

Historically, this has worked well.

A report by EuroScreen

in 2014 revealed that social media mentions of Richard Curtis's 1999 flick *Notting Hill* generated the equivalent of £19.5m in online ad spend for the capital, and that the Harry Potter and Sherlock series have netted £10.4m and £10.8m respectively.

It also showed how a location's association with a film has a lasting legacy. Not only can film immortalise property on screen, but every time it gets a mention in the press or online, chances are the film it featured in will be referenced too.

King's Cross Station will never be able to shake off its Harry Potter connection, and the Millennium Dome will forever be linked with Piers Brosnan's boat chase at the start of the 1999 Bond movie *The World is Not Enough*.

Community benefits

And it is not just about getting your asset out there for everyone to see. Getting involved with film and TV can give landlords an opportunity to engage with the local community and boost the profile of the local area. Film productions that use a property for long-term projects also support local businesses.

"Production companies are getting wise to the fact that they can raise the profile of an area and it doesn't cost much," says Hughes-Webb.

"Landlords can then use that to support planning briefs, highlighting benefits to the local economy, as well as the creative sector."

To do all of this successfully, landlords need some assistance along the way. In the wrong hands, working with film producers can be a frustrating process. This is where location agencies step into the frame.

"Location enquiries usually fall onto the desk of someone who has no idea about filming, their bonus is not wrapped around filming revenue, they are probably already overworked, and then they are told to go and deal with an industry that can sometimes be a real pain," says The Collective's Iredale.

After Cathedral Group bought the Old Vinyl Factory



in 2011, The Collective got in touch with film makers, having worked with the previous owner of the site on similar projects. But it is not just a case of negotiating a fee.

Evans says: "You can't just give them a key, go away and hope they will be OK, you have to set yourself up to be able to manage it properly. Film crews can be quite demanding, so you really need to have somebody who is there on site looking after your interests."

Sitting on a goldmine?

Some landlords might have no idea that they are sitting on a perfect film set. Producers are clamouring to get their hands on what some would think of as secondary or back-of-house areas such as rooftops or underground car parks. Blank sites work well and can be dressed up to a producer's needs. In an empty warehouse they can build sets, have car chases and blow things up, and there aren't many places where you can do those sorts of things in London.

"Large warehouses, vacant offices, empty schools and empty institutional buildings are what we look for. If it is empty then you can increase the value fivefold because you are not reliant on having to go at weekends," says Iredale.

The other advantage to an empty site is that there is no one to disturb. Filming in operational buildings, such as 20 Fenchurch Street, is limited to weekends and evenings, which is not always convenient.

"We always make sure that filming has minimal disruption to the buildings," says Isom. "Once a site is operational, there are also extra safety issues to consider."

Iredale adds: "The film industry is like any other industry; if they can avoid working weekends, they will."

The opportunity is there, the only obstacle is getting landlords to open their doors.

The former Central Saint Martins site is an example of how this set up can work so well. The Collective brings business through the door, and all the landlord has to do is sign on the dotted line and take its fee until the diggers eventually arrive on site.

As the BBC brings filming for *And Then There Were None* to a close, the crew packs up its murder scenes to make way for the next film. And as with most projects at this site, the only evidence that they were there will be the finished product.

TO SEE BEHIND THE SCENES ON SITE AT THE FILMING OF *AND THEN THERE WERE NONE*, VISIT WWW.ESTATESGAZETTE.COM/VIDEOS

STEELY RESOLVE

Three years ago Hammerson chief executive David Atkins made a decision about the direction of the business that he has been defending ever since. So just how far have last month's impressive results gone towards vindicating his controversial move to sell the offices portfolio in 2012? Amber Rolt reports. Photographs by Tom Campbell

David Atkins has no regrets. Particularly regarding the sale of Hammerson's London offices portfolio to Brookfield for £518m three years ago. The decision – which was taken to allow his company to focus solely on its retail business – is one Atkins stands by staunchly, unwaveringly and adamantly.

But speculation over whether it was the right decision relentlessly rears its head, given just how phenomenally the offices market has performed compared with retail over the past three years.

Off the back of impressive, and some might argue vindicating, results last month, Atkins is reluctant to address the question of whether things could have looked even rosier if offices were still part of the group's portfolio. And while it comes as little surprise that it

is a line of enquiry he is tired of tackling, it remains a valid one.

Here in the group's Grosvenor Street offices, W1, the 48-year-old raves about retail, discusses Hammerson's future strategy – including those takeover rumours – and insists that the performance of London's office market is of no concern to him at all.

Accounting evidence

Hammerson's latest results, released last month, are testament to Atkins's case that the group's performance has been impressive over the past year and that the business appears to be going from strength to strength.

Hammerson's profit before tax more than doubled in 2014 to £703.1m, up from £341.2m the year before. The figures include valuation changes, with the property portfolio delivering revaluation gains of

£547m. The REIT also posted an increase in EPRA net asset value per share of 11.3% – up from £5.73 as of 31 December 2013 to £6.38 by 31 December 2014. New rents of £29.5m were secured, compared with £23.9m the year before, covering 1.9m sq ft in 2014, ahead of 1.7m sq ft in 2013.

But against the backdrop of offices outperforming retail and Brookfield's latest reported offices turnover increase of 42% – which is at least in part down to a strong offices portfolio – some have suggested that Hammerson's move to retail at a time when the office market was too “high risk” was not necessarily the right one. Jefferies equity analyst Mike Prew went so far as to describe it as a “clear lesson in value destruction”.

Then there is the fact that Brookfield has since leased well in excess of 1m sq ft of the





office space it acquired and analysts expect it has done exceptionally well out of the deal. “No one actually knows, because they haven’t been sold and they’re not publicly valued,” Atkins says. “But I don’t look at what they’ve done. What I do is look at what I’ve done with my money.”

“While in the short term offices might have provided better returns, what you have to look at is what we did with the money. And we have gained a return of around 24% per year,” he says. “People are trying to make more of it than it really is. I have very happy shareholders who are glad that I made that shift and I don’t regret it for a moment.”

Cost-cutting mission

As for the future? Alongside Hammerson’s two flagship developments in Croydon and Brent Cross, Atkins is on a cost-cutting mission. One of the most significant aspects of it will come to fruition in June, when Hammerson relocates from Mayfair to King’s Cross. “The most significant

“Very often there is speculation that a company may be looking at Hammerson. I take that as flattery”

reduction in cost is moving out of Grosvenor Street, where rents are significant. We feel we would be better served in a more affordable location,” says Atkins.

“Reducing the interest costs on our debt has been a significant part of our strategy in the past few years, so retiring relatively expensive debt of 4% and 5% and re-issuing debt at 1.5% to 2% drives higher bottom-line profits to our shareholders.”

In the wake of the sale of the offices portfolio and a continued focus on cost cutting, there has been talk in the market that the REIT is looking like an increasingly lean, attractive takeover target.

Atkins agrees that the REIT is an attractive asset and

says that he is flattered that others might see it similarly.

“Very often there is speculation that a company may be looking at Hammerson. I take that as flattery. The reality is that I am here to run a business,” he says. “My job is to run Hammerson and to provide the best returns to Hammerson shareholders. That’s my job.”

Designer outlet designs

Despite the building tension around questions on the takeover rumours, Atkins does discuss some of Hammerson’s other future plans.

“There is more growth to come through the development pipeline, through our high-growth designer outlets sector,

“Everyone is focused on being great in that one area. And I think the focus for Hammerson should be, and will be, retail”

which no other listed company in Europe has exposure to,” he says. “It has had double-digit returns every year for five years and I believe it will continue to deliver that superior growth, so my focus is on continuing to deliver those returns.”

“We have worked hard to manage the interest expense on our debt. We have issued some attractive bonds during the year at record low yields of 2%. It is an exceptional period of trading for a property company in terms of debt management.”

And ultimately – despite the stats, the figures, the returns and the criticism – Atkins puts Hammerson’s current success down to his focus on retail.

“There are clear benefits of specialism in property companies,” he says. “Everyone is focused on being great in that one, single area rather than trying to be good in two areas. And I think the focus for Hammerson should be, and will be, retail.”

A sentiment Atkins stands by staunchly, unwaveringly and adamantly.

THE QUIET AMERICANS

Brett Lashley and Wes Fuller of Greystar have already deployed £2bn in the UK student housing market. Now they are planning to make a splash in London's private rented sector. Amber Rolt reports. Portrait by Jon Enoch

You have to watch the quiet ones. As Brett Lashley and Wes Fuller nervously wait to be photographed, the UK and executive managing directors of Greystar Real Estate Partners – the latter has flown in from the US ahead of a permanent move to the UK – admit they are more than a little camera shy.

The pair are modest too – particularly on the subject of what is next for the UK arm of the student accommodation company. But the facts speak for themselves. They have deployed more than £2bn since setting up in London 18 months ago.

First off, Fuller isn't making the move alone. He is bringing three senior directors from the US business to help capitalise on opportunities in Europe. "We are bringing more resources because we have accumulated a significant portfolio and the opportunity for growth is large," he says at Greystar's London HQ on Great Winchester Street, EC2.

This bulking up of the

business comes off the back of an already rapid entrance to the UK market. Over that period Greystar has built up a 600-strong workforce in the UK; 100 at a corporate level, only around five of whom came from its HQ in Charleston, South Carolina, and another 500 to manage its portfolio.

Its UK student housing portfolio stands at 22,700 beds across 52 assets and 18 markets. Recent investments include a £600m deal for Nido London's 2,375-bed portfolio with PSP Investments and its £500m joint venture purchase with Goldman Sachs of Knightsbridge Student Housing's 6,000-bed Westbourne Portfolio.

Now, having built an enviable empire in this sector, Greystar is preparing to expand into the UK private rented sector, just as it has done in the US. And its grand plans look set to shake up the market on this side of the pond.

A model for London's future

Fuller and Lashley have built up a business model that could



Wes Fuller (left) and Brett Lashley

hold the answer to the future of London's housing market. If high-quality and well-operated rented residential product is developed, it has the potential to take the stigma out of renting rather than owning in the UK market.

What makes Greystar different is that it is not just an investment manager but also an operator and a developer. Its investment management arm has more than \$11bn (£7bn) of capital under management which it has invested into buying rental housing in the US, Canada and Latin America, which is what it

“We are active developers in the US and I suspect we’ll be active here in the near future”

intends to replicate in the UK.

It manages money for a multitude of investors, both in segregated accounts and commingled funds. So far it has only invested in the UK in partnership with Goldman Sachs and PSP.

Into each deal it also makes a significant minority investment so it has some “skin in the game”. Greystar, which is led by former co-founder of Starwood Capital, Bob Faith, is 70% owned by its management.

“Globally, we have a series of investment vehicles with different mandates. For example, we have a series of value add discretionary funds in the US, we have club structures, we have separate accounts and we have one-off joint ventures,” says Fuller.

Greystar will continue to work with the same investor duo it has already teamed up with in the UK but will also bring over new partners.

“The pool of investors that we will be working with here is going to grow as the scope of our acquisition activities begin to include other residential asset classes,” says Lashley.

Greystar has relationships with the likes of Prudential Real Estate Investors, Pimco and REST Industry Super.

But this is not about making a fast buck. There are no IPOs or a grand exit on the horizon.

Here to stay

To work successfully across the UK student accommodation sector and PRS, the duo will

want to establish a business that is here to stay. “We are not here to just buy, sell and then go away. We are here to build a long-term sustainable business and we are making substantial investments to ensure we have a world-class operating platform,” says Fuller.

“Our business model allows us to participate in the market in different ways, whether it's investing, developing, operating our assets or serving as the operator for other clients.”

Lashley adds: “We are focused on two things: acquiring attractive assets and operational execution.”

This means the company is still looking to bulk up, despite the flurry of student deals that have already happened.

“You can't be an investor on behalf of institutions without releasing some of those investments,” says Fuller. “We are not static investors where we just buy something and park it; we are active investors who look to create value in many different ways.”

Prodigy to PRS

Greystar's student housing portfolio in the UK runs as

BIGGEST DEALS OF 2015

MARCH

Assam Place, 317-bed tower, 29 student apartments and 54 proposed flats

£100m – 5.4% yield

Bought from Guernsey

Developments Aldgate, which was advised by JLL

Nido London's student accommodation portfolio 2,375 beds

£600m – joint venture

with PSP Investments

Investors in Nido include

Round Hill Capital, the Coral Student Portfolio, advised by CBRE

MAY

Knightsbridge Student Housing Westbourne Portfolio £500m – joint venture with

Goldman Sachs

13 sites across the UK,

6,000 beds

Prodigy Living, a brand that is unique to our shores, and one which it plans to develop and will be key to further UK expansion. “We have found that property branding in the UK is better and more effective than the US,” Fuller says.

And now it is not just students Greystar will be accommodating. Its catchment is 18- to 45-year-olds, ranging from students and young professionals to bankers working 90-hour weeks.

It aims to provide an affordable, rental product, which Greystar says has the potential to take the heat out of the UK

housing market – particularly in the capital: “London is a dynamic city that needs more housing,” says Fuller. “What we do is provide housing. When you provide more housing into a stock it better balances the supply and demand dynamic. That presents a tremendous opportunity to add more purpose-built rental housing to the composition of the London housing market.”

Greystar arguably has an edge over other players trying to get into the UK PRS thanks to its vast expertise in managing and developing similar product in the US, where it manages nearly 400,000 residences. That, combined with its ability to draw in capital, could be a powerful combination.

Last September, Fizzy Living's founding director Mark Allnut joined the firm to help its PRS push, but building a portfolio with critical mass will take time.

“It's more about the strategic locations throughout London that have the right underlying demand and fundamentals to make PRS a success. It's not going to be every area. It's going to be a collection of areas in which the right ingredients are there to have a successful PRS asset,” says Fuller.

And as with Prodigy Living, ingredients are key to a scheme's success, where each one will be built with a particular catchment in mind. Fuller compares the expertise to that of being a retailer.

“Designing and programming purpose-built rental housing is a unique exercise. That is part of the science in what we do.”

Lashley adds: “In Canary Wharf, for example, people work long hours, so the types of amenities they want are different. They want things like cold storage, because they are at work when their groceries get delivered, and various onsite services that make life outside of the office more enjoyable.”

These deals, when they come, will follow a similar vein to the structure in which Greystar has capitalised on its

student housing investments, where it will be acting on behalf of a particular investor, or a group of investors.

It also opens the door to development projects, the final of the firm's three arms, as well as investment management and operating, which it has yet to explore on UK shores. As an experienced developer in the US, and with the additional expertise on the way over, this is on the horizon, although Fuller stresses that this is not the immediate focus.

“We have not developed property ourselves in the UK yet, but we are active developers in the US and I suspect we will be active here in the near future,” he says.

Development has not been on the UK agenda just yet as it has been quicker to scale up by buying stock rather than developing in the first instance.

“Ultimately it is something we will replicate here,” says Lashley. “On student and PRS.”

Plans are big, but the residents remain at the core of the business model.

“There are some key traits that have helped our business be successful, largely around delivering great service to residents,” says Lashley.

This is what could change the culture of home ownership. The pair's British-style modesty shows that they may have come further than they realise.

Fuller is sure of one thing, though. “Greystar is going to be in this business for a very, very long time.”