



ROBERT WALTERS

LEGAL PRIVATE PRACTICE - REAL ESTATE

Q1 2017 MARKET UPDATE

2016 was witness to a number of broadly unexpected events, which have been subject to debate and speculation by the public and by government officials alike. In June, the UK voted to leave the EU, a decision that prompted David Cameron's resignation as Prime Minister and resulted in a leadership contest ending in victory for the former Home Secretary Theresa May.

Those who were in support of the Remain Campaign predicted a sudden market crash and mass exit of business from London City to Frankfurt, Dublin or Paris. Indeed, following the outcome of the vote, share prices did initially plummet and almost all property funds halted trading and several deals were delayed as people tried to predict what was going to happen.

In reality however, the longer-term impact of Brexit remains to be seen and markets have recovered. It is true that a number of property deals were delayed, or have been subject to renegotiation on price, but nothing like the levels predicted in the run up to the vote. Instead, Brexit has provided opportunity for many; there was an increase in foreign investment as the weaker pound encouraged many to look out for cheaper property and as a result, the UK real estate market has seen good levels of activity and this is likely to continue into 2017.

KEY TRANSACTIONS OF 2016

Before looking forward to what 2017 has in store for the real estate market, it is useful to take a look back at 2016 and highlight some of the key developments in the industry. Despite the unpredictability of some global events, 2016 was definitely an exciting year for the real estate sector both within the UK and internationally, seeing a number of significant investment and infrastructures projects take place.

One Nine Elms, SW8

Back in 2012, it was announced that Battersea Power Station, which is situated on the south bank of the river Thames, would finally be redeveloped by a consortium of Malaysian investors; SP Setia, Sime Darby and the Employees Provident Fund. Following this, the next key step was to decide who would lead and design the public space. After some meetings, it was announced in November 2012 that Bjarke Ingels' firm was to be the designer for the redevelopment of Battersea Power Station.

Fast forward just over four years and we are finally starting to see this section of London's skyline dramatically change; from the once 'scrubby no-mans-land' to stylish and top sought after real estate in the capital, the area hasn't been nicknamed 'Dubai-on-Thames' for nothing.

The redevelopment of Battersea Power Station has had a great impact on the real estate market for a number of years and has required the legal expertise of a number of law firms; Clifford Chance, Ashurst, Linklaters and BLP, just to name a few.

Television Centre, W12

Built in 1960 by British sculptor TB Huxley-Jones, the Television Centre, Helios or Doughnut has been the home of British television and has hosted some of the most iconic shows including Blue Peter, Dr Who and Strictly Come Dancing.

Recently however, there has been a significant change in use for the complex. The £8 billion redevelopment includes not just residential flats but also office space, restaurants, gyms, cinemas, a new Soho House, the Imperial College campus and a Westfield shopping centre.

In terms of office space, there is two million square feet of it – enough room to house 20,000 workers. The Television Centre hopes to attract business from the creative industries who want to use the studios. In addition to office space, there are also plenty of residential flats available and rumour has it that W12 is looking to become the new Notting Hill.

Initial planning phases began back in 2013, construction on the site then started in 2015 and it is expected to be completed by 2020. This redevelopment has had a great impact on the real estate sector and has needed the expertise of planning, construction, commercial and residential lawyers.

TIMELINE OF KEY REAL ESTATE MOVES IN 2016

Lateral hires have continued in 2016, both as part of new office openings and also in response to employee needs and requests. Below is a summary of some of the key moves that have happened throughout 2016.

March 2016

- **Addleshaw Goddard** hires Iain Hindhaugh to join the London offices as Partner from **Jones Day**

April 2016

- **Ashurst** hires Darren Rogers and Patrick Williams to join its offices in London as Partners from **King & Wood Mallesons**
- **Linklaters** hires Mark O'Neil to join its offices in London as Partner from **Allen & Overy**.
- **Trowers & Hamblins** hires Hilary Blackwell to join its offices in London as Partner from **Capsticks**

September 2016

- **Forsters** hires Ben Barrison to join its London offices as Partner from **DLA Piper**

October 2016

- **Hogan Lovells** win Real Estate Legal Team of the year at the Estates Gazette Awards
- **Simmons & Simmons** hires Richard Hopkinson-Woolley to join its London offices as Partner from **DLA Piper**

December 2016

- **Hogan Lovells** appoints partner Daniel Norris as its new **UK Real Estate Head**, and Claire Dutch as its new **UK Planning Head**
- **Addleshaw Goddard** hires William Boss, Michael Scott and Simon Tager to join its London office as Partners from **King & Wood Mallesons**
- **Greenberg Traurig** hires Steven Cowins and Marc Snell as Partners from **King & Wood Mallesons**
- **DLA Piper** hires William Naunton, Cornelius Medvei, Edward Page, Jeremy Brooks, George Burrha, Bryan Pickup and Omer Maroof as Partners from **King & Wood Mallesons**
- **King & Wood Malleson's** European office goes into **administration**

LOOKING FORWARD TO 2017

Traditionally, the real estate sector has followed a cyclical pattern and therefore naturally interest in property has wavered. During the recession for example, there were limited funds available making it difficult for investors to fund their acquisitions. This however, forced investors to be more innovative about how they funded property transactions and as a result we have seen many more joint ventures between developers and investors.

Despite widespread consensus that the events of 2016 have created a great deal of volatility, the majority of key investors still stand by the fact that the UK will remain a key location for global business. In terms of what the market looks like in 2017 for the real estate sector – we cannot say. However, it is possible to conclude that a number of sizeable transactions are due to be completed in the next couple of months, suggesting that there remains plenty of opportunity within the real estate market. We have already seen a lot of firms looking to hire associates in their commercial real estate, construction and planning teams in the first 6 weeks of the year and hopefully this is an indication of confidence that real estate sector will thrive in 2017.

2017 is shaping up to be an even busier year than last and we look forward to having the opportunity to work with you more during the course of the year. I hope that the above is of use to you. I am always happy to have a discussion about market trends/intelligence and recruitment and remain at your disposal.

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