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Finance

Catalyst's Glasgow office plan

■ Developer joins forces with McAlpine, Duddingston House and Scottish Enterprise for 220 Broomielaw

BY DAVID HATCHER

Catalyst Capital has completed a deal with Sir Robert McAlpine, Scottish developer Duddingston House Properties and regeneration agency Scottish Enterprise to develop a waterfront site in Glasgow with consent for 462,228 sq ft of offices.

The deal, which was first revealed by *Property Week* (04.05.12), will be used as a template for further tie-ups between Catalyst and McAlpine, as well as other contractors, in order to restart development projects.

Consortium 220 – a special-purpose vehicle made up of Duddingston House, Catalyst and McAlpine – has agreed with Scottish Enterprise to purchase the 2 acre site at 220 Broomielaw on the River Clyde, subject to a prelet agreement.

The price is expected to be around £5m. The trio within the consortium are equal partners and are expected to contribute equally in terms of costs.

Bringing a contractor on board as part of a consortium allows developers to share development risk and make use of the balance sheets of large construction companies in exchange for

a guaranteed job for the contractor.

Catalyst expects to announce further development deals with contractors in the office and retail sectors on an ad hoc basis this year.

Paul Davies, head of UK development at Catalyst, told *Property Week*: "If you are a major contractor such as Sir Robert McAlpine, this is one method to ensure you develop your book of business. We have a good relationship with them and they have a lot of technical expertise that is very useful

when looking at opportunities. I'm a fan of working in collaboration with contractors and having them at the table at this stage, rather than having a combative relationship at a later stage, arguing over a building contract."

Although 220 Broomielaw has consent for 462,228 sq ft of offices across three properties, the exact make-up of the scheme will be determined by occupier demand but is expected to comprise predominantly headquarters buildings for a single occupier.

Later phases of speculative

development will be considered once an initial prelet is agreed, but not on its own in the first instance.

Rents of around £28/sq ft will be sought, dependent on specification. Catalyst is in the process of appointing letting agents.

The company will face strong competition in the Glasgow market following a recent spate of activity. Last week, Abstract Securities announced it was to begin its speculative 170,000 sq ft 303 St Vincent Street scheme.

Other speculative schemes are already under way, in the form of Mountgrange and Prudential's 143,000 sq ft 1 West Regent Street and BAM Properties' 143,000 sq ft 110 Queen Street.

■ Catalyst Capital is part of a consortium chosen by Ireland's NAMA (National Asset Management Agency) earlier this week to buy Project Aspen. The €810m loan book is being bought alongside Starwood Capital and Key Capital for around €200m – a discount of around 75%. The bid is in conjunction with the underlying borrower, David Courtney. The portfolio the loans are secured against comprises around 30 offices and retail properties in Dublin.



New broom: exact make-up of 220 Broomielaw will depend on occupier demand

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