

Why London has become hot property

ERIC GAILLARD / REUTERS

Investors and developers believe that things are looking up in the sector, writes Edward Fennell

Next week the movers and shakers in the property world — lawyers prominent among them — will all be heading down to Cannes for MIPIM, the top property conference and exhibition in Europe.

MIPIM is a monster. In the heady days of 2006 and 2007, it attracted more than 20,000 delegates. "It was the top of the market and, frankly, a lot of people went to Cannes simply to celebrate that," said Matthew Swainston, of Forsters. "They attended MIPIM just to party and drink champagne."

But, as we know to our cost, nothing lasts for ever. During the financial crash MIPIM, of course, became very different. In 2008 the feeling was full of foreboding. By 2009 there was deep gloom. Last year was subdued.

So what about 2011? "The mood is definitely more upbeat — cautious but positive," says Rhodri Pazzi-Axworthy, of Nabarro. "MIPIM is a good barometer of the industry and it is now much more broadly based. Although the overall numbers are still down from the height of the boom, the quality of those attending has gone up."

Nabarro is sending a team of ten lawyers to Cannes and expects to be busy all the time. "We are one of London's top real estate firms so we need to send a heavyweight team," says Pazzi-Axworthy. "It's important for us to be seen there in big numbers, otherwise it looks odd."

Significantly, the London market will still be centre stage. The UK has been accorded "nation of honour" status this time round and Boris Johnson, the city's Mayor, will be giving the keynote speech on Tuesday. "I will certainly make a point of listening to Boris," Pazzi-Axworthy says. "It will be one of the highest-profile sessions of the whole conference."

In common with many other firms, Nabarro will host a couple of dinners in Cannes to meet potential clients, bankers and agents. "But a lot of the work is done in one-to-one meetings where a lot of coffee is drunk. You need to keep some time free to respond quickly to a new contact."

Forsters, meanwhile, will send six lawyers but it is also hosting a dinner and a lunch. "We've been really



MIPIM visitors in Cannes last year: property lawyers say the mood at the event this year is expected to be more upbeat

pleased by the number of people who have responded to our invitations," Swainston says. "The encouraging thing is that all of them are principals, the decision makers, which makes these events very useful."

Just how many deals will be hatched next week, however, is hard to predict. In the UK the dominant story is the role of London, whose allure has only been enhanced by the political turbulence in the Middle East and North Africa.

"Investors and developers want security, stability, transparency and the rule of law and London can offer all of those," says Michael Stancombe, of Hogan Lovells, who points out that demand is strong for both prime and distressed property (which is undervalued but has potential for the future) but not much else in between.

Jonathan Metliss, of Davenport Lyons, agrees that now is the right time if you want to get in at the bottom of the market and take a long-term view. "And remember that NAMA [the National Asset Management Agency], the Irish agency that has taken responsibility for the distressed portfolios of the failed Irish banks, has acquired a lot of UK assets."

Outside London, however, business

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is not looking so bright. Chris de Pury, of Berwin Leighton Paisner, says the problem is that finance is still very hard to secure. "What we need is someone who can step in to replace the role played by the Scottish and Irish banks," he says. Ironically, BLP itself remains very busy, not least because of its activity unwinding and restructuring complex portfolios after insolvencies.

Here and there, though, are budding opportunities. "We see a glimmer in the development market," says Jon Lloyd, of LG, who acts for funds that want to invest in property. "Planners

are starting to be much more realistic about what they can get out of developers in terms of planning gain. And, as things start to improve, banks will be keener to get their money in. Where big developments came to a stop there are at least discussions about restarting by phasing them in."

It is the housing sector, perhaps, where least is happening on leading developments, although smaller projects (often on the edge of established settlements) are edging forward. Where this faces local opposition, the protesters are increasingly trying to get sites designated as "village greens". Hannah Quarterman, of Hogan Lovells, says: "Because of a change in the law in 2007, a two-year window was created so that if protesters can show that an area has been open, for example, to walkers on a regular basis then it can be designated as a village green and this will halt development."

Such applications can easily hold up projects for years and have a significant deterrent effect. "Some developers feel this is being used, cynically, just as a tactic to thwart them," Quarterman says.

So will village greens feature large in Cannes? Sounds like one for you, Boris.