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Property Week

RESI Convention 2019: why London's great estates are still great

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New York and Hong Kong both have their real estate dynasties, but neither can match the history associated with London's great estates.



Source: Shutterstock/Chrispictures

The great estates include Grosvenor Group, The Crown Estate, The Cadogan Estate, The Howard de Walden Estate, The Portman Estate and The Bedford Estate. Between them they own much of London's prime land.

So how are these historic estates coping with the rapidly shifting real estate landscape?

Retail is under severe pressure from multiple angles, while residential is undergoing a revolution with the rise of new asset classes such as build-to-rent.

Dean Clifford, co-founder of developer Great Marlborough Estates, which was founded in 2008, believes the great estates are taking a long-term approach to their buildings and using their heritage as an advantage.

Long-term approach

"In response to the enduring nature of buildings, it is apparent that the great estates are collectively taking a long-term approach to the projects they deliver," he says. "Through retaining control of their freeholds, they are able to effectively masterplan their estates in a way that also enhances their long-term value."

Investment by the great estates is bolstering their position, according to Clifford.

"The landed estates in London are preserving and enhancing their holdings through ongoing investment in their portfolios," he adds.

"Prime examples of this are the ongoing improvements on Regent Street by The Crown Estate, as well as the work undertaken by The Howard de Walden Estate to rejuvenate Marylebone."

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Dean Clifford, Great Marlborough Estates

Recent results and fundraising efforts suggest that this strategy is paying off.

The Howard de Walden Estate managed to attract a swathe of institutional investors from the US and the UK for a £280m private placement at the start of the year, proving that many still see the great

estates as a good bet.

Cadogan posted a good set of results recently, reporting that the business had increased its income by 5.3% to £169.4m in 2018, up from £160.9m in 2017. Meanwhile, operating profit was £98.1m in 2018, a record for Cadogan, up 4.6% from £93.8m in 2017.

Hugh Seaborn, chief executive of Cadogan, says: "The business proved resilient in 2018, despite the backdrop of political and economic uncertainty. This solid performance in income growth and operating profit reflects our consistent focus on quality, ensuring that we deliver the optimal space to the market, provide exemplary customer service and maintain our clear focus on enhancing Chelsea and Knightsbridge and their communities for the long term."

Working with retailers

It is no secret that Britain's high streets are under pressure, with many household names recently going into administration. However, Seaborn thinks the great estates can take advantage of this.

"Changing consumer spending habits have led to a rapid change in retail, which has an impact upon all retail property owners," he says. "Over several years, we have adapted by strengthening our responsiveness to shopper preferences and working more closely with retail partners to refine our offer."

"We aim to deliver compelling and vibrant destinations through careful curation to attract leading fashion and lifestyle brands, with international luxury flagships alongside independent artisans, complemented by great food and drink."

He adds: "This is demonstrated by the success of the recently completed Pavilion Road [retail development in Chelsea], where following consultation with local residents we have created a new 'village heart' – a true destination for independent, artisan traders featuring everything from a butcher to a baker and a cheesemonger, which has a significant impact on the vitality of the surrounding neighbourhood."

Ahead of the game

The great estates have a long and rich history, which means they have had to adapt and evolve over that time. Some might argue that this lengthy heritage means they are often ahead of the game.

"The great estates' geographical ties mean they understand the importance of community perhaps more than any other class of professional landlords in the private sector," says Einar Roberts, partner

and head of residential consultancy at Cluttons. “This influences their decisions with a continuing focus on making their estates attractive places to live, work and play. In many ways, they have provided a template for the build-to-rent providers now seeking to revolutionise the UK residential market.”

As we near the third decade of the millennium, the ‘great estates’ continue to adapt, evolve and live up to that moniker.

If you hail from the residential sector or have an interest in London's great estates, you can't afford to miss the RESI Convention. Join key decision-makers as we look ahead to what the future holds for our 'Brave New Mixed-up World'. To find out more and book your tickets to RESI, go to: www.resiconf.com