

Business Interview

The Earls Court supremo who believes London has a lot to learn from Asia

IAN HAWKSWORTH

Capital & Counties

Property chief says capital should build higher – but has to keep its soul

Russell Lynch



MOST property agents don't remember the early Nineties with much fondness. Against the backdrop of a savage recession, Ian Hawksworth, then in his twenties, spent his days in the unenviable job of selling industrial warehouses, "tooling up and down the A3, M3 and M4, looking for leads, and not finding many".

So when offered the chance by CBRE forerunner Richard Ellis to go to Hong Kong in 1993 on the brink of the territory's transformation into the financial superhub we know today, the shed-shifting chartered surveyor couldn't say no.

The 13 years he ended up spending in Asia was the making of Hawksworth, now the chief executive of FTSE 250 developer and landlord Capital & Counties.

Capco is transforming Earls Court over the next decade, creating 7500 homes under Sir Terry Farrell's masterplan. There's also the small matter of £1.8 billion in Covent Garden property, an estate which has more than trebled in value under the watch of Hawksworth and his team as Apple and a host of other brands lift the area.

Nottingham-born Hawksworth has been in the property game for more than 30 years, pitching up from a comprehensive to study estates management at South Bank polytechnic in the Eighties.

"Property has always interested me. My dad was a builder so I guess I was always around construction sites. From a young age I was interested in buildings, which ultimately is what drives real estate. I always felt that economics and geography were things that really interested me. Really, modern geography is about cities, and places, and how cities are growing and social trends around cities."

Hong Kong gave him a dramatic lesson on that subject. From Richard Ellis, he joined the board of Hong Kong Land, part of the Jardine Matheson trading empire. His first job there was filling Exchange Square, the world's largest office complex at that point, with tenants and keeping the rents up. He made the board at 29, rising to



PAUL DALLIMORE

become commercial property director. His timing was perfect as Hong Kong's economy shifted towards services, and then rents exploded.

"In the early Nineties it was a very small place for commercial real estate. It wasn't yet the global hub to do business. Then rents went from HK\$45 a square foot to HK\$120 in the space of three or four months."

Hawksworth threw himself into the newly booming scene with gusto, overseeing towers and groundscrapers in HK before stretching his legs to high rise in Manila in the Philippines and then Singapore's Marina Bay financial district.

There's a montage displayed proudly in his office of all the schemes he was involved in. Another leaving gift was a personalised Monopoly board of downtown Hong Kong.

That departure and return to the UK in 2006, hastened by children approaching school age, saw him become managing director of Capco, then part of

Liberty International. Since Liberty's split in 2010, the laconic 49-year-old has led the business as chief executive, backed up by long-term lieutenants Gary Yardley and Soumen Das.

At Earls Court, where Capco has been involved since 2007, Hawksworth has been applying the lessons learned in Asia of high-density development around first-class transport links.

Progress has been painstaking, but Earls Court is being dismantled and the builders are on site at the first phase of Lillie Square, the flats being built on the site of the old Seagrave Road car park. Earls Court's exhibitions have been moved to Olympia London, the venues business which Capco will sell.

He says: "Most of the cities in Asia are constrained in terms of land supply, unlike London, which is constrained through its planning regulations and with the green belt. They're fast-growing populations. London is growing at probably the fastest rate in living memory. It's forecast that there'll be

another million people here in the next 10 to 15 years, which puts tremendous strain to deliver accommodation allowing people to live, function and prosper. Asia has been struggling with that for quite some time. They responded to it by providing high-density development in specific parts of the city."

HAWKSWORTH has strong views on the London property scene. He's not a fan of the City's close crop of trophy towers – "Brad Pitt looks good on his own, why put him next to George Clooney?" – but overall he thinks we need to follow the Asian example and head upwards to cope. "In Asia some of the cities that have responded to that growth created quite soulless places to live. HK hasn't – it's still very vibrant. But if you go to other parts of Asia there are other places that give you the numbers but not necessarily places people want to live. People have got huge empathy with London,

and to maintain that is going to be a real challenge when you're doing large-scale development.

"Inevitably London is going to have to provide greater density and greater development opportunities in parts of its centre. It's likely to have to create opportunities in satellite areas.

"Whether or not the green belt is encroached upon is a national discussion, but inevitably there will be bits of it that aren't regarded as green as they were. But if you have constraints in the middle and constraints at the edge, you have got a real problem."

Capco has faced its own opposition, particularly at Earls Court, where the residents of the West Kensington and Gibbs Green estates facing demolition campaigned against the plans.

Hawksworth says: "It's a question of choice at the end of the day. If you want a successful city you have to accommodate its growth." If Earls Court were in Asia it would be done by now, he reckons: "Ten years is a long time in the Asian market."

But will Earls Court's new "villages" become another example of "lights-out London", owned by super-rich absentee foreigners, where nobody else can afford to buy? "The issue is that we're just not producing enough houses. If you draw it back to the core issue, the Greater London Authority's indication is you need 45,000 homes to keep up with demand and last year we weren't much more than 20,000.

"From an industry perspective it comes down to land supply: is the land being released fast enough and is the planning process flexible enough? The capital is there today... but we need to see this flow of land, most of which is controlled by the public sector." Besides, he says, "we're not doing

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6000 One Hyde Parks". There will be starter homes, affordable homes and flats for lease among the fancy stuff.

Hawksworth is the kind of boss that prefers to let the company and its numbers do the talking, and they're impressive: Capco had a £600 million market capitalisation when spun out of Liberty five years ago and now that's pushing £4 billion.

The firm also has very little debt, "another philosophy I've brought back from Asia". "If you want to be involved with high-quality real estate you have to have a balance sheet which allows you to make the right decisions," he says.

He's led Capco for nine years and seems likely to be around for a good few years yet as Covent Garden transforms and Earls Court takes shape.

"We're still fired up about the place. We are patient investors, we are about creating places and finding the best way of eking out value over time."

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