



## Long and Waterson, Shoreditch, E2



**Price:** £4,075,000 : July 2020

### The Challenge

Our long term investment client was looking to invest a total of £20 million into the London property market for a combination of rental yield and long term capital appreciation. Our advice was to split the budget across multiple properties in order to give diversification to the portfolio and to purchase in bulk - 6 units or more in one single transaction to qualify for commercial rates of stamp duty. The properties had to meet a strict set of investment criteria - high quality new build, easy to let out or pre-let and able to achieve a gross yield of at least 4% or higher. Finding suitable opportunities that met with all the criteria was a challenge in Central London.

### The Perfect Conclusion

We identified a boutique, high quality new build located in Shoreditch, consisting of just 119 units. Long and Waterson is the first and only to date premium new development in the immediate vicinity (1/2 mile radius). Fringe City locations have benefited hugely in recent years from the broad increase in urban living in London, from the rise in popularity of East London and also from the growing importance of technology, digital and start-up businesses-all of which have heightened appetite for living in this increasingly cosmopolitan London enclave. The development is superbly located, a 2 minute walk from Hoxton station, 7 minute walk from Shoreditch High Street station, 9 minute walk from Old Street station and 15 minutes from Liverpool Street station. The development also benefits from a 24-hour concierge, private gym, saunas and treatment room, extensive private gardens, a screening room and residents' lounge.

We negotiated the purchase of 6 apartments in January 2020 for a combined purchase price of £4,750,000 achieving almost a 16% discount from the original asking price and an estimated average net return on equity of 6.6% over a projected 5 year hold period. However, right before we were due to exchange contracts, Covid-19 struck and the world changed. London went

into lockdown and we sensibly decided to put the transaction on hold. Over the course of the following weeks and months we carefully monitored market conditions and as we approached the end of lockdown and the property industry was able to return to work, we successfully re-negotiated the purchase down to £4,075,000. We de-risked the purchase by removing one of the more expensive 3 bedroom units and replacing it with a one bedroom unit. We also managed to increase the overall discount to 20% from the original asking prices and we negotiated a one year rental guarantee for our client to take into account the higher risk rental environment due to the pandemic. At just over £1000 per square ft. this will be a very good long term investment for our client, in an exciting new growth area of London.

## The Unfair Advantage

Challenging markets call for cool heads and lateral thinking. Despite unprecedented events in the form of a global pandemic, we successfully managed to turn this transaction around for our client, bettering the deal we originally had agreed, saving them almost 20% from the original asking price.



**We're ready when you are.**

We would be delighted to hear from you to discuss your own property requirements and how we may be able to assist you. Should you wish to arrange for a non obligatory consultation, please contact us:

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