REACT news A Green Street News Title

Delancey closes £20m West End estate deal

11 Jan 2024 10:52 GMT | by Janaire Einstein Francisco

Debt package represents a loan-to-value of around 70%

- **What** Delancey Real Estate has closed a £19.5m facility with Zero Carbon Space (ZCS)
- **Why** Development platform will use the loan to acquire 105 Jermyn Street in London
- **What next** ZCS to carry out a comprehensive refurbishment of the property once proposed planning has been achieved

Delancey Real Estate has closed a senior secured three-year, fixed rate £19.5m facility, to assist Zero Carbon Space (ZCS) – a development platform from NorthStar Capital and LandCap seeking to deliver best-in-class sustainable office space – with the acquisition of 105 Jermyn Street.

The St. James's property in London's West End is a 16,000 sq ft mixed-use asset, and the acquisition financing presents an opportunity for exposure to a freehold asset in the area's sub-market.

ZCS intends to carry out a comprehensive refurbishment of the property once proposed planning has been achieved. The debt package represents a loan-to-value of around 70%, and the ability for ZCS to request capital for the refurbishment.

Delancey has a 25-year track record in UK specialist real estate investment, development and advisory services. Through its lending platform, it partners with sponsors to provide flexible capital that enables borrowers to deliver their business plans.

Delancey believes 2024 will be an opportune time for its lending business, given the current retreat of traditional financing sources, which is increasing the need for flexible alternative lenders.

Martin Farinola, head of debt strategies at Delancey, said: “We were extremely pleased to help ZCS Ltd with its acquisition of the building on Jermyn Street. We look forward to seeing their exciting refurbishment plans come to fruition to make the building an attractive and sustainable landmark in a world-renowned location.

“Last year was a volatile time in the market. It was still extremely busy sourcing deals, however there was a certain fragility in closing loans due to lower valuations, sponsors deciding not to execute deals because they weren’t accretive to business plans, or other property-related reasons.

“The majority of deal flow over the course of the year was certainly refinancing deals rather than acquisitions. However, in the last few months of 2023 we saw an uptick in acquisitions and attractive deals, signifying a positive market trajectory.

“December was an extremely busy time for us. We funded two loans and agreed terms on circa £75m of loans. Our pipeline going into 2024 also looks strong, besides new enquiries, there area number of potential transactions that were put on hold at the end of last year expected to kick off again.”

Arc & Co advised the sponsor on the transaction.