

# Canary Wharf

## Canadians rescue key dockland



Paul Reichmann,  
Olympia and York  
Developments Ltd



First Canadian Place  
complex, Toronto

The future of Europe's largest commercial property development project is now secure, thanks to the intervention of a leading Canadian corporation. The Toronto-based company Olympia and York has taken over control of the £3-billion Canary Wharf Scheme on a 71-acre site in London's Docklands.

The move was received with a sigh of relief from the City of London and the London Docklands Development Corporation after the project ran into difficulties earlier this year. The Canadian company is much respected in commercial property circles. 'If anyone can build Canary Wharf and fill it with tenants, it is the Reichmann brothers from Olympia and York,' commented the Times.

The Canary Wharf development is central to the revitalisation of the Isle of Dogs and has acted as a stimulus to other commercial development in the area. When completed, the waterfront complex will provide 10 million square feet of office space, shops, restaurants, leisure facilities and two hotels.

### Olympia and York becomes world's largest developer

As a result of the Canary Wharf takeover, Olympia and York has become the largest property developer in the world. This is the company's first venture into Europe, since the sale of EPC, and it looks set to enhance the formidable reputation it has made for itself in North America.

It is, for example, the biggest commercial landlord in New York, where it owns and operates 24 million square feet — more than the Rockefellers. This is in addition to the prime office properties it has in all the main Canadian centres. Altogether, it is reckoned to own and operate some 50 million square feet of property.

One of its New York properties has been rated Aa1 by Moody's Investors' Service — the first ever rating by Moody's on a specific property basis and an indication of the financial strength of the Canadian company.

Half of the company's earnings come from its property in New York alone. With enormous resources behind it, Olympia and York is in a position to fund the Isle of Dogs development out of its own pocket.

This means that the project can go ahead without further delay, and the management is obviously keen to get started. Indeed, the company hopes to complete the project in half the time envisaged by the original consortium — seven years instead of fifteen.

### The building materials importer that diversified into property

Although Olympia and York is now reckoned to be Canada's third largest concern, it maintains a fairly low profile and has a reputation for secrecy. The company is privately owned by the Reichmann family and run by three brothers — Paul, Alfred and Ralph.

The Reichmanns went to Canada in 1955 from Tangiers, where the family had fled after Hitler's invasion of their native Hungary. Their first business venture in Canada was a ceramic tile importing company, which they ran with characteristic efficiency and commitment.

The move into property occurred when the brothers decided to build a warehouse for themselves because they thought the tenders they received were too high. Their venture proved a great success, for they were able to complete the building for little more than half the cost of the lowest outside bid.

Their first major coup occurred ten years ago when they bought the Uris Building Corporation, one of the biggest landowners in New York. Uris had fallen on bad times in the worst property bear market since the 1930s, and the Canadians were able to snap up eight buildings in Manhattan for £200 million.

Soon after, the property rental market began to pick up and the brothers' foresight brought them handsome dividends. That property is now conservatively valued at £2.6 billion.

### Battery Park team will develop Canary Wharf

Uris became the backbone of the groups property empire, with Paul Reichmann using the Uris portfolio as collateral to fund a number of other developments in New York. One of these was Battery Park City in Lower Manhattan.

The £1.4 billion World Financial Centre at Battery Park near Wall Street was regarded as a tremendous gamble at the time, but once more the brothers' boldness paid off. They have succeeded in renting the complex to some of the most illustrious financial institutions in the world, such as American Express, Merrill Lynch, Dow Jones and Oppenheimer.

The company clearly believes it can repeat its success at Canary Wharf, although so far only Morgan Stanley and Credit Suisse First Boston — members of the original consortium — have signed leases for space.

Canary Wharf is the biggest challenge Olympia

Canary Wharf development

