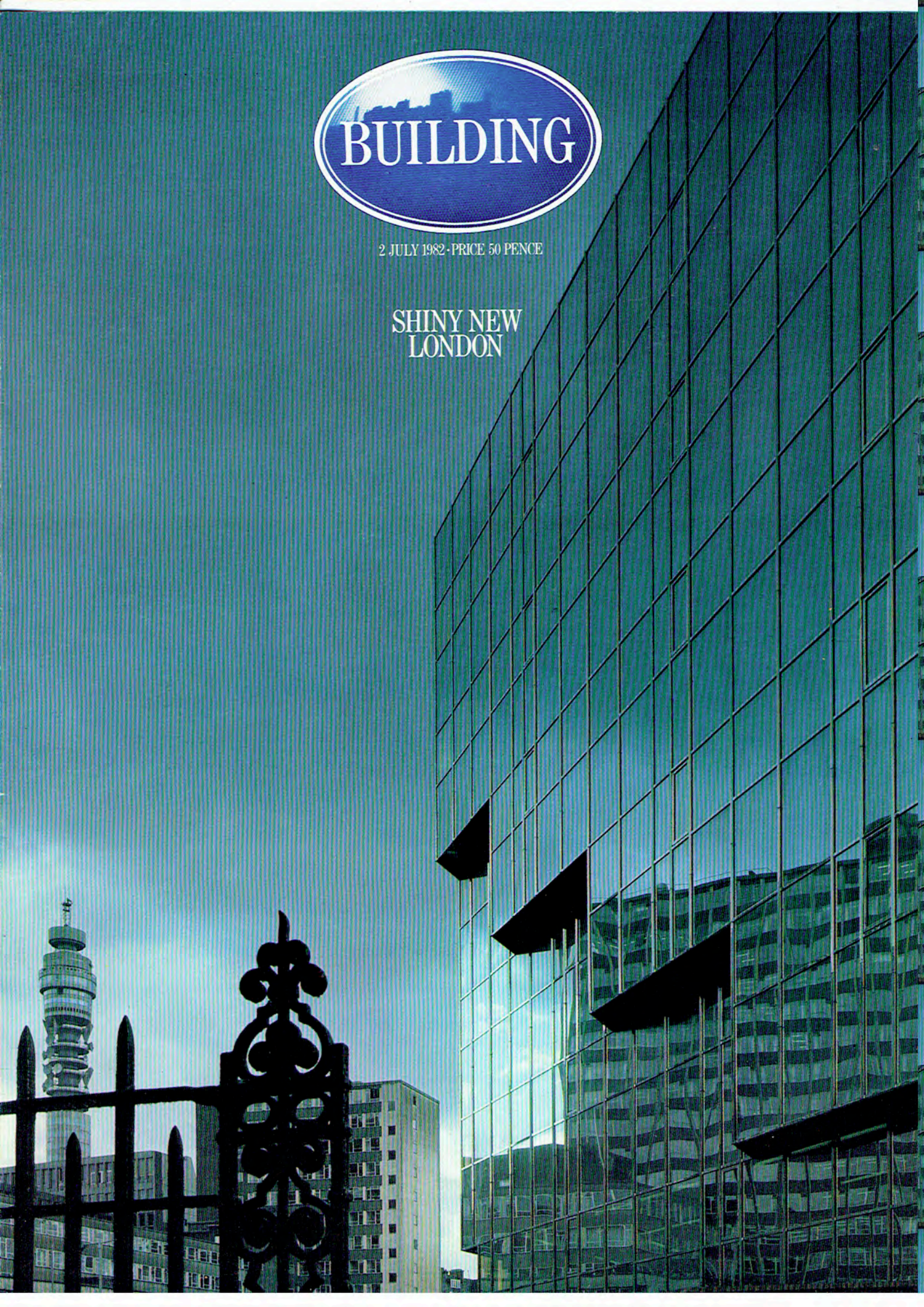
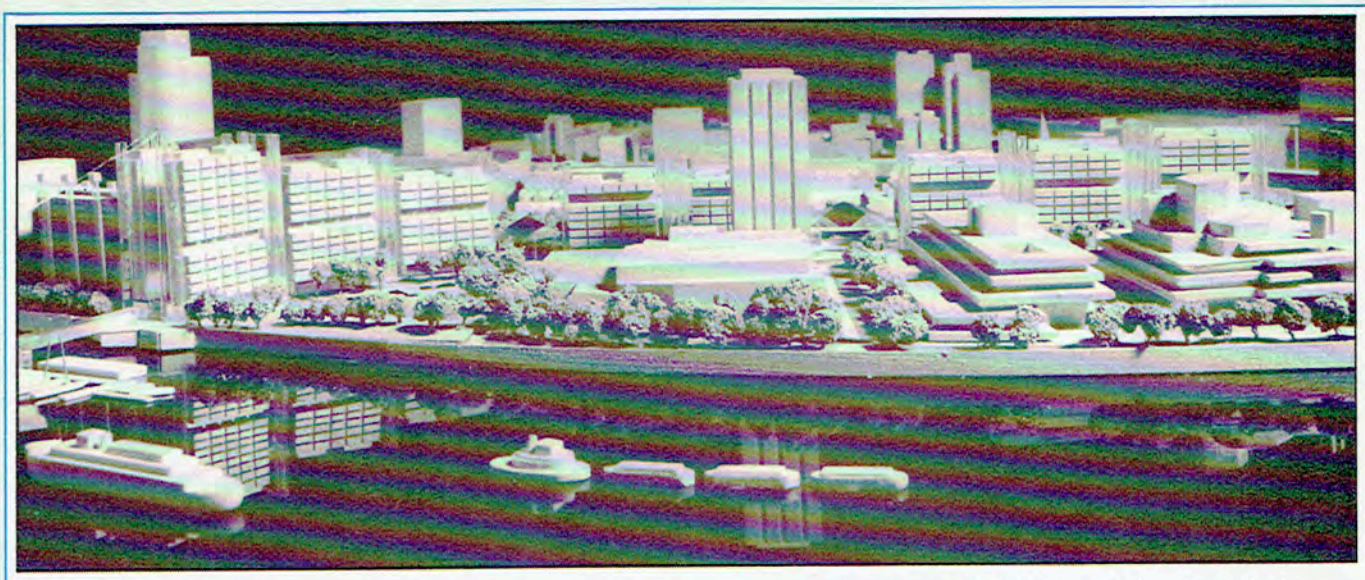
BUILDING

2 JULY 1982 · PRICE 50 PENCE

SHINY NEW LONDON





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Greycoat Estates is a development company that has taken the London property world by storm. Joint managing director Stuart Lipton explains to *Building* how he is bringing controversial American methods and advanced technology to bear on the massive building programme.

Greycoat and Stuart Lipton were first thrust into public prominence last year when their plan to transform London's South Bank with a commercial and shopping centre designed by Richard Rogers ran into serious opposition from local politicians and residents. In the end, the opposition matched the developers in their boldness and now London awaits the finding of Environment Secretary Michael Heseltine on the matter.

That brief foray into the public eye has done little to reveal the true extent of the work that Lipton and his team have been undertaking. The discreet and secretive world of property has ensured that little has been learned of him in the wider world. The fact is that Greycoat is poised to develop millions of square feet of office space in London. If Coin Street is started and finished it will result in almost a million square feet of office space. Recently completed developments at Cutlers Gardens and Euston Road/Tolmers Square add another million plus square feet to the total. Then there is the new 250 000 square foot development under construction above Victoria Station. And at Finsbury Avenue a 360 000 square foot development is on the drawing board. All this is topped up by some much smaller schemes.

This alone makes Greycoat and its joint managing director interesting to the building industry: between them they are clearly going to provide much work over the next few years. But there is another reason why the industry is beginning to sit up and take notice. Lipton and his colleagues are using their pre-eminent position to force through radical changes in the way the industry works.

Lipton has been criticised for involving himself in the workings of the industry. He is, the critics say, obsessed with details that are the province of the professionals and he should be concerned with the traditional role of the developer – the appropriate development of suitable sites.

He does not agree. The developer, he believes, is there to solve problems; otherwise the financial institutions can develop without them. "We're not here to build rent slabs, we're here to input technology, input ideas."

The reason he sees it this way is quite straightforward. Finding a better way to do things should mean they can be done faster, cheaper and better. And that means that the client can be saved money and will have a more lettable building on his hands at the end of the day (either through cheaper rents, cheaper running costs because of greater investment, or better finishes made possible by savings elsewhere in the building).

"Technology enables us to compete for buildings, with lower costs, and introduce faster building periods into viability studies. That means we can pay more for sites and at the same time have 75 per cent of the building on a fixed price basis before we start construction.

"Our business is about risk and reducing risk. All this technology reduces risk."

So confident is Stuart Lipton of his ability to improve the industry's collective performance that he believes he can bring in a building at a final cost 15 per cent below that prevailing in the rest of London.

So far Greycoat has been best known in the industry for its employment of architects who are not normally associated with commercial development. To Stuart Lipton, there are important reasons for taking on what he calls the institutional architects. There is of course the crude one. He believes good architecture makes money, more money than mediocrity.

He has been in the property business for over 20 years and became aware of public disquiet about the kind of developments that had been going up – particularly in the wake of the property collapse in the mid-1970s. When the market began to move again in the late 1970s he was fully prepared to go ahead and take the potentially enormous gamble of employing architects who had made their reputations in other fields. He began to look at the work of some of the institutional architects. "One noticed that they knew more about how to build a building. Their architecture was naturally better, their net to grosses were better, their costs were lower, their speeds were faster, and above all there was a tremendous intellect among them. You might love or hate their work but at least it was doing something for you."

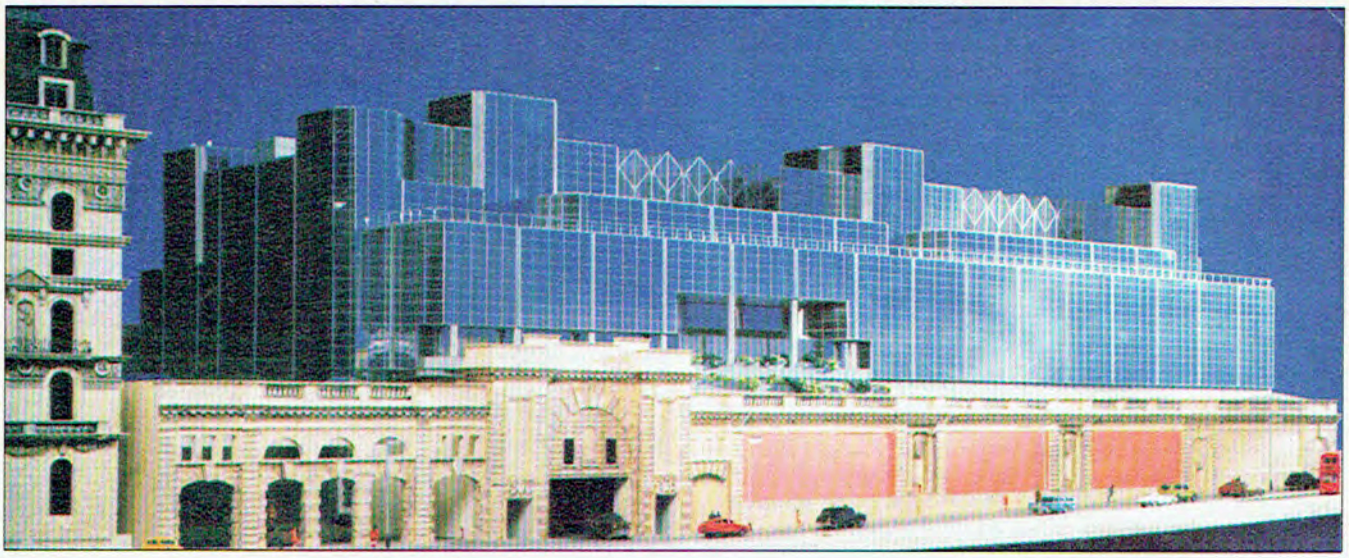
Architects who hope to work for Greycoat will find that many have been through the hoops before them and that the course is a tough one. "What we do is spend a lot of time with architects and go and see them and they come and see us, maintain a dialogue, and try and develop a relationship so that when you come to a project you haven't just employed a new unknown man and asked him to produce something off the cuff.

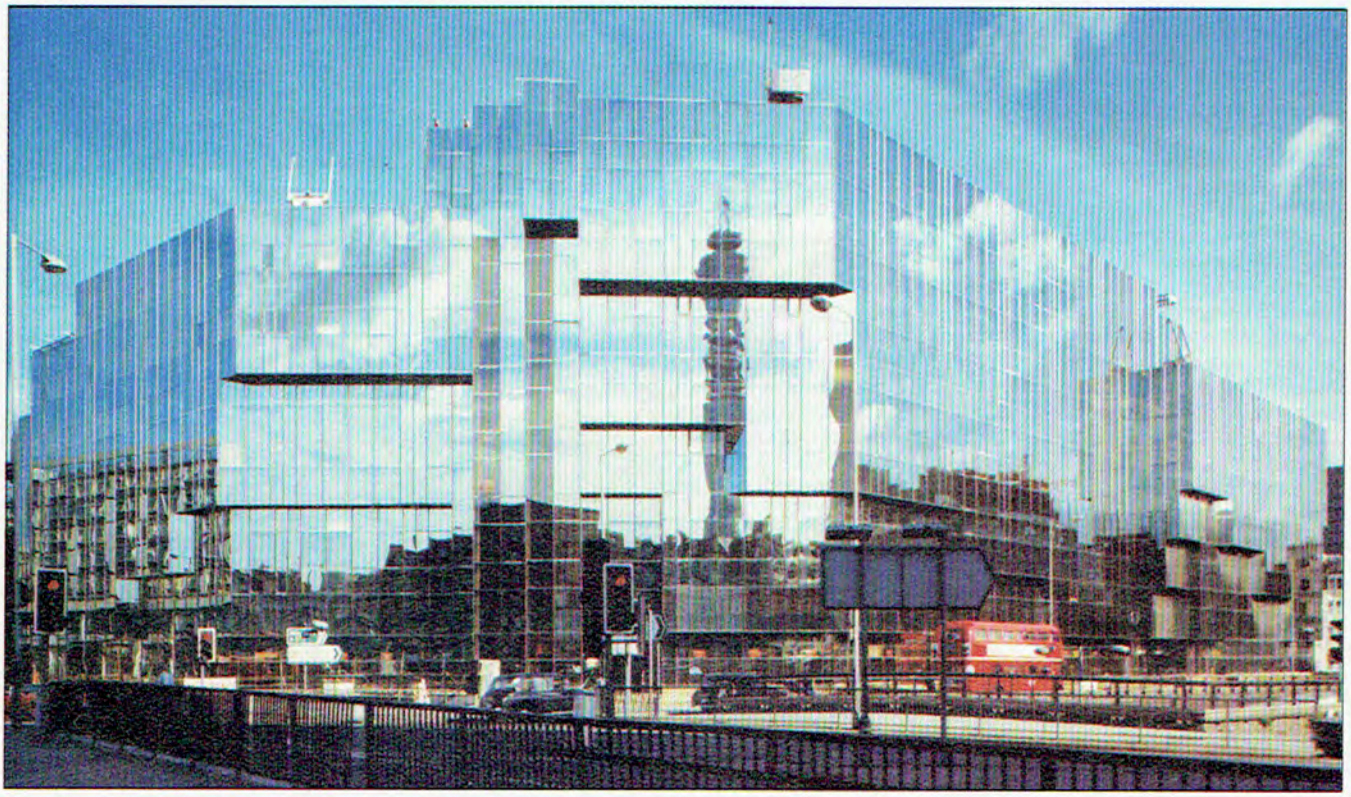
"It's the result of a mutual area of investigation and naturally we try and select our architects as being suitable for the project. We consider each project almost as an architectural competition. We prepare a list, comprised mostly of those firms we know, add appropriate names and then interview, debate and select."

Such an approach is very commendable and is one adopted only by clients concerned to get the best people. But Lipton has not allowed himself to be blinded by the design fireworks he has been confronted with. The time he spends with the architects is productive.

"We not only want to talk to an architect about what he's done in the past. We want to look at it and talk to his clients. We also want to see his working drawings. We want to see his site minutes and we want to see his scheduling.

"Once you engage an architect, you've got to live with





him for two years or more. A typical project for us is 6 to 12 months lead time, 18 months construction, and then the final account. It can either be a very pleasant business or it can be a bloody experience. Above all we want to be patrons and encourage quality."

The confrontation of creative professional practice and hard-nosed developer starts from square one. As client, Lipton calls the shots. The result is that he now insists on professional terms of employment that are radically revised from those in force until recently.

For instance working for Greycoat now means a fixed fee based on the target fixed cost of the project at the date of construction commencement, with no further fee on inflation.

Top left: Richard Rogers' now famous Coin Street development plan for Greycoat in its latest form. *Top:* Elsom Pack and Roberts' scheme for offices above Victoria Station is now building. *Above:* a glittering facade to revive a dull area was the design brief for the Renton Howard Wood Levin Partnership's office block in Euston Road.

And he insists that it must include all disbursements and drawings. Lipton is looking to the RIBA's new conditions of engagement (the Architects' Appointment) now being prepared to sort out the anomalies that mean that the architect is employed on one basis and the contractor on another, and hopes that the new RIBA terms will be fair. He says that the existing terms were prepared by architects, for architects, without realistic proper consultation.

Greycoat also seeks to impose unheard of disciplines on its professionals. It insists that a schedule of drawings is prepared from day one and that procedural working drawings should be complete in a period of six months. The architect is also expected to defer to the contractor in terms of matching the contractor's programme for drawings. All professional terms of engagement for Lipton spell out who is to respond to whom under what circumstances.

"One finds huge gaps in the old system. Who is responsible on site? An architect, if you look at the RIBA terms of engagement, can visit a site when he so desires, as he feels appropriate. Well, if you're paying a fee, shouldn't the architect go and see your site at least once a week and shouldn't he supervise the works?"

Perhaps the most surprising thing about the Greycoat operation is that this all-pervading discipline extends to encompass the area of design itself. Not only does the architect find his role spelt out very clearly in his contract, but he finds that he is presented with an astonishingly detailed briefing document.

"The lesson we've learned from American buildings, apart from discipline, is don't reinvent the wheel every single time. Spend time on technology where it matters, on the exterior, on the frame and in the services. Don't go playing around with every single thing."

The brief applies Lipton's philosophy of eradicating those ▶

► aspects of design that can be solved once-off and which can be re-used. The team has looked at the design of toilet areas, for example. Criteria are set, such as the separation of wc areas from the wash basin area. Configurations are laid down which experience has shown minimise pipe runs.

Other conditions can be imposed on the architect – such as the concentration of services into a single bay rather than untidy dispersion over four or more. This formalisation of lessons learned from study tours overseas (notably the USA) and of lessons learned from development itself is something new in the property world.

It does not seem, however, to have frightened off the big name architects. Nor does it impose a rigid formula. Lipton is quite happy to accept other design suggestions if they are shown to be better. But he clearly wants the architects he employs to maximise their skills by working on the modelling and layouts of their buildings. He points to the new Arup building at Finsbury Avenue as a case in point.

In it, an expressed gridwork for solar protection which also serves as access for window cleaners is a new concept for commercial offices but one which Lipton saw as having distinct advantages in terms of client savings on maintenance and energy use. It probably pays for itself by reducing plant capacity.

Innovation is something that obviously fascinates Lipton and his colleagues. His office is full of bits and pieces of samples of new products which he likes to bring out to show how things may move. Recently the company has looked at flush head sprinklers, at new technology lifts, at false floors in place of trench ducts, and at under-carpet wiring looms.

But he is distinctly nervous of one-off solutions to everyday problems. "Is it clever to produce 22 different dies for a window frame – which I've heard architects boast about? OK, a die will only cost a few thousand pounds but in the end the window will probably leak. No matter how much money you spend on it, it just hasn't been built that way before and testing procedures are usually inadequate."

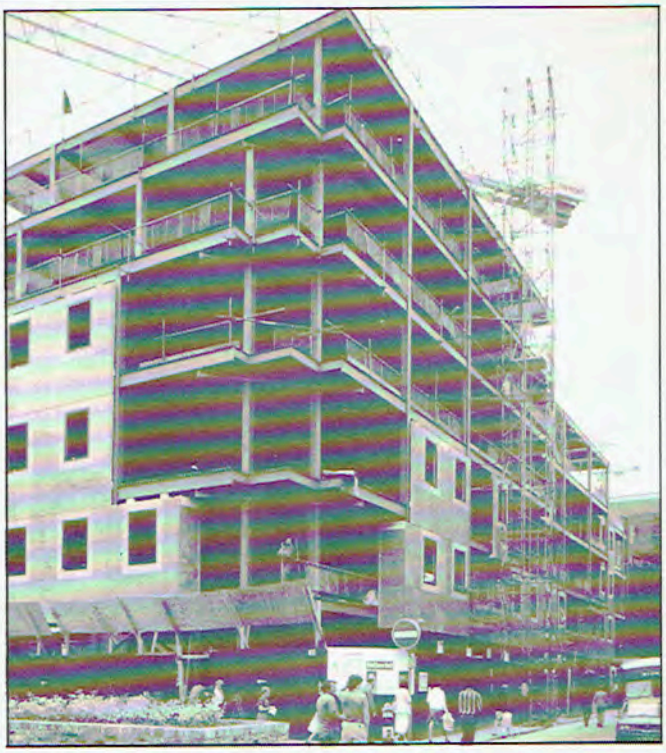
Lipton is none too complimentary about architects' ability in technical fields in any case. In his role as watchdog, he is well aware of some of the most obvious shortcuts that practices can take. "We all know that many architects, most architects, on items like windows get the subcontractor to do the drawing and then put their own name on and send the drawing out to tender. And it's no wonder that one particular firm, by chance the firm that designed the system, often gets the lead. We prefer to have a performance specification, have drawings prepared by the architect, and then invite our subcontractors to submit prices, design and methods."

But despite this jaundiced view of some aspects of design, Lipton has a positive view of the company's relationship with its architects. "We don't impose any architectural solutions. But we do give them a clear instruction, set them targets (such as 50 000 Btus per square foot load) which we know to be obtainable, and ask them to research any new technology. That's the motivation for them."

It would be wrong to get the impression that Lipton reserves all his attention for the architectural profession. He and his team appear to have looked closely at every aspect of the industry – thoroughly. This became possible for the senior Greycoat men (there are five of them) in the aftermath of the property crisis of 1973. Quite simply they had run out of work of any scale. Until then they had worked for several years on a series of relatively small scale (up to 100 000 square feet) developments in a fairly undistinguished way.

The crisis did not break up the team and they used the opportunity to rethink. A lot of time and money was invested to research the way the Americans managed the affairs of their industry and in Lipton's view the application of the techniques he learned there is now paying off in a big way in Britain.

It has not been an overnight transformation. But it has now reached the point that he has abandoned the Joint Contract Tribunal standard form of contract completely. At the moment Greycoat uses a number of different contracts to take account of the company's needs or altered versions of management contractors' contracts. Before long Lipton anticipates a contract will be prepared for Greycoat for use on all contracts. He has been won over completely by management contracting. But more recently he has used construction management techniques where he, as client, places the subcontracts – albeit with the guidance of the construction adviser to hand. The advantage is that he can place serial contracts and buy in advance.



Merger of Greycoat Estates and City Offices

In November last year Greycoat approached a company almost twice its size with proposals for a merger. At that time the company, City Offices, held net attributable assets of £37.45 million, while Greycoat held £19.06 million. It was therefore a reverse takeover bid. The practical outcome of the move was the injection of the development experience of the team at Greycoat into what was effectively a pure investment holding company. The combined group is strongly placed to fund new developments.

History of Greycoats

The executive directors of Greycoats have each been active in the property development and investment market since the late 1960s. Joint managing directors Stuart Lipton and Ronald Spinney, and deputy chairman Geoffrey Wilson, were directors of Sterling Land Company Ltd; assistant managing director Barry Cockerell was a senior executive.

Sterling was acquired by Town and City Properties in 1973, and

Lipton is not afraid to bring the contractor in early on a contract – even if it means negotiation and the price premium which may result. He feels that the contractor has an input to make to the building team and that the contractor himself benefits from knowing as much as possible about the building before he starts on site.

Principally, Lipton tries to offer the contractor the least possible risk. He asks for the architect's drawings to be virtually complete before the job starts so that there should be no changes during construction.

This certainty deserves some explanation. It is based on Greycoat's adoption of American construction techniques. The company has realised quickly that off-site prefabrication was a significant advance on the British practice. "We talked to many companies in the States and retained Schal of Chicago as our construction adviser, with one of their men resident in our office. Then the questions emerged.

"Why are we building buildings with scaffolding? You never see scaffolding in the USA. Why aren't we prefabricating to get better quality? Why do we board out floors to install ceilings? Why do we build structural and loadbearing concrete all over the building which is laborious, inflexible and expensive?

"That took us towards steel frame. We were told, oh, steel frame is wildly expensive, needs enclosing in concrete and besides you cannot use metal deck because it's not approved. So we worked with Constrado for two and a half years – though we actually had to use a fair bit of pressure on the steel industry, which seemed reluctant to implement new technology. We emerged from our research with a steel-frame building using metal deck with spray or boxed dry fire protection, but we had to slightly vary our engineering design."

Speed and consistency are the

Far left: the most important development now building in London? Greycoat's scheme at Cutlers Court is a Renton Howard Wood Levin design and the first all-steel building in the capital. *Left:* Cutlers Gardens is a massive 500 000 square foot rehab and new-build development, designed by R Seifert and Partners (see *Building*, 4 June).

the capital realised by the acquisition enabled these four to establish Greycoat Estates as a private company in 1976. It embarked on a number of development and refurbishment projects. In July 1978, the company obtained a stock market quotation by reversing itself into Chaddesley Investments, and changing the name to Greycoat Estates Ltd in February 1979.

The small size of Greycoat in its first few years meant that developments were undertaken in association with a number of partners; Sir Robert McAlpine & Sons Ltd (250 Euston Road and Victoria Station), Rosehaugh Company (Finsbury Avenue) and Commercial Properties plc (Coin Street, also with McAlpine).

City Offices

The company, registered in 1864, primarily invested in offices in the City of London, as its name implies. Up to the time of the merger with Greycoat, it had always been a family business. In the 15 years prior to the merger the group had embarked on just one major development, financing a large office block in Bristol completed in 1974. It stood empty until 1977 and was then let at a rent now well below market levels.

During 1978, the group's interest in its two major City of London properties, Baltic House and St Clement's House, was considerably improved. The freehold of Baltic House was acquired, and an up-to-date lease was let on St Clement's House, where the current tenant fully modernised the property.

The freehold content of the portfolio rose to virtually 100 per cent – almost unique in the property sector.

two important features about steel frame in Lipton's view. Even the comparative inflexibility of its use in the frame is an advantage in his view as it means that from day one the team has to know what it is going to build. Once again, "it imposes a discipline on the team".

"Most jobs are priced to be almost always inefficient, so we pay for our own poor design. On a regular building we're all moving materials all over the place, double handling, nobody cares, jib time runs out, it's haphazard. We want to inspire our subs, which is difficult, but it is beginning to change. We insist they provide their own attendances and they rent hoist and crane time, thus trying to ensure they plan the job."

Lipton's catalogue of criticism extends to the apparent inability of the British to innovate quickly enough. Manufacturers and suppliers of major components come under his fire. He particularly reserves his despair for the curtain wall suppliers.

"You find that British subcontractors in this field are just not into the technology of the Continentals. We asked for a cost-efficient product and were told that they did not produce a cheap curtain wall. And yet we found that we were able to obtain from Continental manufacturers a better system, with thermal break and quality that was in a different league, for no more money with guaranteed delivery.

Lipton feels that British companies' failure to innovate is now in danger of happening in steel buildings. He wants to produce nothing but steel frame from now on (the first, at Cutlers Court, is now halfway through its 12-month building programme). He will also be using steel deck, having negotiated the process through the London district surveyors and fire officers.

But there is only one British supplier of metal deck, Holorib. "The trouble is that Holorib seems to want to charge us for the privilege of using a British product. I shall be using an Italian deck wherever possible until Holorib prices metal deck on the same basis as its roof deck. There are also French decks around. I fear that as with curtain walling we shall soon see an invasion of foreign decking systems, though one bright spot is that RTZ are said to be developing their own deck."

By now it is apparent that no one in the building team is going to escape the searchlight of Greycoat's re-examination of the British building industry. The next and inevitable target is the quantity surveyor. Already under indiscriminate fire from a variety of sources in the industry, the QS will get little comfort from Lipton.

"We still have the regular role of the quantity surveyor. But it is changing. We are using him more and more as a cost consultant and the old method of bills of quantity in their most detailed form is no longer appropriate."

The kind of role Lipton now sees the QS as fulfilling is best illustrated by taking steel frame again. He says: "We want to know what the cost of a steel frame is. We want to confirm that we should be paying, say, £575 a ton for steel initially. So that's our first question. How many tons of steel and what price is the steel?

"So we look to him to tell us what that price is, and what the market will bid for that steel. We already know that we should aim for a weight of steel of approximately nine pounds per foot in a low-rise building (if it isn't we shall ask why). So essentially we're looking for a very simple statement that this frame should weigh between nine and ten pounds per foot and therefore that equals x tons at whatever the going rate is for steel and therefore the cost of the frame should be £y million.

"What we don't want is to price up a bill of quantities only to find that the price is £y million plus and then have to go all the way through it to find whether its been over-designed or is over-expensive architecturally. We want the architect and the engineer to work as a team using nine pounds a foot as a target and have the quantity surveyor available to give them guidelines so that they don't come back with the wrong answer.

"Redesign is never as successful. We want team spirit in the group. If they're working as one and they achieve the targets and they achieve the design they want, the design becomes exciting. Otherwise its a bore doing it several times."

It seems strange to be talking to a property developer so intensively about the construction process and building products. Lipton himself sees nothing remarkable in it. He has resolved, with his team, a view of the future pattern of property development in London and is now determined to implement it. The only constraint on Greycoat's activities that he foresees is a self-imposed one – the company will not operate more than 45 minutes travelling distance from its Mayfair headquarters. Any further, says Lipton, and they would begin to lose touch●