

West, north and south

■ Donal Mulryan is driving West Properties from residential success into mixed-use territory in Manchester and Leeds, but his long-term ambitions lie further south. **Mark Shepherd** reports. Photograph by **Dominik Gigler**

DONAL MULRYAN ADMITS HE IS NOT THE TYPICAL Irish property developer. 'I don't play golf and I don't like horse-racing,' says the 38-year-old chief executive of West Properties, the company he set up in 2002.

Instead he is more likely to be found on a race track putting a classic Ferrari through its paces. 'Without golf or horses, the only thing that is left for me as an Irishman is to drive fast cars.'

Having spent 17 years at Ballymore, the company run by his older brother Sean, most latterly as head of construction and design, Mulryan was like a racing car held at a red light. But since he left the Ballymore pit lane in 2002, West Properties has loomed large in the rear view mirror of Manchester's development luminaries.

However, Mulryan does not want to stop there. He outlines his plans to expand West Properties into the capital, where he is trying to buy three large-scale sites. While he has enjoyed early success with Lumiere and Skyline Central, two luxury Manchester residential schemes, he fears being pigeonholed as purely a housebuilder, which is why he is driving the company towards mixed-use developments.

He also spells out his early thinking on the prized Ramada hotel site on Deansgate in Manchester, which he scooped from under the noses of the city's other developers for £20m in April.

MIXED FEELINGS

West Properties arrived on the Manchester scene in 2002 with the development of Lumiere on City East Road. The 90,000 sq ft luxury residential scheme was completed in 2005 and was followed a year later by the 250,000 sq ft Skyline Central, which raised the bar again by featuring a 20 metre swimming pool on its roof. Manchester had never seen anything like it.

For Mulryan, it was an important pair of projects to get right. 'We had to prove to Manchester City Council that we were going to deliver what we said we would,' he says. 'I think if we had delivered a really crap building we would have been judged on that, and rightly so. If the council demands something of you, you have to give it.'

In line with Mulryan's overall vision to expand his company away from residential and into mixed use, West Properties has received planning consent to build the 340,000 sq ft Origin – three landmark glass buildings facing Canal Street in the city centre. The scheme will comprise 62,000 sq ft of offices, 180 luxury flats, shops and a 210-bedroom hotel.

Origin is a significant departure from West Properties' previous developments.

'It was always the plan to move to mixed use,' he says. 'From my background at Ballymore, there was no denying that, even though we did some commercial buildings, we were residential-led. Public policy is promoting mixed-use development and I like that because it diversifies the risk.'

However, Mulryan adds: 'I don't think it is becoming riskier to do residential and I would do it again if I had to. I just don't want to be pigeonholed into the residential format.'

After Origin, which is due to be completed in 2009, the next Manchester test for West Properties will be at Deansgate. The site's acquisition took the market – and even Mulryan – by surprise.

'I still can't believe we managed to get the site,' he says. 'Acting on a rumour from agents in the city, I just picked up the phone and did the deal. It was over in seven days. I thought if it got out, there would be hundreds of bidders.'

Mulryan's plans for the site are unequivocal. 'We'll bulldoze that horrible building [the

Ramada hotel] into the ground and start again.' West Properties is in the early stages of drawing up a replacement for the building with Ian Simpson Architects.

Mulryan still expects there to be a hotel on the site, as well as prime retail and residential. 'We are not ruling out a tower,' he says. 'But that will depend on what the council says.'

West Properties is split between construction arm West Contracting and estate management and letting arm West Residential. Every stage of development, from finding a site to letting or selling it, is carried out in house.

This approach is being reflected in a need for West Properties to increase the size of its operation. In September, its Manchester office of 40 people will move to a 26,000 sq ft building in Princess Street. Then in early 2008, its London base of 25 people will decamp from New Crane Wharf in Wapping to Farringdon's Glasshouse Yard.

ALL-ENCOMPASSING SERVICE

'When everything is outsourced it is difficult to control things,' says Mulryan. 'It gets particularly annoying when you are paying an agent 14% and still get a phone call from an investor because a washing machine at one of your properties isn't working. We want to be an all-encompassing service.'

There is good reason for this. West Properties retains a large stake in all the developments it builds. This, says Mulryan, gives it a vested interest in ensuring that the schemes are well built, enables them to remain on site as estate manager and provides the opportunity to share in longer-term increases in value.

'Our intention is always to keep a sizeable chunk of what we build,' he says. 'There's a philosophy in keeping some stock in house and waiting for capital growth to perhaps sell it →



Shore footing: Mulryan has set his sights on an 8 acre riverside site in London



← later. We retain equity rather than take all of the cash out. This encourages us to build to a high quality because in five years' time we are still going to be in there.'

West Properties relies on equity from Mulryan and his board of directors, which contains familiar faces from his tenure at Ballymore.

Martin Daly headed international property development at Ballymore and now serves the other Mulryan as technical director. Michael Nee was Ballymore's contracts manager before moving to West Properties as managing director of the construction division. Working with him is former Ballymore construction manager Mike Dines, who is now West Properties' construction director.

Besides equity from the board, the company is also funded by debt from 'banks that we know and trust, and know and trust us', says Mulryan. He refuses to reveal what West Properties is worth but boasts of a 'significant equity base that is growing'.

West Properties' accounts to March 2006 show a rise in turnover from £5.8m to £10.2m between 2005 and 2006, while gross profit was up from £565,707 to £725,772.

'If equity came along at the right time, we would take it for sure,' he says. 'But right now, we are sticking with our formula.'

It is a formula that Mulryan says will drive West Properties beyond Manchester. It has already bought two prime sites in Leeds. The first is the old Centrica headquarters site next to Hammerson's Eastgate development. West Properties is working on plans for a mixed-use hotel and leisure development and expects to submit a planning application

for the scheme by the end of the summer.

The second Leeds scheme is a 6 acre site in the middle of the Kirkstall Road masterplan area, for which West Properties is in the early stages of drawing up a scheme.

Mulryan estimates that West Properties' development pipeline in Manchester is worth £1bn, and in Leeds there is the potential for £800m of development.

TARGET PRACTICE

The real target, however, is London, where Mulryan forged his expertise during his Ballymore days. He says he has an option on an 8 acre site next to the river and is close to securing it, and reveals that he is bidding on two further sites.

'From a land-acquisition point of view, London is the new focus,' says Mulryan. 'But from an operations point of view, the day-to-day construction is happening up north.'

'I believe we are in the three best cities

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DONAL MULRYAN, WEST PROPERTIES



Origin of Man city: 340,000 sq ft scheme is mixed-use departure for West

within the UK. We want to export to London from Manchester what we have done in terms of the quality of the facilities.'

But Mulryan may risk being pigeonholed once again as a residential developer, at least as far as the capital is concerned. He concedes that a site next to the river would be unlikely to support a hotel or mixed use. The only option would be to go back to the residential format that West Properties is renowned for and, paradoxically, wants to move away from.

'It all depends on location,' says Mulryan, playing down the paradox. 'We will be led by what we buy and where we buy it. If a site takes mixed use, we would love to do that. But if it doesn't, and offices and a hotel wouldn't work, of course we would have to focus on residential.'

An export from the north may not sit so easily in the south, however. Should West Properties decide to focus once again on residential for its plans in the capital, it would have to contend with a slower planning system and the 50% affordable housing provision required by London mayor Ken Livingstone. This would require drastic changes to West Properties' luxury living formula.

'There are many issues,' he says. 'There is the affordable housing provision to take into account, which is quite large. And the planning process is slightly slower in London, but it is not as if I am coming to the city for the first time. I am coming back to where I started, so I know how it all works here.' ■