

# Commercial Property

## Project takes emotional development

KEN HOUSTON

IF IT'S supposed to be fatal for a property developer to become emotionally involved in a scheme then Derek Souter, for a 52-year-old, is in remarkably good shape.

Fresh from a morning gym session at Edinburgh's Caledonian Hotel, the Dundee-based entrepreneur tells me it's impossible not to be emotional about Glasgow's Egyptian Halls, a scheme that has taken up 13 years of his life.

"How can you not get emotional about a project like this?" he asks. "When we originally became involved, the proposed redevelopment was a facade retention with new-build behind. Then we discovered the facade concealed marvellous examples of engineering excellence and innovation and that a lot more than the front was worth preserving. The technology used on this building was cutting-edge at the time and formed the basis for the later skyscraper boom in Chicago."

Souter is not, of course, an architectural "enthusiast", happy to give up his spare time to help save this masterpiece by the iconic Victorian architect, Alexander "Greek" Thomson. He is, first and foremost, a businessman who (understandably) wants to come out in profit. But he also insists that his desire to preserve and restore the landmark goes beyond financial reward.

The Egyptian Halls, like Union Street on which it stands, has been deteriorating for three decades. Souter's involvement began in 1998 when he set up two companies, Union Street Properties and Union Street Investments. At the time, there were six separate owners and his interest was limited to two ground-floor



Derek Souter, now, and the Egyptian Halls in 1998, when he first took interest

retail units. However, after several years of negotiation and legal wrangling, he managed, in 2007-8, to wrestle the title from the other parties and bring the building under the USP/USI umbrella.

No longer handicapped by multi-ownership, Souter put in place detailed plans for a hotel-based restoration of the building, which would retain the unique engineering features of the interior as well as the decorative facade.

More than three years later, and no further forward in structural terms, Souter has applied for permission to demolish and replace the building with a contemporary design. The impasse is down to a funding gap of £2.3 million, despite the landlord having invested more than £5m in the scheme and grants totalling £2.65m

having been committed by Glasgow City Council and Historic Scotland. Souter's application to demolish is based on an assertion that the building may soon be beyond repair, making a new-build the only viable option. The counter-argument, which Souter strongly denies, is that these are scare tactics aimed at forcing the hand of the authorities.

Souter now believes that a resolution is only possible if the Scottish Government comes up with the funding shortfall, claiming commercial as well as heritage advantages. He says: "Not only would such action save a building of European and world significance but a hotel would produce business rates of £350,000 per annum so the money would be recouped within a decade."

Heads of terms, he says, have been agreed for a four-star hotel operation with Longmore Buccleuch, but this commitment is time-limited.

"Apart from saving the Egyptian Halls, this scheme would kick-start the much-needed regeneration of Union Street as a whole. It could eventually be linked in with the Lighthouse at the rear and create a whole new retail and cultural quarter within the city centre."

Souter says he has no regrets about taking on the project, indeed he "has become a much better businessman because of the experience". While "never tempted to walk away", he adds that this is partly down to the support of two fellow directors, his brother, Duncan, and Kevin Kerr, a friend of many years' standing. "Other directors not so close in the personal sense may not have had the patience of Duncan and Kevin."

Describing himself as not so much a property developer but "an advertising and marketing guy with a financial leaning", Souter has worked in a managerial capacity in radio, national newspapers and advertising. A lifelong supporter of Dundee FC, in 1999 he resigned as vice chairman - having taken commercial income from £80,000 to almost £1m - as a consequence of the club's developing links with the controversial lawyer, Giovanni Di Stefano.

Still a fan, he has watched with sadness as Dundee's troubles escalated further this season, leading to administration and with it the loss of 25 points, which almost certainly cost them promotion to the SPL.

Nevertheless it may be a toss-up as to which piece of real estate has caused him the more grief - Dens Park or the Egyptian Halls.

### Sweet deal for Caliber at Sugar Bond

**DEALS** SUGAR Bond at Leith, Edinburgh, has its second new tenant since reducing rent to £7.50 per sq ft. Caliber Interactive has taken the 241 sq m (2,594 sq ft) 7th floor office suite on a five-year lease. Ryden, Montagu Evans and CWPC acted for the landlord.

Bankhead Land, a joint venture between New Land Assets and Plum Developments, has acquired Mid Road Industrial Estate, Prestonpans, 40,000 sq ft of industrial property and yard space at £5.30 per sq ft.

Daleway let a townhouse on Alva Street, Edinburgh, to TNS. The 3,058 sq ft property, has been let for five years at a rental of £54,000 per annum. TNS was represented by Capita Symonds and Daleway by Eric Young & Co.

Meanwhile, Aviva Investors Pensions let a 1,927-sq ft office suite on nearby Shandwick Place to Abbey Tours Scotland for five years at £14 per sq ft per annum. The tenant was represented by McNicol PC and the landlord jointly by Eric Young & Co and SL PC.

For William Hill, Culverwell acquired a 20-year lease on 84 Nicolson Street, Edinburgh at £26,000 per annum.

■ Please send deals information, (text only, please) to [kh@kenhoustonmedia.com](mailto:kh@kenhoustonmedia.com)