## INTRODUCING

# Ian Cassels

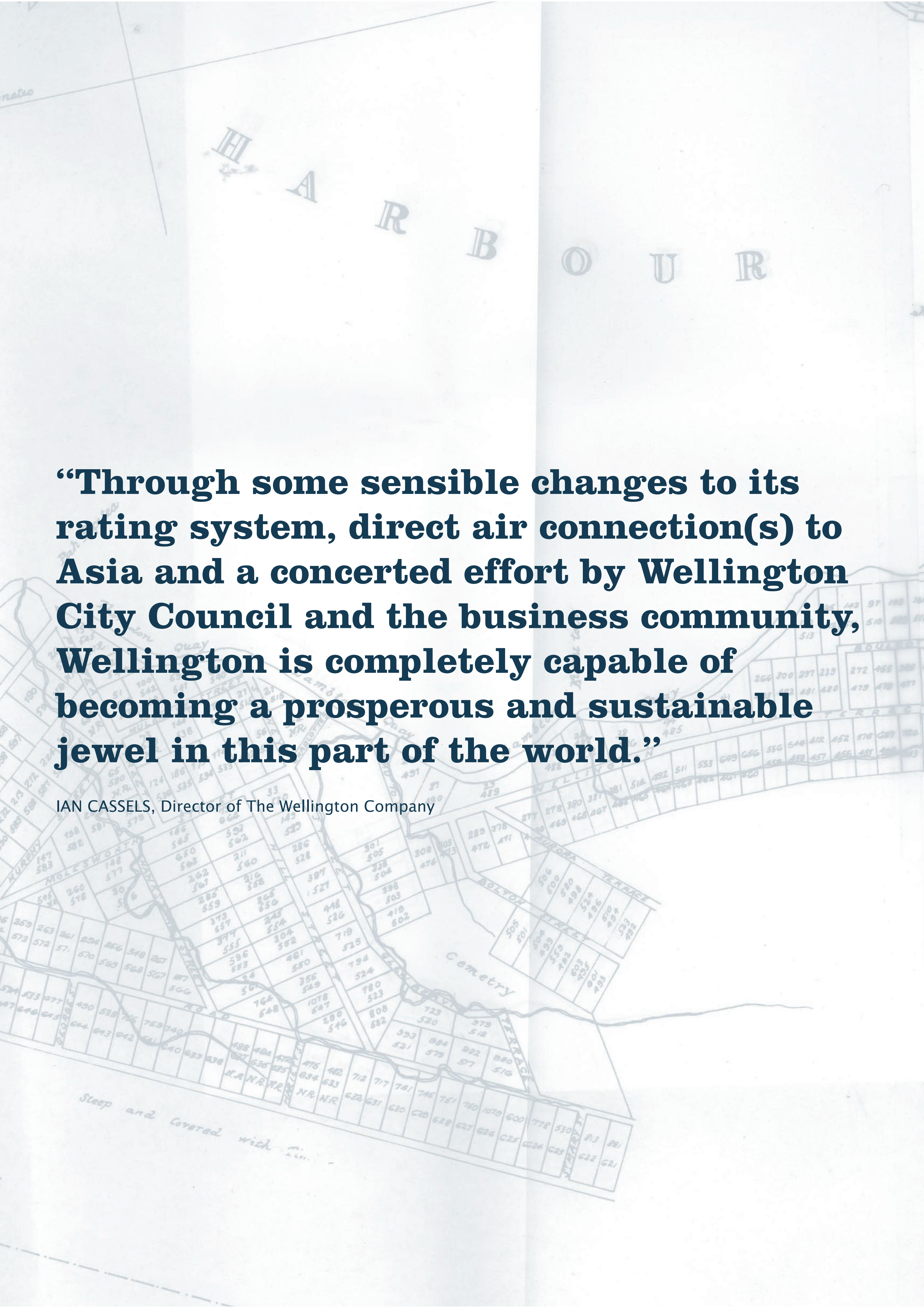
## CORPORATE PROFILE

THE WELLINGTON COMPANY

### Telecom Central
Willis Street,
Wellington

# WHO IS IAN CASSELS?

TRUE INNOVATOR IDEAS MAN DEVELOPER CALCULATED RISK TAKER PERFORMANCE ENHANCER VISIONARY OPTIMIST FORECASTER PASSIONATE FOR REBUILDING, REVITALISING AND RE-CREATING RESCUER PROTECTOR LONG TERM GAME PLANNER DRIVER OF VIBRANT DEVELOPMENTS


HARBOUR
Quay
MOLESWORTH
BOLTON STREET
AURORA TERRACE
Cemetery
Steep and Covered with

**“Through some sensible changes to its rating system, direct air connection(s) to Asia and a concerted effort by Wellington City Council and the business community, Wellington is completely capable of becoming a prosperous and sustainable jewel in this part of the world.”**

IAN CASSELS, Director of The Wellington Company

# WHAT IS IAN CASSELS' STORY?

John Feast – writes
(former Managing Director of Colliers International, Wellington)

Back in the late 1990's, he was one of the first to see pressure building on the demand side of the office occupancy curve at a time when many institutions were selling down to reduce exposure to commercial property or debt. Good quality properties were then being offered for sale with few buyers interested at prices based on about one third of replacement cost or less. The sell prices represented commercial returns on the then rent rates held down since the property crash of 1987 by limited demand and low expectations. As the economy was improving and businesses expanding, it was only a matter of time before new building would be contemplated and then rent expectations would rocket and values could easily double if yields hardened by 4-5% and rents increased by 25%, as they ultimately did.

Funding was difficult. Ian hit on a method of unit titling suitable properties and treating each as a separate investment with separate funders, thereby reducing the risk to any one bank by spreading debt over individual titles, each individually valued. This was at a time when there was purchasing interest from small investors in tidy unit titled floors with good tenants. It enabled the Cassels' team to acquire a significant number of quality assets with minimal risk at a time banks were still very wary of commercial property lending.

Always an innovator and able to quickly identify opportunity or trends, Ian was able to use the stock of difficult older commercial buildings in the City; those where values had suffered terribly because they no longer met modern commercial requirements; those which could no longer be easily funded at all, and to convert to modern inner-City private apartments, rented apartments or student accommodation (for which a growing demand was ascertained) or for backpacker accommodation. This business soon developed into a major part of his empire and he developed a transportable residential unit concept used first on Boulcott Street to take advantage of development sites which would otherwise be an on-going financial drain, feeding off rates and interest payments. His current endeavours in this area focus on low cost housing to meet what is an obvious and growing need.

From the early 2000's, Ian started taking a real interest in the concept of "green buildings"; those having a low environmental footprint and a sustainable future for energy consumption; refuse creation, water use, air quality and the like. His first project, the head Office for Department of Conservation in the middle of the City involved the re-development of a former cinema complex into a modern office building. It has been a triumph with international recognition being given to the building and national recognition to Cassels himself, as developer. The new Telecom Tower in Willis Street is a further development of his philosophy to take existing structures and renew them and add to them and create far more sustainable buildings in the heart of the inner City with all its environmental benefits.

His innovation has led to these two major projects, DOC and Telecom, being propelled forward because he had the foresight to get control of the existing building occupied by his targeted tenants to reduce risk for both parties in the development process and, in particular, contingent exposure to rent in existing premises which cause many projects to falter because the prospective tenant cannot face the prospect of double rent or a mis-match of timing. The developer is in a much better position to give comfort to the tenant and can control and manage the risks far better. In the case of the former DOC Building on Boulcott Street, Cassels has converted a very difficult property into a high achieving student accommodation property which enabled him to deal with many of the property's serious building issues while the transition was made from office use to the new residential use. The Telecom Centre in Tory Street has a number of new uses proposed and the Cassels' team is working through the options now but it certainly appears the acquisition will produce a satisfactory result for the developer.

Ian Cassels takes his role as a developer in the community very seriously and has financially supported a number of good causes with considerable donations. These have included promoting the Arts Award in the Gold Awards, recognizing excellence in the region; supporting international experience for disadvantaged young singers in a choir; numerous civic projects; the International Festival of the Arts to name but a few. Ian Cassels continues to advise and contribute to the local government authorities from time to time and is the Wellington Branch President of the Property Council of New Zealand, heading the political arm of the property development industry.

**Aldgate Centre**
Tory Street
Wellington

IAN / Fishhead Magazine June 2010

# WELLINGTON IS FAILING TO DELIVER ON ITS BIGGEST ASSET

Property developer Ian Cassels on the way forward for the capital.

We live in a city of unrealised potential and are failing to market our number one asset! Wellington has the potential and the foundations to be a thriving hub for business in New Zealand, and that potential remains unfulfilled.

The business of doing business in Wellington is under-known and undervalued. Wellington as a city is a jewel in terms of its ability to produce efficient outcomes in terms of office use; it was set up to perform as an office town. And with a proven track record, all Wellington needs is to market this potential to get big businesses back.

Currently the world has an ongoing romance with large cities. Take Auckland, for example. It’s New Zealand’s go-to for business HQs. But the romance will wilt!

Sooner or later, businesses will realise the large costs – environmentally and economically – that a large city can bear down on a business. Businesses in Auckland face the handicap of having to traverse the whole city. With the traffic congestion and sheer size of the place, you can only squeeze in two or three appointments max per day. While in Wellington, 10-15 could efficiently be handled because of the ease in which people can walk around the CBD.

Westpac was the last bank to move to Auckland, and now it’s crowing about its carbon footprint. They would have been better off staying in Wellington and enjoying themselves.

The staff at Westpac’s ‘green’ building in Auckland are more likely than not to be driving to work; while Wellingtonians walk, bus, bike or train. This is a much easier city in which to be green.

And unlike the big cities – Auckland, Sydney or Melbourne – which have a large industrial labour force, Wellington has more office workers per capita. We’ve stuck to what we’re good at and provide the best environment for doing it. We’re either working in an office, or pouring coffee for someone who’s in an office, or writing a magazine for someone who’s going to read it in an office.

So whom can we blame for Wellington’s wasted potential? It’s not about blaming the councils or businesses for being daft; all this came about by accident. There is a sheer wall of ignorance about Wellington’s ability to make a good home for office-based work in this part of the world.

Responsibility rests on the community, the CBD, local and regional councils and the government to market Wellington as a great place for business. Unless we can get some really smart approaches to selling our message – what we’re good at, how we can trade as an ‘office city’ – our potential to be even greater will be lost. The sad fact of the matter is that until Wellington’s great potential to host businesses gets back to being valued and recognised, the herd won’t move back.

Essentially, the business of Wellington is office work, and we’re particularly good at it. It’s as good as, say, New Zealand’s wine industry is at producing Sauvignon Blanc. But people don’t know this; we’re not marketing it. We don’t realise how good we are at it, so no one’s selling it. It’s the big unsold product of New Zealand.

Telecom Central
Willis Street,
Wellington

Bayleys January 2010

# DEVELOPMENT AND THE LONG TERM VIEW

Developers need to change the way they approach their business or face an uncertain future, argues Ian Cassels, managing director of the Wellington Company. With a 20-year involvement in commercial property in the city, most recently developing a new 26,000 sq m building in Willis Street with Telecom as principal tenant, he also looks at what lies ahead for the Capital’s property market.

We’ve all heard it before from Sir Robert Jones: “all developers go bust”. I know I have heard it many times. I have my own version of this which is “if development for sale is your business then you’re likely to go bust”.

I’m a property farmer and the days of developing properties for sale, for the Wellington Company anyway, are well and truly gone. We’re certainly interested in enhancing our portfolio’s performance but it is simply because we constantly seek to improve cashflow that we undertake developments.

When you have this long-term view, your approach is quite different - to your city and to the long-term performance of the work that you do. Only when the car manufacturer becomes responsible for retrieving value from today’s car in 10 to 20 years time will we begin to see the true relevance of this approach.

Being in a cyclical business, whatever is up today will tend to be down tomorrow and vacancy will follow occupancy as time and tide have always demonstrated. In the short term, quality and efficiency will each trump the vast soft mass of the “B” market in the Wellington office market – if it isn’t special it will be discounted. If you haven’t been looking after your buildings you will likely be in for a bit of pain.

Because in the Wellington CBD, office and retail are symbiotically linked, the general fortunes of office and retail market will remain connected The two important considerations to note being the effect on economic downturn on each (in terms of timing) and the recent move to higher occupancy per metre. The increased population intensity has had direct benefits to retailers particularly in areas where offices are densest – Lambton Quay, Featherston Street and Willis Street. Certainly where office sustainably goes retail will follow.

Further out in the medium term, the future of our capital city depends upon much more than cycles. We have long since passed the point where head offices naturally located in Wellington and our current Government will certainly reduce its total head count. By 2012-13, we’ll need to have been very busy in the preceding years to keep our CBD workforce even at its present level. However, if sector interests have co-operated and been productive we will have seen some residential conversion, office upgrades and the city becoming increasingly attractive to its workforce.

Long term the world will increasingly rate locations as to how innately efficient they are – or, to put it in another vernacular, how much of the planet you burn to do your job and go about your life. Here, Wellington will ultimately triumph. We’re not a super city and efficient organisations will struggle with the hurdle of getting their people around super cities. They will increasingly be drawn to places where the total cost of operation is lower.

So relax about the long-term outlook. If we all play our part, Wellington will become one of the very best places in this part of the world to do office work - and shop, eat, drink and enjoy life. So if you are unfortunate enough to be a developer, develop something that fits with this long-term view and which will make the city a better place to work and live in. Then if you do happen to come across Sir Robert in 10 years’ time you may be able to persuade him to change his view.

Conservation House,
Manners Street,
Wellington

## www.grist.org/article/buildings/

Bayleys January 2010

# 9TH IN THE TOP 15 GREEN BUILDINGS

The award winning Department of Conservation building, developed by The Wellington Company, has been ranked as the worlds ninth 'greenest building' by Grist, an international non-profit organization, highly respected for their independent coverage of environmental issues.

The DOC Building is New Zealand's only entry on the list, and the highest ranked of only two Australasian buildings to be included.

The list comprises of buildings from the United States, the United Kingdom, Canada, Australia, India, Mexico, Japan and the United Arab Emirates, and focuses on green buildings that exist within the mainstream business sector, on a broad public scale.

The inclusion of the DOC building in this world-wide list is a huge achievement for The Wellington Company, and shows our commitment to being national and regional leaders in sustainability, and our ability to make our presence felt on the world stage.

Grist is dedicated to providing free, impartial news and commentary on environmental issues. Grist was founded in 1999, and is based in Seattle; contributors are sourced from all over the world, and are reputable and respected journalists.

5. Swiss Re Tower, London, U.K.
7. Centro Internacional de Negocios, Ciudad Juarez, Chihuahua, Mexico

### 9. Conservation House, Wellington, New Zealand

Located in a former movie theater complex, this model of sustainability, home of the New Zealand Department of Conservation, opened in February to great acclaim. With eco-innovations including soundproof panels made from milk-bottle tops and a rooftop tearoom set in a garden of native plants, the agency is, says Conservation Minister Chris Carter, "practicing what they preach."

13. Shiodome Tower, Tokyo, Japan

How can DOC help you do business?

Conservation House,
Manners Street,
Wellington

# AWARDS

## 2011

### Telecom Central is Awarded a 5 Green Star NZ - Office Design V1 Certified Rating

Green Star is a comprehensive, national, voluntary environmental rating scheme that evaluates the environmental attributes and performance of New Zealand's buildings using a suit of rating tool kits developed to be applicable to each building type and function.

## 2010

### President's Award

New Zealand Institute of Architects Inc-recognition of a significant contribution to the NZ Institute of Architects Especially being credited with fueling the rapid growth of Wellington CBD's residential population and having been responsible for some of the city's best commercial endeavours including the recently awarded Conservation House.

## 2009

### The Ath Cup, NZIA Wellington Branch

Te Tohu o te Upoko o te Ika a Maui
-recognition for promoting Wellington through architecture

## 2007

### PCNZ Property Awards / Conservation House, Wellington

Recognition for the revitalization of a disused cinema complex in the heart of Wellington CBD, into NZ's first equivalent of a 5 star rated Green Star Building

### Rider Levett Bucknall Property Awards

Recognizing achievements in Property Development and Investment

### The Ministry for the Environment EECA Energy Efficient Property Award

The GIB Commercial Office Property Award of Excellence

### Govt 3 Awards

Recognising central government agencies efforts to become more sustainable

## 2007

### Wellington Region Gold Awards

Finalist in Two Categories

### Supporting Gold

Supporting the economic contribution of the professional services sector and infrastructure providers

### Green Gold Award

Paying special tribute to those businesses with positive sustainable practices and programmes

## Philanthropic

Ian is the President of the Wellington Branch of the Property Council of New Zealand

Ian is actively involved in Angel Investments: Assisting Funding with start up company's – Bio Fuel, Medicine

Ian is a Member of the Wellington Employer's Chamber of Commerce

Ian and The Wellington Company are long time supporters of the prestigious Arts Category for the Wellingtonian of the Year Awards and The Gold Awards celebrating Wellington's brilliant business performers.

**Crombie Lockwood**
Te Aro Park
Wellington

**‘Ian Cassels continues to be a leader and a visionary – someone who is passionate about the future of our city, its sustainability and liveability. The Wellington Company is transforming our existing buildings into green ones – buildings that not only have minimal environmental impact, but are beautiful to look at and live and work in.’**

Mayor Kerry Prendergast
Wellington Mayor, August 2010

**‘Ian and ‘The Wellington Company Group’ of companies have demonstrated a passion and commitment for the older quarters of the city which has revitalized large parts of Te Aro, and brought outcomes that Wellington has greatly appreciated. Ian’s capacity to adopt a long term view of development is the opposite of most developers and perhaps his most important distinguishing feature.’**

Mark Blumsky
former Mayor of Wellington, September 2004

**‘In Searching for a new headquarters, DOC requested an environmentally friendly building that would engender a safe, healthy, comfortable and productive work environment for staff. After evaluating a number of proposals, including a new building, DOC chose the mid City complex’**

Grant Baker
General Manager – Department of Conservation

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Pah Pipitea
Thorndon Quay
Lambton Quay
Lambton Quay
Kumu toto
Mulgrave Street
Molesworth Street
Murphy Street
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Steep and Covered with

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