

Press Release

Canyon, Frankfurt - Tite Street Capital participates in the acquisition of the majority ownership of a development scheme with planning for a modern 36,000m² office in a prime Frankfurt CBD location

London, August 19, 2024

A joint venture entity in which Tite Street Capital is a co-investor has acquired the majority and controlling stake in the Canyon office real estate project planned in the prime CBD in Frankfurt, Germany, following a restructuring and consensual debt for equity swap with subordinated creditors.

Tite Street Capital will also act as the asset manager of the project.

With its right-sized capital structure, the development is now well positioned to take advantage of a selective recovery in the CBD office market by providing a premium product to tenants looking to offer attractive city workspaces to their employees and clients. Architecturally and technologically, Project Canyon, which features green facades, planted roof terraces and is to receive LEED Platinum and Wired Score certification, will set standards of ecological sustainability. The building will have 15 floors with around 36,000m² of net rental space including office, retail and restaurant areas, as well as 105 parking and 445 bicycle spaces. The concept was designed by KSP Engel Architekten in Frankfurt.

Tite Street Capital is actively targeting debt and equity investments in the German real estate market, including the office sector. While the real estate market in Germany remains challenging, valuations of well-located and future-proof assets are rebasing, providing interesting entry opportunities.

Guido Lang, Chief Investment Officer of Tite Street Capital, said:

"We are very pleased to hold an investment in this attractive project and to contribute to its successful realisation. We expect that top properties in very good locations in Frankfurt, similar to what we are already seeing in the prime London West End and City office market, will benefit from increasing occupancy and higher rents despite an overall difficult office market environment. Here, we have the opportunity to develop a first-class property with large open terrace areas and strong ESG criteria that our future tenants will certainly appreciate."

Will Ferguson-Davie, Managing Director of Tite Street Capital, said:

"We are seeing the market evolve post Covid, with companies looking to reduce overall space but improve on location, office quality, amenities and ESG credentials. This favours an outstanding and cost effective newbuild project such as Canyon. Further, if you look closely, the development pipeline is shrinking and there is going to be a distinct shortage of competing buildings in the centre of Frankfurt in the next 2-3yrs."

Nic Stolz, Vice President of Tite Street Capital, said:

"Given the challenges caused by rapid rate hikes by Central Banks, on top of structural changes in work behaviour and the decision by companies to reduce office footprints, it is no surprise that there has been a liquidity flight out of the office sector. Having said that, some good assets have been unfairly tainted or are just good assets with a bad capital structure, and once repositioned/restructured, these dislocations can provide a highly attractive investment opportunity."

About Tite Street Capital: Tite Street Capital is an independent investment advisor, operating partner, and asset manager focused on opportunistic Real Estate and Asset Backed Investments. Our investment philosophy is defined by an emphasis on preserving capital, while providing attractive risk adjusted returns to our investors and partners. Tite Street Capital is backed by a team with strong investment capability, and execution experience, across European and US markets, having executed in excess of €2bn combined transaction experience across the team. <http://www.titestreetcapital.com>