



DETERMINATION OF MERGER NOTIFICATION M/16/030 - BLACKSTONE/BLANCHARDSTOWN

Section 21 of the Competition Act 2002

Proposed acquisition by Blanche Holdco S.A.R.L. of sole control of Blanchardstown Shopping Centre

Dated 28 July 2016

Introduction

1. On 22 June 2016, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Blanche Holdco S.A.R.L. would acquire sole control of the Blanchardstown Shopping Centre, located in Co. Dublin, and adjacent retail and office property (the “Target Assets”), from Green Property Investment Fund 1 plc (“Green Property”).
2. The proposed transaction is to be implemented pursuant to a contract for sale dated 16 June 2016 between Blanche Holdco S.A.R.L. and Green Property.

The Undertakings Involved

Blackstone

3. Blanche Holdco S.A.R.L. is a Luxembourg-incorporated holding company, which is ultimately controlled by the Blackstone Group L.P. (“Blackstone”).
4. Blackstone is a United States-based global alternative asset manager and provider of financial advisory services. Blackstone operates as an investment management firm and, through various investment vehicles, makes private equity, real estate, credit and hedge fund investments worldwide.¹
5. In the State, Blackstone is active, through a number of portfolio companies, in various sectors including medical devices, hospitality, helicopter leasing, outdoor clothing and equipment and retail.² Blackstone has an office presence in Co. Dublin through its credit platform, GSO Capital Partners, and it currently has commercial real estate interests in

¹ <http://www.blackstone.com/the-firm/overview>

² Blackstone’s portfolio companies in the State include: [...]; [...]; [...]; [...]; [...]; [...]; Hilton Hotels Corporation; [...]; [...]; [...]; [...]; [...]; [...]; [...]; [...], RGIS Holdings, LLC; Tangerine Confectionary Limited; and [...].



two office buildings³ and a hotel⁴ in Co. Dublin. Blackstone does not currently own or control any shopping centres or any other rentable retail property in Co. Dublin.

6. For the financial year ending 31 December 2014, Blackstone (including the portfolio companies over which Blackstone exercises control) had a worldwide turnover of approximately €[...], of which approximately €[...] was generated in the State.

Green Property

7. The Target Assets are being sold by Green Property, a property development and investment group operating in the retail, industrial and office property sectors.

The Target Assets

8. The Target Assets comprise three components:
 - Blanchardstown Shopping Centre which is a two-level, enclosed shopping centre anchored by Dunnes Stores, Marks & Spencer, Primark and Debenhams;
 - two adjacent retail parks and external retail units anchored by TK Maxx, Harvey Norman, DFS, Lifestyle Sports and Smyth's Toys plus five external food and retail units; and
 - a five-storey office building that currently serves as the Irish headquarters for eBay Inc.
9. For the financial year ending 31 December 2015, the Target Asset's worldwide turnover was approximately €[...], all of which was generated in the State.

Rationale for the Proposed Transaction

10. The parties state in the notification:

"The proposed transaction represents an investment opportunity for the purchaser which is consistent with its strategy of investing in attractive companies or assets to increase their value with the view of profiting from their eventual sale."

Third Party Submissions

11. No submission was received.

Competitive Analysis

³ Hume House on Pembroke Road, Ballsbridge, Dublin 4 and the Atrium office buildings in the Sandyford Industrial Estate in Co. Dublin. On 25 February 2015, the Commission approved Blackstone's acquisition from Atrium Property Developments Limited and Balcuik Limited of Block A and Block B of the Atrium Buildings in the Sandyford Industrial Estate in Co. Dublin, together with existing long term leases and licences. See merger determination M/15/004 – Blackstone/The Atrium Buildings which can be accessed at <http://ccpc.ie/enforcement/mergers/merger-notices/m15004-blackstone-atrrium-buildings>

⁴ DoubleTree by Hilton Hotel, Burlington Road, Upper Leeson Street, Dublin 4.



12. There is a horizontal overlap between the business activities of Blackstone and the Target Assets in relation to the supply of rentable office property in Co. Dublin. There is no horizontal overlap between the business activities of Blackstone and the Target Assets in relation to the supply of rentable retail property in Co. Dublin since, as noted in paragraph 5 above, Blackstone does not own or control any rentable retail properties in Co. Dublin.⁵
13. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. The Commission does not need to come to a definitive view on the precise relevant product market in this instance since its conclusion on the competitive impact of the proposed transaction will be unaffected whether the precise relevant product market is defined narrowly (e.g., the supply of rentable office property) or more broadly to encompass the supply of all types of rentable property (i.e., commercial and residential property). For the purpose of its review of the proposed transaction, the Commission has focused its analysis on the effects of the proposed transaction on the potential market for the supply of rentable office property.
14. Similarly, it is not necessary for the Commission to define precise relevant geographic markets in this instance since the choice of geographic market will not materially alter the competitive impact of the proposed transaction in the State. For the purpose of its review of the proposed transaction, the Commission has examined the competitive impact of the proposed transaction by reference to the narrowest possible relevant geographic market, namely Co. Dublin.
15. The proposed transaction does not raise any horizontal competition concerns. The Target Assets contain [...] square feet of rentable office property out of a total 36 million square feet⁶ of rentable office property currently available in Co. Dublin. Blackstone will own approximately [0-5]% of all rentable office property in Co. Dublin following the proposed transaction. On this basis, the increase in market concentration following the proposed transaction in relation to the supply of rentable office property in Co. Dublin will be only [0-5]%.
16. In addition, there is a number of large international property investors⁷ currently active in the provision of rentable office property in Co. Dublin, as well as a number of local competitors, such as IPUT and Irish Life. These competitors will continue to act as a competitive constraint on Blackstone in the provision of rentable office property in Co. Dublin following the proposed transaction.
17. The proposed transaction does not raise any vertical competition concerns.
18. In light of the above, the Commission considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

⁵ There is also no horizontal overlap between the business activities of Blackstone and the Target Assets in relation to the supply of hotel accommodation in Co. Dublin. As part of the proposed transaction, Blackstone will acquire [...] currently held by Green Property in the lease of the Crowne Plaza Hotel in Blanchardstown. Blackstone states in the notification that it does not consider that the acquisition of [...] will enable it to exercise any control over the operation of the Crowne Plaza Hotel in Blanchardstown and, thus, it will not acquire control of this hotel within the meaning of the Act as part of the proposed transaction.

⁶ This figure is an estimate provided by Blackstone in the notification.

⁷ These international property investors include Kennedy Wilson, Pimco, Lone Star and Hibernia Reit.



Ancillary Restraints

19. No ancillary restraints were notified.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed transaction whereby Blanche Holdco S.A.R.L. would acquire sole control of the Blanchardstown Shopping Centre, located in Co. Dublin, and adjacent retail and office property will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Gerald FitzGerald
Member
Competition and Consumer Protection Commission