



# Market Monitor

South West of England & South Wales

## 2012

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## Welcome to the 2012 edition of Market Monitor.

This report provides a review of the commercial property market over the last 12 months, analysis of key trends for the previous five years, and views on future market prospects.

2012 is likely to see market conditions remain challenging, albeit, there are a number of positive features across the individual sectors. Throughout the region the supply of new, well specified office and industrial space is now restricted, and this will help to bring forward more design and build activity.

In the retail sector, demand from foodstore and convenience store operators remains strong. The same is true in the leisure sector with pub/restaurant and budget hotel operators remaining active.

We also anticipate that investor demand will improve moving into 2012 as a result of the region's strong reputation for economic resilience, and potential for growth.

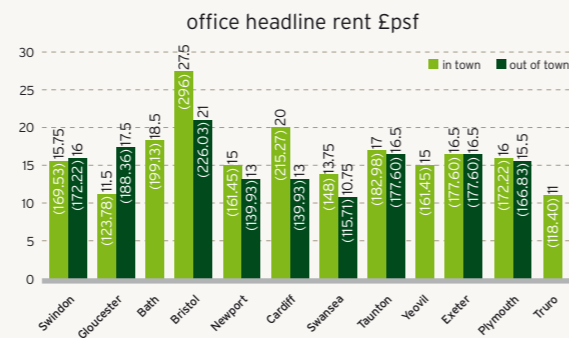
Simon Price, Head of Agency at Alder King



# Across the region

## Offices

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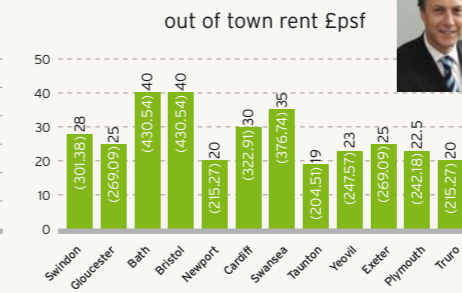
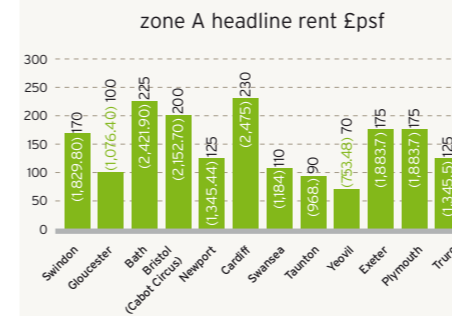
### occupational summary

- The region is currently experiencing a polarised office market, with a reducing supply of new Grade A space, and a very significant oversupply of secondary space.
- Office take up levels fell back slightly in most locations during 2011, although Cardiff, Newport and Plymouth were able to achieve increased year on year take up.
- With almost no new speculative space under construction, the supply of new Grade A space has reduced substantially. During 2012, we anticipate incentive levels will reduce for the remaining immediately available Grade A space.
- The second hand market remains oversupplied, despite the amount of second hand space coming on to the market starting to slow. We expect to see further downward pressure on headline rents and large incentive packages.
- The very low owner occupier activity levels witnessed during 2011 are likely to continue during 2012 as a result of low confidence levels, and restricted funding availability.

## High street retail

## Out of town retail

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### high street retail

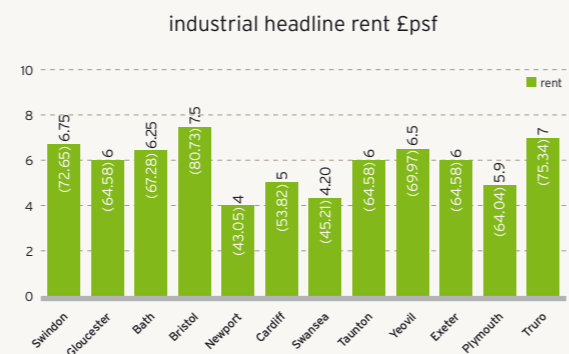
- The development pipeline remains limited. However opportunities continue to come forward, predominantly through the release of public sector assets.
- Shop units in prime locations are still attracting good levels of demand, subject to the right incentive package being made available.
- Secondary and tertiary locations are under continuing pressure. With too many shops, alternative uses will be need to be considered.
- Demand remains strong from the convenience store operators.

### out of town retail

- The foodstore sector remains the most active in both the large conurbations and market towns.
- Viability of new retail development remains challenging. The majority of activity is centred on asset management of existing parks and re-letting of vacant stock.
- There is growing interest in the region from the leisure sector, especially for cinema anchored developments.
- There is good demand from budget hotel, pub and roadside sectors across the region.

## Industrial

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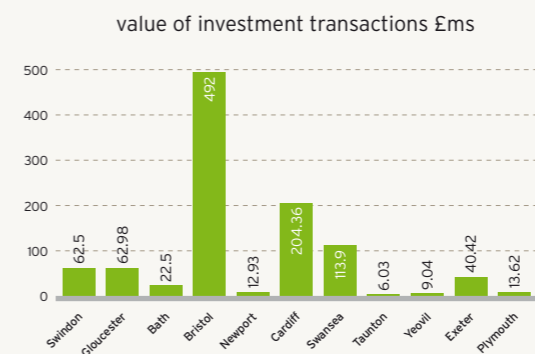


### occupational summary

- Take up increased on the 2010 figures in all but Cardiff, Gloucester, Truro and Yeovil, with improving activity in the established M4/M5 demand triangle, bordered by Tewksbury, Swindon, Bristol and Bridgwater.
- Supply generally fell across the region despite increases in Swindon, Truro, Newport and Cardiff.
- Demand is increasingly focused on better specified space, with no new build activity currently underway.
- With an improving number of medium sized requirements, we anticipate some occupiers will only be able to satisfy their needs through the design and build route.
- There will inevitably be further corrections to headline rents and capital values on poorer quality second hand space, with clear evidence of a two tier market.
- However in the areas where there is a lack of good quality supply such as Bristol and Gloucester, there will be pressure on rents and capital values to increase in order to make development viable.

## Investment

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### investment market summary

- The sense of optimism in the first two quarters of 2011 faded as the extent of the problems within the economies of the weaker members of the Eurozone became apparent. The fragile confidence that had built up in the investment market dissipated as the growth forecasts for the domestic economy were downgraded; currently the 2011 expectation is 0.9%, and for 2012 it is 0.7%.
- 2011 saw an overall return of 8.1% from commercial investment property according to IPD uk monthly index.
- On a positive note Bristol, Cardiff, and the South West, are expected to show economic resilience and good potential for growth, coupled with relatively low supply in several local markets, 2012 could produce excellent long-term buying opportunities. The secret to success, as ever, will be very careful stock selection.
- Please note that the yields identified for each sector and location throughout Market Monitor are our estimates at the end of 2011 based on the assumption of a prime institutional building. They should not be used for valuation purposes.

sq ft (sq m)

# Swindon



1



2

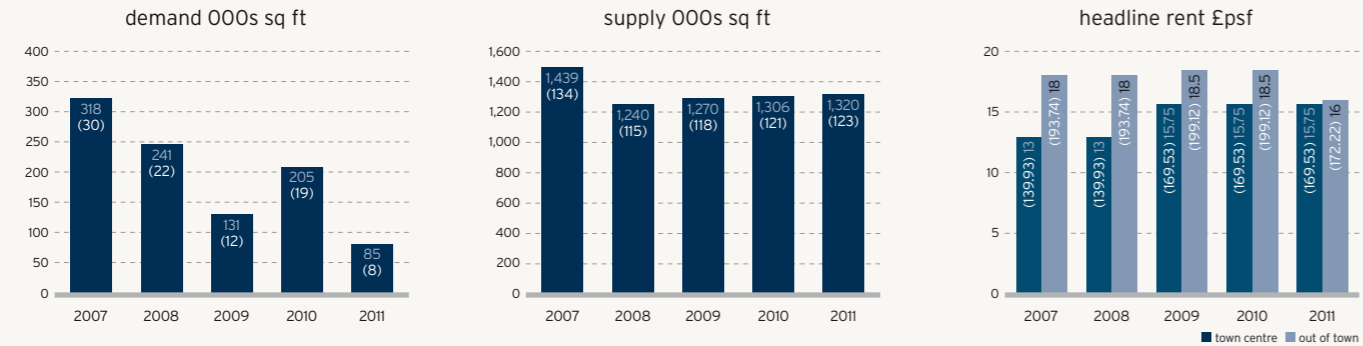


3

1. Unit 1 Crusader Park, Warminster.
2. B&Q, Swindon, G Park, Courtesy of Gazeley.
3. Dauntsey House, Stonehill Green, Swindon, Courtesy of Minton Group.

## Offices

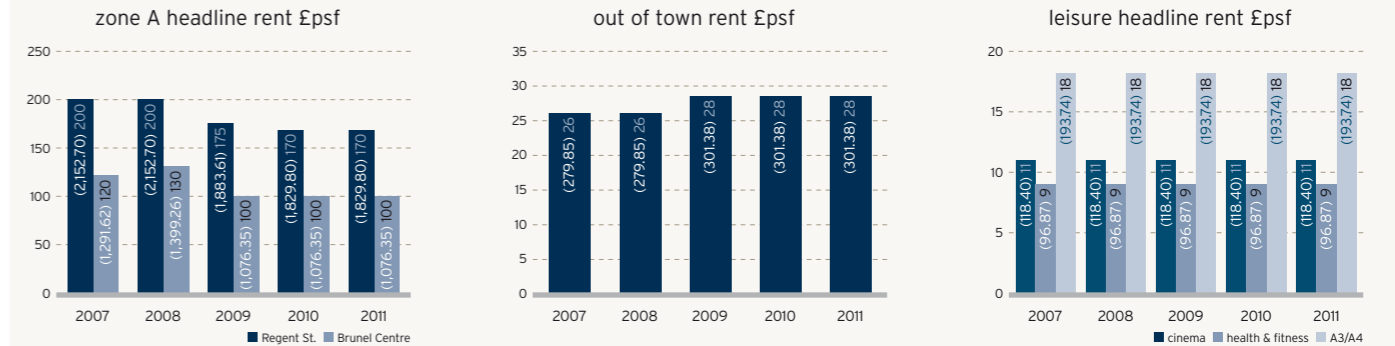
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- demand**
- 2011 saw a significant reduction in take up compared to the previous year due to the fact there were no large individual lettings.
  - The majority of transactions that took place, were out of town, with limited activity in the town centre.
  - There were some significant lease renewals in the town. Most notably BP, who committed to remain in occupation of 52,000 sq ft (4831 sq m) at Wakefield House. The market continues to be weighted firmly in the occupier's favour.
- supply**
- No significant high quality office accommodation was brought to the market during 2011, and there is currently a very limited amount of Grade A space immediately available.
  - There are a number of opportunities that offer new build, or comprehensive refurbishment potential for occupiers who are willing, and able to pre-commit.
  - The supply of second hand and tertiary accommodation did not diminish, which provides occupiers with plentiful choice in many instances.
- headline rent**
- There was no growth on the previous year's town centre rent. Out of town rents at Swindon's premier office location, Windmill Hill, reduced to £16.00 psf (£172.22 psm).
  - Empty property costs continue to cause significant pressure particularly for tenants with short leases remaining on space they no longer occupy.

## Retail & Leisure

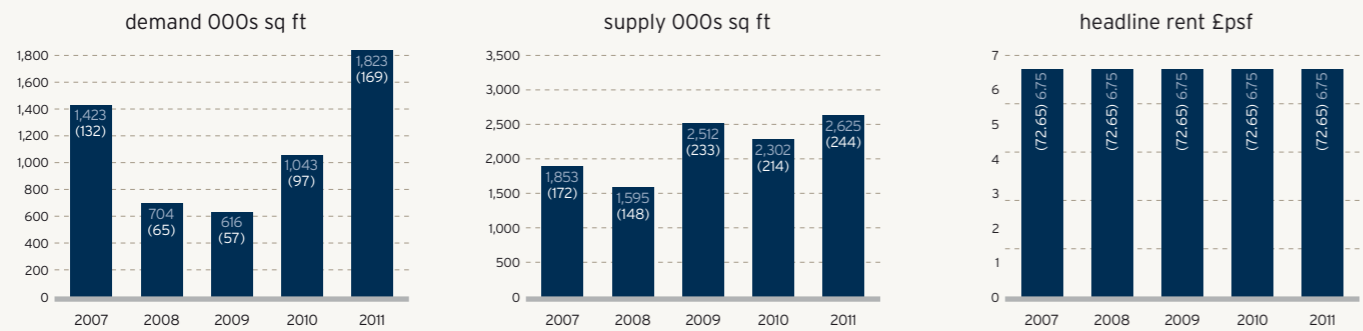
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- zone A headline rent**
- Ashfield Land's Regents Circus redevelopment will commence in early 2012, and bring much needed life to the area.
  - Forward Swindon and Swindon Borough Council worked hard to improve the public realm to the town centre, which helped enhance the overall occupancy, with the parade almost fully occupied.
- out of town rent**
- Bridgemoor Retail Park was refurbished and is now fully occupied.
  - Discount retailers continued to seek new sites, with Aldi opening two new operations on the former Skurrays Vauxhall site and at Thamesdown Drive at Groundwell North.
  - Costa Coffee opened their second drive-through facility in the UK at Lydiard Fields.
- leisure headline rent**
- There was little activity in the leisure sector during 2011.
  - Several high quality restauranters are known to be in active negotiations for space at Regents Circus.

## Industrial

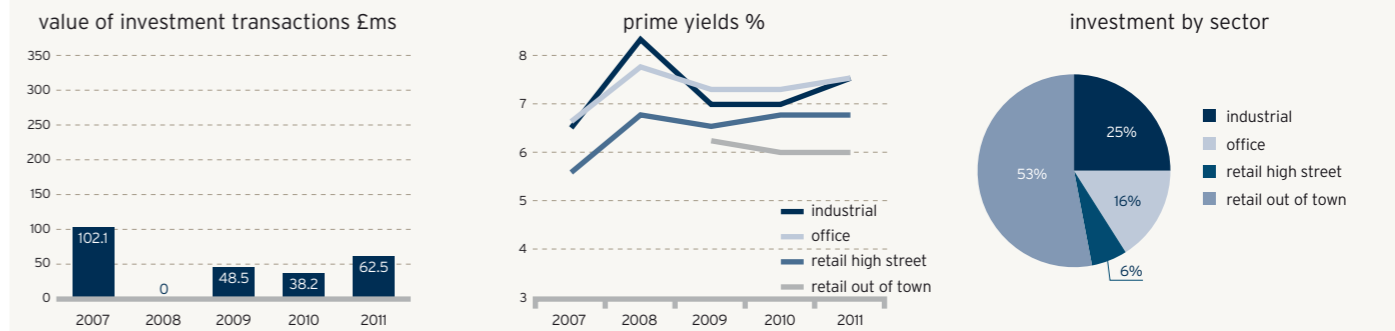
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- demand**
- 2011 saw a significant increase in take up on 2010. Swindon secured the South West's largest transaction with B&Q completing on the 796,000 sq ft (73,951 sq m) at G Park. In addition, the 120,310 sq ft (11,177 sq m) 10c South Marston, was let to JB Global; the 106,000 sq ft (9,848 sq m) Orien at Blagrove, was bought by Neptune Classics; and the 89,729 sq ft (8,336 sq m) Island, Dorcan, was let to Garden of Eden.
  - There were a number of transactions in the 20 - 50,000 sq ft (1,850 - 4,700 sq m) size range, with the quantity of smaller unit lettings progressively reducing during the year.
- supply**
- Overall supply increased during the year, despite the large increase in take up. This was because the B&Q transaction was a pre-commitment, and not from standing stock.
  - The availability of buildings in excess of 100,000 sq ft (9,000 sq m) eroded, and is now extremely limited.
  - The number of buildings up to 20,000 sq ft (1,800 sq m) increased, with a lower level of demand over the year for this size range.
- headline rent**
- There was no increase in the headline rent achieved during 2011.
  - Occupiers are still able to dictate favourable terms.

## Investment

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- value of investment transactions**
- The total value of investment deals in Swindon and Chippenham in 2011 was £62.5m, which is an increase of 64% on the 2010 total of £38.225m.
- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.5%
    - Office 7.5%
    - Retail high street 6.75%
    - Retail out of town 6%
- investment by sector**
- The largest retail warehouse deal of 2011, was the sale of the Hathaway Retail Park in Chippenham to Aberdeen Property for £23m (NIY 5.5%).
  - The largest industrial transaction was the purchase of the Euroway Industrial Estate by ING Real Estate for £11.25m (NIY 9.18%), comprising 14 units, and providing 216,735 sq ft (20,135 sq m).
  - The largest Office transaction was the sale of Wakefield House to Delta Properties for £10m (NIY 18%). The 1972 property provides 220,000 sq ft (20,439 sq m), and is multilet to tenants, including BP and Nationwide.

sq ft (sq m)

# Gloucester



1



2

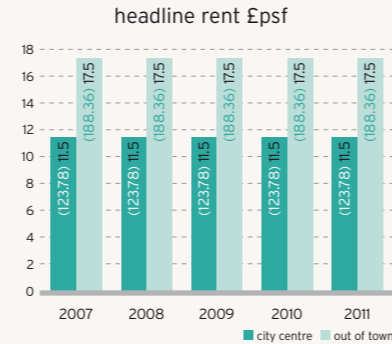
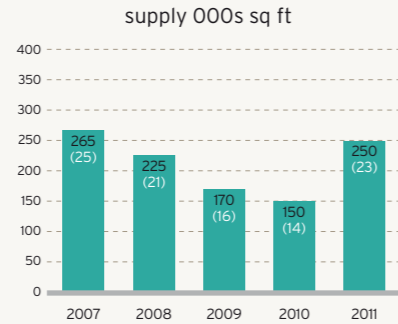
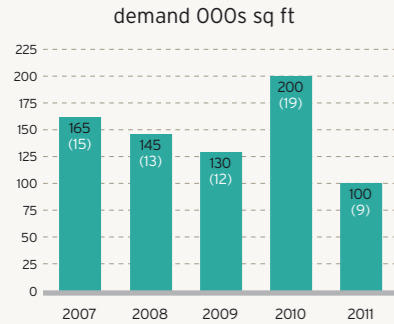


3

1. Elbridge Court, Gloucester.
2. Watermark, Cotswold Water Park, South Cerney, Gloucestershire.
3. Gloucester Docks, Gloucester, Courtesy of Gloucester Heritage Regeneration Corporation.

## Offices

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### demand

- Whilst total take up was lower than 2010, the Gloucester Office market remains healthy, with a corresponding number of transactions including small to medium sized lettings.
- Of particular note, is the increase in take up of city centre space amounting to approximately 60% of total take up.
- Greater demand continues to prevail for Grade A space, albeit supply has now diminished.

### supply

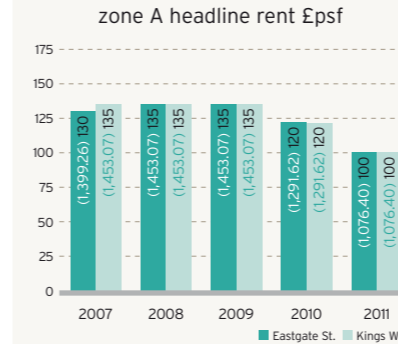
- Current supply rose to approximately 250,000 sq ft (23,000 sq m). However, this was primarily due to an increase in secondary stock.
- The continued lack of available Grade A space led to a number of active design and build enquires. Greater activity in this sector of the market is anticipated.

### headline rent

- Headline rents remained consistent year on year, for both out of town and city centre space.

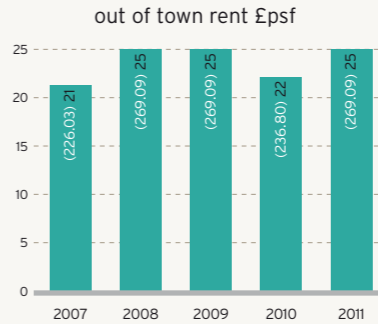
## Retail & Leisure

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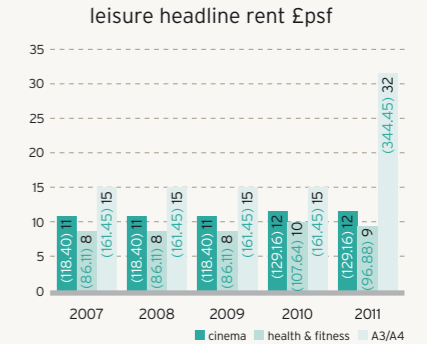
### zone A headline rent

- Marks & Spencer's move to the former Woolworths in Eastgate Street, is planned for Spring 2012 and will provide a boost to the prime retail area, increasing the availability of larger store accommodation with their existing trading units in Northgate and Southgate Street.
- There was limited activity in the city centre, and headline rents are around £100 psf (£1,076 psm).
- The City Council has signed an exclusivity agreement with Stanhope, who are working on proposals for the Kings Quarter redevelopment and adjacent bus station.



### out of town rent

- There was considerable activity with new foodstore proposals for Morrisons at Triangle Park, Metz Way and a new, expanded Tesco. Developers, LXB, anticipate commencing the new Morrisons in Spring 2012.
- At the Whittle Centre, in Brockworth, lettings completed to Greggs, Ladbrokes and Badham Pharmacy with further A3 proposed at rents of approximately £25 psf.
- Rents for non-food are location sensitive, with St Oswald's Park fully let, but with availability in Eastern Avenue, particularly Gloucester Retail Park.

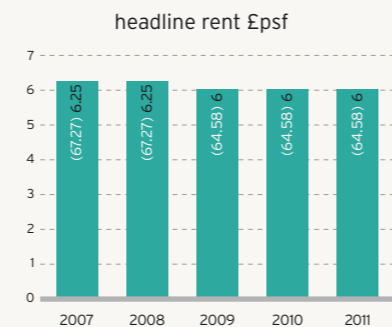
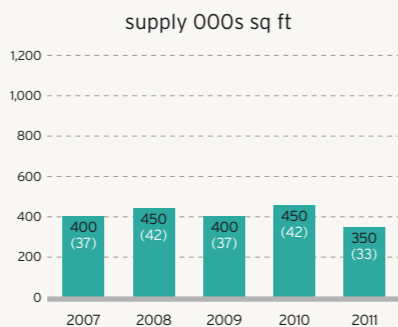
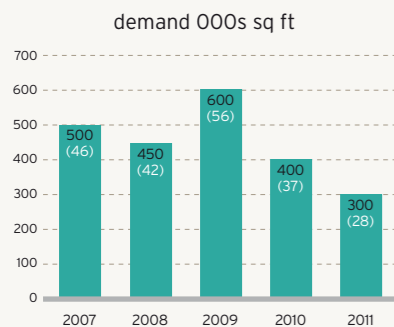


### leisure headline rent

- At Gloucester Quay, Peel commenced relocating tenants to accommodate their proposed £60M new cinema and restaurant development adjacent to the outlet centre. Cineworld UK will operate a new 10 screen multiplex, together with 11 restaurant units.
- The limited activity in cinema, and health and fitness units, makes comparison to previous years difficult.

## Industrial

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### demand

- Activity in Gloucester continued at an encouraging level. Whilst take up was lower than 2010, the main difference was the increase in small to medium sized transactions. Take up across the County was significant, particularly in Tewkesbury, proving demand where supply exists.
- Significant transactions included the letting of 100,000 sq ft (9,000 sq m) of the former St Ivel warehouse at Gloucester Business Park to SuperGroup, and the letting of Units 13-15 Quadrant Centre to Lister Petter, comprising 20,000 sq ft (1,800 sq m).

### supply

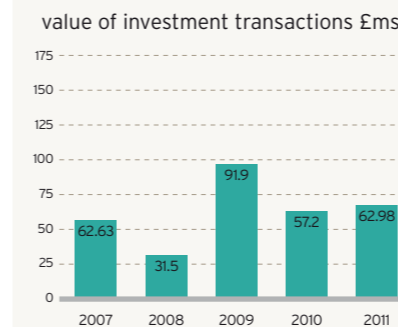
- The key factor currently influencing the market was the shortage of stock. This was particularly acute in respect of larger format buildings, and looks set to continue, as it is unlikely there will be any significant speculative development in the near future.
- Due to the shortage of existing buildings, occupiers are now considering acquiring new space through the design and build route. For these schemes to be viable, the occupiers need to agree terms, which are likely to be in excess of the levels achieved in recent transactions, on existing buildings.

### headline rent

- Whilst headline rents have been static year on year at £6.00 psf (£64.58 psm), there was an increase in the typical net effective rent. As the supply of stock reduced consequently incentive packages reduced.

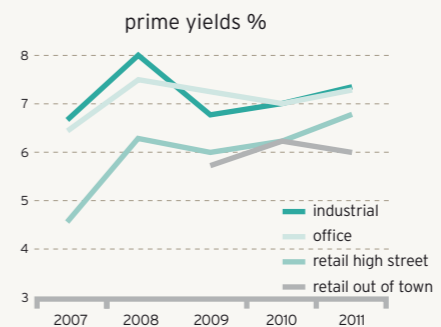
## Investment

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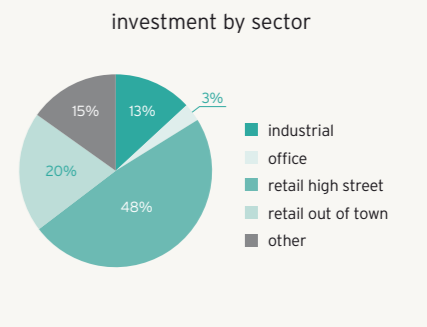
### value of investment transactions

- The total value of investment transactions in Cheltenham and Gloucester for 2011 was £62.984m, which is an increase of 9% on the 2010 figure of £57.235m.



### prime yields

- Our current view of prime yields is as follows:
  - Industrial 7.25%
  - Office 7.25%
  - Retail high street 6.75%
  - Retail out of town 6%



### investment by sector

- The largest retail transaction was the sale of 166-168 High Street, Cheltenham for £6.78m (NIY 5.75%). Tenants include Oasis and La Tasca, with an average unexpired lease term of 12 years.
- The Gateway Retail Park in Cheltenham was bought by BP Pension Fund in April for £12m (NIY 6.15%). It is let to DSG Retail Ltd until 2024.
- Significant industrial transactions were the purchase of seven units on Kingsditch Trading Estate, Cheltenham for £1.735m (NIY 8.65%), and the purchase of 2 Saber Close, Gloucester, by a private investor, for £1.577m (NIY 7.04%).

# Bath

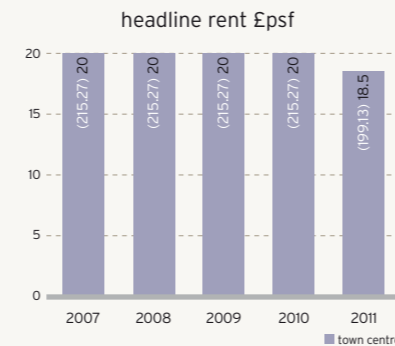
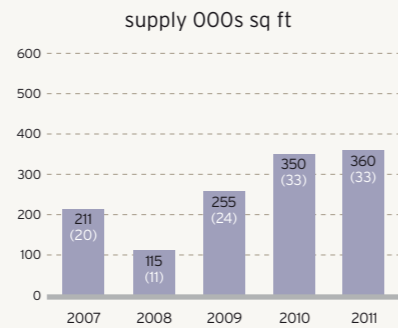
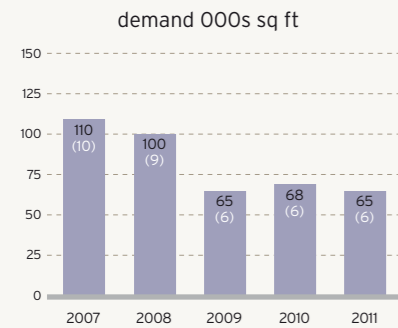


1. Bath Business Park, Bath, Courtesy of Cubex Land.

2. SouthGate, Bath, Courtesy of Multi Developments and Aviva Investors.

## Offices

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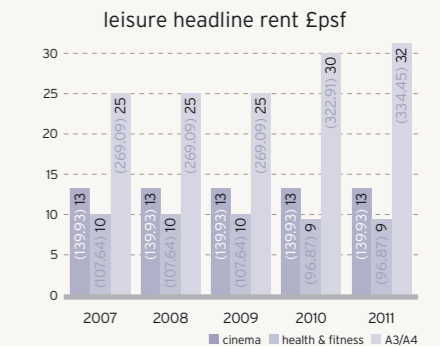
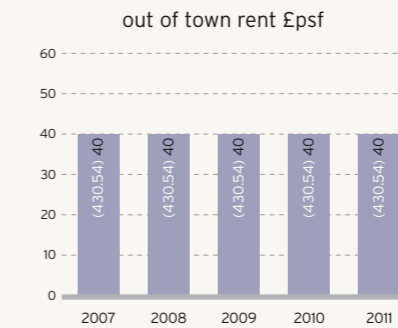
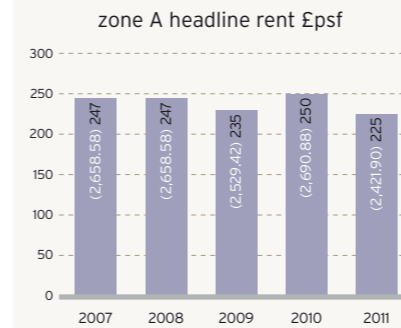
- demand**
- 2011 witnessed a slight decrease in the level of occupier demand, and for the third consecutive year, the total take up figure achieved remained well below the ten year average.
  - The largest single individual letting of the year was at Trimbridge House in Bath city centre, where Ascentric took 21,200 sq ft (1,969 sq m).
  - Once again, most activity during the year came from the Financial services, Service and Professional sectors.
  - The majority of occupier activity remained in the sub 3,000 sq ft (279 sq m) size range.

- supply**
- Total availability within Bath increased slightly during 2011, reaching 360,000 sq ft (33,445 sq m).
  - Very limited new Grade A accommodation is currently available in the city, with the largest individual new space comprising the 27,000 sq ft (2,508 sq m) single floor available at St Lawrence Court, SouthGate.
  - The vast majority of the remaining supply is second hand accommodation. However, the release of second hand space by occupiers onto the market has begun to slow.

- headline rent**
- Top quoting rents for new Grade A space are currently £20 psf (£226 psm) in the city centre, and £16 psf (£172.22 psm) out of town.
  - Further pressure on headline rents is anticipated for 2012, in particular on second hand accommodation.
  - The level of incentives being offered to tenants continued to increase during 2011, and this trend looks set to continue into 2012.

## Retail & Leisure

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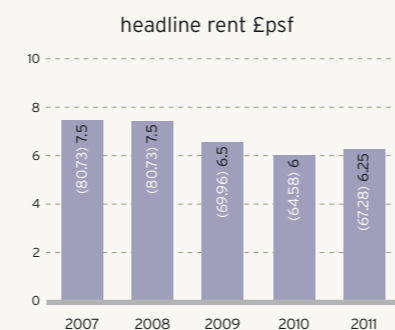
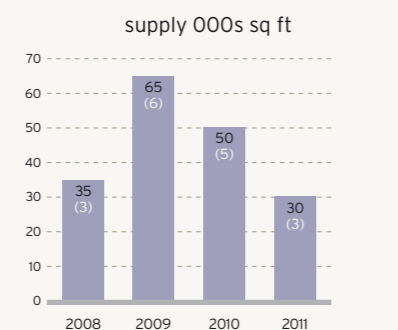
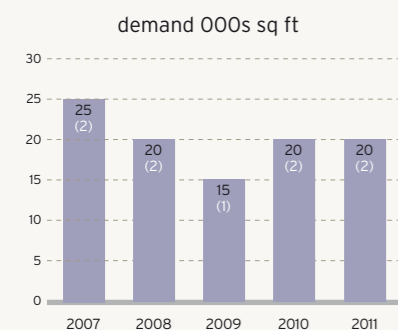
- zone A headline rent**
- Retailing in the prime central shopping areas continued to prosper, and the Council continues to report good visitor numbers.
  - SouthGate continued to attract new operators including North Face, Giraffe, Cosy Club and Discovery Store who all opened in 2011.

- out of town rent**
- Limited supply of sites and stock continues.
  - St James's Investments and Tesco have a mixed retail, work space, office and residential proposal on Lower Bristol Road which is currently with the planners.
  - Sainsbury's have plans to extend their store at Green Park.
  - Elsewhere on Lower Bristol Road, plans to redevelop the former Herman Miller Building for a Lidl food store and four non food units have been approved subject to a Section 106 agreement.

- leisure headline rent**
- Restaurant demand for central Bath remains strong.
  - Proposals are emerging for a new restaurant, Casino and hotel development at Saw Close. Pre-lets were secured to Prezzo, Zizzi and Byron.
  - In nearby Trowbridge, two planning applications have been submitted for rival leisure schemes which include cinema, hotel and restaurant uses.

## Industrial

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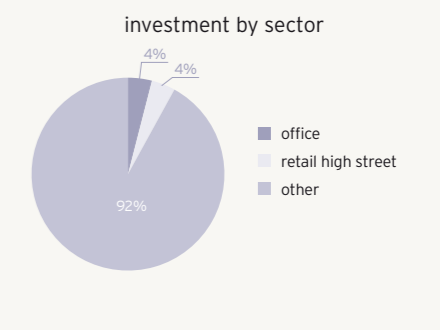
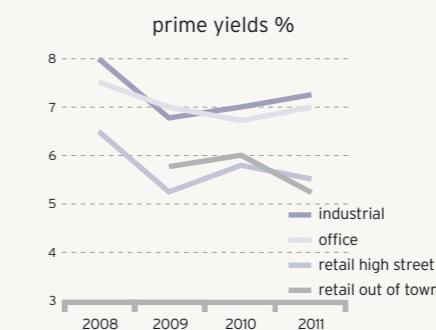
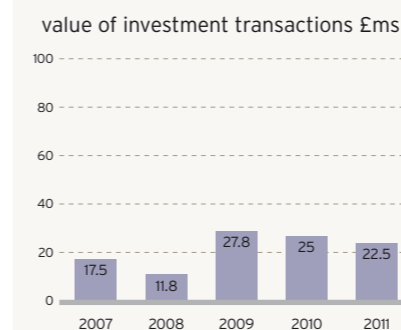
- demand**
- Bath's Industrial/Warehouse base remains limited at approximately 2m sq ft (185,800 sq m). The majority of the space is fragmented in a ribbon of development, along the Lower Bristol Road, and Locksbrook Road areas of the city.
  - Take up for the year matched the 2010 figure, and is largely accounted for by a number of small format transactions.

- supply**
- The majority of the new supply remains within Cubex's 23.5 acres (9.51 hectares) Bath Business Park in Peasedown St John. The scheme is mixed use, accommodating trade, office, medical and industrial occupiers.
  - Notwithstanding the current economic downturn, available space is generally of a poor quality, with some only available for short term occupation and better quality, modern space remains limited.

- headline rent**
- Headline rents increased to £6.25 (£67.25 psm) and £80 psf (£860.88 psm) freehold levels were achieved for small format buildings.

## Investment

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- value of investment transactions**
- The total value of transactions during 2011 was £22.5m, which represents a fall of 11% from the 2010 total of £24.95m.

- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.25%
    - Office 7%
    - Retail high street 5.5%
    - Retail out of town 5.25%

- investment by sector**
- Investment activity in Bath was limited in 2011, with owners preferring to hold assets in the city, rather than sell.
  - The major deal which took place in 2011 was Land Securities purchase of the Kingsmead Leisure and Restaurant complex. The property is let to tenants that include Nandos, TGI Friday, Fitness First and Odeon, and was bought in July 2011 for £20m (NIY 6.3%).

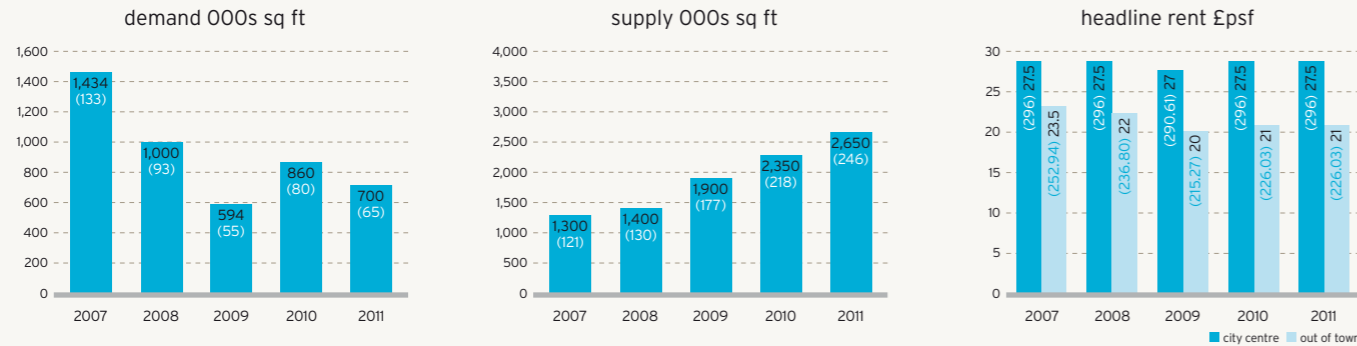
# Bristol



1. The West Wing, One Glass Wharf, Temple Quay, Bristol, Courtesy of Aerium.
2. CWS Building, Cabot Park, Avonmouth, Courtesy of Stoford.
3. The Willow Brook Centre, Bradley Stoke, Bristol, Courtesy of Brookmaker.

## Offices

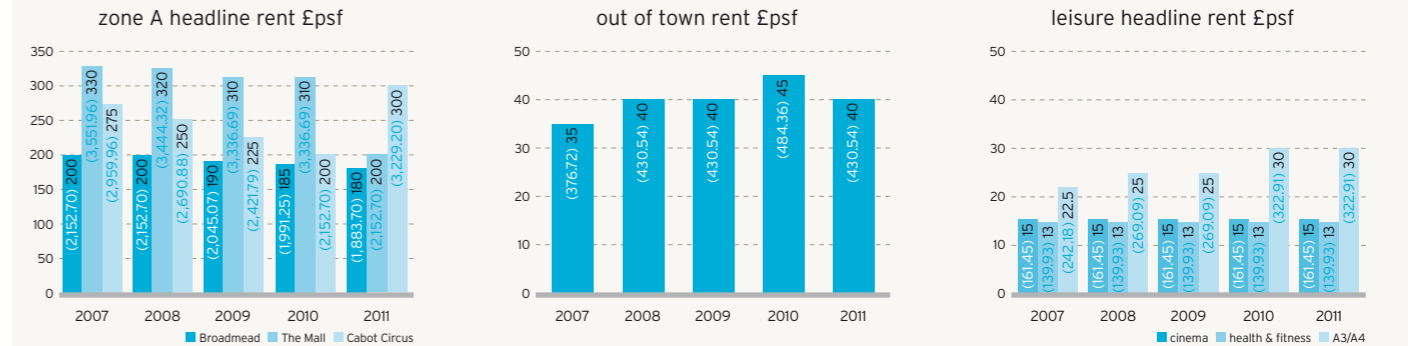
Simon Price T 0117 317 1084 E sprice@alderking.com



- demand**
- 2011 saw a reduction in demand in both the city centre and North Bristol markets, albeit Bristol continued to perform better than the market low experienced in 2009.
  - Once again, take up was spread amongst a diverse range of sectors, with the most prominent being the Professional, Financial services and Service sectors.
  - Over 30% of the year's take up was focused on new Grade A specification accommodation, as occupiers continued the trend of trading up in terms of quality due to enhanced incentive packages available on new space.
- supply**
- Total availability increased again during 2011, reaching 2,650,000 sq ft (246,191 sq m) by the year end, representing approximately 14.3% of total office stock.
  - As of January 2012 just over 300,000 sq ft (27,871 sq m) of new Grade A specification accommodation is immediately available in central Bristol and 95,000 sq ft (8,826 sq m) in North Bristol. Some of this space is already under offer.
  - The release of second hand space onto the market by occupiers has begun to slow.
- headline rent**
- The best headline rent agreed on new Grade A accommodation in the city centre matched the level of £27.50 psf (£296 psm) achieved in 2010. In North Bristol, £21 psf (£226.03 psm) was achieved.
  - Incentive levels remained high, but as the supply of new top end space further reduces, incentive levels on the best space will also reduce in 2012.
  - Headline rents for second hand accommodation continue to be under pressure.

## Retail & Leisure

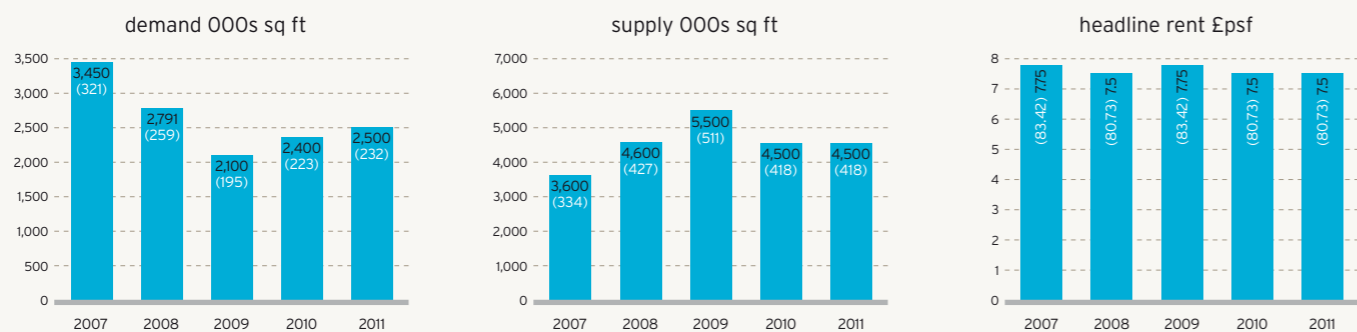
Charles Russell-Smith T 0117 317 1043 E crussell-smith@alderking.com



- zone A headline rent**
- A flourish of new lettings at The Mall, Cribbs Causeway, saw headline rents rise for the first time in over five years.
  - Cabot Circus, continued to be a challenge, despite Primark anchoring the western end.
  - The new ownership of the Galleries and improvements, including a new food court, resulted in new occupiers and investment at Broadmead East.
  - Queens Road and Park Street continue to see activity, as evidenced by Wilkinson's acquisition of the former Borders unit.
- out of town rent**
- At Cribbs Causeway Retail Park, Smyths Toys took the 15,000 sq ft (1,394 sq m) former Allied Carpets unit, Argos downsized from 30,000 sq ft (2,787 sq m) to 15,000 sq ft (1,394 sq m), and Comet came out following lease expiry in September 2011.
  - US electrical retailer, Best Buy, who took 38,000 sq ft (3,530 sq m) on Centaurus Retail Park in 2011, are withdrawing from the UK.
  - Argos took 8,017 sq ft (745 sq m) at the Willow Brook Centre in Bradley Stoke, which is now fully occupied. The Owner, is considering an extension of the retail warehousing terrace.
- leisure headline rent**
- Once a vibrant leisure destination, Whiteladies Road has fallen on tough times in recent years, with three large bars vacant, and on the market within the strip.
  - 2011 saw a number of restaurants open in and around the city centre, including Za Za Bazaar at harbourside, with 30,000 sq ft (2,787 sq m), it is officially the largest restaurant in Britain.
  - Budget hotel demand continues with both Travelodge and Premier Inn being active.

## Industrial

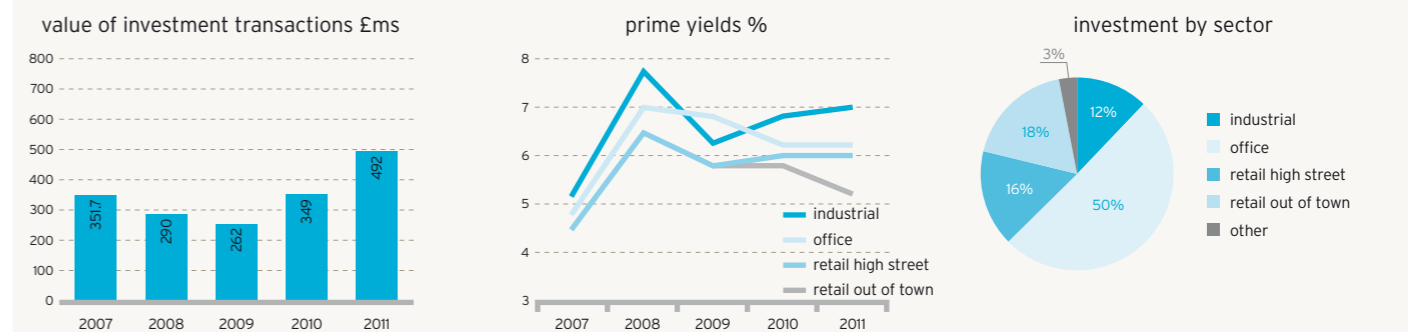
Andrew Ridler T 0117 317 1071 E aridler@alderking.com



- demand**
- Take up in 2011 matched the 2010 figure with the availability of good quality space becoming a major issue towards the end of the year.
  - The largest single transaction comprised CWS's pre-let acquisition of 437,000 sq ft (40,599 sq m) at Cabot Park, Avonmouth.
  - Demand for modern space improved during 2011, and due to the shortage of good quality immediately available accommodation, and no speculative development, we predict increased design build activity in 2012.
- supply**
- Supply remained the same as 2010 with the figures impacted by the availability of Morrisons and Sainsburys RDCs, adding a total of 600,000 sq ft (56,000 sq m). Much of the stock is dated, and in some cases, at the end of its economic life.
  - A milestone was reached in 2011 with no new, conventionally sized, never occupied space, available.
  - Land supply remains focused on Sevenside where there are a number of unsatisfied large format requirements. There remains a shortage of serviced land on the north and eastern fringe. This will change when development of the 60 acre Rolls Royce site at Filton starts.
- headline rent**
- There is no new space immediately available, and we anticipate it is likely rentals in the region of £7.50 psf (£81 psm) could be achieved for accommodation below 10,000 sq ft (929 sq m).
  - Rents for modern and mid range buildings remained at £6.50 psf (£70 psm). Good quality second hand buildings are commanding rents of around £4.00 - £5.00 psf (£43 - £54 psm).
  - With the reduced levels of good quality available stock, it is anticipated prime space rental incentives will begin to reduce, and lease durations will extend.

## Investment

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- value of investment transactions**
- The value of investment transactions in Bristol increased for the second year in a row to circa £492m in 2011, an increase of 41% from the previous year's total of £349m.
  - The city fared well in many reports, and was highlighted as one of the top regional cities in terms of growth prospects.
- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7%
    - Office 6.25%
    - Retail high street 6%
    - Retail out of town 5.25%
- investment by sector**
- The largest investment transaction in Bristol in 2011 was the sale of One Glass Wharf, Temple Quay to Aerium for £83m (NIY 6.84%). The property is 81% let to Burges Salmon on a 20 year FRI lease.
  - La Salle IM's sale of Eastgate Retail Park for £52.2m (NIY 5.25%), was the largest retail warehouse transaction and the largest retail transaction was the purchase of the Mall Galleries by HSBC European Active Real Estate Fund for £50.2m (NIY 7%).
  - The largest industrial transaction was the funding of the new Co-op RDC at Avonmouth for £33.15m by AXA REIM (NIY 6.15%).

sq ft (sq m)

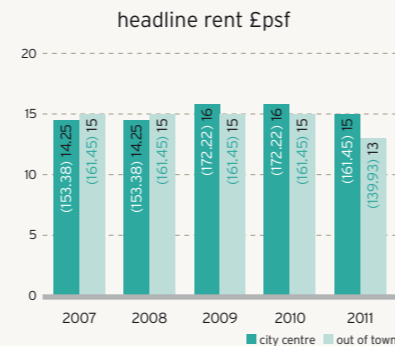
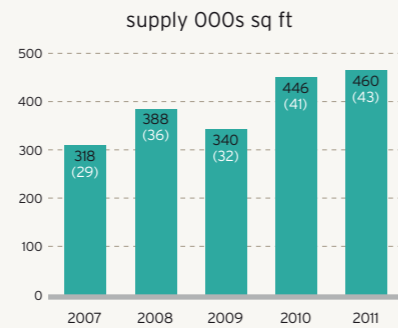
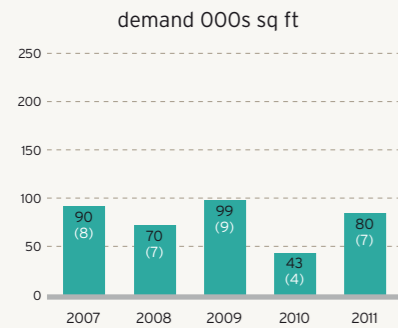
# Newport



1. Wales 1 Business Park, Magor, Courtesy of Charnwood.  
2. Newport Station, Courtesy of Network Rail.

## Offices

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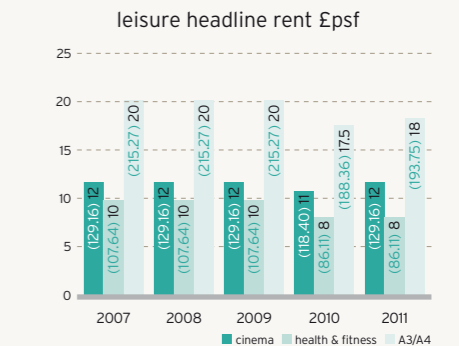
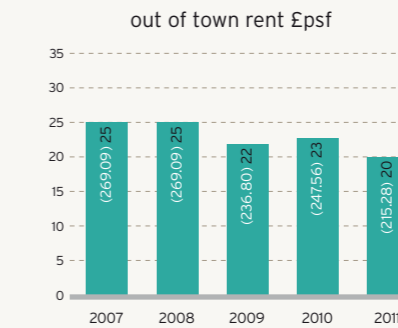
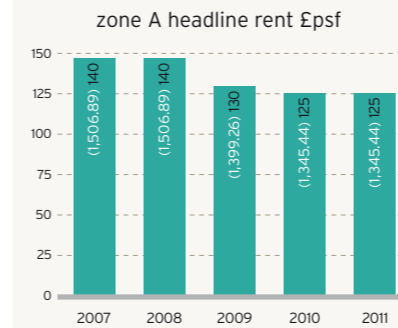
- demand**
- Take up increased by over 80% when compared to 2010, and was 17% higher than the five year average. The largest single transaction was the sale of the 28,000 sq ft (2,601 sq m) Station Building to the Council.
  - 91% of transactions were under 5,000 sq ft (465 sq m).
  - Admiral Insurance and Go-Compare are the highest profile enquirers in the market, with the former having shortlisted two developments in the city centre. Together, they account for over 100,000 sq ft (9,290 sq m), and are likely to dominate the 2012 statistics.

- supply**
- Available stock continued to increase. The increment mainly comprising Grade B stock in secondary locations. The prospect of further public sector job losses could impact supply, yet again, in 2012.
  - There is a shortage of Grade A space, even with continued availability at Nexus House (city centre), and CS3000 (Celtic Springs). On a positive note, it is hoped the proposed Town Centre schemes by Scarborough (Cambrian Centre), Queensberry (Friars Walk) and Midas (Central Point) will encourage inward investment.

- headline rent**
- Headline rents remain under pressure and significant incentives are required to secure lettings.

## Retail & Leisure

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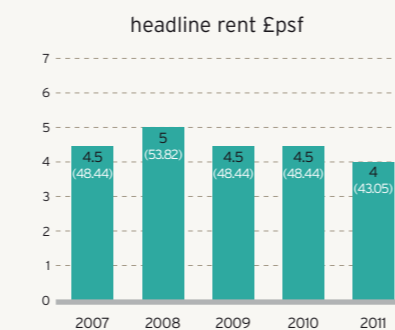
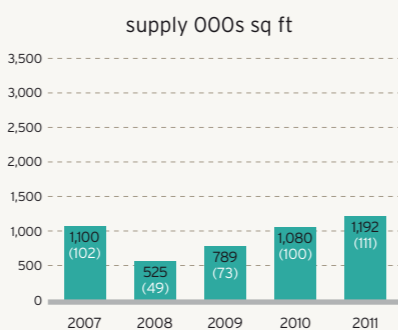
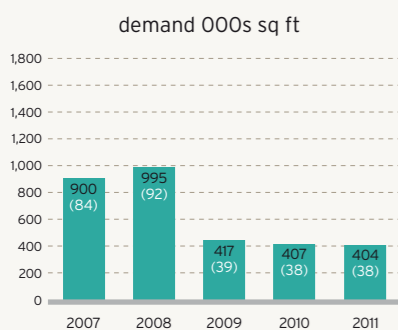
- zone A headline rent**
- Newport City Council selected Queensberry Real Estate as development partner for a new 390,000 sq ft (36,000 sq m) shopping centre in the Friars York area, covering John Frost Square and the bus station.
  - The scheme is likely to include a department store, five major store units, and a range of unit shops, together with a convenience foodstore, multiplex and restaurant. The offer will be supported by a 400 space car park and bus station.

- out of town rent**
- A new 140,000 sq ft (13,000 sq m) Tesco opened on Newport Retail Park. Morrisons has also opened a new store off Corporation Road.
  - Johnsey Estates are developing the mega Centre at Newport Retail Park, which comprises 55,000 sq ft (5,109 sq m) of open A1 retail space, with unit sizes from 7,500 sq ft (697 sq m).

- leisure headline rent**
- 2011 saw the inaugural Newport Food Festival organised by the City Council and Newport Unlimited.
  - The former TJ's historic rock venue is now under new ownership. The purchasers intend to refurbish the ground floor as a theme restaurant, and convert the upper floors to apartments.

## Industrial

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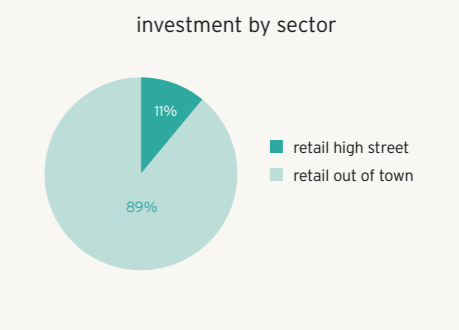
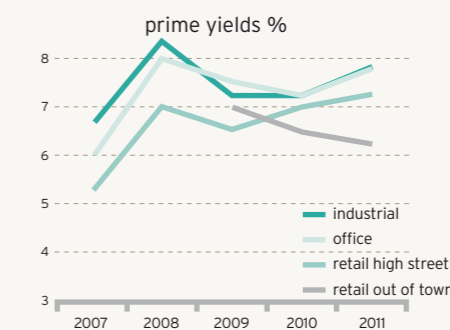
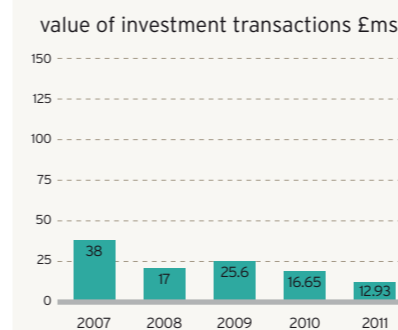
- demand**
- Demand has remained consistent over the last two years.
  - The majority of transactions fell into the sub 10,000 sq ft (929 sq m) category and there was a decrease in the number of freehold transactions.
  - The two most significant industrial transactions were SPTS's purchase of their production facility on Ringland Way extending to circa 102,000 sq ft (9,476.1 sq m), and the letting of 132,750 sq ft (12,332.8 sq m) in Units 1P1 and 1P2 at Imperial Park to Blyweert Beaufort.

- supply**
- The supply of industrial space in Newport rose slightly with a number of secondary leasehold units now having been on the market for over two years.
  - On the west side of Newport, there is currently around 420,000 sq ft (40,000 sq m) available at Imperial Park, and around 50,000 sq ft (4,650 sq m) of space in Rogerstone. There is also over 330,000 sq ft (30,000 sq m) vacant across five buildings within the Spytty area on the east side of Newport.

- headline rent**
- The headline rent reduced in 2011 by 50p psf (£5 psm) in response to declining demand, and rising vacancy rates.
  - The revitalisation of Newport currently remains centred around the redevelopment of the retail element of the city.
  - Newport was not allocated as an Enterprise Zone by the Welsh Assembly, which may prove to be an influencing factor for occupiers.

## Investment

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- value of investment transactions**
- The total value of investment transactions during 2011 totalled £12.93m which is a fall of approximately 24% on the figure for 2010 of £16.65m. The figures are distorted by one transaction that represented the majority of the value.

- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.75%
    - Office 7.75%
    - Retail high street 7.25%
    - Retail out of town 6.25%

- investment by sector**
- The largest investment transaction was Threadneedle's purchase of a retail warehouse let to B&Q for £11.5m (NIY 7.25%).
  - Aside from the sale of the B&Q property, the only other investment transactions in Newport, were a number of retail units which sold for less than £1m each.

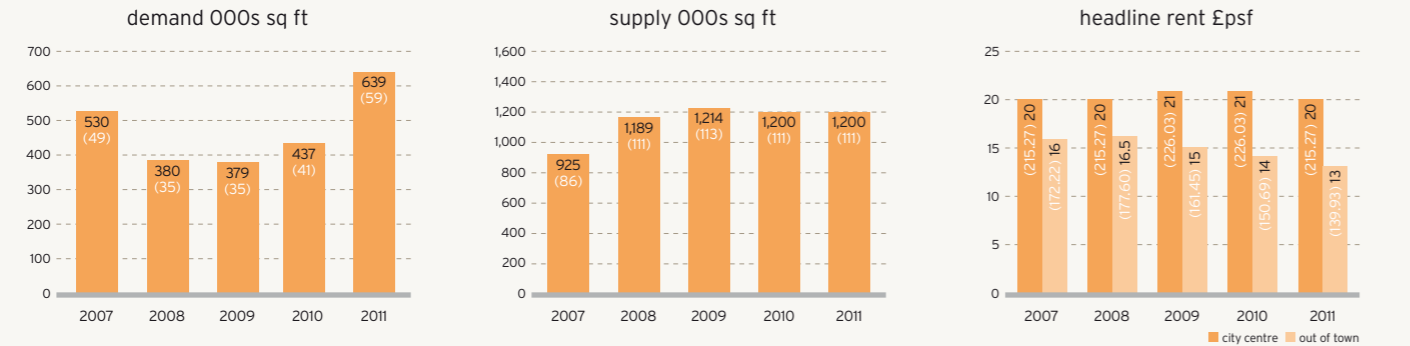
# Cardiff



1. St Davids 2, Cardiff.
2. Birds Lane, Cowbridge, Vale of Glamorgan. Courtesy of R.S. Bird Ltd.
3. Admiral Insurance Building, Cardiff, Courtesy of Stoford.

## Offices

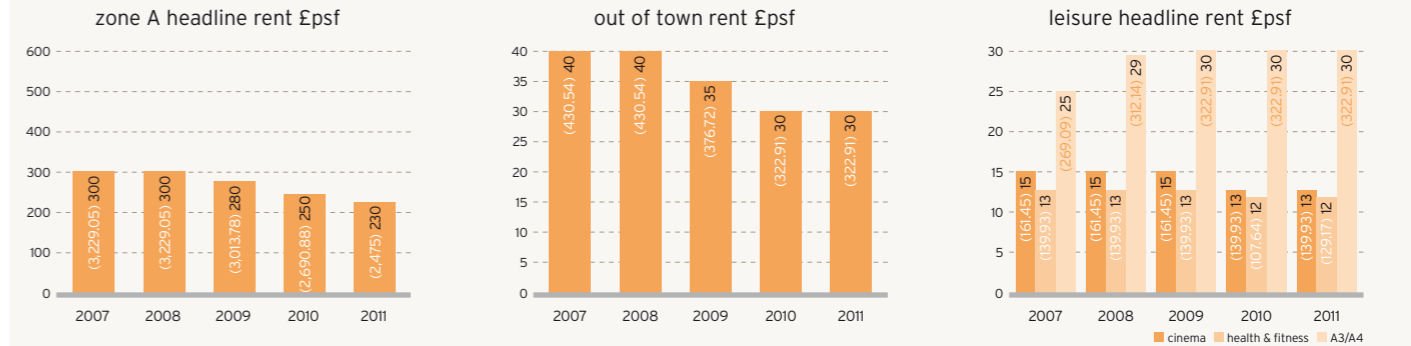
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- demand**
- Take up in the first half of 2011 amounted to 399,065 sq ft (37,074 sq m), almost a 150% increase on the same period in 2010. While these figures include the 195,000 sq ft (18,116 sq m) pre-let to Admiral Insurance, the number of transactions during the second half of 2011 reached levels not witnessed since 2003.
  - Larger enquiries and deals were dominated by call centre operators, including Admiral (Brunel House), SERCO (Hodge House), Inexus (Driscoll Buildings) and 118 Ltd (Fusion Point).
  - 200,000 sq ft (18,581 sq m) of potential pre-lets are in the market, and include requirements from Hugh James, Legal & General and Morgan Cole.
- supply**
- Supply remained static against a healthy take up, with a small increase in Grade B space offsetting the 40% decrease in Grade A space available.
  - The occupier market is patchy, and when combined with falling net effective rentals, and difficulties raising finance, the case for speculative development has weakened.
  - There is now less than 50,000 sq ft (4,645 sq m) of Grade A space available in the city centre. Long term solutions include plans to invest £60 million in the new Central Business District, expected to attract a further £100 million from private developers and likely to involve secondary stock refurbishments.
- headline rent**
- Headline rents for the city centre reduced to £20 psf.
  - Incentive levels remain static, with rent free periods of two to three months per year certain. The shortage of Grade A space available should exert some pressure on incentives offered in 2012.

## Retail & Leisure

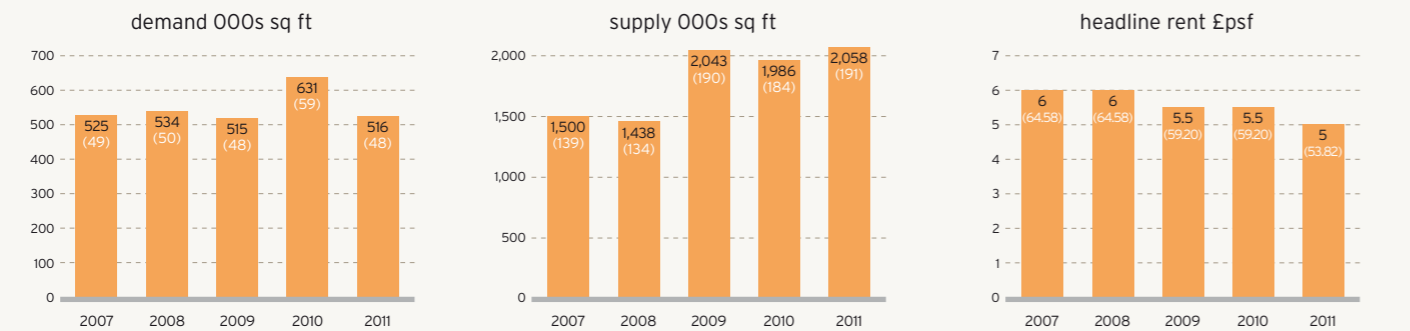
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- zone A headline rent**
- St Davids 2 continues to dominate lettings in the city centre.
  - Strong footfall remains on Queens Street, assisted by the new Waitrose convenience store.
  - Convenience stores still dominate the secondary market in the city, as recently evidenced by Sainsbury's Local taking the former Maskreys unit on Whitchurch Road.
- out of town rent**
- The former dairy site at the eastern end of Newport Road is now being cleared for the construction of a new Morrisons foodstore.
  - In Cowbridge planning consent has been granted for a 21,000 sq ft (1,950 sq m) Waitrose foodstore and unit shops. The development is due to open by the end of 2012.
- leisure headline rent**
- Mansford Real Estate is to invest up to £20 million in Stadium Plaza to create a "family friendly attraction". Mansford bought the 140,000 sq ft (13,006 sq m) leisure complex during 2011.
  - Capital Retail Park Partnership has exchanged contracts with Travelodge to build a 72 bed hotel at Capital Shopping Park opposite Cardiff city stadium. The development will also include 7,500 sq ft (696 sq m) of A1 and A3. A planning decision is currently awaited.

## Industrial

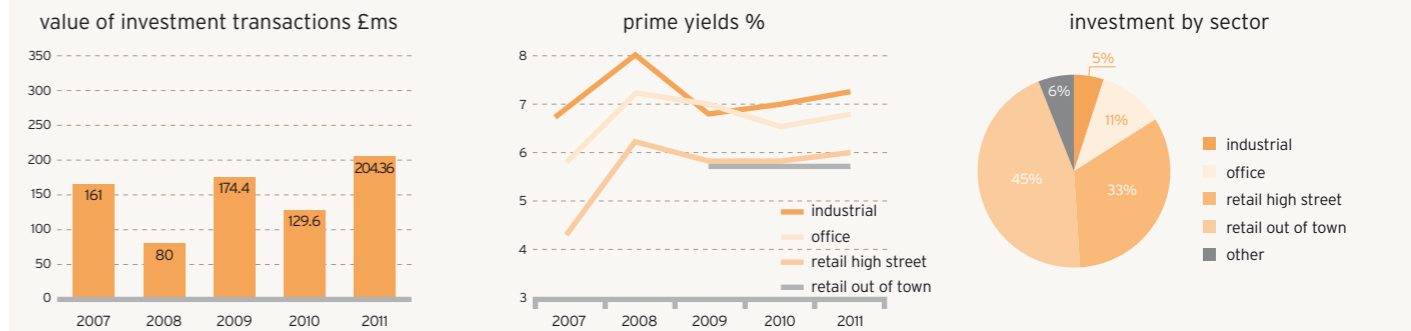
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- demand**
- Demand fell to similar levels seen in 2009. This was partly due to a reduction of transactions on units over 50,000 sq ft (4,650 sq m), and a drop of leasehold activity in the 10,000 - 20,000 sq ft (1,000 - 2,000 sq m) size range.
  - The west of Cardiff saw reduced demand, with the south east experiencing the majority of activity, including the sale of the former Maskreys unit, and lettings at Trident and Capital Business Parks.
  - The distribution and manufacturing sectors remain challenging, but despite this we have witnessed an increase in demand for freehold opportunities.
- supply**
- The supply of industrial space in Cardiff rose slightly, but has remained at a fairly consistent level since 2008. Units available in 2011 included the 50,000 sq ft (4,650 sq m) Yodel premises in Wentloog, and 52,000 sq ft (4,830 sq m) at Avenue Industrial Park.
  - A shortage of good quality industrial buildings over 35,000 sq ft (3,252 sq m) is forcing the search for suitable space further afield. This is partly due to the lack of recent new build activity with the development of hybrid business units of sub 10,000 sq ft (1,000 sq m) at Capital Business Park proving popular.
- headline rent**
- Headline rents have reduced by £1.00 psf (£10.76 psm) since 2007. Despite, fairing better than other areas of South Wales, this decline shows Cardiff has not been immune to the economic pressure affecting the region.
  - Due to the fall in headline rents, occupiers are able to acquire modern space at very competitive levels.
  - Landlords of second hand units are being forced to offer significant incentives.

## Investment

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- value of investment transactions**
- The total value of investment transactions during 2011 was £204.36m which is a rise of 58% from the previous year £129.582m.
- prime yields**
- Our current view of prime yields is as follows:
 

- Industrial	7.25%
- Office	6.75%
- Retail high street	6%
- Retail out of town	5.75%
- investment by sector**
- The largest retail warehouse transaction was the Invista REIM's sale of Cardiff Bay Retail Park for £54.5m (NIY 6.25%). Tenants include Boots, Argos, and BHS with average unexpired lease terms of 11 years.
  - Admiral Insurance Group's new headquarters is under offer as a funding, and became unconditional pre-Christmas at a price believed to be in excess of the quoting price of £55m (NIY 6%).
  - The largest office sale to complete was the sale of 5 Callaghan Square to Credit Suisse for £14.265m which (NIY 7.04%).

sq ft (sq m)

# Swansea

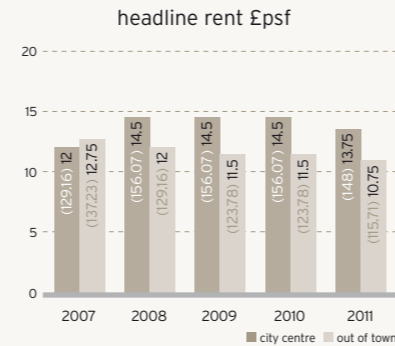
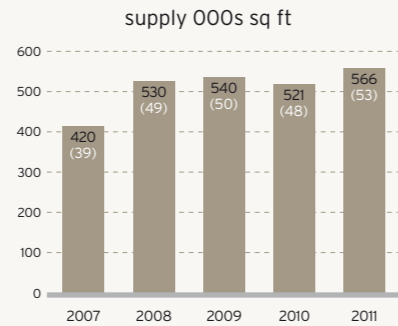
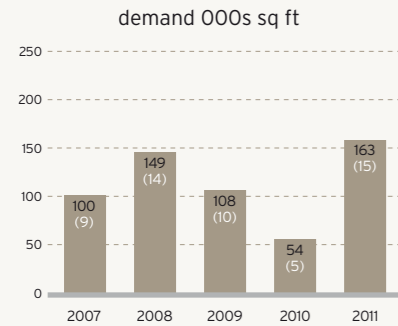


1. The Crucible Park, Swansea, Courtesy of Bell Hammer.

2. Swansea Urban Village, Swansea, Courtesy of Coastal Housing Group.

## Offices

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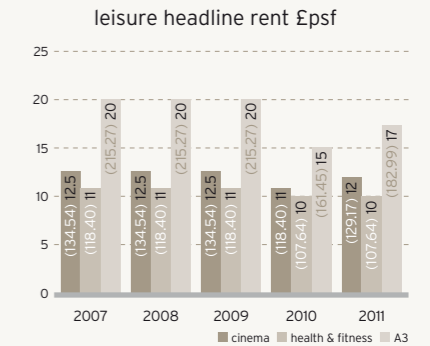
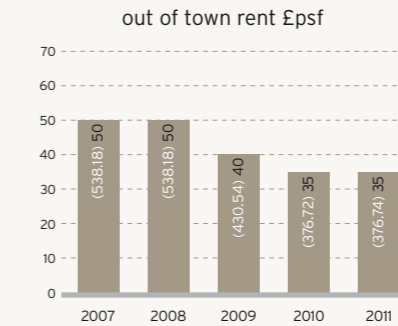
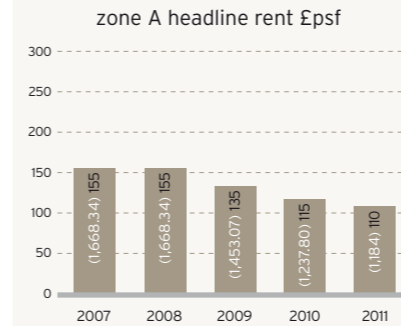
- demand**
- Take up dramatically increased by 200%, when compared to 2010, but was heavily influenced by two transactions which accounted for 64% of the total.
  - Most transactions were under 5,000 sq ft (465 sq m).
  - As with Cardiff and Newport, Admiral Insurance dominated the headlines taking 38,000 sq ft (3,530 sq m) at Swansea Vale. Other transactions included the 65,000 sq ft (6,039 sq m) sale of Ty Bryn Glas to Swansea Metropolitan University, and NES Ltd subletting 11,000 sq ft (1,022 sq m) from Hewlett Packard at Matrix House.

- supply**
- Supply increased marginally, despite the strong take up, and was influenced by public sector cutbacks, forcing the release of available space.
  - Crucible Park, at Swansea Vale, remains vacant, contributing to over 17% of the total supply. Other large areas of space remain at fringe city locations such as Fabian Way and Quay Parade.
  - Little space now remains vacant at SA1, but the prospect of any further development is unlikely. It is also unlikely that much needed development within the city centre will progress whilst Hammerson's plans to regenerate remain under review.

- headline rent**
- In line with the wider market, there continued to be downward pressure on rents.
  - A lack of Grade A stock in and around the city centre should strengthen rental packages for smaller office suites in 2012.
  - Out of town rents remain relatively strong in certain locations such as Dragon 24's Penllergaer Business Park.

## Retail & Leisure

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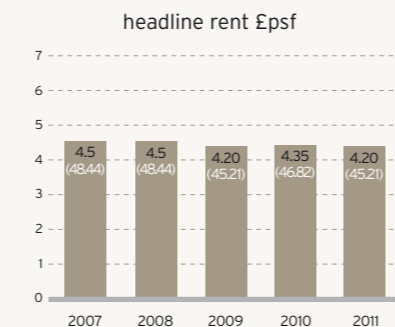
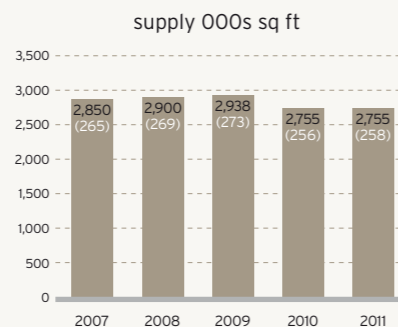
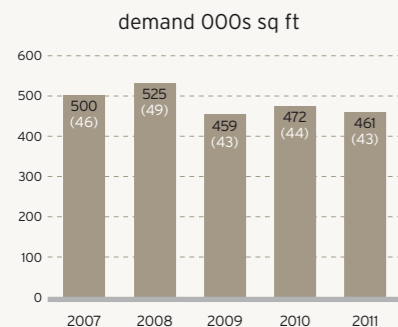
- zone A headline rent**
- The ambitious regeneration proposals for St David's and Quadrant sites and car parks at Paxton Street and County Hall have been delayed due to current economic conditions.
  - Noteable additions to the retail offer include SuperDry and Card Factory in the Quadrant Shopping Centre. Poundland has taken the former Woolworths store in Oxford Street.

- out of town rent**
- The Crown Estate completed the purchase of Morfa Shopping Park where occupiers include Boots, Peacocks, New Look, Argos and Next.
  - H&M acquired a new lease on the former JJB Sports unit at Fforestfach Shopping Park.
  - As in previous years the majority of retail activity was based around the city's out of town retail parks.

- leisure headline rent**
- Salubrious Place remains the main focus for leisure and entertainment in the city, and is situated between Wind Street and the Maritime Quarter. Occupiers include Vue, Aspinalls Casino, Travel Inn, Nando's and Frankie and Benny's.
  - A new leisure quarter at SA1 is being targeted at occupiers.

## Industrial

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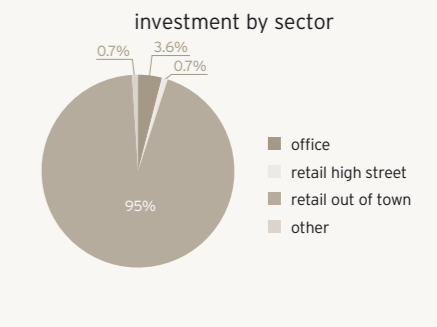
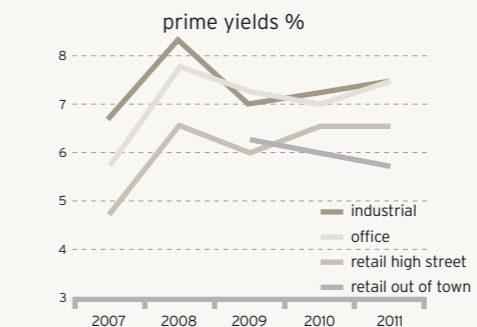
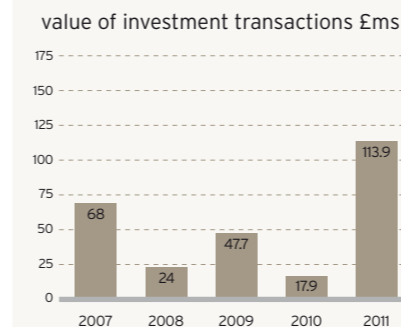
- demand**
- Demand remained below the five year average.
  - 2011 saw demand in Swansea centred on units of 15,000 - 30,000 sq ft (1,393.5 sq m - 2,787 sq m). Deals included the letting of 30,000 sq ft (2,787 sq m) at Olympus Park, the sale of 27,000 sq ft (2,508 sq m) to Selco Builders Merchants on Swansea Enterprise Park, and 24,000 sq ft (2,229 sq m) to LAB Engineering on White City Road.
  - The freehold market has again been active this year, buoyed in part by distressed lending opportunities.

- supply**
- Although the supply of industrial space rose slightly in 2011, it remains below the 2009 high.
  - 2009 and 2010 saw a series of major factory closures in the Swansea area, including the Alcoa Plant and the Linamar Automotive Systems; however, this pattern was not repeated in 2011.
  - There are still significant levels of space available in the main distribution parks around Swansea as demand from this sector continues to fall, with haulage companies impacted by the current economic conditions and rising fuel prices.

- headline rent**
- Headline rents reduced in 2011 due to continuing pressure from occupiers and strong competition.
  - Properties in prominent roadside locations continue to attract trade counter occupiers, and demand remains strongest for modern space with good access to the M4 motorway.
  - However, for many occupiers relocation costs remain an obstacle, despite attractive packages. The lack of local funding is proving a significant factor in attracting inward investors who are also considering other UK locations.

## Investment

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- value of investment transactions**
- The total value of investment transactions in 2011 was £113.9m, which is a significant increase from the 2010 total of £17.9m.
  - Of this total 71% comprises one single transaction, the purchase of the Morfa Shopping Park by The Crown Estate for £80.6m (NIY 5.78%).

- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.5%
    - Office 7.5%
    - Retail high street 6.5%
    - Retail out of town 5.75%

- investment by sector**
- The most significant retail warehouse transaction was the purchase of units 2-4 Baglan Bay Retail Park, by Development Securities in January 2011, for £3.42m (NIY 8.35%).
  - The largest office transaction was the sale of Ty Dyffryn offices at Atlantic Close in June. The office is let to HSBC and was sold by Aviva Investors for £4.125m (NIY 10%).
  - There were few in town retail transactions in Swansea over the year. 41-43 Uplands Crescent, a convenience store let to Sainsbury's for a further 10 years, was bought by a private investor for £765K (NIY 6.17%).

sq ft (sq m)

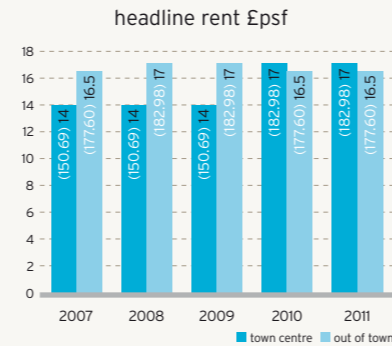
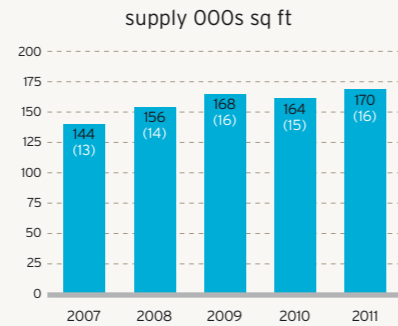
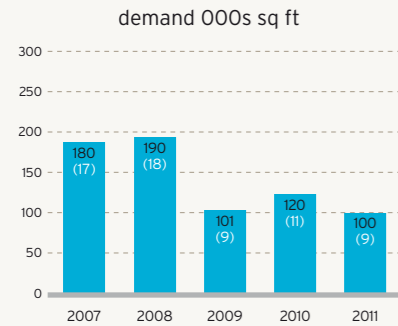
# Taunton



1. Viridor Building, Firepool, Taunton, Courtesy of St Modwens.  
2. Westpark Terrace, Wellington, Courtesy of Summerfield Developments.

## Offices

Andrew Maynard T 01823 445080 E amaynard@alderking.com



### demand

- Enquiry levels reduced during 2011, following a buoyant end to 2010, with a 16% fall compared with 2010 and a 47% drop from the peak in 2008.
- The freehold market was most affected by the fall in enquiries, due to the lack of purchasers, who were able to secure funding. Consequently values fell back during the year, after increases in 2010.
- Local/regional occupiers continue to make up the bulk of demand, with typical requirements being 1,000 - 3,000 sq ft (93 - 280 sq m).

### supply

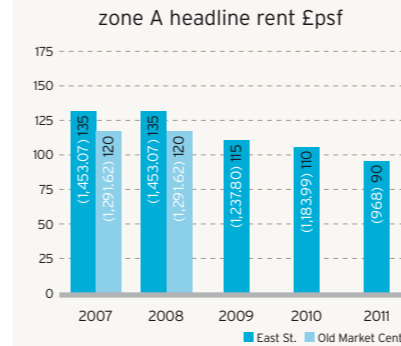
- The stock of vacant space reached a 5 year high due to the lower take up levels, although we saw a reduction in vacant accommodation in the out of town market following a number of deals on Blackbrook Business Park.
- We expect further increases in supply during the first half of 2012, mainly within the out of town market.
- No speculative developments commenced during the year.
- Viridor's new HQ will be completed in May 2012, with views over the County Cricket ground.

### headline rent

- With no pre-lets or speculative build during the year, rents remained static in both the in town and out of town markets.
- Rents for secondary accommodation reduced and incentive levels crept up during the second part of the year, although they remain relatively static for Grade A accommodation.

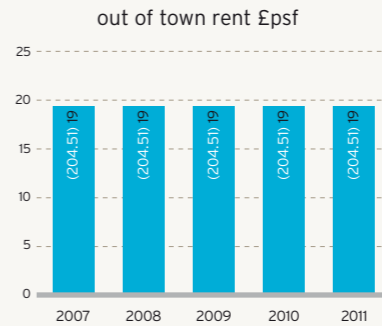
## Retail & Leisure

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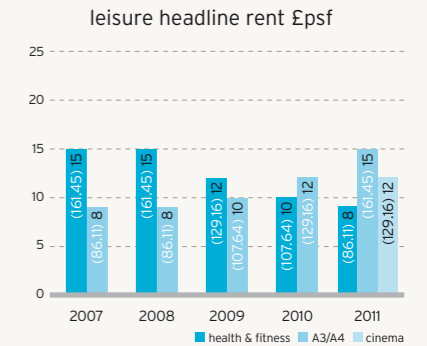
### zone A headline rent

- There were limited prime pitch deals during 2011, although void rates remain generally low within the town centre.
- The secondary market was active, with good levels of demand holding rents up well.



### out of town rent

- Priory Fields remained the prime location, although there were few deals across the board.
- With the downsizing of the Wickes Extra on Priory Fields and availability at St Johns Retail Park there is now over 40,000 sq ft (3,716 sq m) available.

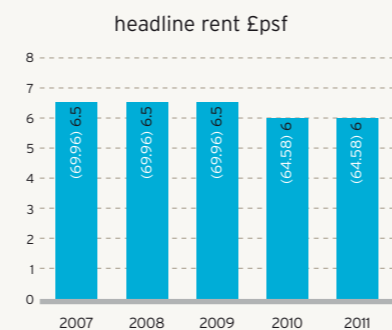
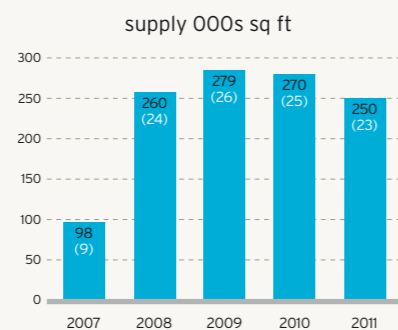
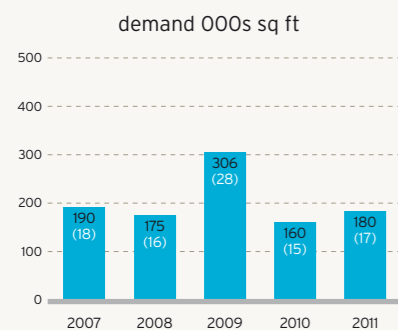


### leisure headline rent

- There was continued interest in the Town Centre from a number of hotel operators.
- The A3/A4 market saw a number of deals during the year to occupiers, although rental levels remained static.

## Industrial

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### demand

- There was a modest increase in demand from levels in 2010. This was still well below the long term average and as a consequence of a limited number of larger format enquiries.
- Local occupiers dominate the market especially within the sub 5,000 sq ft (464.5 sq m) sector, with increasing enquiry levels at the end of the year.
- Significant transactions outside of the Town include the 800,000 sq ft (74,322 sq m) Morrison regional distribution centre in Bridgwater, which came into operation during Q3. The Centre serves 65 stores throughout the South West region.

### supply

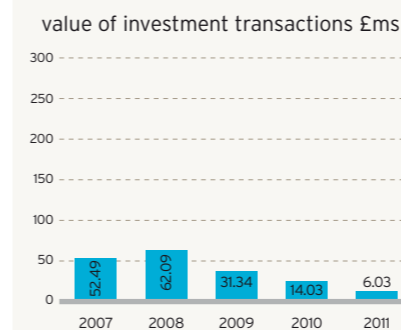
- 2011 saw continuing take up of good quality premises coming to the market, especially freehold opportunities and within the mid to large size ranges.
- No new developments starts were made during 2011. However the speculative development of a further 14,000 sq ft (1,300 sq m) of sub 1,500 sq ft (139 sq m) units at Westpark 26 has seen good take up. A further block is planned.
- The land market remained relatively quiet, with little coming through the planning system.

### headline rent

- Rents remained static at around £6 psf (£65 psm) during 2011 and are likely to remain at this level into 2012.
- Rental incentives of between one and two months rent free for every year certain of income are not uncommon.

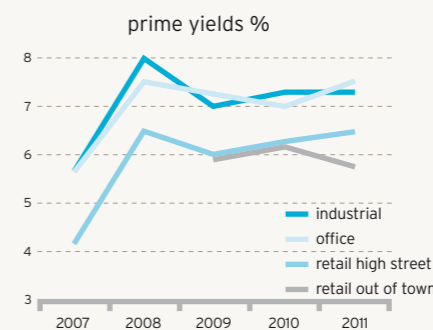
## Investment

Mark Rothwell T 0117 317 1101 E mrothwell@alderking.com



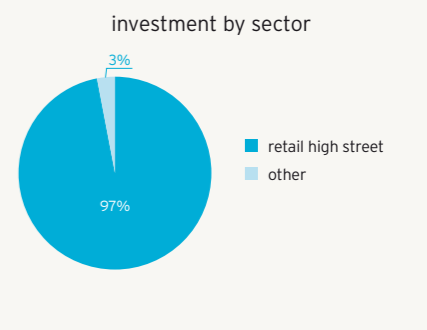
### value of investment transactions

- There were a limited number of investment deals in Taunton in 2011 and volumes were considerably down from the 2010 figure of £14.03m. Including a couple of retail transactions in Wells, the total volume of investment was £6.03m.



### prime yields

- Our current view of prime yields is as follows:
  - Industrial: 7.5%
  - Office: 7.25%
  - Retail high street: 6.5%
  - Retail out of town: 5.75%



### investment by sector

- The retail sector saw the greatest level of investment activity, and the largest transaction was the purchase of 32-33 East Street by Olim for £3.5m (NIY 7%). The property is let to Argos Distributors Ltd until 2022.
- In the industrial sector, a distribution unit let to the Co-op Group at Chelston Business Park sold to PruPIM at circa £8.73m (NIY circa 8.5%).

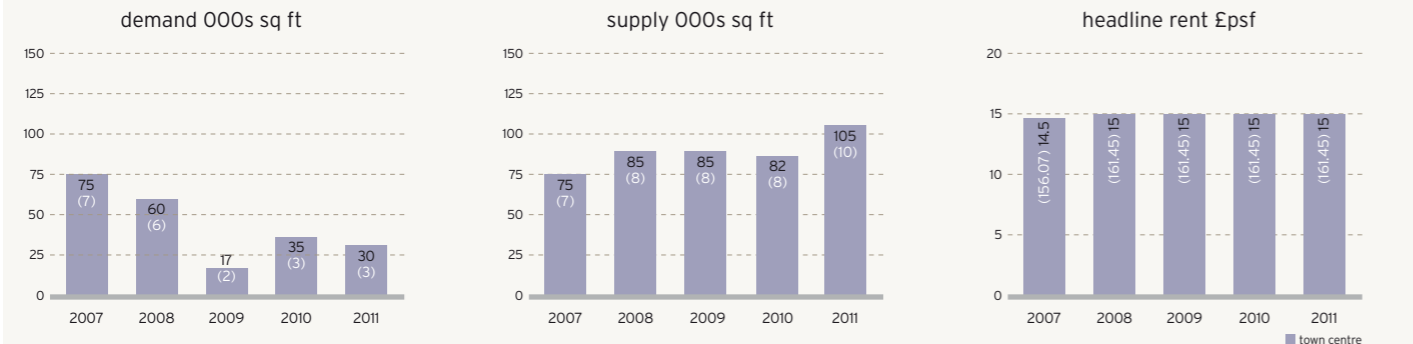
sq ft (sq m)



1. The Glove Factory, Yeovil.  
2. 26 Mead Avenue, Yeovil.

## Offices

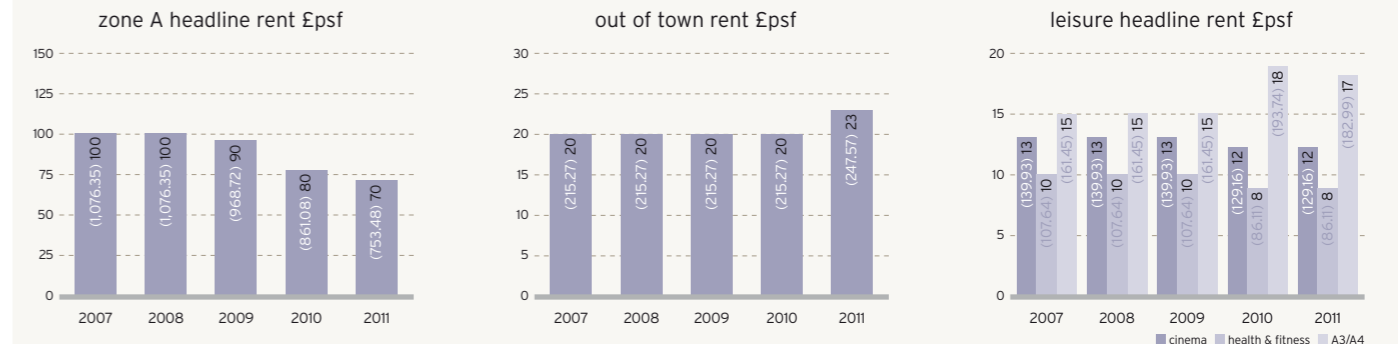
Andrew Maynard T 01823 445080 E amaynard@alderking.com



- demand**
- Demand fell away slightly during the year, with limited demand for Grade A accommodation and a fall in take up of secondary accommodation.
  - Local occupiers dominated the market, with the typical requirement being 1,000 - 3,000 sq ft (92 - 279 sq m).
- supply**
- Supply was up 28% on 2010 and 22% up on the 5 year average. We do not foresee levels of supply dipping significantly in 2012, indeed there may be a further increase during the year.
  - The majority of available accommodation is of secondary quality, with most properties being less than 5,000 sq ft (464 sq m).
- headline rent**
- With no pre-lets, or speculative build in 2011 rents remained static for the best space. Levels for secondary accommodation reduced in 2011.
  - Incentive levels are expected to increase during 2012, with the level of vacant accommodation within the secondary market remaining a significant factor.

## Retail & Leisure

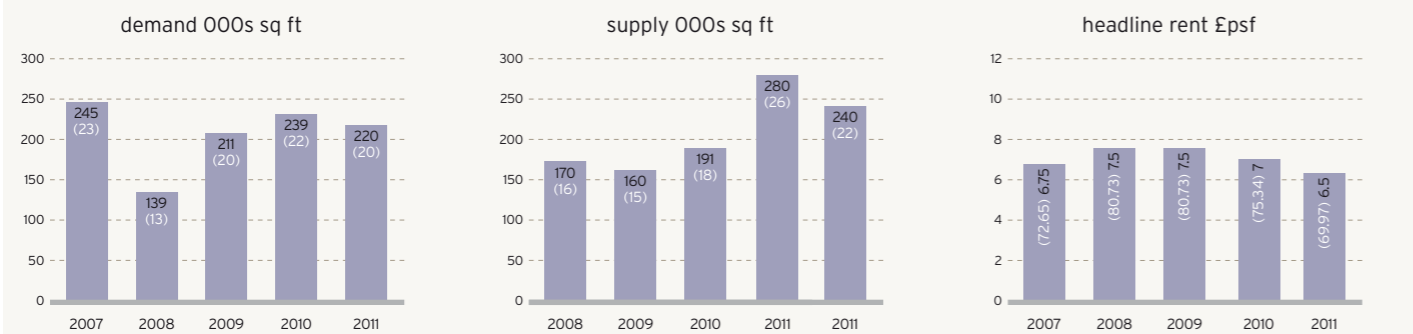
Andrew Maynard T 01823 445080 E amaynard@alderking.com



- zone A headline rent**
- There was a rise in town centre voids throughout the year, particularly in the lower reaches of Middle Street.
  - New retailers attracted to the town included 99p Stores at 16-20 Middle Street.
  - Secondary and tertiary pitches had mixed fortunes. There were reasonable activity levels around Princes Street, but limited elsewhere.
- out of town rent**
- Availability remains limited.
  - The JJB at Peel Shopping Park is available as a whole or by sub division. The unit has an open A1 planning consent.
- leisure headline rent**
- There was no change in tenant line up at Yeo Leisure Park, the towns leading entertainment destination.
  - Following the completion of Zero C's Glove Factory urban village development, the former Foundry House building is being marketed for restaurant and leisure uses.

## Industrial

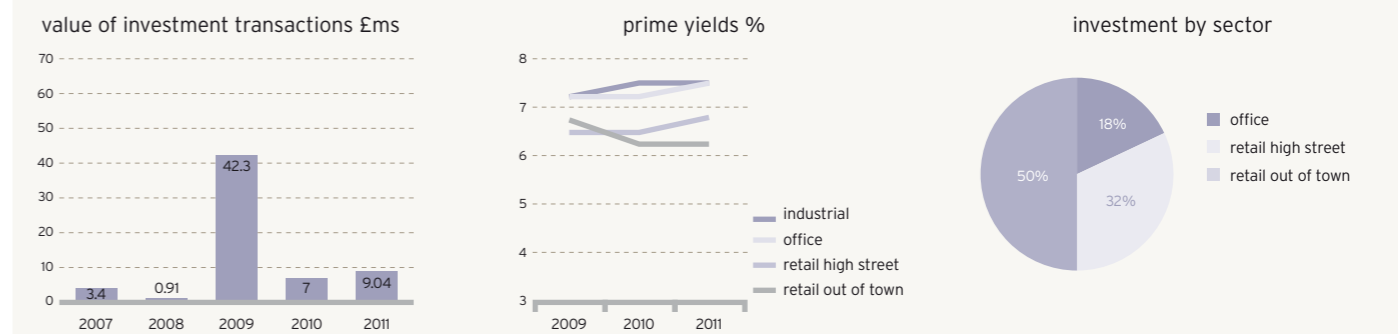
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- demand**
- Demand was slightly down on 2010, but remained above the 5 year average. This was partly due to a number of larger format enquiries.
  - Significant transactions during the year included the letting of 26 Mead Avenue, a 70,000 sq ft (6,503 sq m) warehouse facility, to Wincanton Holdings Plc, who continue to expand within the town, providing logistics services to Augusta Westland.
- supply**
- A decrease of 14% on 2010, although still 15% up on the five year average. The reduction was partly due to the letting of 26 Mead Avenue and the sale of the former YDC factory comprising 65,000 sq ft (6,038 sq m), to Paragon Laundry.
  - As a consequence of the current economic climate further stock came to the market on all the town's estates, on both leasehold and freehold basis.
  - No new developments were brought to the market during the year.
- headline rent**
- Rents reduced to £6.50 psf (£70 psm) during 2011 due to lower levels of trade counter activity.
  - Rental incentives of between one and two months rent free for every year certain of income are not uncommon.

## Investment

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- value of investment transactions**
- The total value of investment transactions in 2011 was £9.04m which was an increase of 30% from £7m recorded for 2010.
- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.5%
    - Office 6.75%
    - Retail high street 6.25%
    - Retail out of town 6.25%
- investment by sector**
- The largest transaction was the sale of a self contained retail warehouse unit by Wereldhave, currently let to Wickes for £4.5m (NIY 8.9%)
  - The largest office transaction was the sale of the 1960s Maltravers House for £1.25m (NIY 32%). It is let to tenants including Somerset County Council and the Secretary of State for the Environment, with lease expiry within one year.
  - A significant retail investment disposal relates to 16-20 Middle Street, let to 99p Stores and Mortimers (Yeovil) Ltd. At the time of print, it is under offer at circa £2.1m (NIY 7%).

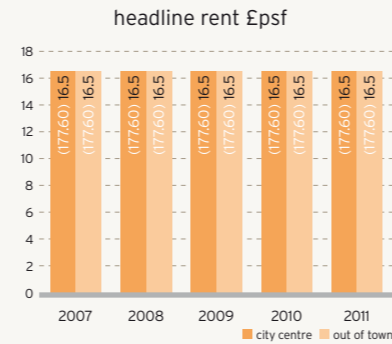
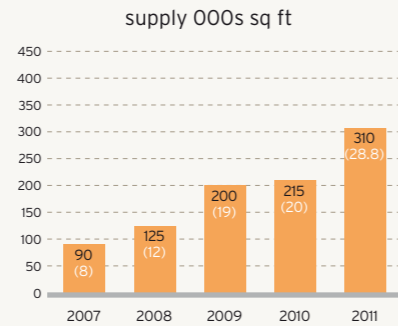
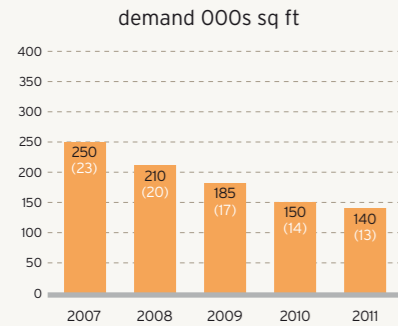
# Exeter



1. John Lewis, Opening 2012, Courtesy of Land Securities.
2. The Senate, Exeter.
3. Kandy Toys, Hill Barton Business Park, Exeter.

## Offices

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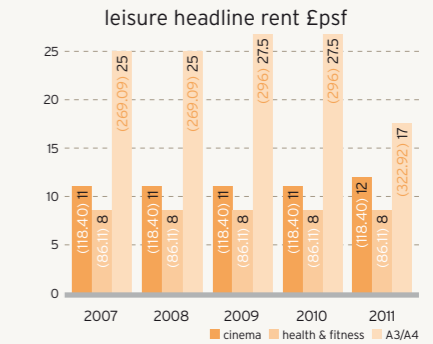
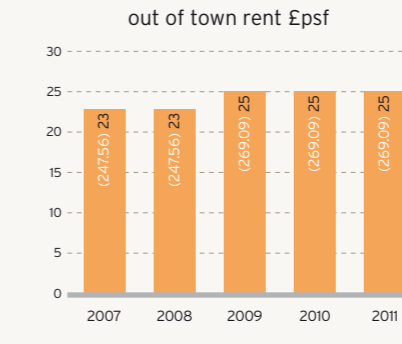
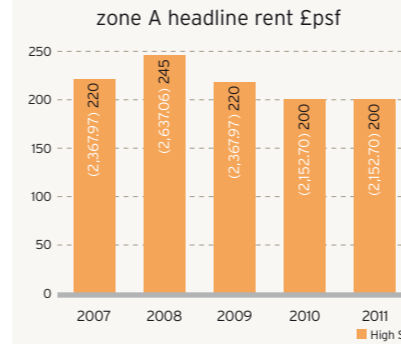
- demand**
- There was a steady level of interest in the sector up to 15,000 sq ft (1,400 sq m), while many larger strategic requirements were put on hold.
  - Smaller areas of space were slow to let, and required larger incentives.
  - Public sector cut backs had less impact than originally anticipated.

- supply**
- The commencement of Skypark heralded a new out-of-town location for office development.
  - The letting of the former 12,000 sq ft (1,115 sq m) ROK building, and 10,000 sq ft (1,000 sq m) Connaught building showed positive movement in the market.
  - The completion of the 40,000 sq ft (3,716 sq m) Oxygen building for ATASS at Exeter Business Park demonstrated confidence in the city as an office location.

- headline rent**
- Top quoting rents for the available, better quality space, remained static during the year.
  - New buildings will need to achieve headline rents of circa £17.50 psf (£188 psm) to be viable.
  - Incentive levels stabilised in 2011, albeit many tenants are testing the market due to break clauses, or lease expiry.

## Retail & Leisure

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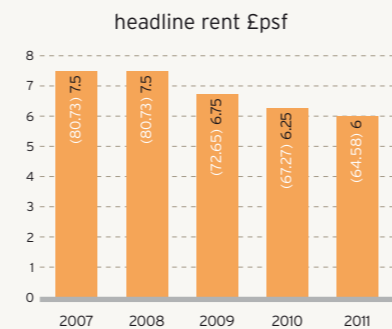
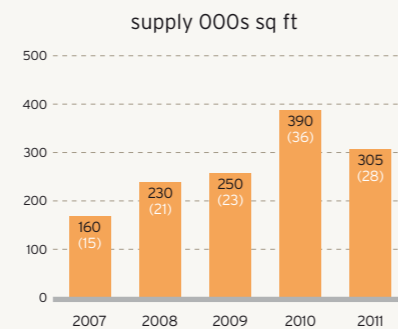
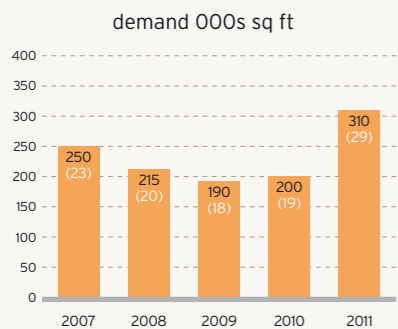
- zone A headline rent**
- Headline rents reduced slightly in 2011, with many deals agreed with strong incentives. Rents in Princeshay fared better than the High Street.
  - The refurbishment of the former Debenhams for the new John Lewis department store has started and the target opening date of October 2012 is eagerly anticipated.
  - Demand for Exeter remains strong as was demonstrated by the arrival of significant new brands including Urban Outfitters, Republic and Nike.

- out of town rent**
- Headline rents for units with bulky goods consent remained unchanged.
  - New lettings in Exeter include Dream Beds at Rydon Lane Retail Park, and Go Outdoors with a new lease at the former Wickes in Marsh Barton.
  - Marks & Spencer are understood to have paid a headline rent of £32.50 psf (£349.83 psm) for premises at Exe Bridges Retail Park with open A1 consent.

- leisure headline rent**
- There has been limited activity in the Leisure sector in 2011. Cinema and Health and Fitness rents remain static.
  - A new letting at Princeshay to Coffee#1 on Roman Walk completed and will compliment Chandos Deli adjacent.
  - Exeter Chiefs are planning to redevelop their stadium to increase capacity to 20,000 and provide additional conferencing capacity and associated facilities.

## Industrial

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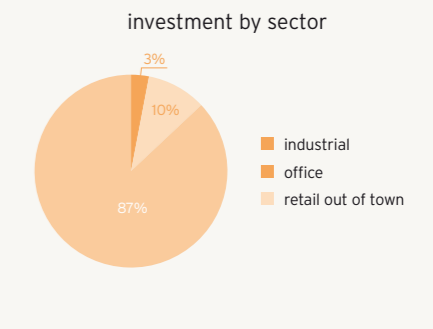
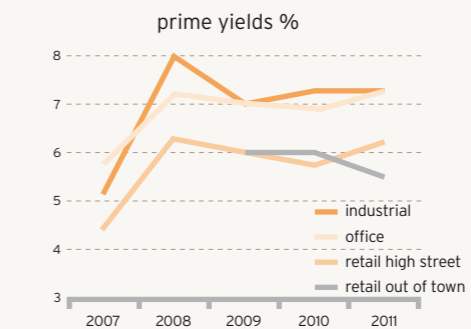
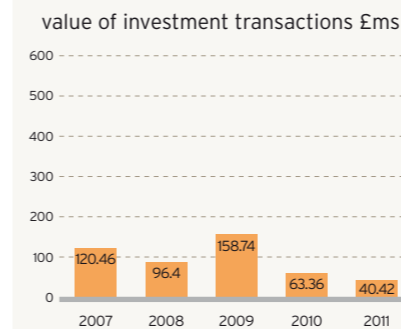
- demand**
- Enquiry levels increased in 2011 with take up again exceeding the previous year. The majority of the deals completed in 2011 were sub 15,000 sq ft (1,393 sq m), with strong demand for buildings of 30,000 - 50,000 sq ft (2,787 - 4,645 sq m) from the food and drinks sector.
  - Take up in the Marsh Barton Trading Estate has demonstrated there is good demand for second hand stock in accessible locations.
  - Construction is almost complete on the 70,000 sq ft (6,503 sq m) Kandy Toys building at Hill Barton Business Park, with development planned for 2012.

- supply**
- There was a decrease in supply during 2011, with no speculative development started.
  - The majority of supply was provided by the lower to mid market stock with few 25,000 - 40,000 sq ft (2,322 - 3,716 sq m) properties available.

- headline rent**
- Prime rents reduced slightly in 2011 to £6.00 psf (£65.00 psm).

## Investment

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- value of investment transactions**
- In 2011 the total value of investment transactions in Exeter was £40.42m a fall of 36% on the total for 2010 of £63.36m.
  - Although investment activity in Exeter was down on previous years there were a number of sales in other towns in Devon. The largest of these was the purchase of the Greenlanes Shopping Centre, Barnstaple, by British Land for £30m (NIY 8%).

- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.25%
    - Office 7.25%
    - Retail high street 6.25%
    - Retail out of town 5.5%

- investment by sector**
- The largest deal in Exeter in 2011, was the purchase of the Exe Bridges Retail Park by La Salle IM, for £35m (NIY 5.5%). Tenants include Boots, Next and TK Maxx.
  - The largest of only a small number of industrial deals, was the sale of Swallow Units at Alphinbrook Road. The 11 small industrial units sold for £1.06m (NIY 8.1%).
  - Renslade House Offices sold for £3.21m (NIY 10.75%). The property comprises circa 55,000 sq ft (5110 sq m) of accommodation, and is multilett with some vacant space. It formed part of a portfolio.

sq ft (sq m)

# Plymouth



1

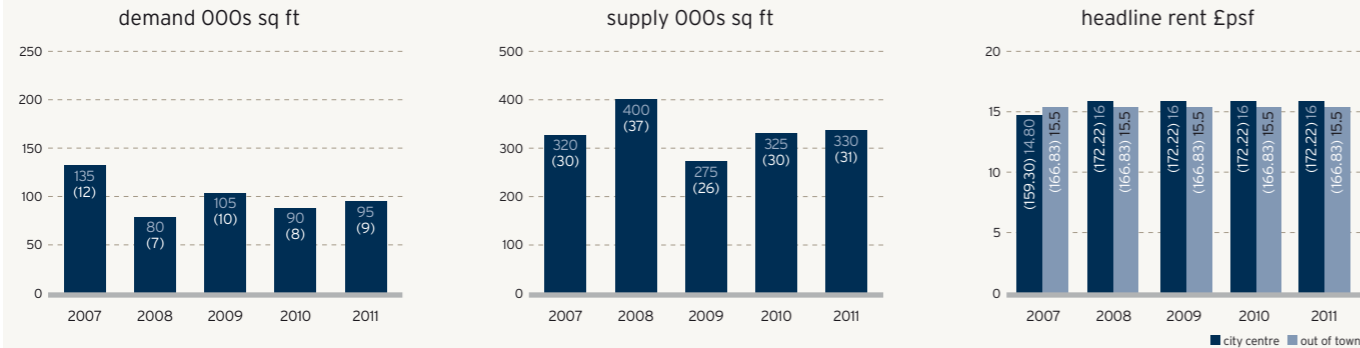


2

1. The America's Cup 2011, Plymouth.  
2. Salt Quay House, Plymouth.

## Offices

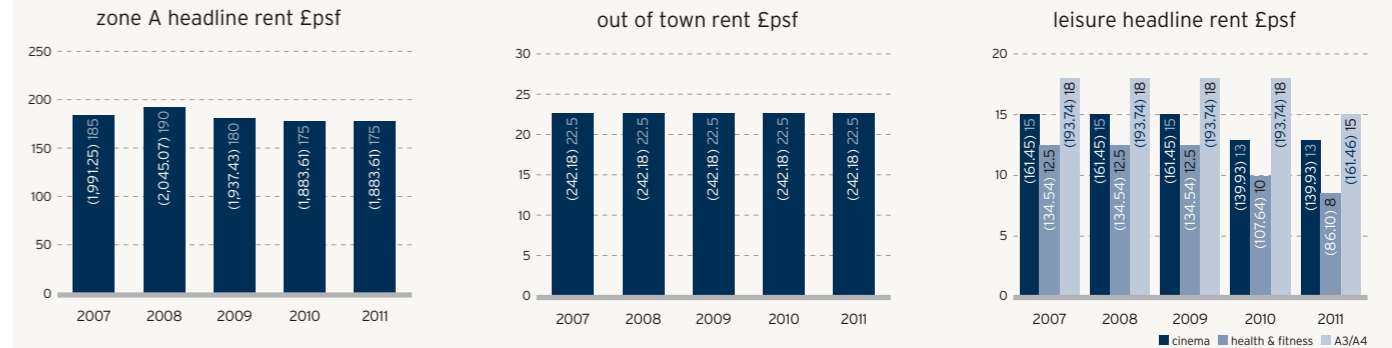
Ralph Collison T 01392 353091 E rcollison@alderking.com



- demand**
- Demand increased marginally on 2010.
  - The letting of 10,000 sq ft (929 sq m) to Regus at Salt Quay House was indicative of the occupier's demand for maximum flexibility.
  - The above average level of public sector space in the city influenced demand overall.
- supply**
- The supply level was virtually unchanged in 2011, with the 80,000 sq ft (7,432 sq m) Pulmer House building coming to the market.
  - With no new speculative schemes planned for 2012, the supply of grade A space will be restricted.
  - Several existing buildings are considering a change of use which will reduce supply.
- headline rent**
- Regus at Salt Quay House at £15.50 psf (£166.83 psm) was slightly below the city centre headline level achieved in recent years.
  - New build would need to achieve at least circa £16.50 psf (£177.61 psm) to be viable.

## Retail & Leisure

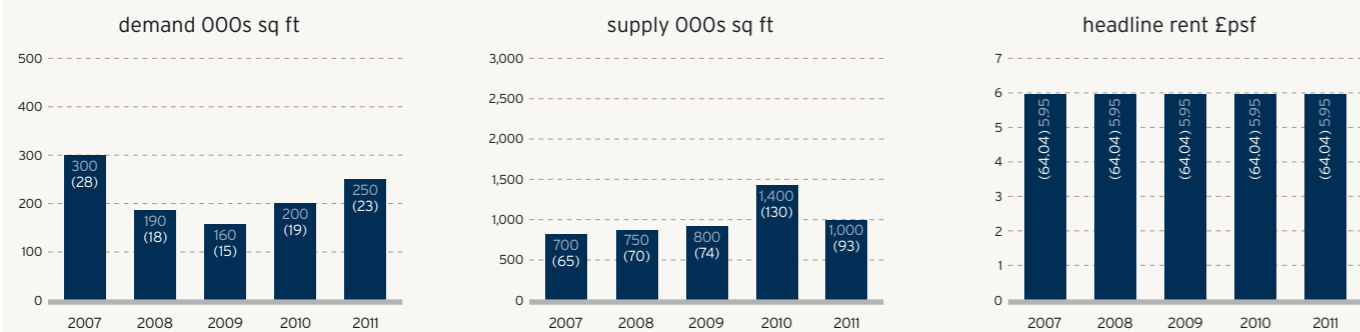
Dominic Rosenbaum T 01392 353080 E drosenbaum@alderking.com



- zone A headline rent**
- Drake Circus remains the focus of activity in the retail market, with limited voids in the scheme.
  - Demand remains robust in the areas near the entrance to Drakes Circus, Old Town Street and the top of New George Street.
  - Rental levels reduced slightly due to the high level of stock on the market.
  - Three large properties remain vacant including the former Woolworths, T J Hughes and Derry's department store.
- out of town rent**
- Out of town rents remain static, with limited activity in this sector.
  - Marsh Mills continues to be the focus for bulky goods retailers with prominence to the A38.
  - Consent was granted to Tesco Stores for the redevelopment of their Transit Way Extra store with a new 86,000 sq ft (7,990 sq m) foodstore including 13 adjacent A1/A2/A3 units, and parking for over 700 cars.
  - Go Outdoors opened a new 46,000 sq ft (4,274 sq m) store at Laira Bridge Road.
- leisure headline rent**
- Celebrity Chef, Gary Rhodes, announced plans to open a flagship 100 cover restaurant at the Plymouth Dome on the Hoe in 2012. The former tourist destination has been closed since 2008.
  - Royal William Yard attracted new restaurant tenants with Hugh Fearnley Whittingstall's River Cottage canteen and Deli, and Prezzo.
  - The America's Cup held in Plymouth in 2011 attracted over 115,000 visitors.

## Industrial

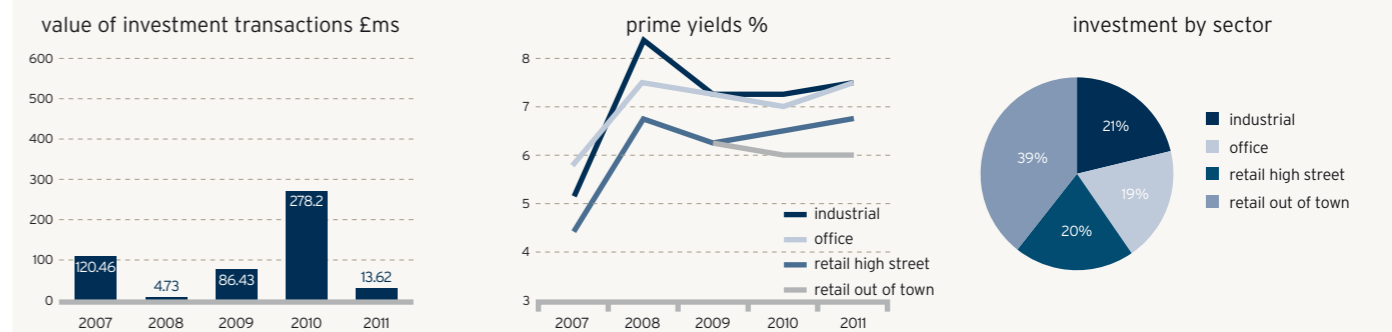
Scott Rossiter T 01392 353089 E srossiter@alderking.com



- demand**
- 2011 saw an increase in take up, aided by the sales of the 94,000 sq ft (8,733 sq m) Gleason Works to Underhill Engineering and the 79,000 sq ft (7,339 sq m) Lynher House by West Design Products.
  - Enquiries throughout 2011 have mainly come from existing Plymouth based occupiers seeking space between 5,000 - 15,000 sq ft (465 - 1,400 sq m).
- supply**
- Although take up increased, supply still appears high due to the availability of the 305,000 sq ft (28,335 sq m) former Toshiba premises.
  - We anticipate similar trends from 2010/11 to continue into 2012.
- headline rent**
- Headline rents remained static again, with new build properties still achieving £5.95 psf (£64 psm).
  - For second hand stock, rents ranging from £3.50 - £5.00 psf (£38 - £54 psm) are being achieved.
  - Incentives and lease flexibility remain a key part of negotiations when attracting tenants into vacant space.

## Investment

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- value of investment transactions**
- In 2011 the total value of investment transactions in Plymouth was £13.62m. 2010 saw the sale of the Drake Circus Shopping Centre in Plymouth for £240m and because of this one large sale, the volume of transactions for 2011 is significantly down.
- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.5%
    - Office 7.5%
    - Retail high street 6.75%
    - Retail out of town 6%
- investment by sector**
- The largest transaction was Threadneedle's purchase of the retail warehouse let to B&Q in Plympton. The property was bought from ING Real Estate for £5.31m (NIY 6.9%).
  - The largest retail transaction was the sale of 8 New George Street, let to Vision Express until 2021, for £1.65m (NIY 8%).
  - An industrial unit on Marshall Road in Plympton, let to the Co Operative Group until 2014, sold for £1.6m (NIY 7.2%).
  - The largest office transaction was the purchase of Cobourg House for £2.618m (NIY 12.4%).

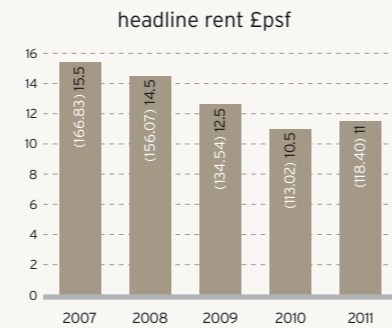
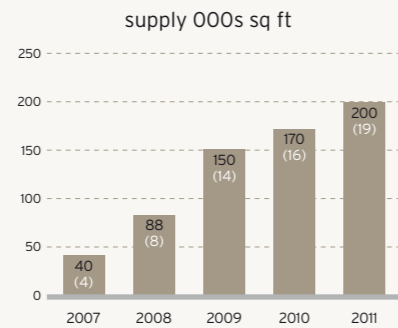
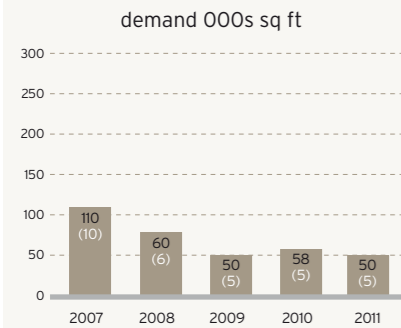
# Truro



1. Penlowarth House, Penzance.
2. Calenick House, Truro Technology Park, Truro.
3. Penzance County Court, Penzance.

## Offices

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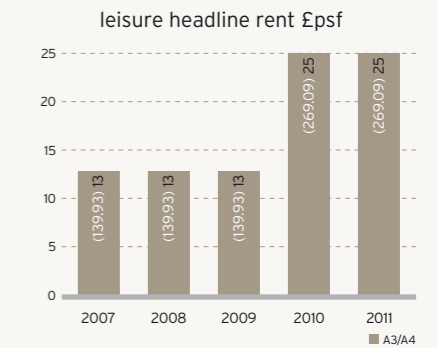
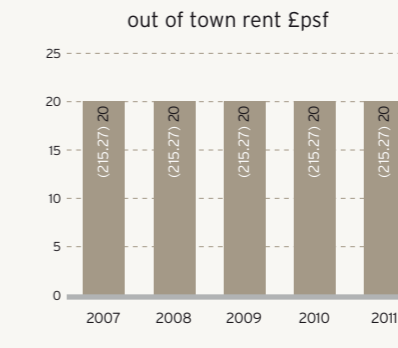
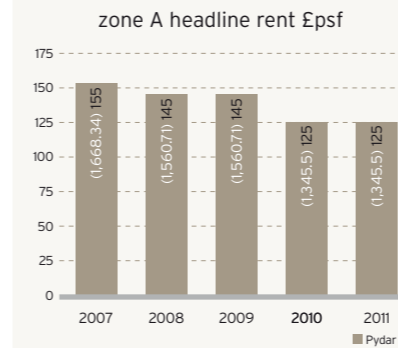
- demand**
- With some long term requirements fulfilled during 2010, the level of take up in Truro and throughout the Cornwall region reduced during 2011.
  - With the exception of high quality city centre accommodation with car parking, and some recently agreed deals at Truro Business Park, the market saw a decline in activity in most other areas.

- supply**
- The level of supply increased in Truro and throughout the County, with increased void periods being witnessed.
  - The withdrawal of Cornwall Council from some leased office accommodation led to some larger buildings on the edge of Truro coming to the market.

- headline rent**
- With a limited number of transactions of mainly smaller areas taking place than the previous year, there was a wider range of financial terms agreed.
  - The demand for tenant's breaks has increased.
  - The level of incentives in the form of rent free periods and stepped rents have increased.

## Retail & Leisure

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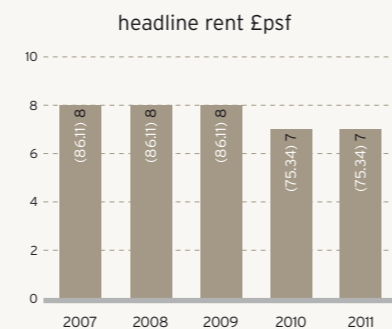
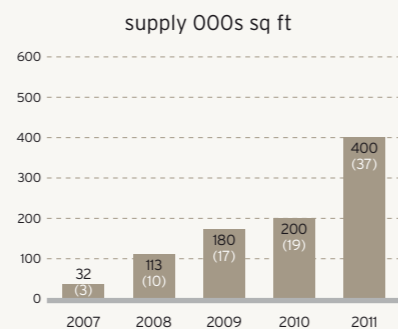
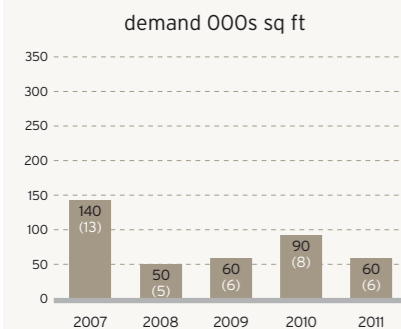
- zone A headline rent**
- Occupancy levels in Truro city centre remained high throughout 2011 with the majority of activity being on the edge of the prime area.
  - New additions to the city include Austin Reed, Joules and Cotswold Outdoors.
  - Secondary accommodation saw increased activity, but on increasingly flexible terms.

- out of town rent**
- Truro saw little out of town activity during 2011, and therefore reported headline rents remained static.
  - Foodstore demand throughout the County remained strong with activity during the year in Penzance, Hayle, St Austell and Wadebridge.

- leisure headline rent**
- The proposed Stadium for Cornwall continued to make the headlines locally with a preferred site now chosen close to the park and ride in Langarth.
  - With the exception of the stadium, there was limited activity, and therefore no reported change to the headline rents.

## Industrial

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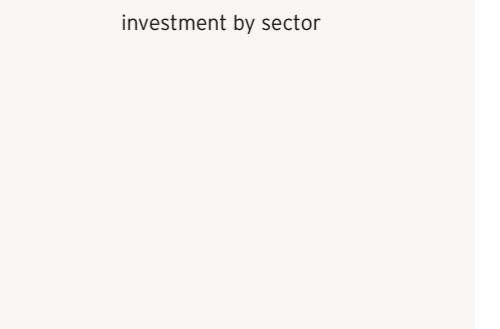
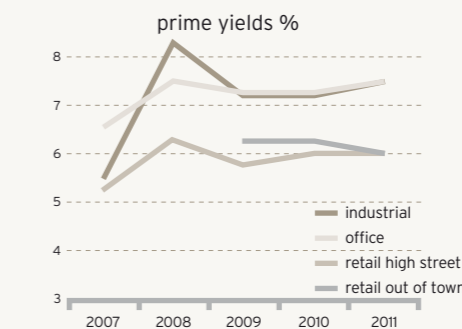
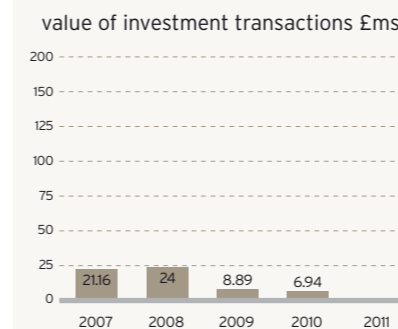
- demand**
- As a consequence of the current economic climate, the number of traditional industrial enquiries reduced over the year, with applicants being more cautious and seeking value.
  - Due to the lack of modern well specified buildings, requirements for space close to the A30 corridor are becoming difficult to satisfy.

- supply**
- The supply of industrial accommodation in Cornwall increased significantly, with a number of larger properties becoming available during the year.
  - The supply remains limited particularly along the A30 corridor.

- headline rent**
- Headline rents within Truro remained at the 2010 level.
  - With increasing supply, further reductions in rent are anticipated in many parts of the county.

## Investment

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- value of investment transactions**
- The value of investment transactions in Truro during 2010 was £6.94m, and we are not aware of any significant transactions that took place in 2011. Freehold owners preferred to hold assets and benefit from the income rather than sell at this time.

- prime yields**
- Our current view of prime yields is as follows:
    - Industrial 7.5%
    - Office 7.5%
    - Retail high street 6%
    - Retail out of town 6%

- investment by sector**
- A retail investment, 2/3 Pydar Street, was brought to the market in the June 2011, seeking offers in excess of £3m (NIY 5.9%). The property is let to River Island on a lease which expires in June 2015. The property did not sell, and was withdrawn from the market.
  - Highwater House in Truro is an office building currently being marketed, seeking offers in excess of £2.9m (NIY 7.4%). The property is let to Northcliffe Media Ltd for 10 years, and Foot Anstey for a further 9 years. There is around 2,000 sq ft (186 sq m) of vacant space in the property.

# A service overview

Alder King has over 100 years experience of providing a comprehensive, award winning and market leading, package of services to clients in the Commercial Property sector on a UK wide basis.

## Agency

The firm is well known for its established and experienced Office, Retail, and Industrial/Logistics Agency teams, which deliver a complete service to regional and national clients looking to acquire and dispose of premises on either a leasehold or freehold basis. They advise on many of the most high profile developments in the South West of England and South Wales.

The teams comprise sector experts and as a testament to their success, Alder King has been named Most Active Agent based on the number of transactions concluded in the South West by EGI for ten years running.

## Building Services

Alder King's Building Services experts have a proven track record of delivering advice to a diverse range of private and public sector clients throughout the UK.

## Building Consultancy

The Building Consultancy team offers a range of specialised services, including: property acquisition and disposal, development monitoring, dilapidations, party walls, property refurbishment, and general building advice.

## Project Management

The Project Management team work in conjunction with Alder King's Agency and Development teams across various market sectors including offices, industrial, residential and education. Successful project management means the overall planning, control and coordination of a project, from its inception to completion, meets the client's requirements, is finished on time, and within budget.

## Development and Regeneration

Alder King's Development and Regeneration team provides advice on a wide range of 'Greenfield' and 'Brownfield' development sites and properties throughout the UK, across all Commercial, Office, Industrial, Retail, Leisure, and Residential property sectors.

The team advises local authorities, regional and national development agencies, charitable trusts, educational institutions, health authorities, private landowners, developers, and property investors.

## Energy

Alder King offers a wide range of services to meet its client's needs in the energy sector. The Energy team provides specialist advice and co-ordinate a multi-disciplinary service across the following areas of practice:

- Specialist property search and acquisition advice;
- Negotiation of option agreements for the sale or acquisition of land to meet energy project requirements;
- Advice to landowners with land suitable for energy related projects;

- Feasibility studies for energy projects;
- Property valuation services for acquisition and lending purposes;
- Project management;
- Facilities management;
- Planning consultancy specific to the energy sector.

## Expert Witness

Alder King has more than 20 partners who regularly provide expert witness advice in formal proceedings.

Each member of the Expert Witness team has a minimum of ten years professional experience in their specialist field and all have completed specialised training.

## Investment

Alder King's Investment team has a reputation for providing the best advice to investors, developers and occupiers throughout the UK.

The team provides advice on:

- Selecting the optimum timing for sale or acquisition;
- Assessing future asset performance;
- Identifying profitable risk/reward situations;
- Maximising asset value against future occupational flexibility through sale and leaseback for occupiers.

The team specialises in advising developers on project funding and disposal, ensuring the most appropriate package for a particular scheme is in place, and the final market value is maximised through intelligent targeted marketing.

## Lender Support Services

Alder King has a long established reputation in this highly specialist area, and has maintained a dedicated team of professionals for many years.

The team advises on an extensive range of property types, ranging from Buy to Let portfolios, to multi let commercial investments, and have a significant track record in advising and working with leading Insolvency Practitioners and has provided advice and support on distressed assets with a combined value in excess of £250 million in the last 12 months, and holds in excess of 30 bank panel appointments.

## Management Services

Alder King's Property and Facilities Management teams offer a comprehensive range of property services tailored to meet the specific requirements of each property.

## Property Management

Alder King's Property Management specialists deliver a range of services including:

- Rent collection and accounting;
- Service charge administration and accounting;

- Service contract tendering and administration;
- Building maintenance;
- Health and safety management;
- Tenant liaison;
- Asset enhancement advice.

They manage a substantial and diverse portfolio of commercial investment properties throughout the UK, across all sectors, including: Retail, Offices, Industrial, and Aviation.

## Facilities Management

Recognising premises and their associated costs represent a significant overhead for any organisation, Alder King's Facilities Management team assists clients to work towards increased built environment productivity, ensuring a positive impact on the corporate balance sheet.

Services delivered by the team includes:

- Strategic property review;
- Acquisition and disposal;
- Premises audit and planning;
- Change management;
- Asset management;
- C.A.F.M.;
- Environmental quality management;
- Disaster recovery;
- Outsourcing of support service.

## Planning

Alder King Planning Consultants offer independent advice to clients across the South West and South Wales, and can provide a complementary service with property colleagues. The team provide a comprehensive planning service including:

- Initial appraisal advice for feasibility;
- Policy reviews and representations to emerging documents;
- Planning strategy advice and project team management;
- Co-ordination and negotiation of planning applications for residential, commercial and mixed use schemes;
- Extension of time, non and minor material amendments, advertisement, change of use, conservation area, listed buildings and planning applications;
- Section 106 negotiations and heads of terms
- Planning appeal work and Expert Witness advice
- Stakeholder and community consultation and facilitation;
- Promotion of urban regeneration projects and urban extensions.

## Professional

Alder King offers a full range of professional services including landlord and tenant, telecommunications and valuation advice.

## Landlord and Tenant

This well established team provides a full range of landlord and tenant services, including negotiating rent reviews, and lease renewals across all sectors of the commercial property market.

Alder King's specialists regularly present cases to arbitrators and independent experts, and often act as expert witnesses in lease renewal proceedings. Senior members of the team act as arbitrators and independent experts in rent review or PACT disputes.

## Telecommunications

With a specialist team focusing on this ever changing and consolidating market, Alder King supports mobile phone operators and property clients interested in maximising the potential of the telecommunications industry.

The team provides a range of services, including:

- Negotiation of new and re-negotiation of existing legal agreements;
- Estate management, including lease renewals, site share applications, rent reviews and multi site agreements;
- Representation for landowners/landlords on telecommunications installations and proposed decommissioned sites;
- Advice on issues including fibre optic cabling and associated matters;
- Consultation with local planning authorities;
- Site identification and leasehold/freehold acquisition.

## Valuation

Alder King's Valuation team provides professional and informed valuation advice to clients across the region.

The team provides a range of valuation services from advice in connection with acquisitions and disposals and compulsory purchase and compensation disputes, to valuations for balance sheet, charity, loan security and taxation purposes.

Its members act for all the major lending institutions together with property companies and corporate, public sector bodies, charities, trusts and private individuals and have extensive experience of valuing commercial and residential property and development schemes.

## Rating

Alder King's Rating team provides advice on all aspects of business rates valuation and has expertise in rating specialist properties for a variety of corporate and locally based clients.

The team values office, Retail, Leisure, Industrial, Telecommunications and Commercial property types on a UK wide basis, and provides a range of services to maximise rating savings for clients including:

- Undertaking appeals and negotiations with national bodies;
- Presentation of cases at Valuation and Lands Tribunals;
- Calculation of rates liabilities (including phasing);
- Advice relating to the changes in rating for empty buildings.

The Empty rates team specialises in mitigating clients' exposure to empty rates payments through a number of accepted innovative methods. Each property can present its own unique circumstances, and hence solutions, to achieve the goal of reasonably minimising any rates liability outgoings.



Asset Recovery and Banking Support

Building Consultancy

Compulsory Purchase and Compensation

Corporate Client Services

Development Consultancy

Estates Management

Expert Witness

Facilities Management Services

Industrial Agency

Investment Agency

Leisure Agency

Office Agency

PFI/PPP Consultancy

Planning Consultancy

Project Management

Property Management

Public Sector Services

Rating Consultancy

Rent Reviews and Lease Renewals

Residential Land Agency and Consultancy

Retail Agency

Telecommunications Services

Valuation Services

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**Gloucester**

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