

# akfocus

Summer 2016 > A refreshing look at us, our world and yours



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**alder king**

PROPERTY CONSULTANTS

# Welcome...

...to the latest issue of **AK Focus** in which we share a selection of recent news from across the business.

2016 has got off to a positive start despite the decision on the Hinkley Point C development in Somerset being delayed to September and uncertainty in the market as a result of the forthcoming EU Referendum.

We continue to win a significant number of new instructions in all disciplines. Indeed the strength of our 'order book' means we are actively seeking high calibre professionals to join us, particularly in our building consultancy and professional teams.

Other highlights so far this year include winning our 15th Most Active Agent award from Estates Gazette, a feat un-matched by any other firm in the UK.

We were also delighted to win a Go Green 2016 award for our sustainable travel and transport initiatives. These included the launch of our electric bikes and installation of new cycle racks at our Bristol head office. We look forward to extending our green campaign during Business Green Week in June and are very pleased to be a sponsor of this year's event.

We hope you enjoy this issue of **AK Focus** and look forward to working with you over the coming months.



**Martyn Jones** | Senior partner  
mjones@alderking.com



## Alder King announces two promotions



Pictured from left to right:  
*David Harrison with Martyn Jones and James Redman*

**James Redman and David Harrison have been appointed as partners in our Professional team.**

James, who joined Alder King as a graduate before qualifying as a Chartered Surveyor in 2005, is an RICS Registered Valuer and specialises in landlord and tenant work, focusing on rent reviews, lease renewals and lease re-gears. He is also a Panel Member of the RICS Assessment of Professional Competence, supporting those studying for their professional qualifications.

David is also an RICS Registered Valuer with over 12 years' experience in the South West market, undertaking formal valuations on commercial and residential development and investment property across the region. He is also responsible for providing strategic property advice in distressed situations.

Senior partner Martyn Jones said: "It's very rewarding to recognise the very significant contribution made by James and David over many years with these well-deserved promotions. They have helped shape the strong reputation of our Professional team which is a major driver of the firm's continuing success."

# ND7 site sold for Bristol's first bespoke PRS scheme



**A Bristol city centre development site has been acquired from Square Bay for £4.8 million by a joint venture between Legal & General Capital (LGC) and Dutch pension fund manager PGGM, paving the way for Bristol's first bespoke private rental scheme.**

The 0.88 acre site in Avon Street and known as ND7 has planning consent for 168 one, two and three bedroom homes above 11,500 sq ft of commercial space. It is ideally located for private rental housing being close to Temple Meads Station, Cabot Circus, the future Arena and a number of blue chip companies.

Chris Haworth, partner in our residential development team, who acted for Square Bay, said: "Bristol's private rented sector has grown significantly in the last 20 years but now with a number of mainstream institutions active in the provinces, it is about to expand dramatically.

## HSBC Panel Appointment



**Alder King's building consultancy team has been appointed to HSBC's Commercial Project Monitoring Advisory Panel.**

One of just two advisers on the national Panel, the appointment is significant, covering all large HSBC-funded commercial property developments across the UK.

Current schemes being monitored by Alder King include developments for pre-cast concrete product manufacturer CPM Group in Mells, Somerset and Emma Lavelle Racing's new stables in Marlborough, Wiltshire.

**PAUL MONTAGUE**



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"The city has very positive rental growth prospects with a constrained housing supply, healthy demand and a large proportion of young educated professionals. ND7 will be an excellent test-bed for this emerging asset class and we expect to see further PRS announcements for Bristol in the near future."

Alder King's planning team has been instructed by LGC to revise the planning consent to provide a revised mix and configuration of accommodation coupled with expanded foyer, concierge and communal space.

**CHRIS HAWORTH**



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# Fifteen years a winner

Some of our award-winning Agency and Investment team



**Our strong transactional performance in 2015 ensured we retained our title as the South West's Most Active Agent for the 15th year in succession.**

Estates Gazette commented: "Alder King's huge leads in the office and industrial sectors helped make it 15 years in a row as top overall agent in the South West."

Partner Simon Price said: "We're the only firm in the UK to have won the competition for 15 consecutive years which is an incredible achievement. But it's not just the quantity of deals that is important, it's the quality and Alder King was involved in many of the region's most significant transactions over the past year, including the sale of the former Filton

Airfield site in north Bristol on behalf of BAE Systems, several major automotive sector transactions at Matford Green Business Park in Exeter and TLT's 90,000 sq ft acquisition at One Redcliff Street, Bristol's largest city centre office transaction of the past 12 months.

Prospects for 2016 look very encouraging with more high profile transactions in the pipeline."

**SIMON PRICE**

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## Pioneering new battery storage income opportunity for landlords

**Alder King has launched a new energy initiative offering commercial and agricultural landlords a 25 year income stream in return for housing banks of industrial-scale batteries in existing or purpose-built new industrial buildings.**

Working with energy developer Green Hedge, Alder King is seeking sites of 0.25 acres or buildings of around 10,000 sq ft capable of housing battery storage facilities.

The batteries, producing around 10MW of power per site, will charge when the National Grid has surplus power and deliver the stored power back to the National Grid at times of peak demand.

Income to each project comes directly from the electricity supply markets and is therefore not reliant on unstable Government incentive schemes such as the Feed-in Tariff.

Landlords are also offered substantial option premiums to cover the period required to secure grid connection and planning consent, followed by a 25 year index-linked income stream. Starting rents are up to £50,000 per year, depending on the cost and speed of grid connection available to each site.



Partner Simon Smith said: "This exciting new concept builds on our successful track record in providing property and planning advice on energy-related projects.

"We are experiencing strong interest from landlords keen to secure a long term, stable income stream from their land or buildings from a use which is very easy to accommodate alongside other tenants."

More information is available at [www.alderking.com/battery-storage](http://www.alderking.com/battery-storage)

**SIMON SMITH**

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# Accommodating the creative sector

Bristol and Bath are recognised as two out of nine UK creative hotspots outside London. A large variety of tech, branding, film and gaming businesses take advantage of the cities' scale and expertise, digital infrastructure, business environment and educational and start-up base. And when it comes to office space the sector demands attractive, functional and distinctive space - and it's willing to pay top rents to achieve it.

CGI of Paintworks Phase 3



## Key schemes in Bristol's creative heartland

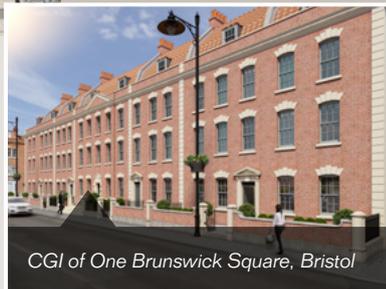
Partner Simon Price, says: "Heritage exteriors married with characterful interiors are what the creative sector looks for. Combine open plan space that inspires creativity and encourages collaboration, café space and other break out areas for social interaction, and retained architectural features such as exposed brick and ironwork and you have very cool office spaces that are highly desirable and command premium rents.

"Office supply in Bristol is at a very low level but the area between Newfoundland Street and Stokes Croft has become a well-established creative hub and demand is strong. We are representing a number of developers specifically targeting office refurbishments at this market and achieving record rents for creative-style space (see right).

**SIMON PRICE**



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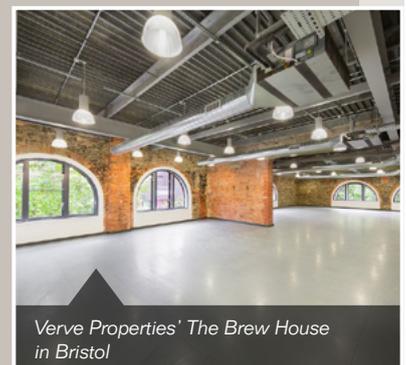
CGI of One Brunswick Square, Bristol

### One Brunswick Square

- Speculative refurbishment to provide 52,000 sq ft of accommodation over four floors
- Open-plan office space with exposed ceilings and services
- Retained Georgian façade
- Dramatic new main entrance and reception area
- Two ground floor café units
- Due for completion September 2016

### The Brew House

- 25,000 sq ft of modern loft-style workspace perfectly suited to the technology, media and telecoms sector
- Recent lettings include 12,500 sq ft to This is Zone at £17.50 per sq ft, at the time a record rent for refurbished office space, and 6,500 sq ft to Gresham Computing plc off a revised quoting rent of £19.50 per sq ft
- The final 7,000 sq ft is attracting strong interest



Verve Properties' The Brew House in Bristol



CGI of The Chocolate Factory

### The Chocolate Factory

- Part of the former Cadbury complex in Keynsham
- Undergoing comprehensive refurbishment to provide 5,210 - 86,542 sq ft of high quality employment space
- Large open-plan floor plates and windows offering interesting views in all directions
- Work underway with completion due June 2017

# 2017 Rating Revaluation – will we see total upheaval?

**The 1 April 2017 will see the introduction of the long overdue Rating Revaluation, replacing the 2010 Rating List. Whilst it is supposed to be fiscally neutral, it will invariably produce winners and losers. Simon Price, partner in our Business Rates team, looks ahead to what property owners and occupiers can expect.**

The 2017 revaluation will adopt a valuation date of 1 April 2015, reflecting market and economic circumstances at that date. Despite much hype, the recent Budget revealed that, with the exception of a significant addition to small business rates relief, it will very much be business as usual.

The one area that will see change is the reform of the appeals system with a new check, challenge and appeal approach which will, in our opinion, lead to significant procedural changes and barriers preventing settlements. Another worrying proposal is the introduction of a charge of up to £300 per appeal, only refundable if the appeal is successful. There has been no clear indication of what a 'successful' appeal would entail.

The Chancellor revealed a wish for more frequent revaluations, ideally on a three year cycle, to allow rating liabilities to more closely follow movements in rental values. We consider this highly unlikely at present as this revaluation cycle would coincide with a General Election in 2020, widely considered to be political suicide!

**SIMON PRICE**



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## Effect on Rates Liability

The latest estimates are that the multiplier will increase from 49.7 pence to 54.4 pence in the pound. This means that, even if after the revaluation a rateable value reduces, there could still be an increase in liability. Any increases could be restricted by transitional limits (for the 2010 list this was limited to 12.5% in real terms) but will still not be welcome. One size will not fit all and there will be a mixed bag of potential outcomes for individual property occupiers and owners.

## Rateable Values - Current Prognosis

RETAIL	With the exception of London, rateable values to fall between -10% and -40%, dependent on location
WAREHOUSE/ FACTORIES	Rateable values to change between - 6% and + 33%
OFFICES	Rateable values to change from - 2% to + 70% outside London

## Potential Assessment Changes for some Properties

The 2017 revaluation may also see some significant changes to the assessment of various properties. For example, occupiers of multiple adjoining properties which currently consist of a single assessment should be prepared to receive individual rate demands for each constituent part from 2017. Not only does this represent increased administration, but it could also mean an actual like for like increase in liability. Each case would need to be judged on its own merits to determine if any course of action undertaken by the Valuation Office Agency is justified.

With approximately 10 months left before the revaluation there is always a degree of uncertainty in terms of the effect on property owners and occupiers' liabilities. Added to this mix for 2017 are the potential procedural changes to the appeal system. As we move through 2016, the position will become clearer and our Business Rates team will be happy to provide advice.

## Timetable towards 1 April 2017

1 OCTOBER 2016	Publication of Draft 2017 Rating List	First chance to obtain visibility of individual rateable values
DECEMBER 2016	Decision relating to any Transitional Relief Scheme to be adopted	This will determine the restricted level (if any) of potential increases/decreases in liability
DECEMBER 2016/ JANUARY 2017	Decision relating to the multiplier to be adopted	This combined with the above will determine the liability level that the revaluation will produce
1 APRIL 2017	Rating Revaluation comes into effect	Ability to challenge assessments and revise over-assessed properties



# Gateway to the M5

Construction work has now been completed on Howard Tenens' Bristol Gateway scheme, a speculative warehouse building at Severn Distribution Park in Sharpness, Gloucestershire. At 169,000 sq ft, it is the only new industrial scheme of its size in the South West.

Strategically located between junctions 13 and 14 of the M5 and equidistant between Bristol and Gloucester, the property is firmly aimed at the region's growing distribution, freight and logistics sector, with 14m eaves height, 20 dock level doors, four level loading doors and a large and secure yard.

Adrian Rowley, partner in our Gloucester office, said: "This building gives a significant fillip to the region's very low level of industrial supply. It has been built to a high institutional specification and will benefit from very strong demand from logistics occupiers, particularly those involved with internet fulfilment."

Bristol Gateway forms part of the successful Severn Distribution Park which provides over 600,000 sq ft. The site is owned and managed by Howard Tenens and offers excellent quality industrial and warehouse space on flexible terms and with the added benefit of 24 hour on site security, CCTV coverage, fuel bunkering and bonded warehouse space.

**ADRIAN ROWLEY**



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## Heat Network (Metering & Billing) Regulations: are you compliant?



**Landlords supplying heating, cooling or hot water in multi-let properties are legally obliged to provide detailed information about these heat networks to the National Measurement and Regulation Office (NMRO), and to install meters, where feasible, on all affected properties.**

The deadline for notifying the NMRO was 31 December 2015 but if you didn't meet the deadline, our Facilities Management team can help you become compliant quickly and cost-effectively. We can:

- advise on your responsibilities as a landlord
- review your property portfolio to determine which buildings fall within the scope of the regulations and make the required notifications to the NMRO
- provide guidance on the feasibility of installing heat meters and advice on building refurbishments
- give guidance on how to charge tenants for heating and hot water in relation to the Heat Network Regulations

For more information visit <https://www.gov.uk/guidance/heat-networks> or contact our FM team for advice.

**ADAM DAVIES**



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# Deals digest

## PERSIMMON HOMES



Letting of 2,459 sq ft retail unit at Ashley Heights, a new 53 unit residential development in north Bristol to Yogafurie.

## ST MODWEN



Pre-sale of 37,000 sq ft speculative warehouse/office building at Access 18 in Avonmouth to Kent Foods Ltd. The sale triggered construction of Units 10 and 12.

## SALMON HARVESTER/NFUM



Letting of 16,796 sq ft at 2 Glass Wharf, Bristol to Arcadis. The flagship office building is now 50% let and rents have been increased to £30psf on the strength of this transaction.

## CITY MONUMENT PROPERTIES LTD



Freehold disposal of Drakes Court, a multi-let industrial development on Langage Business Park, Plymouth for £2.95m, NIY 7.37%.

# Planning consents

## UNIVERSITY OF BRISTOL



Outline planning consent for the residential development of a 12 acre site on Pudding Pie Lane in Langford. The development includes up to 141 dwellings.

## GLOUCESTERSHIRE COUNTY CRICKET CLUB



Planning consent for the erection of permanent floodlights at the Bristol County Ground, helping secure the future of international cricket in Bristol and enabling the Club to stage evening Twenty/20 fixtures.

## ANCHORWOOD BANK



Full planning permission for over 86,100 sq ft of A1 and A3 retail floorspace alongside 172 residential dwellings in a waterfront setting in Barnstaple, Devon. The scheme represents Phase 2 of a major regeneration site with an Asda foodstore now under construction.

## BRITISH SOLAR RENEWABLES



Planning consent for a 5MW solar park on a greenfield site at Blackawton in Totnes, Devon, overcoming heritage and landscape objections.

## New faces

### RICHARD CLARK

PARTNER, PROFESSIONAL |  
GLOUCESTER/SWINDON



### MIKE MASON

ASSOCIATE, PROFESSIONAL |  
SWINDON/GLOUCESTER



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