

# akfocus

SUMMER 2018

A refreshing look at us, our world and yours



CGI of 4 Glass Wharf, Bristol  
Courtesy of Salmon Harvester/NFUM

in  
this  
issue:

- > The Draft NPPF Update
- > South West and South Wales development map
- > The rise of serviced offices
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PROPERTY CONSULTANTS

# Welcome...

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

2018 has got off to a very positive start, with our teams picking up a flurry of new instructions across our region and beyond and delivering some high profile successes on behalf of clients.

Supply continues to be an issue in some of our centres but our developer clients are responding with over 4 million sq ft of new development either under construction or with planning permission across our patch. We highlight some of the most significant schemes on p3-4.

The draft revised NPPF was published in March. While some believe it hasn't gone far enough, our view is that it has some positive messages about sustainable housing growth and delivery. See p5 for our key takeaways on this.

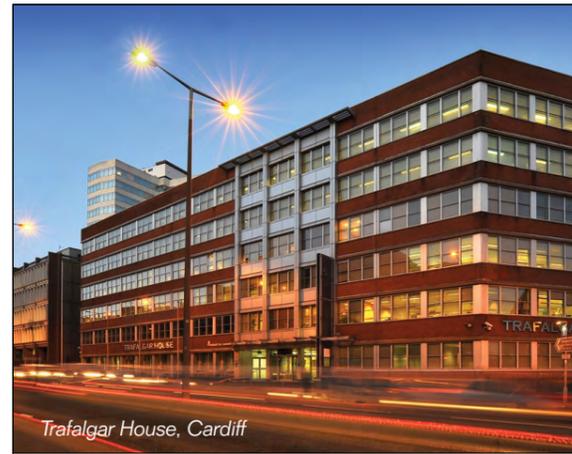
Meanwhile infrastructure improvements are impacting positively on the region, particularly on the industrial sector which remains the market's star performer. The scrapping of Severn Bridge tolls is redefining the established logistics triangle between Swindon, Tewkesbury and Bridgwater, extending west along the M4 towards Newport. This will strengthen links and drive economic growth on both sides of the crossings.

Progress on two proposed motorway junctions around Bristol and the imminent start of one route of the city's £230m Metrobus transport system are also welcome developments which will further enhance the region's attractiveness.

As ever, we hope you enjoy reading some of our news and look forward to working with you over the coming months.



Martyn Jones | Senior partner



## The rise of serviced offices BizSpace makes Wales debut



Contact: [oyoung@alderking.com](mailto:oyoung@alderking.com)

**T**he serviced office phenomenon continues to grow with a number of market-leading providers seeking and acquiring new space across the region.

The growth of the tech sector, particularly the number of small enterprises and start-ups, is widely credited for the increased demand for flexible office space.

BizSpace is the latest operator to acquire a new centre, making its debut in Wales with the acquisition of Trafalgar House for £6 million.

Located at Fitzalan Place in Cardiff, Trafalgar House is a landmark five storey building built in 1983, totalling 52,000 sq ft. The office building currently has 15,828 sq ft of vacant space, with an additional 4,760 sq ft becoming vacant in October 2018.

The vendors, advised by Alder King, recently spent £1.2 million on upgrading the office building's common parts. BizSpace has committed to investing £2.7 million into further refurbishment works over the next three years.

Partner Owen Young commented: "Occupiers are pushing for shorter and more flexible leases and this in turn is driving demand for serviced offices.

"Located in the heart of Cardiff's business district, Trafalgar House will provide an excellent starter location for Cardiff's thriving SME economy. Furthermore, we are witnessing increased demand for smaller suites as evidenced by recent lettings at 2 Deryn Court, Pentwyn (846 sq ft), Vision House, Cardiff Gate (2,105 sq ft) and Castleton Court, St Mellons (1,289 sq ft)."

## Rating revaluation brought forward to 2021



Contact: [amorish@alderking.com](mailto:amorish@alderking.com)



The Chancellor Philip Hammond announced in his first Spring Statement that the Government will revalue all non-domestic buildings by April 2021, a year earlier than originally planned.

The announcement, although widely welcomed by most commentators, comes with a sting in the tail. The Government will still seek to collect the same £25 billion plus inflation in 2021. All this earlier revaluation will bring about is a redistribution of rates liability across the commercial property sector. As usual, there will be winners and losers.

The first quarter of 2018 has seen a flurry of retailers go into administration. While this can't be blamed entirely on high business rates, many retailers are clearly feeling the pressure. We are already seeing rental values suffering where there is an oversupply of vacant units.

Based on the three year schedule confirmed in the 2017 Budget, the next revaluation after 2021 will take place a year earlier in 2024. 2024 could see a move to 'self-assessment'.

## Second office refurbishment delivered for Three



Contact: [pmontague@alderking.com](mailto:pmontague@alderking.com)

**O**ur building consultancy team has completed the interior refurbishment of a second office building in Reading for the mobile phone operator Three.

Having completed the refurbishment of Three's main office building in Reading, we were re-appointed to project manage the refurbishment of Great Brigham Mead House, a 90,000 sq ft office building.

The contract, carried out over a six month period, delivered the reorganisation and refurbishment of the ground, first and second floors across multiple phases within a live building. Works included new catering facilities and restaurant, general office and breakout meeting spaces and refitting of all WC and shower facilities.

Paul Montague, lead building consultancy partner, said: "The programme was successfully managed through six split phases over a 28 week period, reducing the impact on the client's business continuity whilst achieving a high quality of finish."

Alder King worked with interior design consultants Wylde IA, office interiors and fit out company IOR and Three's internal project team.



## Solar park disposals exemplify maturing market



Contact: [ssmith@alderking.com](mailto:ssmith@alderking.com)

South Wales civil engineering company Walters Group has sold the freehold of two plots of land in Carmarthenshire to LL Property Services, a subsidiary of solar developer Lightsource which leases both sites as solar farms.

Although the price remains confidential, our energy team, which acted for the vendor, says the net initial yield of 5% reflects the strong values which are now being achieved for land used for renewables.

Lead partner Simon Smith said: "This disposal is the latest in a growing number of property investment transactions where landowners are taking advantage of record values being applied to income from renewable generation sources such as solar."

# Development Map H1 2018

## South West England and South Wales

### Replenishing supply

While levels of existing stock across the South West and South Wales remain a concern, there are encouraging signs of new development in many key centres. Many developers including St Modwen, Summerfield, Chancerygate, Columbia Threadneedle, Midas and Rockhaven have already begun construction or have planning consent on schemes totalling over 4 million sq ft.

Here we show the scale of development across our patch by highlighting some key schemes on which we are acting.



Contact: [sprice@alderking.com](mailto:sprice@alderking.com)

**LEGEND** Office Industrial Mixed employment use Student/residential

**01 Capital Quarter | Cardiff**

- Student/residential apartment scheme with ground floor retail/leisure content
- Developer: Fusion
- Leasehold
- > View brochure

Contact: Owen Young | Alder King Cardiff  
029 2022 0000

**06 Firepool | Taunton**

- 320,000 sq ft of mixed use space including offices, retail and leisure
- Developer: St Modwen
- Leasehold
- > View brochure

Contact: Andrew Maynard | AK Taunton 01823 444879  
Charles Russell-Smith | AK Bristol 0117 317 1000

**02 Phase 6 Torbay Business Park | Devon**

- 24,000 sq ft of new warehouse space in 10 new buildings
- Developer: Midas Commercial Developments
- Freehold and leasehold
- > View brochure

Contact: Noel Stevens | Alder King Exeter  
01392 353080

**07 Final Phase, Blackbrook Business Park | Taunton**

- 35,000 sq ft of office space
- Developer: Summerfield Developments
- Freehold and leasehold
- > View brochure

Contact: Andrew Maynard | Alder King Taunton  
01823 444879

**03 One Tiger Moth Road, SkyPark | Exeter**

- 11,524 sq ft of new immediately available offices
- Developer: St Modwen
- Freehold and leasehold
- > View brochure

Contact: Noel Stevens | Alder King Exeter  
01392 353080

**08 Peninsula 23 | Bridgwater**

- 175,000 sq ft of distribution space
- Developer: Roselea/KMW
- Freehold and leasehold
- > View brochure

Contact: Andrew Maynard | AK Taunton 01823 444879  
Andrew Ridler | AK Bristol 0117 317 1000

**04 Westex Business Park | Exeter**

- 700,000 sq ft of consented roadside and industrial
- Developer: Exeter Estates Ltd
- Freehold and leasehold
- > Brochure under production

Contact: Noel Stevens | Alder King Exeter  
01392 353080

**09 Weston Gateway | Weston-super-Mare**

- 130,000 sq ft of industrial/distribution space/office space
- Developer: Abbey Manor Group
- Freehold and leasehold
- > View brochure

Contact: Andrew Ridler/Simon Price  
Alder King Bristol | 0117 317 1000

**05 Westpark 26 | Wellington**

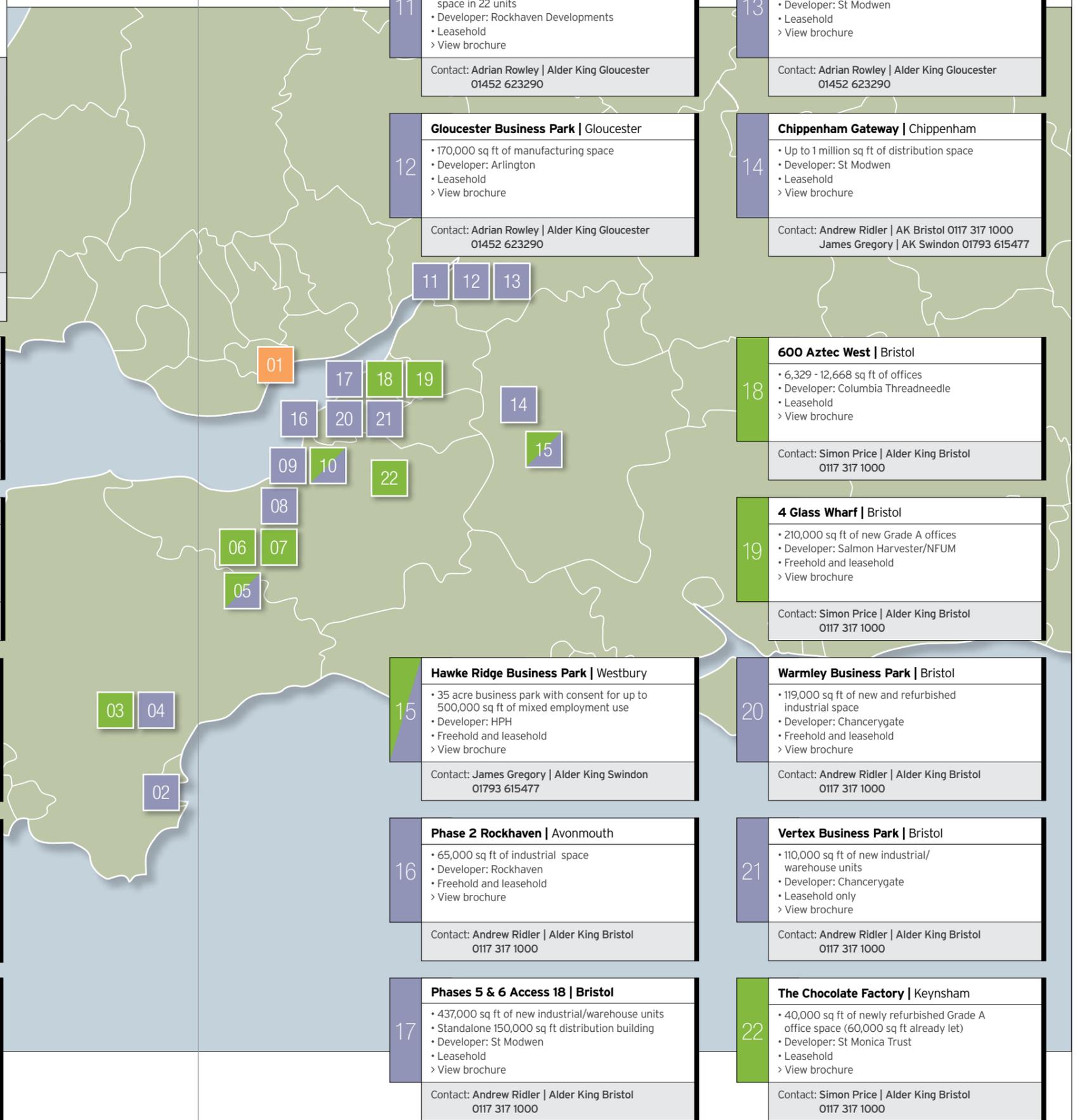
- 134,000 sq ft of mixed use space
- Developer: Summerfield
- Freehold and leasehold
- > View brochure

Contact: Andrew Maynard | AK Taunton 01823 444879  
Andrew Ridler | AK Bristol 0117 317 1000

**10 Weston Business Quarter | Weston-super-Mare**

- 100,000 sq ft of office or industrial space
- Developer: Persimmon
- Freehold and leasehold
- > View brochure

Contact: Simon Price/Andrew Ridler  
Alder King Bristol | 0117 317 1000



**11 Rockhaven | Gloucester**

- 35,000 sq ft of new industrial/warehouse space in 22 units
- Developer: Rockhaven Developments
- Leasehold
- > View brochure

Contact: Adrian Rowley | Alder King Gloucester  
01452 623290

**13 Gateway 12 | Gloucester**

- 207,000 sq ft of new industrial space in five buildings
- Developer: St Modwen
- Leasehold
- > View brochure

Contact: Adrian Rowley | Alder King Gloucester  
01452 623290

**12 Gloucester Business Park | Gloucester**

- 170,000 sq ft of manufacturing space
- Developer: Arlington
- Leasehold
- > View brochure

Contact: Adrian Rowley | Alder King Gloucester  
01452 623290

**14 Chippenham Gateway | Chippenham**

- Up to 1 million sq ft of distribution space
- Developer: St Modwen
- Leasehold
- > View brochure

Contact: Andrew Ridler | AK Bristol 0117 317 1000  
James Gregory | AK Swindon 01793 615477

**18 600 Aztec West | Bristol**

- 6,329 - 12,668 sq ft of offices
- Developer: Columbia Threadneedle
- Leasehold
- > View brochure

Contact: Simon Price | Alder King Bristol  
0117 317 1000

**19 4 Glass Wharf | Bristol**

- 210,000 sq ft of new Grade A offices
- Developer: Salmon Harvester/NFUM
- Freehold and leasehold
- > View brochure

Contact: Simon Price | Alder King Bristol  
0117 317 1000

**15 Hawke Ridge Business Park | Westbury**

- 35 acre business park with consent for up to 500,000 sq ft of mixed employment use
- Developer: HPH
- Freehold and leasehold
- > View brochure

Contact: James Gregory | Alder King Swindon  
01793 615477

**20 Warmley Business Park | Bristol**

- 119,000 sq ft of new and refurbished industrial space
- Developer: Chancerygate
- Freehold and leasehold
- > View brochure

Contact: Andrew Ridler | Alder King Bristol  
0117 317 1000

**16 Phase 2 Rockhaven | Avonmouth**

- 65,000 sq ft of industrial space
- Developer: Rockhaven
- Freehold and leasehold
- > View brochure

Contact: Andrew Ridler | Alder King Bristol  
0117 317 1000

**21 Vertex Business Park | Bristol**

- 110,000 sq ft of new industrial/warehouse units
- Developer: Chancerygate
- Leasehold only
- > View brochure

Contact: Andrew Ridler | Alder King Bristol  
0117 317 1000

**17 Phases 5 & 6 Access 18 | Bristol**

- 437,000 sq ft of new industrial/warehouse units
- Standalone 150,000 sq ft distribution building
- Developer: St Modwen
- Leasehold
- > View brochure

Contact: Andrew Ridler | Alder King Bristol  
0117 317 1000

**22 The Chocolate Factory | Keynsham**

- 40,000 sq ft of newly refurbished Grade A office space (60,000 sq ft already let)
- Developer: St Monica Trust
- Leasehold
- > View brochure

Contact: Simon Price | Alder King Bristol  
0117 317 1000

# The new NPPF: does it go far enough?



Contact: [apearce@alderking.com](mailto:apearce@alderking.com)

**T**he draft revised National Planning Policy Framework was published in March 2018 and incorporates previous consultation documents from central Government between 2014 and 2018.



Former industrial buildings in the St Philip's Marsh area of Bristol are ripe for intensified redevelopment, particularly the airspace above.

Alongside the NPPF consultation are the draft planning practice guidance and the housing delivery test measurement rulebook which will influence decisions from November 2018 and place a burden on LPAs to deliver at least 75% of their housing targets. If not, non-allocated sites will come forward if deemed sustainable development. LPAs will be asked to produce Action Plans to remedy the situation if delivery falls below 95% (para 77).

The document retains the presumption in favour of sustainable development at its heart (para 11 was 14) and makes some small but important changes including a definitive list of policy restrictions.

One of the more interesting policy changes is the increased thrust on making best use of brownfield sites through increasing density and using space above shops, car parks and existing residential and commercial premises (para 118). This follows the Housing White Paper (February 2017) and Ministerial Statement "Extending buildings upwards to create homes" in February 2018.

As an example, the emerging Bristol Local Plan is pre-empting this policy by seeking to make better use of existing areas like St Philip's Marsh, which is closely located to the city centre and can accommodate mixed use redevelopment and deliver much needed housing (Policies ULH3 and CDS2/3).

The draft NPPF introduces some positive messages about housing growth and delivery but some believe it has not gone far enough and restrictions and get out clauses are still prevalent which could stifle growth. We remain broadly positive about the NPPF which has assisted in obtaining permission and streamlining the process overall since its inception but, as always, the devil is in the detail.

## + Key points:

- Reinforcement of strength of Neighbourhood Plans and 3 year housing supply; 45% delivery being sufficient in these areas to justify refusal for conflicting proposals (para 14)
- Introduction of standard methodology for assessing housing need and reinforcement of duty to co-operate (para 61)
- Confirmation that affordable housing should only be required on major sites or for rural sites over five units and sets a 10% minimum target (with exceptions) (paras 64-65)
- Requirement for LPAs to identify 20% of their requirement through small sites (<0.5ha) (para 69)
- Retains the 5% and 20% additional buffers for choice/competition and significant under delivery (para 74)
- New chapter on making effective use of land including use of airspace above premises for new homes (para 118) and greater flexibility on other uses on stalled allocated sites (paras 120-121) - see above.
- The Green Belt, AONB and National Park protection is retained and strengthened (chapters 13 and 15) but brownfield land in Green Belt should be tested at Local Plan stages (para 136)
- A new exception to inappropriate development in the Green Belt on previously developed land is introduced if contributing to local affordable need and avoiding substantial harm to openness (para 144)
- Great weight should be given to the asset's conservation irrespective of degree of potential harm to significance (para 189)

See next page for NPPF update on Development Viability >

# The changing world of Development Viability



Contact: [jmackay@alderking.com](mailto:jmackay@alderking.com)



**T**he revised draft National Planning Policy Framework (see previous page) also sets out the Government's recommended approach to viability assessment for planning.

It proposes the following changes:

- Viability assessment to be at the plan-making rather than decision-making stage.
- Assessments at decision-making stage should only be required for unallocated sites or where there are significant changes in the circumstances of the site.
- Introduction of standardised inputs into viability assessment.
- Benchmark Land Value to be calculated on the basis of Existing Use Value (plus a Premium) rather than market led.
- Viability Assessment should be made public.
- Introduction of a Review Mechanism or Clawback on large or phased development.

The most significant change is adopting an Existing Use Value (plus) approach against the Market Value approach. This involves valuing the land excluding an element for development potential. Only where a site has an implementable planning consent in place can this be used as the Benchmark Land Value.

The detail of the Government's recommended approach will require careful consideration to ensure all landowners are treated fairly and there is consistency in the valuation methodology adopted.

The Government and planning authorities are offering a carrot to developers providing some affordable housing (threshold approach) and a stick to those that don't.

Bristol City Council has followed Sadiq Khan's approach in London by utilising the threshold approach when at least 20% of affordable housing is offered in designated areas of the city. This will not be subject to viability testing if the schemes are commenced within 18 months of planning permission being granted. We expect other authorities to adopt this approach.

Time will tell if these positive initiatives translate into the provision of more affordable housing.

## + Our Development Viability team provides specialist advice to clients including:

- > McCarthy & Stone
- > Churchill Retirement Living
- > Swindon Borough Council
- > Wiltshire Council
- > West Berkshire Council

# New M4 and M5 junctions move step closer

The prospect of two new motorway junctions on the M4 and M5 around Bristol have moved forward to the next stage.

Earlier this year, South Gloucestershire Council announced that it backed the findings of last year's public consultation which overwhelmingly favoured a new junction 18a on the M4.

Industrial partner Andrew Ridler says the proposed junction will act as a major catalyst for economic growth in east Bristol, with the potential to allocate new employment and residential land in the surrounding area.

"There is unprecedented demand from local occupiers for new employment space in east Bristol which is only partially being met. If approved by Highways England, the new junction 18a and link road would be built from 2025."

Meanwhile plans for another motorway junction on the M5 at Banwell in North East Somerset also moved forward after North Somerset Council's application to the Housing Infrastructure Fund for £80 million to help fund a new bypass for Banwell and a new junction 21a progressed to the next stage.



Contact: [aridler@alderking.com](mailto:aridler@alderking.com)

# Deals Digest

## SALMON HARVESTER/NFUM



3,800 sq ft ground floor letting at 2 Glass Wharf, Bristol to premium fitness group Starks Fitness.

## WHEATONS/PALACE CAPITAL



Disposal of 4.25 acre former print factory site on Marsh Barton, Exeter to Travis Perkins.

## APRIROSE



Acquisition of former fire control centre in Taunton for £14 million, NIY 10.52%. The investment offered 10 years of secure government income subject to index linked rent reviews.

# Planning Permissions

## YTL



Redevelopment of former Filton Airfield. Consent includes up to 2,675 dwellings and 24 hectares of employment land, three schools, a rail station and other community facilities.

## FEATURED DEVELOPMENTS



Planning and listed building permission to convert a vacant Bristol office building into student accommodation providing 43 beds and amenity space.

## WADEHURST MINTON



Planning permission won at appeal from Aylesbury Vale District Council for a 72 unit extra care facility on a greenfield site outside Buckingham.



## 17th Most Active Agent Award

We were delighted to win the EG Most Active Agent award for a 17th time. As well as winning the overall title, we were also placed top in the Offices, Industrial and Investment categories.

Estates Gazette commented on our award: "Bookies would have stopped taking bets on the South West title some time ago and it will come as a surprise to precisely no one in the market that Alder King has now chalked up 17 overall wins. It once again struck up commanding leads in offices, industrial and investment."

Thank you to all our clients who continue to instruct us to act on their behalf.



Contact: [sprice@alderking.com](mailto:sprice@alderking.com)

## New Faces

### TANYA ATKINSON

SURVEYOR  
PROFESSIONAL | GLOUCESTER/SWINDON



### HUGH COLLINS

JUNIOR SURVEYOR  
INVESTMENT/ENERGY | BRISTOL



### BEN RUSH

SENIOR SURVEYOR  
PROFESSIONAL | TAUNTON/EXETER



BRISTOL  
0117 317 1000

EXETER  
01392 353080

SWINDON  
01793 615477

TRURO  
01872 222174

CARDIFF  
029 2022 0000

GLOUCESTER  
01452 623290

TAUNTON  
01823 444879

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