

akfocus

AUTUMN 2018

A refreshing look at us, our world and yours



FOCUS ON THE
PUBLIC SECTOR

One Enterprise Park, North Bristol

in
this
issue:

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- > New incubators to support business start-ups
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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.

As an approved supplier on the Crown Commercial Services Estates Professional Services framework for the South West and South Wales, we advise and support a diverse range of public sector organisations, from health and education facilities through to local authorities and government agencies.

Whether it's a one-off property disposal or strategic valuation, investment and portfolio advice, we help them manage their assets more effectively, optimise estate rationalisation programmes, enhance capital receipts and deliver regeneration and development. Some examples of how we have delivered this are outlined in this issue.

Elsewhere across the business, we continue to be instructed on a number of exciting future-facing initiatives, most notably a nationwide site search for electric vehicle forecourts.

We hope you enjoy reading some of our news and look forward to working with you over the coming months.



Martyn Jones | Senior partner

Prestigious contract wins from Welsh Government



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Our Cardiff team has recently been appointed on two prestigious projects across Wales by Welsh Government.

We are delighted to be advising Transport for Wales, a wholly owned company of Welsh Government which has been set up to improve the infrastructure and transport network across the Principality.

With the impending abolishment of the Second Severn Crossing bridge tolls and a new M4 Relief Road, the aim is not only to provide improved UK and European market connections but also connect existing towns, cities and communities.

Transport for Wales has almost £5 billion to invest over the next 15 years. £800 million has already been set aside to transform the rail network and deliver new trains across the network, with 172 km of track being electrified. By 2023, we should see 95% of rail journeys made on brand new trains with more than half assembled in Wales.



A further £194 million will be put to improving the passenger experiences at stations across the Wales and Borders network with

at least five new stations and numerous park and ride facilities.

ALL WALES VALUATION SERVICES

We also recently tendered for and were awarded an All Wales Valuation Services Contract to support new development across the South Wales Valleys, West Wales and North Wales.

The three year contract, which has potential to continue for a further year, involves the provision of property consultancy advice on the delivery of property development schemes utilising European Grant Funding secured through the Welsh European Funding Office (WEFO).

Lee Lapham, who heads up our valuation team in Cardiff, said: "In March 2017, the Welsh Government launched two schemes for allocation of the secured funding - the Property Business Development Grant (PBDG) and the Property Infrastructure Fund (PIF). The grants will offer project deficit funding to private sector developers/businesses constructing new or refurbishing existing buildings that create employment in the industrial/commercial sectors. We envisage that a total of 25-30 projects will be reviewed and advised on over the term of the contract."



Boost in local authority real estate investment



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Last year's trend of local authorities across the UK investing in commercial real estate has continued into 2018 with multiple acquisitions across the South West and Wales.

So far in 2018, local authority investment in commercial real estate has totalled circa £1.8 billion, reflecting 4.5% of the total value of UK transactions (Source: Property Data).

Some recent examples include:

- Torbay Borough Council's purchase of Woodwater House in Exeter for £9.3 million/6.69% NIY
- Torbay Borough Council's purchase of Twyver House in Gloucester for £11.8 million/5.6% NIY
- Monmouthshire County Council's acquisition of Castlegate Business Park in Caldicot (see inset right)
- Bath & North East Somerset Council's acquisition of Buildings 560 & 610 Bristol Business Park for £9.04 million/5.73% NIY
- West Devon Council's purchase of Bristol House in Bristol for £12 million/5.18% NIY
- Plymouth City Council's acquisition of Derrys Cross for £17.25 million/5.2% NIY
- Plymouth City Council's purchase of Breakwater Industrial Estate for £19.25 million/5.9% NIY

So what is driving the trend?

Following a reduction in funding from central government, local authorities have been taking advantage of low cost borrowing available via the Public Works Loan Board to purchase income-producing commercial real estate, generating a net income surplus to supplement their income.

Local authorities have adopted various investment strategies, with some limiting their geographic search to their own administrative boundary whilst others have adopted a much more flexible approach.

Local authority investment "off-patch" appears to be a growing trend, representing an estimated 40% of all local authority transactions in 2018. The sole motivation for this is to provide an income surplus and has tended to attract a greater level of public scrutiny.

Investment within a local authority's administrative boundary can deliver both an income surplus and/or a wider social/economic benefit, eg facilitate regeneration, protect or create employment and stimulate economic growth. This type of investment has therefore tended to be much easier to justify.

Through our regional network of offices, we are uniquely placed to provide expert insightful advice to local authorities seeking to invest in the South West and Wales.



Monmouthshire County Council acquires Caldicot business park



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Monmouthshire County Council, advised by Alder King, has acquired the freehold of Castlegate Business Park in Caldicot from Robert Hitchens Ltd for an undisclosed sum.

The business park sits on a 17 acre landscaped site on the eastern edge of Caldicot and provides 220,000 sq ft of premium business space.

The acquisition is the latest move in the Council's thoughtful build out of a commercial portfolio. It consolidates a key strategic site at the gateway to South East Wales and demonstrates a commitment to the continued regeneration of Caldicot.

It supplements recent Council ventures including the establishment of a livestock market near Raglan, a solar farm in Crick and the provision of Grade A office accommodation for commercial let on Wales 1 Business Park in Magor.

Councillor Bob Greenland, Cabinet Member for Enterprise, said "This acquisition helps take forward a number of our strategic goals and is a clear demonstration to investors nationally and internationally that Monmouthshire is a great place to do business."

"Monmouthshire County Council has never been afraid to take a commercial approach, to innovate and be creative where it helps us promote the vitality of our county and this is a path that we will continue to follow."

Alder King is retained by the Council to advise on future investment acquisitions within the administrative boundary.

Brownfield sites acquired for mixed use redevelopment



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Two adjoining brownfield sites in the centre of Frome in Somerset are set for mixed use redevelopment after they were simultaneously acquired by Mendip District Council.

The 5.35 acre former Notts Industries site, which at one point was the country's largest manufacturer of life floats, closed in 2012.

The adjacent 3.88 acre former Beswicks site, which produced specialist fuses for the car and aviation industries during WW2 and later became the largest manufacturer of domestic fuses, closed in 1999. The site was subsequently acquired and cleared for redevelopment by Terramond Properties.

Both sites are allocated in the emerging Local Plan for mixed use redevelopment.

Initially appointed to market the Notts Industries site, our residential development team recommended marketing the adjacent Terramond site simultaneously to enhance their marriage value and offer scope for a more comprehensive redevelopment.

Following a competitive bidding process, both sites were sold to Mendip District Council. The Council plans to facilitate a high quality regeneration project that will include the creation of homes, commercial premises and public realm.



New food store served up on key Abergavenny site



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Acting on behalf of Monmouthshire County Council, Alder King has completed the sale of the former cattle market site in the centre of Abergavenny to Wm Morrison Supermarkets. The new food store opened earlier this year.

We have advised the Council on the redevelopment of this 4.2 acre site since 2004, during which time we have provided a wide range of services including development consultancy, valuation, compulsory purchase, lease advisory, expert witness, planning and agency. We have also provided project management services in relation to the construction of the new cattle market at Raglan.



The new store has brought a key site back into beneficial use and a long awaited new vibrancy to the town centre.

Debra Hill-Howells, Head of Commercial and Landlord Services at Monmouthshire County Council, commented: "We are delighted to have finally achieved the redevelopment of this strategic town centre site and to have provided the shoppers of Abergavenny with much needed new food store facilities. We would like to thank Alder King for their assistance in bringing this complex and long running matter to such a successful conclusion."



CGI of EPIC, a state of the art facility under construction on White Rock Business Park in Paignton, Devon

The growth of business incubators for start-ups



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The journey from kitchen table to boardroom can be tricky but it's one that all successful start-ups must take eventually. Local authorities have been trying to ease the process by working with partners to deliver business innovation and incubation hubs.

These hubs focus on high-growth potential businesses by providing workspace, resources and an entrepreneurial environment in which they can grow.

We've undertaken studies of incubation space across the South West of England on behalf of North Devon Council and Torbay Development Agency. The region is well-provided for with hubs in Bristol, Exeter, Cheltenham, Falmouth, Truro, Penryn and Pool, each specialising on a particular market sector. South Wales is also well served with hubs in Cardiff, Swansea, Newport and Caerphilly.

The Engine Shed in Bristol is an excellent example of a successful incubator. A collaboration between Bristol City Council, the University of Bristol and the West of England LEP, it has over the past five years stimulated and encouraged innovation and long-term sustainable economic growth.

One of the next generation centres is EPIC in Paignton which is due to open in early 2019. This £8 million, 30,000 sq ft facility will become a centre of excellence for innovation in microelectronics and photonics, skills for which the area is

globally renowned. Funded by European Regional Development Funding (ERDF), Coastal Communities Funding and Growth Deal monies, it will provide office, meeting room and collaboration space, along with incubation facilities to support start-up and spin-off tech companies. It will create several hundred jobs, support circa 70 fledgling hi-tech businesses and support 14 collaborations between industry and academia.

There are also plans for a new £5 million incubation centre at Roundswell in Barnstaple. The centre would meet the demands of hi-tech businesses and start-ups across North

Devon and Torridge. The centre would offer superfast broadband and flexible space allowing businesses to remain in occupation and grow.

There is strong competitive demand for this type of space. Our study of existing centres showed high occupancy rates with a wide variety of businesses and charities attracted by the professional atmosphere, high connectivity, networking opportunities and business support.

Historically the local authority-owned incubation centre was the only option for fledgling start-ups. Now we are seeing strong interest from major serviced office providers. Whilst this may have an impact in the longer term, serviced offices are unable to compete, being often close to capacity in our major cities, hence the requirement for more. In our opinion there is room for growth in the provision of both.

These hubs focus on high-growth potential businesses



Alder King drives site search for new generation electric vehicle forecourts



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Our energy team has been appointed by leading energy services company GRIDSERVE to secure a network of electric vehicle forecourts of the future.

The forecourts will offer fast and competitively priced charging facilities for the UK's growing EV and hybrid vehicle market.

Ideal sites are between 0.8 and 1.5 acres, ideally adjacent to a main road or close to a conurbation and available for at least 30 years. Rents of up to £100,000 per acre are available for the best sites.

Simon Smith, our lead energy partner, said: "Sales of EVs and hybrid vehicles increased by nearly 35% last year and this trend is set to continue as all car manufacturers launch new EV models.

The provision of high quality charging infrastructure that appeals to motorists' established method of refuelling will be the fastest way to facilitate continued growth."

Raoul Tufnell, chief development officer at GRIDSERVE, said: "Electric Forecourts™ will democratise electric vehicle ownership by making it possible for drivers who do not have space for a charge point at their home to charge their cars at low cost at a dedicated nearby forecourt. Our Electric Forecourts™ are designed to transform users' charging experience giving motorists security both in the location and reliability of our infrastructure."

Interested landlords should contact Simon Smith.



NHS Property Services relocate two departments



Contact: sprice@alderking.com

Acting on behalf of NHS Property Services, our Bristol office agency team recently acquired office accommodation for two relocating NHS departments in Chippenham and North Bristol.

In Chippenham, we negotiated the acquisition of circa 12,400 sq ft at Connect 17, Langley Park while in North Bristol we acquired circa 10,000 sq ft at Park House, Bristol Parkway North (pictured above).

Both relocations were triggered by the wish to achieve cost savings and right sizing to enable more efficient occupation.

Bristol North Baths



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Following our building consultancy team's successful completion of the Phase I new build development at the former Bristol North Baths site, we were re-appointed by Bristol City Council on Phase 2 which will result in the freehold disposal of the Listed former swimming baths building.

Constructed in 1917, the Baths closed in 2005 and have been vacant ever since. Following the failure of the selected developer in 2015, the City Council took back control of the property and is keen to see the property brought back into occupation.

Alder King was appointed to offer the freehold interest to the open market with vacant possession. After an extensive period of national and local marketing, offers have been received and we are working with a preferred purchaser.



UWE acquires Hewlett Packard Enterprise site



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The University of the West of England has expanded its property portfolio with the acquisition of the Hewlett Packard Enterprise site adjacent to its Frenchay campus in Bristol.

The acquisition, the largest office transaction to date in Bristol this year, offers the University an opportunity to maximise the value of the site for its staff and students.

Situated behind the Bristol Robotics Laboratory and UWE Bristol's Future Space

Innovation Centre, the site extends to 11 acres and provides over 150,000 sq ft in two buildings.

Space on the site has been leased back to Hewlett Packard to support its employees' operations in the area.

Alder King represented UWE in the purchase and is now retained to advise on the short-term letting of surplus space in the building.



Bridgwater Northgate site sold to Aldi



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Acting on behalf of Sedgemoor District Council and Somerset County Council, our retail agency team has successfully marketed and agreed the sale of a 1.1 acre town centre site to Aldi Stores.

The site formed part of a larger site originally earmarked for the development of a Tesco Extra store. However, following the withdrawal of Tesco, we re-marketed the site in two parcels. The other site is being promoted for commercial leisure development.

Contracts have been exchanged and a detailed planning application has been submitted. This is due to receive consent by the end of 2018. Aldi will relocate from its existing smaller store in Eastover.

University of Bristol's acquisition for Temple Quarter Campus



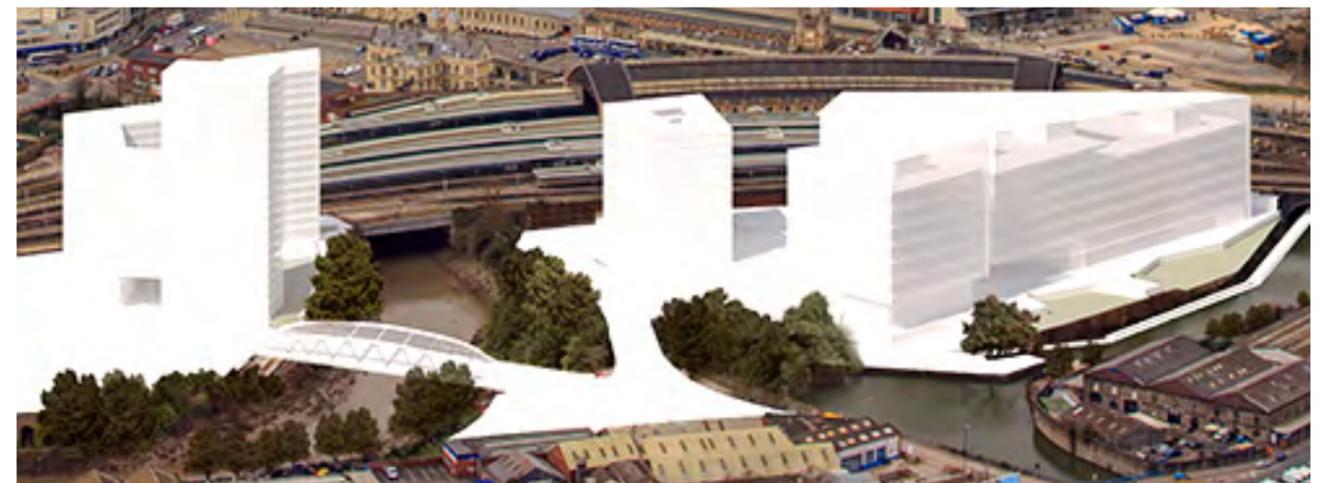
Contact: mjones@alderking.com

Our valuation consultancy team has provided advice in connection with the University of Bristol's acquisition of two sites at Temple Quarter to facilitate the development of a new campus.

The land totalling approximately seven acres off Cattle Market Road and Arena Island North has been derelict for more than 20 years and includes the site of the former Royal Mail sorting office.

Outline planning permission was recently granted to develop a campus catering for 3,500 students, including accommodation for 1,500 students and a further 800 staff. The campus is expected to open in 2021.

Our senior partner Martyn Jones, who led the team, says: "This will be a landmark futuristic scheme on one of the key gateways into Bristol and will act as the catalyst for the large scale regeneration of the surrounding area."



Planning Permissions

CREST STRATEGIC PROJECTS



Resolution to grant planning permission for 1,290 homes and a mixed use local centre on land east of Harry Stoke, North Bristol.

FUSION STUDENTS



Planning permission granted for a 22 storey tower providing 780 student beds and ground floor commercial uses on a key regeneration site in Swansea city centre.

UNIVERSITY OF THE WEST OF ENGLAND



Planning permission for a new multi-million pound engineering facility at UWE's Frenchay Campus. When open in June 2020, the facility will house more than 1,600 students and 100 academic and technical staff.

Award success for our planning team



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Our planning team scooped the inaugural **Planning Team of the Year** award at the **South West Business Insider Property Awards** in October.

The judges praised the scale and breadth of the team's work on projects including the former Filton Airfield in North Bristol, the residential-led PRS scheme ND7 at Temple Quay in Bristol and the former Royal Ordnance Factory site at Puriton in Somerset.



"We are very grateful to our clients who've entrusted us to secure planning permissions on such a wide range of high profile projects. This award is testament to the skill and tenacity of our whole team who have worked incredibly hard to deliver for our clients." Head of planning Simon Fitton

New Faces

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