

# SWINDON · Commercial Property Market

## 2008 - Review of the Year !



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This time last year, 2008 was expected to be challenging. It certainly was as the Credit Crunch and economic downturn gathered sufficient pace to prompt even Gordon Brown to recognise the UK was in a recession, which initiated unprecedented action to save the world and spend taxpayers' money! Swindon's commercial market, in common with many others, had what might best be described as not a memorable year, although in the context of the economic conditions, it could have been an awful lot worse!

### RETAIL

Whilst the possible extension to the Brunel Centre across the Granville Street Car Park to link to Regent Street continued to attract much attention during the year and blighted a number of businesses affected by the redevelopment proposals, action on the ground in Swindon's retail market was scarce. No new major lettings were recorded, although the 42,000 sq ft The Range retail warehouse opened on Fleming Way and a new Marks & Spencer is due to open early 2009 at Orbital Retail Park. By the end of the year, departures from Swindon's town centre included Woolworths, Officer's Club, Adams, Zavvi and Whittards, all victims of the recession, whilst MFI's retail warehouse at Bridgmead was another casualty of the recession. A new Greggs and Costa Coffee opened in Havelock Square, whilst a new convenience store opened and closed in upper Regent Street. In a year where good news was scarce, at least the Designer Outlet Village reported record visitor numbers and Christmas trade, encouragement for new owners, Henderson Global Investors.



### LEISURE

Swindon's leisure sector also saw subdued activity in 2008, with the pub sector, in particular, more notable for closures than new openings. However, the Brunel Rooms reopened after a major refurbishment as Liquid & Envy, one of the town's few remaining nightclubs. Elsewhere, Laserquest relocated out of the town centre to 15,000 sq ft at Shaw Ridge Leisure Park. Meanwhile, construction work is proceeding apace on the new Jurys Hotel on Fleming Way, due to open Spring 2009.



### OFFICES

With 2007 being so successful for Swindon's office market, 2008 was always likely to be a little less exciting and so it proved. Whilst there was never much hope 2008's take up would match 2007's figure of 270,000 sq ft, take-up in 2008 was a very respectable 230,000 sq ft. As usual, take-up was greatest in the out of town, business park sector, where notable lettings included Energy Solution EU Ltd's letting of 7,613 sq ft at Stella, Windmill Hill, Dialog Semi-Conductors' 15,500 sq ft at Delta, Biomet's 10,700 sq ft at Dorcan, NPower's 7,400 sq ft at Westlea & Nationwide's 25,000 sq ft at Aspect House. However, the town centre secured a notable 45,000 sq ft letting of a refurbished Western House to Network Rail and Carpeo took 10,200 sq ft at Paxton House, Old Town, so boosting the in town market significantly and giving encouragement to developers that if Grade A offices are provided in Swindon town centre there may well be some demand.



## INDUSTRIALS/DISTRIBUTION



Like the office sector, Swindon's industrial/distribution sector was down on 2007's figures, but still respectable. 2008's take-up was around 870,000 sq ft, around 37.5% down on 2007's take-up of 1.4 million sq ft, but close to the 10 year average for industrial take-up in the town. Large industrial/warehouse deals were scarce during 2008, the 140,000 sq ft letting of Building E, Europa Park to Yusen, being the notable exception. Otherwise, no other deals over 50,000 sq ft were recorded, leaving lettings at Techno to SJ Harris of 35,000 sq ft and 35,000 sq ft to @Futsal leading the way of the remainder, which included Toyo Denso's 25,000 sq ft at Westerngate, Wilson Tool International's 22,000 sq ft at Stirling Court, South Marston and the 20,000 sq ft Chelsea Building being let to Aroma Homes at Rivermead. Whilst 2008 saw little new building, supply levels of industrial/distribution buildings have been creeping up and by the end of 2008, supply was approaching some 2 million sq ft on the market.

## INVESTMENT

2008 saw the continuing readjustment of the investment market to the post Credit Crunch conditions and a continuing readjustment of property pricing and yields, which together with a lack of funding continued to have a profound effect on the market throughout the year. Significant investment transactions were hard to find for 2008, but amongst the deals during the year were the sale of Headlands Trading Estate for £5.3 million and Segro's disposal of its Dorcan warehouse development.

## DEVELOPMENT

Progress on Swindon's town centre development projects slowed markedly during 2008 with the Modus redevelopment of Granville Street crawling



forward to a signed development agreement in September 2008, but with a start date still uncertain, not assisted by the worsening economic climate during the year. Similarly, the Swindon College redevelopment in Regent Circus also saw slow progress with the old building increasingly becoming an unattractive feature of the local landscape and in stark contrast to the new library, finally completed to much acclaim during the year. However, some progress was made on the other town centre redevelopment project, where Muse Developments signed a development agreement on a £350 million regeneration scheme on 15 acres in the town centre, to be known as Union Square.



## 2009 – LOOKING AHEAD

Most commentators are expecting commercial property markets to remain difficult during 2009, with an increased supply of floorspace and generally slack occupier demand. How soon markets recover will no doubt depend on if and when there are signs of economic recovery and whether the significant stimulus made by the Government combined with low interest rates work, although so far the only people seemingly benefiting from low interest rates are the banks, who are busy restructuring, thanks to the UK Government's generosity with taxpayers' funds. With rumours of a pre-election spending spree and fears of a return of inflation, we are certainly living in interesting times!

Finally, may I take the opportunity to thank all of our clients and fellow professionals for their support to Thompsons during 2008. I think the best wish I can make for 2009 is for our mutual survival! Meanwhile, we shall be watching out for whatever new opportunities 2009 brings for us and our clients.



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