

SWINDON • Commercial Property Market 2009 - Review of the Year !



by **Andrew Kilpatrick**
BSc FRICS ACI Arb IRRV
Partner of Thompsons

From the property perspective, there were very few good reasons to remember 2009, as good news was scarce! For Swindon, perhaps the biggest disappointment of 2009 was the demise of yet another attempt at improving Swindon's shopping facilities by extending the Brunel Centre across the Granville Street Car Park to join up with Regent Street. Following the demise of Modus Developments, the scheme has been officially abandoned and Swindon Borough Council's resolution to use compulsory purchase powers was rescinded, leaving those businesses in the proposed development area to recover the best they can from over two years of blight on their businesses and properties and their advisors, such as Thompsons, to count the cost of the abortive effort incurred in preparation of compulsory purchase claims.

RETAIL

With retailers understandably showing little appetite for expansion in the face of subdued consumer spending, the number of vacant shop properties in Swindon increased throughout 2009, with over 100 on the market by the end of the year. The former Woolworths, Zavvi, Adams and Whittard shops remained vacant throughout 2009, apart from a temporary Christmas shop trading from Zavvi's. No major new lettings occurred in the town centre in a year dominated by the distraction of the Brunel Centre extension proposals. However, new retailers coming in to Swindon centre included H&T Pawnbrokers, British Heart Foundation Electrical & Furniture Store and a NISA convenience store, all in Bridge Street and Shuropody, So Elegant, Valiant Boutique, Crisp, Proper Cornish and Gimme Gizmo in the Brunel Centre. Further retailer casualties included the First Quench Group, Borders, and Blacks, whose



vacant Havelock Square shop is being marketed by Thompsons. At Orbital Retail Park, Marks & Spencer opened a new unit and Next replaced Borders.

LEISURE

Whilst the leisure sector also generally had a difficult year, particularly with increased pub closures, 2009 saw the re-opening of the Grade II listed Goddard Arms in Old Town, following renovation by the Barrucuda Group, after around 2 years of being boarded up. The Liddington Hotel, once Zurich's training centre, was bought out of administration by Holidaybreak for a reported £9.4 million for the 150 acre site and hotel. In the town centre, the former O'Neills pub in Fleet Street was sold, refurbished and converted to Bushwackers & Sin, offering a new restaurant, bar, delicatessen and upmarket nightclub, aimed at Swindon's young professionals. At the other end of the town centre, the former L'Aurora Italian restaurant was converted to the Godfather Club, whilst the new Jury's Inn on Fleming Way opened for business in July 2009.



OFFICES

Swindon's office market had a difficult 2009, although in view of the prevailing economic conditions, it could have been much worse. Take-up of offices during 2009 totalled around 125,000 sq ft, almost 50% down on the previous year's 230,000 sq ft. There were a few bursts of sunlight to brighten up an otherwise dull market. Leading the way was the letting to RWE Npower of the 36,480 sq ft brand new Auckland House at Lydiard Fields, developed by Bam Properties. Another Swindon stalwart, Nationwide Building Society took 23,000 sq ft at Wakefield House, Aspect Park, and later a further 7,000 sq ft. At Hillmead, there was a further letting of the former Arclite building, known as the Garden Room with Prepay Technologies taking 11,000 sq ft and Renaissance 5,256 sq ft. At Westmead, Evolution House (8,500 sq ft), part of the former Fairpak building, was sold freehold to Swindon Multiple Sclerosis Therapy Centre. In the town centre, there were no significant deals, apart from Threadneedle taking a floor in Holbrook House of 8,075 sq ft.

INDUSTRIALS/DISTRIBUTION

For much of 2009, Swindon's industrial sector's performance seemed likely to be inferior to the office market's in terms of take-up, but thanks to late activity, total take-up for the year equates to around 600,000 sq ft, just over 30% below last year's circa 870,000 sq ft. However, the available supply is some 3 million sq ft, which unsurprisingly has seen the complete disappearance of any new development. Significant lettings during the year included the TDG acquiring 90,000 sq ft of distribution space at South Marston and the former Early Learning Centre's 170,000 sq ft, also at South Marston. The 90,000 sq ft Merlin building at South Marston Park was relet to Capgemini for a data centre facility. Elsewhere, there were no deals of significance and buildings such as the former Renault building remains empty. For the first time in many years, Swindon's Honda factor took on a negative aspect when the Swindon factory closed down early in 2009, which caused a negative ripple in the market as suppliers adjusted. The factory's reopening was much welcomed by the local business community, staff and suppliers alike. The year also saw much speculation over Motorola's cigar shaped Groundwell building, but a sale to Vygon and a relocation for



Motorola elsewhere in town may convert what appeared to be bad news into good news.

DEVELOPMENT

Very little development of significance happened in Swindon during 2009, in the retail, office or industrial/distribution sectors. Most news was bad, lead by the collapse of the ambitious Modus Properties' Regent Place mixed use development. There was also no physical progress on the former Swindon College site at Regent Circus, where the existing derelict buildings remain an eyesore. Other projects to hit the buffers included the proposed university campus, business park and 2,000 dwellings at Coate Water, where a planning application was rejected following a planning appeal. Rumours of a proposed redesign and resubmission emerged at the end of the year. The few snippets of good news included the 17 acre acquisition of land at Keypoint by the Bodleian Library for a 300,000 sq ft book store and the steady progress of the sole remaining town centre regeneration scheme of Union Square, where a planning application for the first phase is expected in 2010. The long running saga of the 100 acre

Triangle Site reached fruition in 2009 with completion of a sale to Gazeley for a proposed development of 1.5 million sq ft of new warehousing. 2010 will also see the start of redevelopment of part of the Parade, creating new shops for River Island, Topshop & BHS, who are relocating to the former Woolworths in Regent Street from January.

INVESTMENT

2009's investment market also had a continually difficult year, but by the end of the year, demand seemed to have improved, but the lack of quality stock was holding back transactions. The end of the year was also notable for the increase in cash rich "vultures" seeking bargains as the lack of availability, cost or extra strings attached to property funding continued to have an adverse effect on the investment market. Amongst the few notable deals during 2009 was the sale of Hathaway Retail Park, Chippenham for £15m. at a gross yield of 8.5%, whilst 3 multi-let industrial investments owned by Industrious were sold by the receiver at auction for £1m. for Isis Industrial Estate, Swindon and £1.57m. and £1.5m. for two at Bumpers Farm, Chippenham, at gross yields of 13.1%, 13.8% and 10.1%.



2010 – LOOKING AHEAD

With 2010 being an election year, to borrow a phrase from Tony Blair's first election campaign, "Things can only get better!". Or can they? With the economy in dire straights, but emerging from the worst recession in living memory, whoever wins the election will have to face the challenge of reducing debt and somehow engineering a sustainable economic recovery. A big ask for any of the political parties. Where's Bob the Builder when you need him? With so little money left in the country's coffers, we can't even look forward to a pre-election spending spree and with so many of Mr Brown's difficult choices being deferred until after the election, a swift recovery of the UK property market, whilst desirable, seems unlikely until a real economic recovery begins.

Finally, may I take the opportunity to thank all of Thompsons' clients and our fellow professionals for their support during 2009, which is gratefully appreciated. Also on behalf of Thompsons, may I wish everyone a happy, healthy and successful 2010, whatever it brings!



www.thompsons-cpc.co.uk

Istabraq House, 42/44 Commercial Road
Swindon SN1 5NX

☎ 01793 643101

post@thompsons-cpc.co.uk



Associated Offices: Bristol, Gloucester, Swindon, Newbury, Reading, Oxford, Abingdon, Banbury, High Wycombe, Aylesbury, Amersham, Slough