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Decision time for business park owners

A number of business, science and industrial parks have changed hands in recent years. **Christine Eade** reports on the new owners' plans

This year could see the beginning of a transformation of a clutch of business, science and industrial parks that form an arc to the north west of London from Oxford to Bedford.

Over the last couple of years, several have changed ownership, with Colliers International citing an increased appetite for business parks

and assets "where there are genuine 'value-add' opportunities to refurbish, reposition and re-gear leases".

The time is now approaching for the new owners to decide which buildings are beyond their useful lives; which can be refurbished; and what to do with the development sites that went with the purchase.

Take, for example, the Oxford Science Park in Littlemore, south of Oxford city centre. In January, Magdalen College paid £18.1m to

M&G Real Estate, to buy the fund's half-share of the park. Magdalen and M&G (then Prudential) had been equal partners since they started to develop the park in 1991, and saw it grow to 450,000 sq ft.

Decision time

Next week, Magdalen College will host a party at the park to celebrate its 25th anniversary and conversation could centre on when the college will develop new buildings, now that it owns the entire park - although Magdalen's bursar, Rory Maw, says that no announcements are imminent.

"I expect we will make further announcements in the course of the year," he says. "We are not looking for a development partner. We will use contractors, because we were already performing the [development] work ourselves."

Maw says none of the buildings are ready for demolition because they are only 25 years old - although there is an outline planning permission, first granted 15 years ago, for seven buildings totalling 300,000 sq ft.

"I think it is important that we can offer the market space," he says. "And that is why we would consider speculative development as well as pre-lets."

Rockspring Property Investment Managers is another company to have acquired a park in Oxfordshire. In June of last year, it paid Standard Life £36.4m for Abingdon Business Park, which reflected a yield of 7.2%. Rockspring appointed XLB to asset-manage the park.

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Standalone office: developer Barwood spent £1.5m on the refurbishment of 252 Bouverie Square in Milton Keynes



At the time of acquisition, the 393,000 sq ft park was about a third empty. Its problems were compounded by the fact that many long-standing tenants were attracted by the opportunity to move into new buildings at MEPC's Milton Park, five miles down the road.

In 2014, gas detection specialist Crocon relocated into a larger building at Milton Park having been a tenant at Abingdon Business Park for 25 years. And just before the change of ownership, DP Payments, the ATM servicing company, followed suit.

XLB's associate partner, William Poole, says the park poses a unique set of challenges. "The park is 27 years old," he says. "It is rare that you will find an institution that will hold on to something for that long. Standard Life tried to sell in 2008, which was a bad time, and they withdrew it from the market. Our primary objective was to invest capital, because of lot of the units hadn't been touched for a long time."

Raising standards

XLB's first remedy was to change the signage and to create a new website. "What we are trying to do is to say 'Abingdon fights back,'" says Poole. "The park was developed for distribution, but the A34 is now part of the knowledge corridor. It is more for research and development now, and that is what we are trying to cater for. It means buildings of a higher standard than just industrial."

The first letting of the new era reinforced that aspiration when broadband provider Gigclear moved into 11,000 sq ft in part of Windrush House on the park.

The park's office rents are now £17.50/sq ft and the industrial at £8.25/sq ft.

Poole says two existing tenants have taken extra space - but the real revival will begin when Foxcombe Court, a 30,000 sq ft former local authority office, is demolished and rebuilt. But that is dependent on a prospective tenant having enough confidence in the park to take a pre-let.

Moving eastward across the arc to Milton Keynes, Barwood Capital has similar plans for Woodlands Business Park.

In October last year, Northampton-based Barwood bought Woodlands from the receivers »