

Business Park Performance

Despite the uncertain political and economic backdrop, the business park market in the south east has proved relatively buoyant over the last 12 months, contrasting with a more subdued previous 12 month period. The Kent market mirrors this picture with key lettings occurring across the county's parks. Caxtons' average prime business park rent grew by nearly 3% in the year to June 2019.

Alongside professional services and other traditional occupiers, high growth, knowledge intensive businesses in the areas of life sciences, tech and creative industries are growing in their presence on Kent's business parks. This reflects the national picture, assisted by a supportive government agenda. It is translating into lettings activity and robust demand in locations that offer the crucial mix of skilled labour and quality accessible business space.

This was illustrated by the arrival of Concept Life Sciences on Discovery Park in June. The company occupied a purpose built, state-of-the-art clinical and niche commercial facility. Pfizer also announced in June 2019 a £5m investment to enhance the company's patient-centric design and manufacturing capability for paediatric medicines in clinical trials. This investment is the latest in a series of investments Pfizer has made in advanced manufacturing technology at Discovery Park, totalling £36m since 2018 and leading to expansion at the park and 80 new scientific jobs. Meanwhile in July, YPrime, a clinical trial management business, opened its first base outside the US, on the Park. Overall, Discovery Park concluded lettings on over 3,716m² (40,000ft²) of manufacturing, laboratory and office space in the first eight months of 2019. Current availability includes the 23,226m² (250,000ft²) Building 500 offering flexible office and laboratory space from 186m² (2,000ft²) and Building 518, a 22,297m² (24,000ft²) high grade GMP cleanroom manufacturing facility.

19%

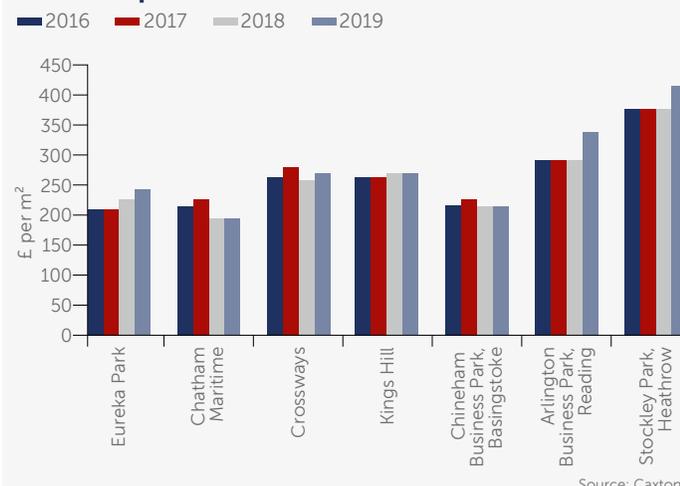
Increase in Kings Hill prime rent over last 5 years

Source: Caxtons

In April, planning permission was granted for Maidstone Borough Council's proposed Innovation Centre at Kent Medical Campus, as part of the North Kent Enterprise Zone. The (3,437m² (37,000ft²)) Innovation Centre, designed by Bond Bryan Architects, is under construction and will provide flexible office space, facilities and business support for SMEs working in the life science, healthcare and med-tech sectors. Completion is due in 2021. In January, the Campus saw the opening of the 65 bedroom Cygnet Hospital Maidstone, while construction is underway on a 24-hour care home for Care UK. The Campus has an existing consent for 98,000m² (1.05m ft²) of commercial space

At Kent Science Park a 2,323m² (25,000ft²) bespoke manufacturing facility for an existing tenant was completed in 2018 and the £2m Hub was opened this spring. This building provides new cafeteria and conference facilities for the growing number of hi-tech tenants on the park.

Business park rents



Source: Caxtons

14%

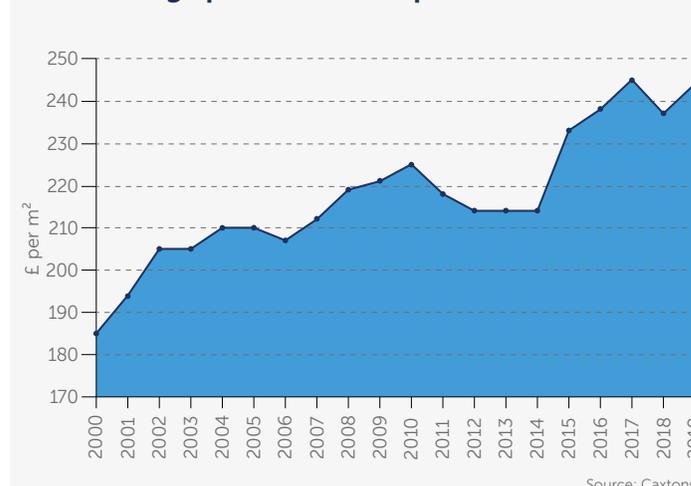
Increase in the average prime Kent business park rent over last 3 years

Source: Caxtons

Looking ahead there is consent for 12,000m² (129,000ft²) new build accommodation. However, the site is also the focus of a wider application as part of the Quinn Estates' new settlement Highsted Park. The plans include the delivery of 36.8ha (91 acres) of new business space to double the size of Kent Science Park and turn it into an international bio-gateway for life sciences and pharmaceutical manufacturing. A new motorway junction and link road between the M2 and A2 would be provided as part of the scheme.

Over the last 12 months Kings Hill achieved over 9,383m² (101,000ft²) of transactions involving nine tenants, including Kent's largest letting of 4,800m² (51,666ft²) at 50 Kings Hill Avenue to COVEA Insurance. Other significant lettings included 1,347m² (14,500ft²) in 2 Kings Hill Avenue to FLIR Systems and 762m² (8,203ft²) in 6 Alexander Grove to Millwood Designer Homes. Further transactions include Cabot Financial (UK), Woodgate & Clark, Onwave UK, Marsh Corporate

Kent average prime business park rent



Source: Caxtons

| Lettings | | | | | | |
|--|------------------|------------------|----------------------------|-----------|---|--|
| Location | Landlord/Vendor | Tenant/Purchaser | Floorspace ft ² | Rent (pa) | Lease term | Agent |
| 35 Kings Hill Avenue, Kings Hill Business Park, West Malling | Liberty Property | Cabot Financial | 10,994 | – | 10 years | Altus Group / Knight Frank / Hanover Green |
| 21a Bailey Drive, Gillingham Business Park | Threadneedle | Camfil | 36,200 | £7.00 psf | 10 years with a break at year 5. 5 month rent free and a further 3 months in year 6 if break not exercised. | Caxtons |
| Part 4, Abbey Wood Road, Kings Hill, West Malling | Liberty Property | Onwave | 6,887 | – | 10 years | Altus Group |

| Sales | | | | | |
|----------------------------------|------------------|----------------------|----------------------------|---------------------|------------------|
| Location | Landlord/Vendor | Purchaser | Floorspace ft ² | Capital value | Agent |
| Unit 4, Glenmore Centre, Ashford | Private landlord | uPVC window retailer | 1,981 | £235,000 / £118 psf | Stafford-Perkins |

Services, Version 1 Software UK, Mezzanine International, Underwood Carpenter and NMU (Speciality) Ltd. This has produced evidence of rental growth across the business park.

Crossways Business Park, Dartford, has seen key lettings over the last 12 months. Diebold Nexdorf (UK) Ltd, specialising in financial and retail technology, took the 2,374m² (25,557ft²) Gf Radius building. Meanwhile, in July, Bellway completed the lease of the 1,392m² (14,983ft²) Drake House.

Eureka Park, Ashford, currently comprises 2,7871m² (300,00ft²) over its 38ha (94 acres), with consent for a further 100,000m² (1.2m ft²). The park is fully let but there are design and build opportunities in buildings ranging from 929-2,323m² (10,000- 25,000ft²).

At Gillingham Business Park, Lloyds Bank have closed their office facility. The park is now almost fully let but with further Design & Build opportunities.

A common theme across the property sectors is a relatively quiet investment market. The business park sector is no exception. The 1,471m² (15,837ft²) Sargasso House, Five Arches Business Estate, Sidcup, was sold at asking price for £3.155m (NIY 8.75%) to Bexley Borough Council. Radius, on Crossways Business Park, was marketed for £10.9m (NIY 7.7%) while 1500 Eureka Park, is on the market for £9.31m (NIY 8.00%). The quoting price for the 2,515.61m² (27,078ft²) Whatman House, 20/20 Business Park, Allington is £6.25m.



The HUB at Kent Science Park, Sittingbourne, opened this Spring.

PHOTO: KENT SCIENCE PARK