

## BUSINESS PARK PERFORMANCE

Across the UK and south east in particular, the business park market has seen strong levels of letting activity. Demand from the traditional business and professional services sectors remains robust, but the last 12 months has seen a marked increase in demand from businesses in the technology, pharmaceutical and medical sectors. Despite buoyant activity, rents across the south east have generally softened, in part due to smaller scale requirements, but also a function of the development pipeline delivering new space to the market.

Kent generally reflects these south east trends. While some parks where stock shortages existed saw limited rental growth, the county's prime average rent dipped by 3.2%. As noted last year, the relatively footloose nature of life sciences companies enhances Kent's ability to compete for new and relocating businesses. This has been illustrated in a number of key lettings over the last 12 months.

At **Discovery Park**, work has continued on new laboratory space in Discovery Park House with additional refurbishment for science research in the 23,336m<sup>2</sup> (250,000ft<sup>2</sup>) capacity Building 500. Invicta Health Community Interest Company, Trinity Mirror Group, Exroid Technology and Ezoboard UK are among the new companies to take space in 2018. Key recent expansions include Centauri Therapeutics, Digital Automation, A4P Bio and Project Fusion. The Kent Renewable Energy bio-mass combined heat and power plant will open in September, providing heat and power to businesses on site and around 50,000 homes. A master plan for the wider site, currently under development, will set out future plans to maximise science and commercial use within existing buildings as well as residential development.

**Kings Hill** saw good take up over the last 12 months with lettings including 1,486m<sup>2</sup> (15,992ft<sup>2</sup>) IPMS3 in 11 Tower View to Bovis Homes; 1,288m<sup>2</sup> (13,860ft<sup>2</sup>) in 42 Kings Hill Avenue

# 10.70%

Rise in average prime business park rent in the last five years

Caxtons

to Searchflow Ltd; 899m<sup>2</sup> (9,672ft<sup>2</sup>) in 34 Tower View to Travel Insurance Facilities Plc; 754m<sup>2</sup> (8,115ft<sup>2</sup>) in 4 Abbey Wood Road to RGCM Ltd; 664m<sup>2</sup> (7,147ft<sup>2</sup>) in 30 Tower View to Comma Oil & Chemicals Ltd; 635m<sup>2</sup> (6,839ft<sup>2</sup>) in 42 Kings Hill Avenue to Keystone Property Finance Ltd; 646m<sup>2</sup> (6,953ft<sup>2</sup>) in 42 Kings Hill Avenue to Greencell Ltd; 438m<sup>2</sup> (4,715ft<sup>2</sup>) in 2 Kings Hill Avenue to Focus4 U Ltd; 408m<sup>2</sup> (4,397ft<sup>2</sup>) in 11 Tower View to Mezzanine International Ltd; and 208m<sup>2</sup> (2,239ft<sup>2</sup>) in 2 Kings Hill Avenue to ABF Grain Products. This has produced evidence of rental growth across the park.



Proposal for planned Innovation Centre at Kent Medical Campus.

# 5.4%

Average prime rents ahead of market peak in 2010

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**Kent Science Park** continues to thrive and expand. Infrastructure and building refurbishments are progressing well. In addition to this work a tenant is completing a 2,323m<sup>2</sup> (25,000ft<sup>2</sup>) pharmaceutical manufacturing facility, while the new "Hub" conference centre and restaurant will be completed in November. There are now 2,000 people employed on site in 75 companies, an increase of over 40% in the past 18 months. Looking ahead, the strategic development of the site was outlined in a scoping application submitted in December 2017. This includes doubling the size of the Park to 120,774m<sup>2</sup> (1.3 million ft<sup>2</sup>) and delivery of a new, privately funded relief road, new motorway junction on the M2 and housing development.

**The Kent Medical Campus**, part of the North Kent Enterprise Zone, has planning consent for 92,903m<sup>2</sup> (1m ft<sup>2</sup>) of commercial floorspace on the 12.1ha (30 acre) site. Plans for a new Innovation Centre, providing collaborative space for high-growth and start-up businesses in healthcare, medtech and the life sciences sectors commenced during the year. The campus also saw the opening of the Cygnet Hospital in the autumn and the announcement of £4m of funding from the National Productivity Investment Fund to improvements around Junction 7 of the M20.

Also part of the North Kent Enterprise Zone, Innovation Park Medway, Rochester Airport opened in September. A design competition to masterplan the 22.1ha (55 acre) site is underway, with plans for the creation of 100,000m<sup>2</sup> (1.08 million ft<sup>2</sup>) of business space, alongside the existing Innovation Centre.

**Eureka Park, Northdown 2** offers two headquarters buildings, of 958m<sup>2</sup> (10,313ft<sup>2</sup>) and 1,456m<sup>2</sup> (15,672ft<sup>2</sup>). The remaining plots in the Northdown 2 phase are available for pre-let or pre-purchase.



Kent Renewable Energy Ltd's bio-mass combined heat and power plant, which opened in September 2018, provides heat and power to businesses at Discovery Park and around 50,000 homes.

**Crossways** saw 72m<sup>2</sup> (7,711ft<sup>2</sup>) in Riverbridge House let to Uncle Buck Finance in May for 5 years for around 215 per m<sup>2</sup> (£20 per ft<sup>2</sup>). Also on the park the ground and first floor of Radius was let in September on a 10 year lease with a five year break and 15 month rent-free to DYEbold Nixdorf. Meanwhile, at Gillingham Business Park 200m<sup>2</sup> (2147ft<sup>2</sup>) Unit 3 was let to Bactec for five years at a rent of £55,500 per annum with 6 months rent free, while a 1,394m<sup>2</sup> (15,011ft<sup>2</sup>) unit was purchased for owner occupation for £1.725m in July.

The investment market has seen relatively few transactions over the last 12 months. In January, Palmer Capital sold its remaining shares in sites of 22.5ha (55 acres) around Discovery Park. The land has consent for 500 homes. Given demand in the market across the south east, assets that come forward to sale are likely to attract competitive attention.

