

Business Park Performance

Prior to the arrival of COVID-19 there were expectations of improved business confidence on the back of greater post general election confidence. The pandemic and ensuing reviews of business working methods have inevitably driven uncertainty around future occupational strategies.

This national challenge has been mirrored in Kent, with the period since March seeing relatively low levels of take-up and less certainty around some requirements, although with some new demand generated by companies taking space outside London.

Given the thinness of the market, prime rents are, at the time of writing, stable with no change reported over the last 12 months. The parks have remained busy, however. The ability to manage and adapt the environment during the pandemic crisis has enabled business to resume activity on site, although many companies, particularly those in the scientific sector, continued operations throughout the lockdown period.

The coming year will inevitably prove challenging, but the county's business park market benefits from an increasingly diverse range of occupiers, with particular growth in the representation of businesses in the science and tech sectors. These sectors will help position Kent's economy for the future, having proved more resilient over recent months, with many having a direct involvement in the COVID-19 response. Businesses remain attracted by the county's relative affordability, housing stock and schools, as well as the ease of access to London, particularly the Kings Cross science quarter.

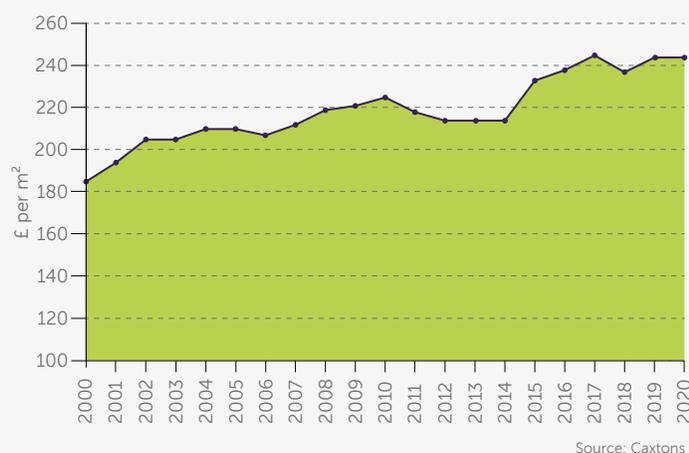
The relative resilience of the sector is illustrated at Discovery Park. During the lockdown period, ArchMed opened a new PPE production facility on site manufacturing up to

5%

Increase in the Kent average prime business park rent over the last 5 years

Caxtons

Kent average prime business park rent



1%

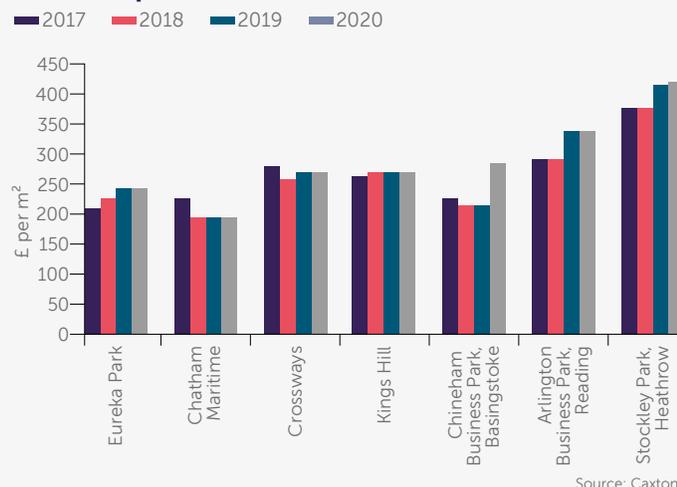
Average annualised growth in the Kent prime business park rent over the last 5 years

Caxtons

300,000 face masks per day. Over the last 12 months, the park also saw healthcare companies Psyros Diagnostics and Visusnano relocate to the site and Firza Group and Wren Healthcare expand their operations.

In February, the park was named a Life Sciences Opportunity Zone (LSOZ) by the UK Government's Office for Life Sciences, with particular recognition of the strengths in advanced manufacturing, digital and AI in healthcare. In August, the park was awarded a £2.5m grant by the South East Local Enterprise Partnership (SELEP), to accelerate the delivery of its Incubator facility to create flexible laboratory, write-up and office space for innovative SMEs. The 4,645m² (50,000ft²) of laboratory and write-up space will be created on two floors of Building 500 with completion scheduled for summer 2021. The construction of a 75 bed Travelodge at the park is underway to be opened in early 2021.

Business park rents



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Proposal for 'Leap', Maidstone's new Innovation Centre based at Kent Medical Campus.

Lettings

Date	Location	Landlord	Tenant	Floorspace ft ²	Rent (pa)	Lease term	Agent
Oct '19	42, Kings Hill Avenue, Kings Hill	Liberty Property LP	Woodgate & Clark	6,922	£25.33 psf	10 years	Altus
Feb '20	2, Kings Hill Avenue, Kings Hill	Kings Hill Unit Trust	Stroma	2,339	£25 psf	3 years	Altus/Knight Frank
Sep '19	First Floor Office Suite, Persimmon House, Anchor Boulevard, Crossways Business Park, Dartford	Persimmon	National Business Communications Limited	7,555	£147,325	The lease to expire with a Head Lease to Persimmon Homes on 9th July 2023.	Harrisons

Kent Science Park continued to see high levels of activity. In 2019, Optivo agreed a 15 year lease on a 2,694m² (29,000ft²) building, completing its refurbishment over the summer. The park has also seen new and expanding occupiers taking vacated space, the majority of which are in the scientific field. To accommodate the growing demand for such space, a planning application was submitted in August for 11,613m² (125,000ft²) to house a new occupier to the park, in addition to a further 9,290m² (100,00ft²), revising a previous outline consent. The application will cover 3.6ha (9 acres) of net developable land.

Just prior to lockdown, Maidstone Borough Council commenced development of the Maidstone Innovation Centre on Kent Medical Campus, due to complete in 2021. The Centre will provide 3,437m² (37,000ft²) of workspace for SMEs in the life science, healthcare and med-tech sectors. The Campus also has plans for a Health & Wellbeing Village, to include 4,575m² (49,250ft²) of flexible workspace, across seven buildings, providing businesses with the benefits of the campus' current Enterprise Zone Status. A Care UK 70-bed care home, close to the independent KIMS Hospital and Cynet Health Care Hospital, has opened.

Over the last 12 months Kings Hill achieved 2,044m² (22,000ft²) of transactions involving five tenants, including 501m² (5,396ft²) at 39 Kings Hill Avenue to Infor (Farnborough) Ltd, 225m² (2,424ft²) at 35 Kings Hill Avenue to Gerald Eve LLP, 217m² (2,339ft²) at 2 Kings Hill Avenue to Stroma Building Control Ltd, 494m² (5,316ft²) at 11 Tower View to MS Amlin Corporate Services Ltd and 594m² (6,394ft²) at 39 Kings Hill Avenue to Marsh Corporate Services Ltd. This has produced evidence of rental growth for specialist space on the business park.

Responding to the demand for quality space, Kings Hill Unit Trust invested around £3 million refurbishing 18 Kings Hill Avenue, providing 3,385m² (36,443ft²) of newly air conditioned/ventilated offices with parking.

At Crossways Business Park, Dartford, CRA Group took the 125m² (1,354ft²) First Floor Suite at Invicta House, Sandpit Road, Dartford in December at a rent of £158.98 per m² (£14.77 per ft²). Meanwhile, at Gillingham Business Park, Lloyds Bank vacated 3,716m² (40,000ft²) of offices at Phase 37, which will now be sold. The estate continues to perform well with few voids.

Eureka Park, Ashford, currently comprises 2,7871m² (300,00ft²) over its 38ha (94 acres), with consent for a further 100,000m² (1.2m ft²). Bizspace will take occupation

of 1,810m² (19,475ft²) of office space in a building that is currently under construction. There are further design and build opportunities in buildings ranging from 929-2,323m² (10,000 – 25,000ft²). Quadrant Eureka have plans for a further 4.8m² (12 acres) of business space development as part of a wider mixed use scheme.

Investment volumes have remained slow over the last 12 months, with COVID-19 having a stark impact on the market overall. This said, Kent assets have continued to transact. 1 and 42 Kings Hill Avenue, comprising 9,197m² (98,995ft²) were purchased by Kent County Council for £23m (NIY 6.79%). In June, Trinity College, Cambridge sold the 1,456m² (15,672ft²) 210 Eureka Business Park for £3.05m (NIY 9.08%). This follows the vendor's previous sale of building 200 at the park in August 2019.



Refurbished interior of 18 Kings Hill Avenue, providing 3,385m² (36,443ft²) of newly air conditioned/ventilated offices with parking.

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