

Introduction

This review contains details of all the major commercial property transactions carried out in 2017 across Cheshire East.

2017 saw a diverse market performance from all major sectors. The commercial market demonstrated a remarkable resilience, even considering levels in the office and industrial markets were a touch lower than recent years.

Across the UK, investment volumes rose 18 percent from Q4 2016 to Q4 2017, amounting to a total of £18.9 billion. In the North West specifically, investment levels rose 46 percent to £4.03 billion. In line with this regional figure, levels in Cheshire East in 2017 hit a record high with the year's major transaction at BAE Systems demonstrating the area's continued appeal on an international scale.

Office

Building off the strong foundation set in 2016, office deals in 2017 achieved a notably improved average deal size.

- 28 office deals were completed in 2017, comprising a total of 16,239 sqm. This total transacted space is the fourth highest total recorded since 2011.
- The largest number of deals this year were completed in Macclesfield with a total of eight, comprising 5,151 sqm. The most amount of floorspace, 6,400 sqm, was transacted in Crewe.
- The year's largest office deal saw Pochin agree to develop brand new offices at Admiral Court on Crewe Business Park for Radius Payment Solutions in a deal worth £12 million. The four-storey, bespoke office development includes a gym, communal meeting areas and a café.
- In Macclesfield, Cyprotex moved into 2,299 sqm at No. 24 Mereside at Alderley Park. As well as making this the largest deal completed in the town in 2017, it also marked the year's prime office rent which stood at £199.13 per sqm.
- In October, Royal London, the UK's largest mutual life, pensions and investment company, announced it will move to Alderley Park's Parklands office complex, committing to 100,000sq ft of space.

Office Market Statistics

Total	
No. of deals	Floorspace (sqm)
28	16,239

Geographic Split		
Area	No. of Deals	Total Area (sqm)
Crewe	5	6,400
Macclesfield	8	5,151
Wilmslow	4	1,393
Middlewich	2	870
Congleton	5	1,279
Alderley Edge	1	309
Handforth	1	308
Knutsford	1	298
Holmes Chapel	1	231
Total	28	16,239

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Cheshire East Annual Property Review 2018

Executive Summary



Industrial

Following a record-setting industrial year in 2016, the activity in 2017 saw a number of high-profile transactions which continue to demonstrate Cheshire East's standing as a desirable business location; with demand for high-end industrial units outstripping supply.

- 35 deals were completed in 2017 comprising a total of 56,455 sqm. Unsurprisingly, the majority of deals were completed in Crewe, totalling 15. Thanks to a number of large lot sizes, these deals accounted for 65 percent of the total floorspace transacted last year.
- The biggest three industrial deals of the year were completed in Crewe, the largest of which being the sale of Crewe Cold Store on Gresty Road. An undisclosed purchaser bought the facility in a deal worth £2.65 million, or £173.10 per sqm. The other two deals both completed on Weston Road and saw Q92 leased to Warehouse One Distribution Ltd on a 10 year term, as well as the sale of JTI to Quorum Property Investment.
- Alderley Park welcomed Cancer Research UK and Concept Life Sciences to the Mereside Campus, with both companies taking a combined 8,675 sqm of space. Both of these deals sit within the largest three Macclesfield deals of the year, the second largest seeing Fastrak Retail take 1,672 sqm at Star Business Park on Congleton Road.
- The prime industrial rent for 2017 stood at £128.89 per sqm, achieved at Plot 74, Midpoint 18 where Scottish Power leased 1,319 sqm from Pochin.

Industrial Market Statistics

Total	No. of deals	Floorspace (sqm)
	35	56,455

Geographic Split		
Area	No. of Deals	Total Area (Sqm)
Crewe	15	36,719
Macclesfield	9	12,793
Middlewich	4	2,727
Poynton	1	1,115
Sandbach	1	696
Congleton	3	1,599
Holmes Chapel	1	581
Knutsford	1	225
Total	35	56,455



Investment

Thanks to the transaction of the BAE Systems facility near Crewe, investment deals hit a record high in terms of total spend and space exchanged in 2017. A strong number of smaller retail transactions also secured 2017's record-setting year in regards to the total number of deals completed.

- 29 deals were completed in 2017, amounting to a combined spend of £118.5 million. The total space transacted across all sectors last year amounted to 103,853 sqm. Thanks to a number of smaller transactions, some less than 200 sqm, the retail sector accounted for the most amount of deals. Elsewhere, office deals were slightly down and industrial deals produced the most significant total value.
- The most high-profile investment deal of 2017 was the purchase of the BAE Systems facility at Radway Green near Crewe. The 23,595 sqm facility, was purchased by a consortium of Korean institutional investors for £56 million. The deal represented a Net Initial Yield of 5 percent.
- The year's most significant office investment occurred at Infinity House on Crewe Business Park. Anglo Scandinavian Estates purchased the 4,808 sqm building from Stansted Estates Ltd in a deal worth £6.8 million. The building itself is let to global IT supplier Fujitsu with an annual rental of £660,000. The deal represented a Net Initial Yield of 9.1 percent.

Investment Market Statistics

Total		
No. of deals	Floorspace (sqm)	Price (£million)
29	103,853	118.5

Investment Property Type			
Type	No. of Deals	Total Area (Sqm)	Price (£million)
Office	7	10,423	10.87
Industrial	7	83,617	79.50
Retail	11	9,813	26.7
Leisure	4	U/D	1.47
Total	29	103,853	118.5

Average	Floorspace (sqm)	Price (£million)
	3,581	4.09



Retail/Leisure

Cheshire East welcomes over 16 million visitors each year. Figures reported in 2017 demonstrate that the Borough's visitor economy grew by 6.3 percent in 2016, amounting to a sector total of £895 million.

- Plans have been submitted for the regeneration of Crewe's Royal Arcade site. The £48 million scheme is expected to include an eight-screen cinema; gym; restaurants and shops; along with a bus-station and 450-space car park.
- A number of significant retail plans were approved last year, including a 13,000 sqm retail park on the 6.7-acre former Barracks Mill site in Macclesfield and 23,000 sqm of retail space on Stanley Green Industrial Estate in Handforth Dean.
- In December, plans were approved for a £20.5 million heritage and visitor centre at Jodrell Bank. The new centre will be constructed as part of the First Light Project, a scheme that will see the construction of an auditorium, outdoor café, offices and exhibition space.

Residential

In a year in which Crewe was named the second-best place to live in the UK by Property Week's Hot 100, and Alderley Edge saw the average price of a detached house rise above £1 million, Cheshire East Council gave the greenlight to a number of planning applications and ushered in a number of new developments.

- Consultation began on the Council's new Housing Strategy in November. The strategy, which addresses the Council's approach to new housing between 2018 and 2023, is also intended to reflect the significant changes to the local and national political and policy landscape.
- 3 planning approvals saw the greenlight given to 900 homes across three developments in Congleton, Handforth and Poynton. The largest of the three, a 26 hectare development in Congleton will see 500 new homes built and a £3.2 million sum committed by the developer towards education provision and the new Congleton Link Road. The two other plans will see 250 homes built in Handforth and 150 built in Poynton.
- The 136-acre South Macclesfield Development Area, designated as a housing and employment site in the Cheshire East Local Plan, has been approved for a development of 950 homes. The site will also be supplemented by 4,000 sqm of retail space and 10,500 sqm of commercial accommodation.