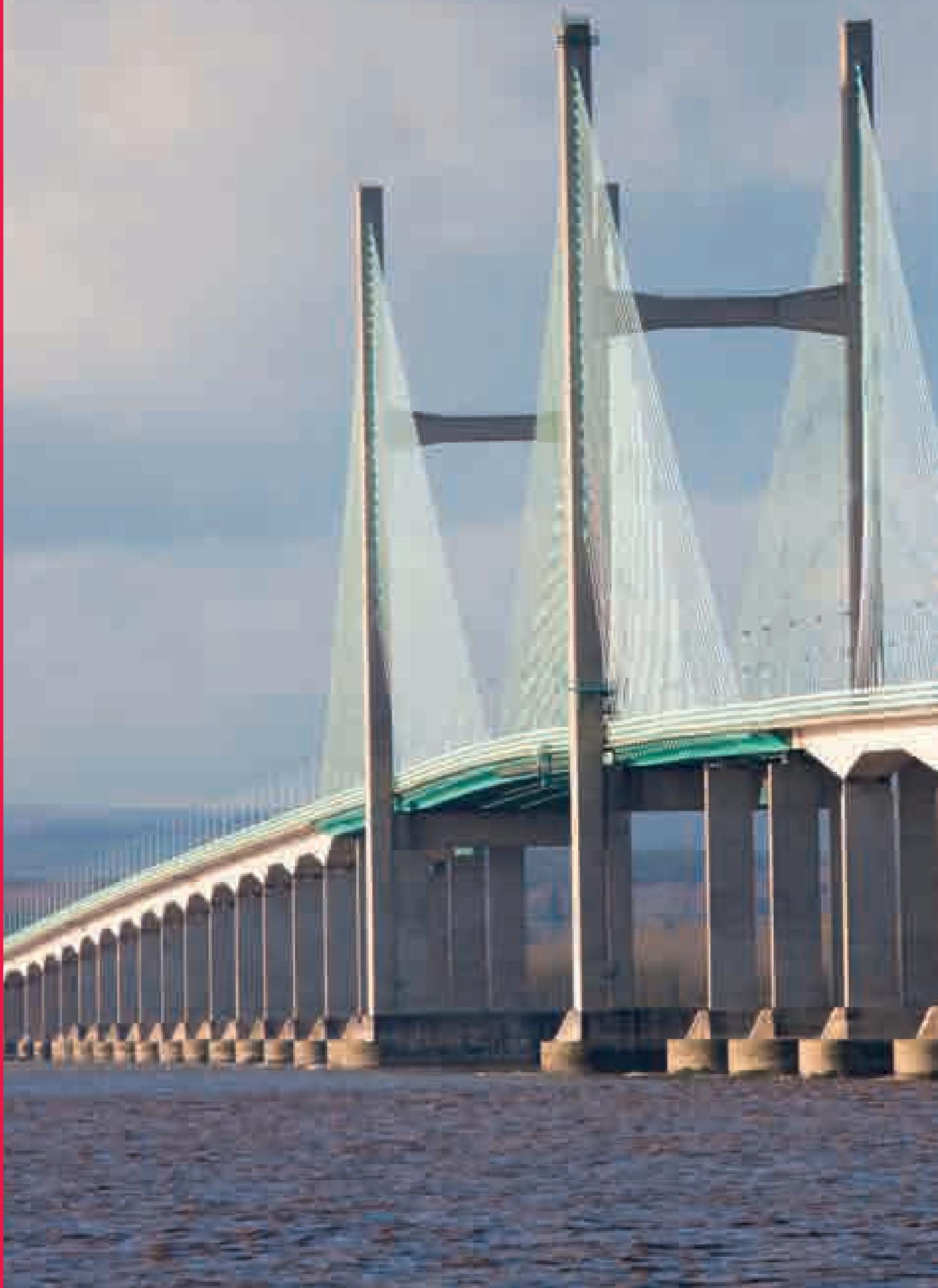


COMMERCIAL PROPERTY FOCUS

# WALES







## FOREWORD

*I am delighted once again, to provide an introduction to our Welsh Review. When, a couple of years ago, this publication was last produced, we had been through a very difficult period in the markets and a significant restructuring of our business. There is no question that, at that time, I felt that by 2012 we would be in much better economic territory. Sadly, this has not turned out to be the case.*

Despite the ongoing challenges thrown at us by the economic turmoil, both within the UK and the broader European community, Knight Frank continues to trade profitably year on year and still has no debt. This is down to our sector depth, geographical spread and the exceptional people that I believe we have working with us. We have a robust and resilient business but one which of course depends upon the support of a broad range of clients, to whom we are very grateful.

I am confident of our prospects for the future. Many of our markets are much more stable. Supply in certain sectors is beginning to come under pressure and I believe the UK economy will prove to be more resilient than it currently may feel.

I am, very optimistic about our business in Wales. It has consistently performed very well without any complacency whatsoever. There are new areas which we can build upon and I assure you that we will be supporting their endeavours to continue to grow the business.



**Alistair Elliott**  
*Head of Commercial Division*





# WELCOME

*Whilst making optimistic and constructive predictions in the current economic market is not easy, the uncertainty and, at times overbearing gloominess makes it all too easy to predict the end of the world as we know it. History tells us that however stormy the current conditions, matters will improve and significant opportunities will present themselves.*

We are very proud of the breadth and depth of work that we have been involved with over the last twelve months and set out in this report is a cross section of that work. We have kept our teams together and indeed added to them, to maintain our strong market presence and remain at the forefront of the Welsh property scene. It is more important than ever that we have a dedicated, professional team, that can add value to projects and tailor our advice to the changing markets we find ourselves in. The fact that we are able to mix our local knowledge with Knight Frank's national expertise has stood us in good stead.

I would like to thank our clients and fellow professionals for their support and we look forward to working with you going forward.



**Matt Phillips**  
*Office Head, Cardiff*



**Number 1, Capital Quarter,  
Ellen Street  
Cardiff**

**Client:** JR Smart

**Property outline:** The only speculative building currently being built in South Wales, 78,000 sq ft of Grade A office space over 9 floors. Forms part of a 7 acre mixed use, city centre regeneration scheme.

**Activity:** Advising on marketing strategy and initiatives for Number 1. On-going advice and marketing in relation to the full Capital Quarter scheme.

## OFFICE AGENCY

*Knicht Frank has built a reputation as one of the most reliable office agents in South Wales, with the team being involved in many of the most prominent deals over the last 12 months.*

We pride ourselves on the strong relationships that we build with our clients who include occupiers, landlords, developers, and fund managers. Our track record, research-led approach and local market knowledge enable us to provide the most up-to-date intelligence and insight into occupier requirements, as well as access to off market opportunities.

We are currently active in the major centres across the region, with a portfolio of development projects and Grade A and Grade B stock.



**Mark Sutton**  
*Office Agency*



## **Brunel House**

*Cardiff*

- Client:** Fairacre
- Property outline:** City centre multi let building of 225,000 sq ft.
- Activity:** Lettings to Admiral Plc totalling 55,000 sq ft and to Regus totalling 13,500 sq ft. Achieved 92% occupancy following these deals.



## **Cardiff Waterside**

*Cardiff*

- Client:** Cardiff Bay Partnership/Aviva Fund Managers
- Property outline:** Grade A office development comprising 405,000 sq ft in 7 buildings.
- Activity:** Letting to First Source, 27,000 sq ft at Discovery House.
- New headline rent for Cardiff of £22.00 per sq ft achieved at 3 Assembly Square, let to Abel & Imray.



## **5 Callaghan Square**

*Cardiff*

- Client:** MEPC
- Property outline:** 53,000 sq ft prime city centre offices.
- Activity:** 2011 lettings to Brewin Dolphin and Alchemy Wealth Management, achieving 95% occupancy. Prime headline rent in city centre achieved at £21.00 per sq ft.



## Trident Trade and Industrial Park, Ocean Park Cardiff

Client: Guy Hall Partnership

Property outline: 206,000 sq ft trade park

**Activity:** Marketing advice, secured lettings to occupiers including BSS, Encon Insulation, Dynic and Gardiner & Theobald. Following the lettings, we have provided advice on the investment sale. ING purchased for £9.3 million which reflected a net initial yield of 8.25%.

# INDUSTRIAL AGENCY AND DEVELOPMENT CONSULTANCY

*With a strong network operating across the UK, our Industrial Agency team has a number of high profile instructions and has been involved in many significant transactions in South Wales over recent years.*

Building on our agency experience we have also advised on a number of development opportunities, in particular for clients looking to add value to their assets by considering alternative uses such as residential, retail and leisure.

We act on behalf of a range of national and local clients, including PMG, M7 Real Estate, St Modwen, Threadneedle, Highcross, CBRE Global Investors and Wales & West Utilities.



**Neil Francis**  
Industrial Agency and Development Consultancy



### **Former Thermomax Premises**

*Hawtin Park, Blackwood*

- Client:** Kingspan
- Property outline:** Industrial/warehouse facility of 66,000 sq ft on a site of 4.7 acres.
- Activity:** Agency advice on disposal. Sold to Moulded Foams for circa £945,000.



### **Triangle Site, Innovation Quarter**

*The Waterfront, Barry*

- Client:** Vale of Glamorgan Council and Welsh Government
- Property outline:** Strategic 2 acre development site.
- Activity:** Disposal advice for the site, designed for hotel and A3 use. Sold to Whitbread for the development of an 80 bed Premier Inn Hotel and associated restaurant.



### **South Wales Industrial Portfolio**

*Multi let estates in Cardiff and Treforest*

- Client:** Highcross
- Property outline:** Llandough Trading Estate a 22 units from 5,500 sq ft to 19,000 sq ft Bridge Road, Treforest, comprising semi-detached industrial unit of circa 23,000 sq ft.
- Activity:** Agency and disposal advice on vacant industrial units



**New Headquarters For  
Admiral Group Plc  
Cardiff**

**Client:** Stoford Developments

**Property outline:** Grade A office building of 215,000 sq ft, including three retail units and 120 basement car parking spaces, to be constructed for Admiral Group Plc by Stoford Developments.

**Activity:** Pre-let at a rent of £3.42 million per annum on the basis of a new 25 year lease. Funding by Union Investment Real Estate at £58.6 million to reflect a net initial yield of 5.85%.

## INVESTMENT AGENCY

*The Investment team in Cardiff consistently retains a high profile in the market and has been involved in a number of the prime investment transactions over the last 12 months.*

The team has strong links with both funds and local investors, advising on sales and acquisitions varying in size, value and complexity across Wales.

Working closely with all Knight Frank UK and global offices we ensure our clients benefit from the latest market knowledge and access to capital flows.

The market in Wales remains strong for well let annuity type product and the old fundamentals of location, covenant strength and length of lease have returned as the principal drivers for investors.



**Rob Jones**  
Investment Agency

*In 2012 Knight Frank was awarded the  
Property Week Investment Agency Team of the Year award*



## 1 Callaghan Square

Cardiff

- Client:** Capital Trust
- Property outline:** Grade A office building, totalling circa 94,000 sq ft let for 10 years to Eversheds LLP. Total rent of circa £1,721,000 per annum.
- Activity:** Acquisition of the freehold interest on behalf of Capital Trust LLP from Cordea Savills. Acquired off market for £25.5 million, reflecting a net initial yield of 6.5%.
- 



## Trident Trade Park, Ocean Park

Cardiff

- Client:** Guy Hall Partnership
- Property outline:** Prime regional multi let trade counter/ industrial estate, totalling circa 206,000 sq ft. Let to eight tenants, including Wolsley UK, BSS Group and Gardiner & Theobald LLP with a total rent of circa £810,000 per annum.
- Activity:** Sale of the freehold interest on behalf of the Guy Hall Partnership to ING. Sold for £9.3 million, reflecting a net initial yield of 8.25%.
- 



## Porth Teigr

Cardiff - BBC Cymru Wales Roath Lock Studios and Welsh Government Centre for Creative Industries

- Client:** The igloo Regeneration Fund
- Property outline:** BBC Cymru Wales Roath Lock studios and Welsh Government Centre for Creative Industries let on a 25 year lease to the Welsh Government with a total combined rent of £2,330,000 per annum with RPI linked reviews.
- Activity:** Sale of the long leasehold interest on behalf of igloo Regeneration Fund to British Steel Pension Fund. Sale on a forward commitment basis for £45.9 million, reflecting a net initial yield of 4.75%.



## **Admiral Group Headquarters** *Cardiff*

**Client:** Admiral Group Plc

**Property outline:** Search and acquisition of Headquarters building for 3,000 staff.

**Activity:** Advising on Admiral's relocation to a new HQ in Cardiff city centre. Appraised nine options using discounted cashflow techniques and undertook extensive negotiations with a number of developers. Agreed Heads of Terms with preferred developer. Co-ordinated professional advisers in concluding a Development Agreement on a pre-letting of circa 215,000 sq ft. Advised Admiral in its exit strategy on existing buildings.

# TENANT REPRESENTATION AND GLOBAL CORPORATE SERVICES

*Our dedicated Tenant Representation and Global Corporate Services teams provide transactional and consultancy service to occupiers of commercial property.*

Working closely with our landlord and research teams, the Tenant Representation team in Cardiff benefits from a thorough understanding of the local marketplace, including leasing trends and regulations, vacancy rates and development activity.

Linking into this, our Global Corporate Services team based in London provide account management for occupiers with multiple properties located across the UK and the globe. Their services include strategic consultancy and portfolio optimisation, transaction management, workplace consultancy, project / programme management and lease administration.

Our goal is to minimise leasing costs and occupancy risks, whilst maximising workplace flexibility and productivity.



**Stephen Widnall**  
Global Corporate Services



**Tony Nicholas**  
Head of Global Corporate  
Services EMEA



## Welsh Government

### Caernarfon

- Client:** Welsh Government (WG) and Gwynedd County Council
- Property outline:** Review of current occupation in Caernarfon, Gwynedd, comprising three office buildings totalling approximately 170,000 sq ft.
- Activity:** Instructed jointly by WG and Gwynedd County Council under the WG Framework Agreement. Advising on options for rationalisation and co-location, adopting 'Green Book' Treasury Rules and the '5 Case' Business Model.



## Countryside Council For Wales

### Bangor

- Client:** Countryside Council for Wales
- Property outline:** CCW HQ comprising two buildings totalling approximately 54,000 sq ft.
- Activity:** Advised on the business case and negotiated terms to consolidate its HQ functions from five buildings into two buildings including exit strategies for surplus buildings.



## Legal & General Assurance Society

### Cardiff

- Client:** Legal & General Assurance Society
- Property outline:** Brunel House totalling 67,500 sq ft over six floors and Knox Court totalling 60,000 sq ft.
- Activity:** Rent review at Knox Court, conducting submissions for a third party determination. Negotiated the re-gearing of existing leases at Brunel House. Ongoing advice in relation to optimising occupation of its Cardiff estate, totalling over 100,000 sq ft.



## Llanelli Waterside Llanelli

**Client:** Carmarthenshire County Council and Welsh Government

**Property outline:** Development land of over 200 acres. The scheme is regenerating former industrial land, located to the south of Llanelli town centre, incorporating housing, retail, leisure, offices and a golf complex. The overall master plan for Llanelli Waterside creates a mixed use development with strong green principles, creating work and leisure areas close to housing.

**Activity:** Development consultancy and agency advisor to the joint venture vehicle. Knight Frank Cardiff is appointed on a term commission to provide agency and development consultancy advice on Llanelli Waterside.

# PROFESSIONAL CONSULTANCY

*The Professional Consultancy team work with both public and private sector organisations providing advice on strategic property decisions, viability appraisals and valuation driven development options.*

Having worked on a number of the most prominent schemes in South Wales, current projects include major mixed use regeneration initiatives such as Porth Teigr, Cardiff Bay; SA1 Swansea; Llanelli Waterside and Tower Colliery, Hirwaun.

Drawing on the skills and experience of our Research and Agency teams, we cover the full range of property sectors including, Offices, Retail, Hotels, Social Housing, Student Accommodation, Industrial and Healthcare.



**Rhys Morgan**  
Consultancy



## **Birmingham New Street Station/Pallasades Shopping Centre**

*Birmingham*

- Client:** Birmingham City Council and Network Rail
- Property outline:** Redevelopment of New Street Station and Pallasades shopping centre.
- Activity:** Compulsory Purchase advice, including provision of expert evidence at Public Local Inquiry. Continuing advice on the CPO strategy and acquisitions.
- 



## **Waararwydd Works**

*Swansea*

- Client:** Alcoa
- Property outline:** Former manufacturing complex of circa 1 million sq ft on 120 acres.
- Activity:** Development and appraisal viability, agency and asset management advice. Advised on an on-going asset management and town planning strategy for the site, along with delivery options and collaboration agreements with other significant land owners and parties interested in the development potential of the site.
- 



## **Garden Centre Portfolio Management**

*130 assets located across the UK*

- Client:** The Garden Centre Group
- Property outline:** Trading garden centre portfolio
- Activity:** Rent reviews, land acquisitions and sales with development and master plan strategies. Working with the company to provide centre driven business and property improvements.



**The Garden Centre Group**  
*Various locations*

**Client:** The Garden Centre Group

**Property outline:** UK portfolio of 119 garden centres.

**Activity:** Valuation advice to the operating company.

## VALUATIONS

*Representing one of the largest and highest profile national valuation practices, Knight Frank signs off in excess of £200 billion of valuations each year in the UK.*

The team in Cardiff provide comprehensive commercial property valuation services throughout South Wales to investors, banks and fund managers. Working alongside the London portfolio team, we also assist in valuations for clients including Aviva, M&G and Rockspring.

Despite a dramatic downturn in capital values over the last few years, recovery has occurred to some degree, although this has been almost entirely driven by prime assets. There remains a real and widening gap to non-prime opportunities, making valuation increasingly complex. On-going discussions surrounding the Eurozone issues, coupled with a double dip recession point to another challenging year.



**Richard Walters**  
*Valuations*



## **Capital Retail Park**

*Cardiff*

**Client:** Santander  
**Property outline:** Retail and leisure development adjacent to Cardiff City Football Club.  
**Activity:** Valuation and funding advice.



## **No 1 Callaghan Square**

*Cardiff*

**Client:** Capital Trust  
**Property outline:** Cardiff's prime office building, comprising circa 94,000 sq ft, let to leading UK law firm, Eversheds.  
**Activity:** Valuation advice to the purchaser.



## **Broad Street**

*Welshpool*

**Client:** Bank of Ireland  
**Property outline:** Listed former bank building in Powys market town.  
**Activity:** Bank valuation for purchase by owner occupier and one of a number of Mid Wales buildings valued recently.



## **Eastgate** *Llanelli*

**Client:** Carmarthenshire County Council

**Property outline:** Town centre regeneration scheme including two buildings, totalling 70,000 sq ft of mixed commercial space, including cinema, hotel and Grade A office.

**Activity:** Development monitoring of major town centre regeneration scheme. Appraising development prior to construction and overseeing works through to completion, including agreement of stage payments to Developer. The scheme is due to be completed in the Autumn of 2012.

# BUILDING CONSULTANCY

*Working with developers, landlords and property occupiers, we provide a range of technical surveys and professional services related to the practical aspects of owning, maintaining, developing and investing in commercial and residential property.*

Our services are based upon the need to deliver clear, commercial and practical advice and are arranged within the following five key areas:

- ◆ Building Surveys
- ◆ Dilapidations and Exit Strategies
- ◆ Contract Administration
- ◆ Project Management
- ◆ Development Monitoring

Working with clients throughout the entire property lifecycle, we are committed to providing efficient, environmentally sustainable solutions that reduce waste and energy consumption and that minimise costs.



**Richard Wooller**  
*Building Consultancy*



## **Capital Tower**

*Cardiff*

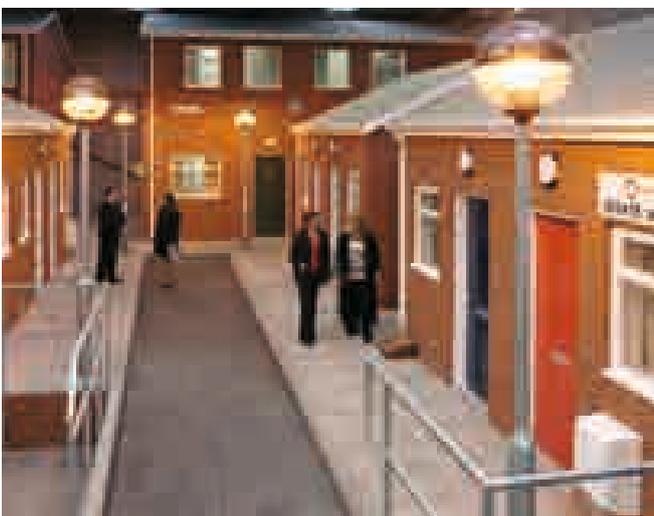
- Client:** Strathclyde Pension Fund
- Property outline:** Office building totalling 124,000 sq ft.
- Activity:** Instructed to prepare schedules of dilapidations relating to tenants occupying in excess of 80,000 sq ft.



## **Garden Centres**

*130 sites throughout the UK*

- Client:** The Garden Centre Group
- Property outline:** Garden Centre sites of varying ages and condition.
- Activity:** Project management of various garden centre extensions and refurbishments, with contract values ranging from £1.5 million to £2 million.
- General property advice, including negotiating dilapidations claims, building surveys and development monitoring for bank funding.



## **Wales & West Utilities Portfolio**

*15 properties throughout the UK*

- Client:** Wales & West Utilities
- Property outline:** Portfolio of depot properties, including training facilities with contract values ranging between £200,000 and £1.3 million.
- Activity:** Design, contract administration and CDM Co-ordinator.



## Cardiff Waterside Cardiff

**Client:** Aviva Fund Managers

**Property outline:** Grade A office accommodation totalling 400,000 sq ft, with outline planning consent for an additional 500,000 sq ft of offices. Includes retail element and multi-storey car park. Rent roll of £6,500,000 per annum. Service charge of £1,345,000 per annum.

**Activity:** Property, asset, facilities and accounting management.

# PROPERTY ASSET MANAGEMENT

*Specialising in Offices, Retail and Industrial premises, Knight Frank currently manage in excess of 23 million square feet of commercial real estate across the UK.*

With a particular emphasis on multi-let office buildings, our team in Cardiff provide the full range of property, asset and facilities management services, backed up with full financial accounting capabilities.

Working with pension funds, offshore trusts, private investors and property owners, our proactive approach ensures that we preserve and enhance asset value, maximise investment performance and minimise risk for our clients.



**Dai Williams**  
*Property Asset Management*



### **3 Assembly Square**

*Cardiff Bay*

- Client:** Cardiff Bay Partnership
- Property outline:** 66,000 sq ft of BREEAM 'Excellent' Grade A office space.
- Activity:** Property, asset, facilities and accounting management, including management of on-site team.
- 



### **5 Callaghan Square**

*Cardiff*

- Client:** Credit Suisse Real Estate Fund
- Property outline:** 54,000 sq ft of Grade A office space. Rent roll of over £750,000 per annum.
- Activity:** Property, asset, facilities and accounting management.
- 



### **Porth Teigr**

*Cardiff Bay*

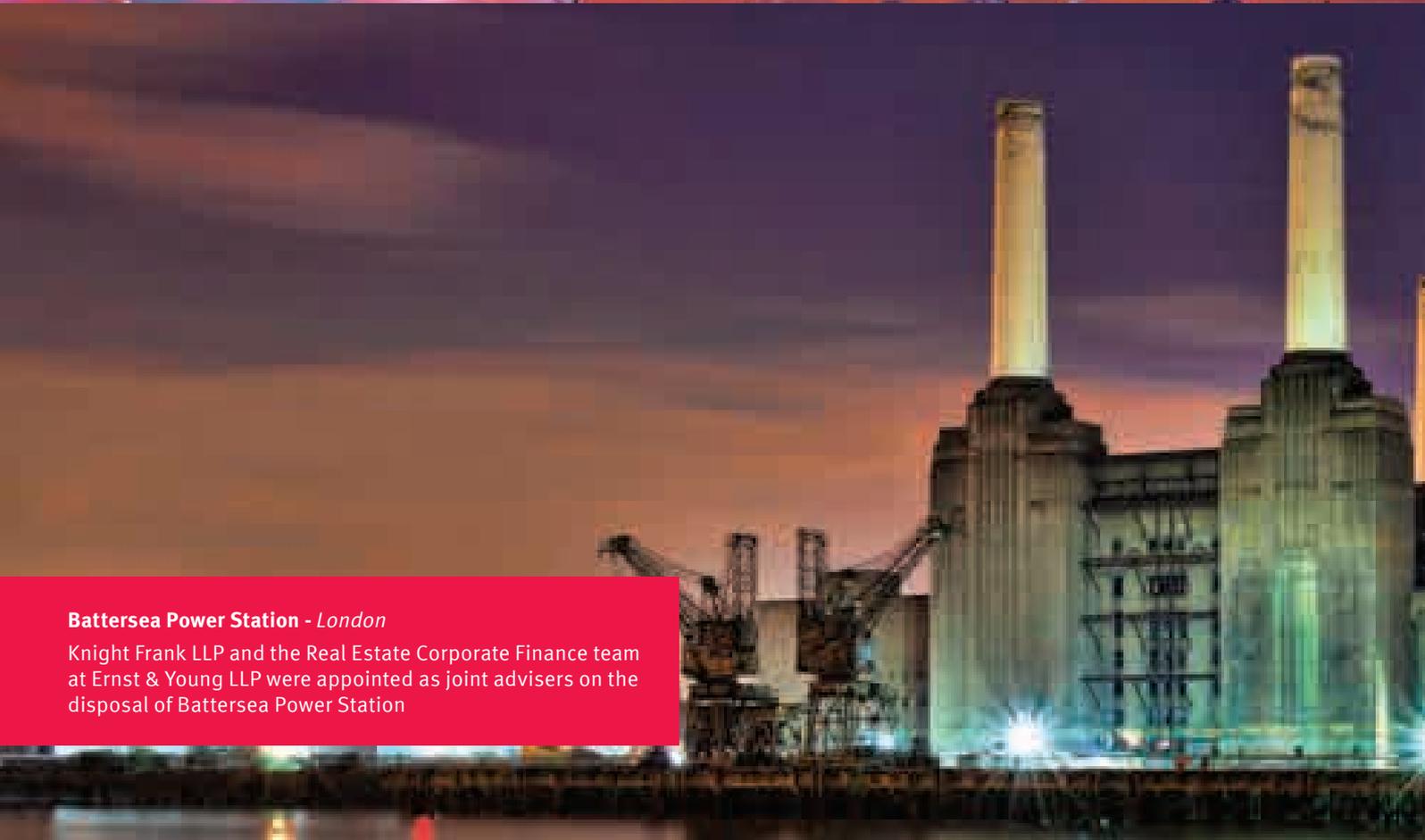
- Client:** The igloo Regeneration Fund
- Property Outline:** 38 acre mixed use sustainable development project in Cardiff Bay representing a million square foot plus opportunity.
- Activity:** Property, facilities and accounting management.

A photograph of the Moulin Rouge windmill in Paris at night. The windmill is illuminated with warm orange and red lights, and its four sails are also lit up. The name 'MOULIN ROUGE' is displayed in large, glowing blue neon letters across the front of the structure. The background is dark, suggesting a night sky.

# GLOBAL CASE STUDIES

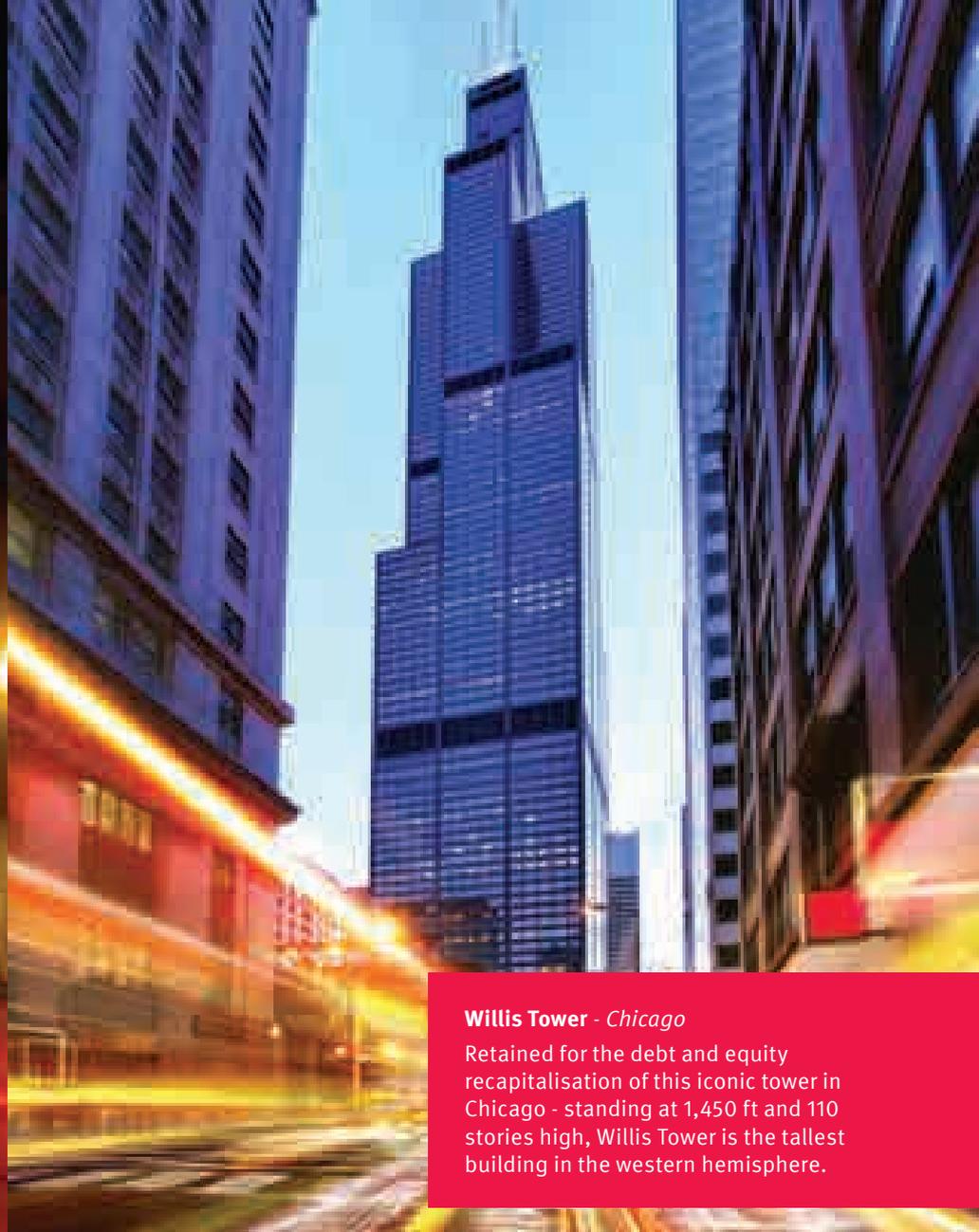
**Moulin Rouge - Paris**

Acquisition, mixed use. £40million and 193,000 sq ft

A photograph of the Battersea Power Station in London at night. The building is illuminated with green and blue lights, highlighting its iconic four chimneys. The sky is dark, and the water in the foreground is visible.

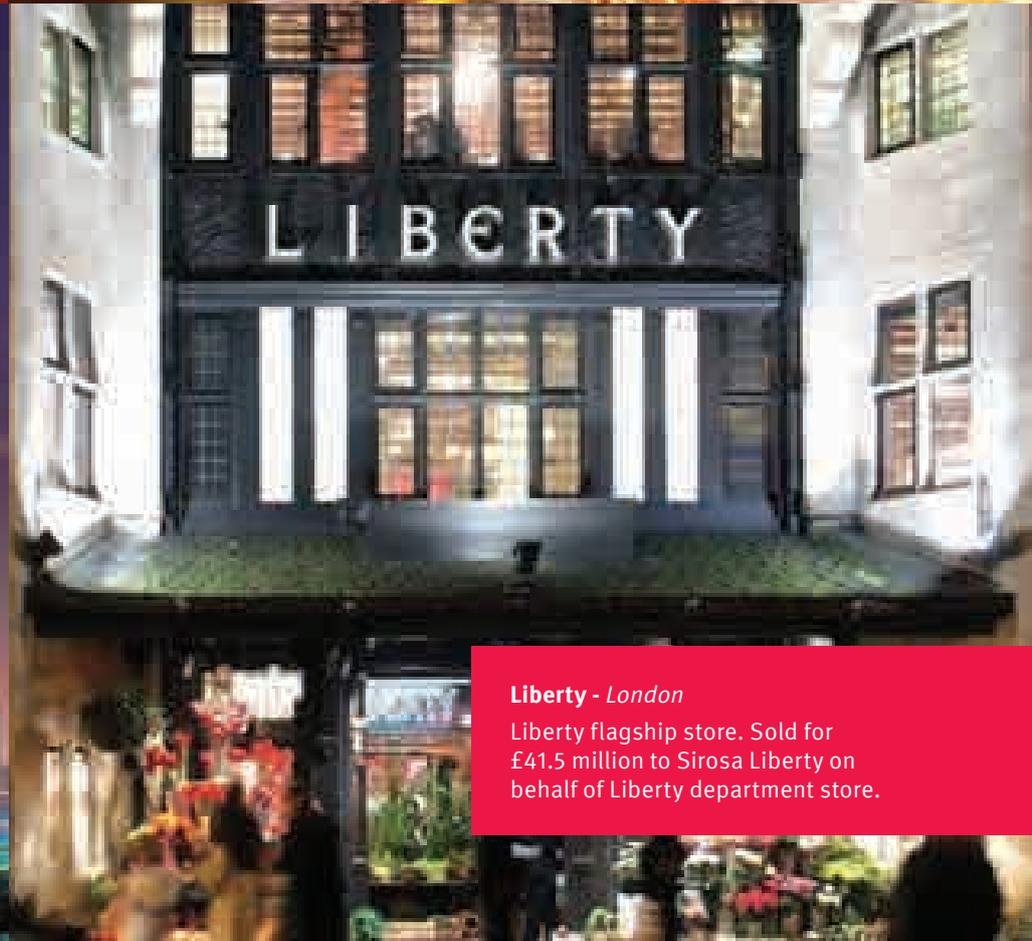
**Battersea Power Station - London**

Knight Frank LLP and the Real Estate Corporate Finance team at Ernst & Young LLP were appointed as joint advisers on the disposal of Battersea Power Station



**Willis Tower - Chicago**

Retained for the debt and equity recapitalisation of this iconic tower in Chicago - standing at 1,450 ft and 110 stories high, Willis Tower is the tallest building in the western hemisphere.



**Liberty - London**

Liberty flagship store. Sold for £41.5 million to Siroso Liberty on behalf of Liberty department store.



**Empire State Building - New York**

Instructed as the leasing agent for the world's most famous office building totaling 2.8 million sq ft.



**The Shard - London**

London skyline showcasing the iconic Shard. Knight Frank has been instructed as the office leasing agent.



**Masdar City - Abu Dhabi**

Instructed to provide professional services and valuation appraisal advice on this flagship carbon neutral city.

# KNIGHT FRANK

## A partnership approach

*With over 100 years of experience, Knight Frank is the world's leading, privately owned, global property consultancy.*

Through our alliance with US based Newmark Knight Frank, our global network extends across almost 250 offices in 43 countries and we have more than 7,000 professionals handling in excess of US\$800 billion worth of prime commercial, residential and agricultural real estate.

Working with private individuals, developers, investors, banks and commercial occupiers, we provide a range of agency, investment, property management and professional consultancy services, which are supported by our dedicated market research teams.

### Our services

- ◆ Agency
- ◆ Building Consultancy
- ◆ Business Rates
- ◆ Corporate Recovery and Restructuring
- ◆ Development Consultancy
- ◆ Facilities Management
- ◆ Global Corporate Services
- ◆ Investment and Capital Markets
- ◆ Lease Advisory
- ◆ Planning
- ◆ Project Management
- ◆ Property and Asset Management
- ◆ Sustainability Consultancy
- ◆ Tenant Representation
- ◆ Valuations
- ◆ Workplace Consultancy

### Our areas of expertise

- ◆ Healthcare
- ◆ Hotels
- ◆ Industrial and Logistics
- ◆ Offices
- ◆ Residential
- ◆ Retail and Leisure
- ◆ Rural and Agricultural
- ◆ Student Property
- ◆ Public Sector

# CARDIFF TEAM CONTACTS



**Matthew Phillips**  
*Managing Partner*  
T 029 2049 2492  
M 07818 008985  
matt.phillips@knightfrank.com

## Office Agency



**Matthew Phillips**  
*Managing Partner*  
T 029 2049 2492  
M 07818 008985  
matt.phillips@knightfrank.com



**Mark Sutton**  
*Associate*  
T 029 2049 2492  
M 07919 395593  
mark.sutton@knightfrank.com

## Industrial Agency and Development Consultancy



**Neil Francis**  
*Associate*  
T 029 2049 2492  
M 07766 511983  
neil.francis@knightfrank.com



**Rebecca Roberts**  
*Graduate Surveyor*  
T 029 2049 2492  
M 07919 690382  
rebecca.roberts@knightfrank.com

## Investment Agency



**Rob Jones**  
*Partner*  
T 029 2049 2492  
M 07836 245916  
rob.jones@knightfrank.com



**Gareth Lloyd**  
*Associate*  
T 029 2049 2492  
M 07917 503751  
gareth.lloyd@knightfrank.com

## Tenant Rep and Global Corporate Services



**Stephen Widnall**  
*Partner*  
T 029 2049 2492  
M 07769 877479  
stephen.widnall@knightfrank.com



**Dai Williams**  
*Partner*  
T 029 2049 2492  
M 07833 200455  
dai.williams@knightfrank.com

## Valuations and Professional Consultancy



**Richard Walters**  
*Partner*  
T 029 2049 2492  
M 07721 894346  
richard.walters@knightfrank.com



**Rhys Morgan**  
*Associate*  
T 029 2049 2492  
M 07979 530432  
rhys.morgan@knightfrank.com



**Hugh Phillips**  
*Partner*  
T 029 2049 2492  
M 07917 551887  
hugh.phillips@knightfrank.com



**Stuart Munro**  
*Associate*  
T 029 2049 2492  
M 07879 434042  
stuart.munro@knightfrank.com

## Building Consultancy



**Richard Wooller**  
*Partner*  
T 029 2049 2492  
M 07876 145913  
richard.wooller@knightfrank.com



**Andrew Paynter**  
*Associate*  
T 029 2049 2492  
M 07917 174119  
andrew.paynter@knightfrank.com

**Knight Frank**  
Emperor House  
Scott Harbour  
Pierhead Street  
Cardiff CF10 4PH

+44 (0)29 2049 2492

**[KnightFrank.co.uk](http://KnightFrank.co.uk)**

The Knight Frank network consists of Knight Frank LLP and its direct subsidiaries which provide services in the UK and an international network of separate and independent entities or practices providing services internationally.