



Canada House, Manchester

OUT WITH THE NEW, IN WITH THE OLD

As occupiers continue to look for points of difference in their working environment, the redevelopment of the North West's heritage assets is hotter than ever. **Joel Durkin** looks at some examples

If you're on the lookout for a shiny new-build office in the North West's cities, your options are quickly running out. In Manchester the supply of new grade A buildings is becoming increasingly limited, says Rob Yates, head of office agency and partner at Cushman & Wakefield in Manchester. "Only about 300,000 sq ft is currently available and is expected to be taken by the end of 2017."

He points to an alternative supply for footloose occupiers, saying: "With no new developments set to be available until 2019, quality refurbishments will play a role in providing much-needed supply to the market in 2018. Approximately 1 million sq ft of refurbishments are on site and will be ready in late 2017 and early 2018."

With the commercial refurb market strong, some of the North West's famous heritage buildings are being updated and once again

being returned to the centre of the North West's economy.

Manchester's Grade II-listed Ship Canal House was built in 1927. Its location on King Street meant it was at the centre of the city's banking industry. The Ardstone Regional Office Fund has carried out a refurbishment of the reception area, unlocking a string of lettings including to planning consultancy Lichfields and additional space to divorce and family law specialist Vardags.

Rhys Evans, a member of the offices team at GVA's Manchester office, who acted on behalf of the landlord on both transactions, says: "The location and the quality of the space at Ship Canal House is excellent. It is these qualities, combined with the grandeur of the building, that have attracted companies of the standing of Vardags and Lichfields."

So what is it that attracts occupiers to heritage buildings?

LJ Partnership is a private wealth partnership that focuses its property investments on the refurbishment of heritage assets. Sam Lawson Johnston, real estate director, says many of the investors refurbishments include exposing the original aspects of the building that have been covered up by older works.

"We do not develop any new buildings, we just buy old buildings. We are interested in taking buildings back to their original design, which gives them authenticity," he says. "This includes doing resorting tiling, for example. If you reveal those features, but also include the new technology demanded by occupiers, you have the perfect combination."

In October LJ Partnership acquired former Manchester textile warehouse Canada House before completely refurbishing the building



Bridgewater House, Manchester

to create a variety of workspaces. Lawson Johnston says tenants across all sectors are looking for character from their workspace and can benefit by £10/sq ft compared with being in a grade A new build space in the city centre.

"We are attracting all sectors. We have occupiers from professional and financial services to charities," he says, adding that heritage buildings can often support tech needs while retaining many of original features.

Another example of how heritage buildings are satisfying the demand of progressive office occupiers is Grade II-listed Bridgewater House on Whitworth Street, Manchester. Real estate asset and investment manager APAM has secured planning as part of its refurbishment of more than 200,000 sq ft of office space over ten floors.

Designed by local firm Cube Architecture & Design, the space will create a 'hub' of informal meeting pods with IT connections and screens, break-out space, free Wi-Fi, a coffee shop, and changing and shower facilities.

Peter Owen, senior asset manager at APAM, says: "We have taken a number of steps to revamp the property and ensure that we can secure occupiers for 80,000 sq ft of vacant space over the next six to 12 months. The transformation of the reception is key to this. With Cube's expertise, we have designed a scheme that's more in keeping with

"A lot of occupiers want more amenities now, so we have to give up more space for people to meet and collaborate."

Andrew Butterworth

the building's cultural heritage and ensures occupiers can benefit from a communal, well-connected space with a range of convenient facilities."

But fast-changing trends in the way occupiers work means there is a need for landlords and developers to continually invest in their buildings.

Bruntwood's sales director Andrew Butterworth says: "Demands have changed on space we did even five years ago. We have to think about our buildings, how we position them and play to their character."

In June, Bruntwood began the next phase of its refurbishment of the Cotton Exchange in Liverpool. The building has been transformed over the past four years and is home to a host of creative businesses.

Several communal spaces have already been created through the works, including a

rooftop garden, a bicycle store and the Old Hall events space, attracting businesses such as Studio Mashbo, Meet & Potato, De Winter and Kaleidoscope.

"A lot of our occupiers want more amenities in their buildings now, so we have to give up more space for people to meet and collaborate," adds Butterworth.

These increasing demands from occupiers about these buildings is raising standards across North West refurbished space, suggests Rob Peill, head of offices at Property Alliance. He says: "Landlord refurbishments are being driven by occupier demands more than ever before. In sectors such as tech, a lot of the companies have younger workforces, so they are demanding even more from their space.

"Landlords need to proactively respond to these demands as well as requests from tenants to fit out their offices in more unusual ways and to higher standards. We are seeing a growing number of tenants seeking to invest in facilities that put their employees' needs and wellbeing first."

He says cyber security business Avecto invested in its own cinema room and gym at Alliance's Trident refurbishment: "These amenities complement the facilities available across the scheme, which we delivered as part of a £7m refurb that was completed last year."



The Cotton Exchange, Liverpool

“The attraction of an office with a story to tell is second to none, but it’s often cheaper to build new structures.”

Guy Thomas

But it is not just the office sector which is benefitting from the refurbishment of space in the North West’s cities.

The Baltic Triangle is developing a reputation as the creative quarter of Liverpool city centre, complete with a mix of commercial, residential and leisure space.

Among current developments is Independent Liverpool’s food hall Baltic Market, set to open this summer in the Cains Brewery. The area’s large stock of warehousing space is providing opportunities to a range of commercial developers and businesses.

With a £50,000 investment from the Merseyside Special Investment Fund entrepreneurs Lee Mitchell and Alexandros Brits have set up Sort Rehearsal Rooms, a music rehearsal and recording facility in the area.

Six purpose-built soundproof pods have been created at the development, five of



Sort Rehearsal Rooms

which can be used as rehearsal spaces and one pod functions as a recording studio and teaching space.

Lee Mitchell, founder of Sort Rehearsal Rooms, says: “The space has been built ready for expansion. In the future we’re planning to build more pods on top of the ones we’ve already created and expand our storage solutions with more cages.”

Guy Thomas, associate and construction specialist at North West law firm DTM Legal, says there’s been an increase in the number of long-standing buildings being used to create modern offices or accommodation in the Baltic Triangle and across Liverpool.

“Abandoned banks, post offices and schools on the outskirts of the city centre are quickly becoming attractive bases for creative companies and start-ups looking for something quirky and unique.”

But Thomas suggests it is important for the development industry to think logically about the cost benefit of refurbishing heritage buildings. He says: “The attraction of an office with a story to tell is second to none, but for developers, depending on the end use, it’s often cheaper to build new structures than refurbish old ones. When revamping a listed building, planning and budget issues can be difficult to pin, making it a lengthy process.”