

## Q+A: Exchange Quay refurbishment

Hunter Real Estate Investment Managers submitted plans to commence a £10m refurbishment of the Exchange Quay complex in Salford Quays this month.

The Scottish-based fund manager bought the six-building complex on behalf of a North American institution in November 2013 for around £30m from Jersey-registered trust Exchange Quay Master Trust.

The site is one of Greater Manchester's largest and most recognisable office schemes, yet it is 50% vacant.

**Richard Williams** talks to Mark Hunter, managing director of Hunter, about his plans.

### What attracted you to Exchange Quay?

We were looking for an asset that was in need of some TLC and something we could reposition. It has been under-managed for

some time and having been in a trust it had become difficult to manage - consequently there hasn't been investment in the complex. This interested us and in addition to that it's in Manchester which is - outside London and the south-east - top of the list for attracting occupiers.

### What do you have planned for the refurbishment?

We want to create a whole new identity for the complex and this includes new signage for the buildings. It is severely lacking in facilities. We are going to have a café, restaurant, convenience store, post office and a gym. The landscaping, access and moving of people and traffic will be addressed but it has all the raw ingredients - a lot of what we will be doing is changing appearances. The facilities on-site aren't good enough for

staff and it is important to make the working experience better.

### Which occupiers are you targeting?

It's got the ability to appeal to a wide range of occupiers. We are already dealing with a number of interesting enquiries. We can target a host of different occupiers because of the different-sized buildings and floor plates we have. We have certain buildings where occupiers can take the whole thing. Other buildings will be suitable for back-end offices and others headquarter facilities. There is an opportunity for a corporate to have signage on their building, which would give tremendous impact over Chester Road and Old Trafford. For certain occupiers that's an attractive feature. ■

■ See full plans at [propertyweek.com](http://propertyweek.com)

## 2012

When the complex was put up for sale by Jersey-registered trust Exchange Quay Master Trust

## 50%

The amount of the six-building complex that is currently vacant

## £10m

The cost of the refurbishment that Hunter Real Estate Investment Managers wants to carry out

## Big plans

The **433,600 sq ft** six-building office complex was developed by Charter Developments between **1989** and **1993**.

It was owned by a Jersey-registered syndicate of **1,946** private investors who each paid a minimum of **£1,000** in the **1980s** as part of a Property Enterprise Trust scheme to develop the offices.

The scheme was valued at **£90m** during the boom years but was put up for sale in September **2012** for **£32.5m**.

It was bought for less than **£30m** by Hunter Real Estate Investment Managers in November **2013**. Hunter submitted planning permission in April **2014** to refurbish the complex with a **£10m** investment.

## REGIONAL CONFIDENCE James Jakeman

### Mancunian personality shines through

**E**arlier this month, Argent's David Partridge and Roger Madelin won 2014's property personalities of the year at the Property Awards - fully deserved and headlining with the transformation unfolding at Kings Cross. However, success in London was perhaps the easier of their headlines.

In a 2011 post-Lehman environment of fear, Argent's commitment with GMPVF to speculatively develop Manchester's One St Peter's Square represents one of the most dynamic decisions of this cycle. As a trigger to the return of UK regional confidence, this pivotal call reflects the entrepreneurial conviction and longer-term strategic thinking synonymous with Sir Howard Bernstein's approach to growing Manchester.

St Peter's Square is a statement building and likely to be at the centre of this year's occupational activity. Offering a complementary alternative to Spinningfields, this development has already influenced major occupier decisions. It will create a new benchmark of quality for the occupational agency market and has given enormous validation to the argument we all questioned back in the dark years of 2009 through 2012 - was there actually life outside London?

And while grazing in Berkeley Square during the economic malaise, we did wonder for a while. Despite Manchester's office take-up consistently trending at 900,000 sq ft since 2007 - with 200-odd deals per annum - capital markets gapped out regionally, risk

was off and prime yields theoretically hit north of 7%. Late in 2012 the lights started to come back on - mainly tourist traders and private equity houses such as ourselves, Angelo Gordon and Tristan Capital circling for relative value trades and needing to complete all-cash or drag lenders up the risk curve.

Benson Elliot bought 55 Princess Street last summer and following a recent refurbishment are about to relaunch back into the consciousness of the leasing market. If successful, we would hope to trade back into re-established institutional equity market. The occupational market stats have rarely waived, it's just that sentiment has realigned into trend.

Long-term institutional capital is what this city is all about. It's well-occupied, well-managed and its permanent funding base has now returned. Chris Oglesby's refinancing of Bruntwood's CMBS loan with L&G was a critical event in 2012 and, this year, Mike Ingall will move forward with Granada Studios and the next phase of Spinningfields, complementing Hermes' recent commitment to Noma.

So alongside Partridge and Madelin, Manchester's key players are once again placemaking, driving growth and attracting inward investment. This city has led the revival in UK regional confidence and - given where we've all come from since 2008 - that shows real personality.

James Jakeman is a principal at Benson Elliot

