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# PURPOSE IN REPURPOSE

Repurpose, refurb, refit, retrofit or reuse? Whatever your preference, all are finding popularity as the need for demolition is questioned. This latest Insider Property Leaders' Forum round table asked real estate professionals for their take on the merits of repurposing all forms of buildings and spaces

## AROUND THE TABLE

**Nick Shepherd** managing director, Britcon UK

**Ross Reed** group quality & sustainability manager, Britcon UK

**David Donkin** property director, Wykeland Group

**Craig Burrow** group property director, Town Centre Securities

**Ed Snaith** projects director, Allied London

**Steven Reynolds** national head of building surveying, Rider Levett Bucknall

**Michael Grace** director, Turner & Townsend

**Beth Laidler** partner, Blacks Solicitors

**Murray Graham** associate director of planning, Enzygo

**Alex Blenard** executive director, Rex Procter & Partners

**Alex Cesarsky** architect, HLM Architects

## How realistic is repurposing buildings?

**Nick Shepherd** Not everything can be taken down and rebuilt – town and city centres have heritage buildings and ones

with listed status. There has been an issue with energy costs and performance of those buildings. There is still a question about people investing a little bit more to make their building greener because they are restricted by inflationary costs. In the public sector and particularly education, they are so restricted by cost that you wonder if it [construction] will ever happen. Rightly or wrongly, it always feels that the private sector has to provide the solution.

**Alex Cesarsky** We find that developer clients who have run a feasibility or viability assessment often haven't taken into account thermal improvements that are needed. Sometimes they can bring an architect on board and you have to have quite a difficult conversation because, all of a sudden, your net lettable area is dropping quite significantly. It becomes quite onerous getting the new values that are needed with the building regulations being updated. The VAT status doesn't help – zero per cent on new build compared with

refurbs (up to 20 per cent) and all the risk elements they have.

**Alex Blenard** Developers want certainty and you can price a new-build relatively easily. But with a refurb or repurpose, you always have inherent problems despite how many surveys you do. That starts to eat into the profit margin or you need significant contingencies, which could affect viability in the first place. But with the public sector, funding models are based on new build and not reusing buildings. And they are based on historic costs and don't necessarily take account of new legislation.

## What nasty surprises can crop up?

**Craig Burrow** On the Platform office in Leeds, we [Brunwood] didn't have a huge amount of contingencies because we thought we had designed as far as we possibly could. We took all the windows out and there were holes in the columns



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Architects

Alex Blenard



which should have been filled at the time of construction. We had to fill those in and it pretty much wiped out a big chunk of contingency. You wouldn't have expected that in a 1960s building; it was a shortcut by the developer at the time.

**Murray Graham** There is a difference between the repurposing of 1960s and 1970s commercial properties and historical properties. We are dealing with an old Grade-II listed warehouse on Canal Street in Manchester. We are having a lot of problems bringing it up to a good [energy] standard. The planners are very good, but then you move into the conservation side and they want to keep everything – the windows, the internal lath and plaster ceilings. Sometimes you can't retrofit to good enough [energy] standards.

**Shepherd** I was involved previously trying to bring part of the Park Hill flats in Sheffield back to life as student accommodation. It was a phenomenal piece of work to be involved in and had to have commitment and support from the council and, technically, it should have been pulled down. The work alone in trying to get asbestos off the ceilings and floors took six or seven months. But look at it now – there's such high demand to be there.

### Can any policy incentivise repurposing?

**Michael Grace** It feels like it should be driven by policy and not market conditions but whether policy can support a strategy looking at existing buildings is difficult because the government doesn't like to interfere in the market.

**Graham** There isn't any policy behind it, that's the planning system – it retrofits all of the time. You have to make sure that policy is adaptable enough.

**David Donkin** Most of the repurposing is in the bigger cities like Leeds or Manchester.

Alex Cesarsky



In the more challenging towns like Hull, office rents haven't even got to £20 a foot. Where will repurposing take place in those places without someone stepping in and covering the gap? There is levelling-up funding, but that has a limited pot.

**Ross Reed** A lot of [project] decisions are made before we are even involved. They [developers and occupiers] put pounds and pence first and always will until there is policy there, which forces them to think differently. Carbon won't be counted until it is forced. But you do it in a way that allows the economy to flow.

### How important is a masterplan and local authority vision to more repurposing?

**Grace** Your masterplan is very important. A lot of what is happening in Huddersfield is about taking space away – there are too many buildings. They are creating a park and refurbishing two existing buildings. A lot of that is to get rid of 1960s and 1970s shopping centre space that's lost its way.

**Beth Laidler** That's about creating space where communities can come together. People want to share time and space.

**Graham** If you go down the masterplanning route, you have to be bold. You have to come out and say 'this is the 30-year vision for the town' and do it in bite-sized

Michael Grace



David Donkin



phases to allow it to progress in a way that makes sense. The problem with masterplans in the past is that they have looked nice but there has been nothing behind them that proved they would actually work. Specific, almost SPD-type [supplementary planning document] masterplans with policy behind them do work. Mayfield Park behind Piccadilly in Manchester is a great example. The park was the first thing created and the resi followed when people understood the vision and bought into it.

**Cesarsky** Hull is a case in point on masterplanning. Where Princes Quay and Whitefriargate used to be the heart and soul of the city particularly on retail, there then followed the Fruit Market investment, which is a brilliant scheme. But when Hull City Football Club were doing well in the Premier League, the city was pulled in the direction of the St Stephen's shopping centre so it got split between the old historical quarter and then St Stephen's. But the city probably doesn't have the footfall and spend to justify all that so Princes Quay is empty.

### What new reuses are popular now?

**Cesarsky** We are doing work with a shopping centre looking at how we move retail into one area of the centre and create

Ed Snaith





Craig Burrow

destination zones in the others, so cinemas, zip lines. Retail property is the one which will struggle for repurposing because the footplates don't lend themselves to traditional conversion to any other use. They are deep and you can't get light in without doing substantial work.

**Graham** We have done a lot of meanwhile uses, so pop-up shops and uses which then move on to other premises in town. Chester is a great example. What was the main high street is now on six-months rent and then they move on to bigger premises.

**Burrow** Education accounted for quite a lot of the take-up in Leeds city centre last year. Significant student accommodation has been delivered. We have an office building in Leeds where we are looking at a student scheme.

**Shepherd** The University Campus North Lincolnshire moved into the former civic offices in Scunthorpe town centre. That was supported by North Lincolnshire Council, which funded the fit-out to stop it from being empty. If a building is left empty for too long and doesn't have a purpose, it deteriorates further and you have more cost bringing it back to life.

**Grace** The bio-science sector will be interesting because they want offices with labs. The Innovation Arc in Leeds will be really interesting. And then there's a north-



Steven Reynolds



Beth Laidler

shoring of government offices which will make a difference to Teesside, Newcastle and Leeds. Event space makes a difference. Europe does public squares well and there isn't always much to them. If you get a space where people can go and sit and be with each other then it works well.

**Ed Snaith** We converted a former casino at Leeds Dock into offices. We looked at it for conventional offices but the spend would have been too high. We then took a sub-lease for a Department coworking space. The take-up has been great because there is a lack of stock in the eight-to-ten desk offer in the city. We are struggling a little with the bigger floorplates; we got 8,000 sq ft away quite easily but have one of 15,000 sq ft. We are looking at studio, sound recording space and editing suites, which doesn't rely so much on natural light.

### Will rationalising estate sizes help?

**Steven Reynolds** We are getting more instructions on more detailed surveys on compartmentation strategies and helping an acquisition process which drives the purchase value down. We have supported universities and local authorities to help them understand their assets and looking at utilisation, functional suitability, maintenance condition and identifying hotspots



Ross Reed



Murray Graham

in their estate: huge back-up maintenance, poor functional suitability, poor utilisation, sustainability. That might mean selling the buildings but some local authorities have estates which are just too big. Not all buildings can be reused so the answer may be demolition. Reduce the size of the estate and ultimately that will reduce carbon.

### How do investors view repurposing now?

**Burrow** For investors, a lot of the refurbishment opportunities are in the better locations. When older buildings with potential come to the market there is generally a good level of demand. At the moment though, no one wants office buildings. You are looking at a significant discount now because of where yields and interest rates have gone. But there is opportunity for those with money to spend because it will come back.

**Blenard** Investment funds certainly have their eye on net-zero carbon with new-build property and I think it will follow that they will do that with repurposing. But we have also seen that when yields soften and interest rates have increased then net zero isn't as important. Ultimately, it comes down to whether it is affordable or creates a financial as well as an ESG [environmental, social and governance] benefit. ■



Nick Shepherd