An enterprising idea

Rents on a Norfolk enterprise zone recently outstripped those in Norwich city centre, but agents are split on whether they can be sustained. Mark Smulian reports

They may be a disparate collection of sites in the remote towns of Lowestoft and Great Yarmouth, staking all on attracting the renewable energy industry, but the enterprise zones are certainly pulling in rents.

Some agents claim that the zones have delivered rents at far flung remote locations above city centre levels. But agents are divided over whether the effect will spread or even be sustained.

Craig Knights, an associate at Norfolk firm Arnolds, is in the pro camp. He says

enterprise zone status has seen increased rents in Lowestoft and Great Yarmouth even before the major wind energy projects get started, in particular the 1,000-turbine offshore East Anglian Array.

Knights says: "In Norfolk there is not much commercial development, but in Lowestoft and Great Yarmouth the enterprise zone gives five years off business rates, which makes it viable to build."

He cites Norfolk Capacitors taking 25,000 sq ft at Great Yarmouth's

Technology Park and Wellington Containers' choice of a 43,000 sq ft spec building at Beacon Park as examples.

"On warehousing we are seeing £5.95 per sq ft, and a freehold value of £75 per sq ft, and the difference is that deals were not happening at all a year ago. It has not taken off like this since 2007."

Knights says the zone's incentives mean the area's rents outstrip nearby Norwich. "The secondary office market there is very difficult," he says. "Rents have been hit badly at £5-£6 per sq ft when a few years ago it was £11-£12 per sq ft.

IS THIS THE PLACE FOR OCCUPIERS WHO CANNOT AFFORD CAMBRIDGE?

Alconbury enterprise zone covers 150 hectares at the entrance to the 540-hectare former airfield. It lies on the A1(M) and A14 main roads and developer Urban & Civic owns a further 120 hectares linking it to Huntingdon. It plans to develop the entire site for B1 and B2 uses for 8,000 jobs, plus 5,000 homes.

Urban & Civic managing director Robin Butler explains: "We see the Peterborough to Huntingdon corridor as a counterweight to Cambridge, so we want employment uses here that are not directly related to the university."

He expects development "to proceed in clusters around large lettings, so if you get a clean-tech letting others will cluster around that, but it's very difficult to know exactly what will come".

Urban & Civic intends to spec build a 30,000 sq ft incubator unit for small businesses first and is talking to potential owner-occupiers about buildings."Once we have a critical mass of those, we may then engage in more spec building," Butler says.

Planning permission exists for warehousing, but this use will be discouraged.

Butler says: "The local authority's

view now is that warehousing is not sufficiently generative of employment numbers. It wants strategic employment uses."

Homes will be built over 25 years and, although some housebuilders will be involved, Butler says Urban & Civic expects to carry out the bulk of this itself.

Alconbury needs some improvements to the energy and water infrastructure left behind by the RAF.

Its transport links are mostly in place, but Urban & Civic is talking to Network Rail about opening a station on the East Coast Main Line, and to Cambridgeshire county council about linking to the guided busway from Cambridge to St Ives.

"I think the zone has to be a good thing. Rents have not been affected yet, but as more people move into the area it will bring up prices for the secondhand industrial locations."

Great Yarmouth borough council and Waveney district council, which covers Lowestoft, are consulting on a series of local development orders for the sites (see box).

Enterprise zone coordinator Eunice Edwards says the idea is to make it easy for the energy industry to construct its installations and offices on what are mainly greenfield sites.

The only restrictions are that occupiers cannot use the orders for something for which they would not originally have gained permission, for example, to change from light to heavy industry, or to build high or noisy installations near to homes.

But the way rate relief is metered out is bothering some. Mike Younger, commercial director at Aldreds, points out that business rate relief applies only to those who move into an enterprise zone, or to incumbents' existing premises.

"Probably 90% of those that want to take space are already in the area, so if you have 5,000 sq ft, and you want 10,000 sq ft, you do not get the business rate concession on the extra; it would be

"There has been an oversupply of offices, with a shortage of grade A space but not enough of a shortage to drive it into new build or refurb."

Other local firms do not entirely share this upbeat view of the enterprise zone. Sam Kingston, a partner at Roche, says: "I don't think the enterprise zone will have much of an effect on the market in Norfolk. The one exception will be business rates relief, which should make Lowestoft and Great Yarmouth more attractive for the renewable energy industry," he says.

better if it applied to everybody," he says.

Younger says he has yet to see much effect on the area's traditionally low rents.

"To be viable, development needs rents of around £6 per sq ft but historically it has been £3.50-£4 per sq ft for commercial, so there is a gap," he says.

"But we sit in a good position to serve the wind farm industry and there are huge projects coming, so we will get the construction and servicing work here.

The problem, says Younger, is that a lot of older space was built for industries no longer here, "So you get 3m eaves spaces, when people want 5m-7m now, so it's not quite right," he adds.

And getting the right space will be key if agents are to keep those rent rises coming.

LOWESTOFT AND GREAT YARMOUTH ENTERPRISE ZONE SITES

	Size (hectares)
South Denes	58.8
Beacon Park	16.7
Mobbs Way	4.7
Power Park	24.5*
Riverside	4.5
South Lowestoft Industrial Estate	20
Ellough Business Park	17

*local development orders only apply