

Overview of Development Opportunities in Birmingham

September 2003



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Introduction

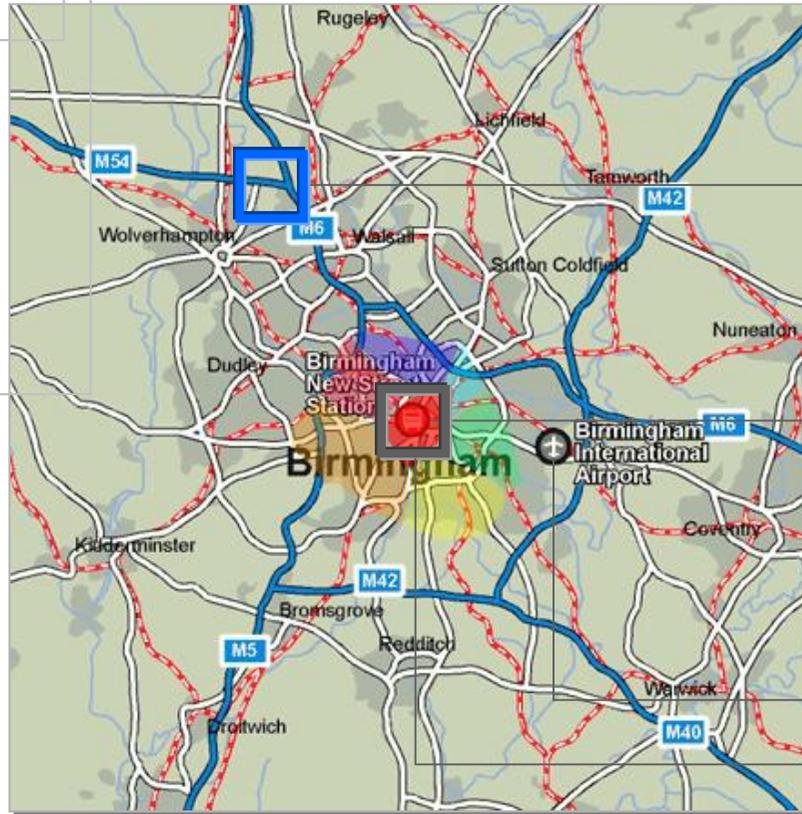
The Birmingham economy is one of the fastest growing in the country outstripping national averages in many sectors, including Professional Services (predicted at 4% in 2004) and Banking & Finance (3% in 2004). Birmingham and the West Midlands benefits from an ideal location to be connected to all other major British cities, and has been proved to be a more stable market than others in Britain, claiming “Birmingham offers good stable growth without the peaks and troughs of the London market” (EG 2003).

The city’s Unitary Development Plan has promoted an integration of the six quarters outside the City Core, each of these zones now represent a potentially huge area for investment, as a result of the partial removal of the inner Ring Road that previously acted as a barrier to the expansion of the City Core. Each of the quarters distinct characters means there is a wide variety of building types and uses available within close proximity to the City Centre and its excellent transport links.



Introduction

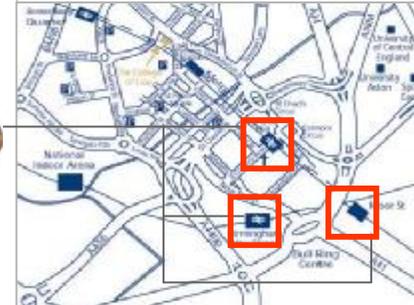
Birmingham's Transport Network



ROAD



TRAIN



AIR



MIDLAND METRO



Introduction



Over the past ten years Birmingham has been at the forefront of development in the UK. Billions of pounds of public and private investment have been put into the City, creating a hub for private development and investment and making Birmingham synonymous with good planning, design and development. Leading this trend, several high profile flagship developments, such as Brindley Place and the International Convention Centre started the growth and regeneration of the westside of the City, creating a new modern area comprising of high density commercial and residential space. Quickly on the heels of this was the grand Mailbox development, creating a new urban hub and attractive extension to the City centre. Recently we have just seen the completion of the Bullring, representing the largest city shopping development in Europe and comprising of over 120,000 sq.m (1.3 million sq.ft) of retail space. Part of Birmingham's success and potential future has been the City's unique structure of "quarters" and the City Councils willingness to help develop these quarters making the most of there individual characteristics.

View of the BT Tower



St Phillips Cathedral



Southside



The Southside of Birmingham is characterised by a plethora of different districts, communities and usage areas.

It is the centre for the Chinese and Irish communities in the midlands as well as being the focus for the “Entertainment Zone”. Southside is also bordered by the new Bullring Centre, the largest city shopping development in Europe, and is adjacent to the city fringe and New Street and Moor Street Railway Stations.

All these make the area one of the most lively in Birmingham, with an interesting contrast between the Arcadian, a modern contemporary development of bars, restaurants, hotels and a cinema and the old busy industrial areas.

Bullring Montage



St Martin's and the Bullring



The Custard Factory



Southside



Southside's districts tend to be small but well defined, with Chinatown and the Markets presenting a mix of modern and period factories / warehousing properties, set against the distinctive modern Bullring.

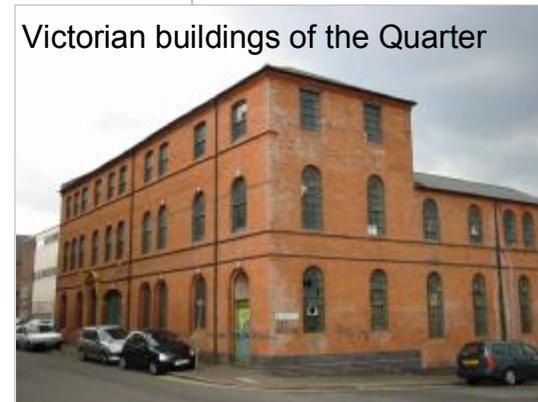
In the busy industrial districts of Cheapside and Highgate, most buildings are of a modern design and tend to be very large in size.

In the Digbeth area to the Southside, there are a profusion of different architectural styles and periods. In addition the City Council aims to improve this area with trees and landscaping to make it a heritage area for Birmingham, the city was founded in Digbeth and some 13th century Buildings still remain.

There has been some development in the area, having been spurred by the Bullring and Markets redevelopment. Some Residential and Commercial property has become available and planning permission has been granted for several sites in the Entertainment Zone and on Bradford Street.



Digbeth High Street



Victorian buildings of the Quarter



Southside



The area holds a considerable scope for re-development. It is sandwiched in between the ambitious Eastside Site and the Park Central mixed-use development, as well as having a newly created bridge into the City centre in the form of the Bullring. In terms of transport it is ideally situated for the restored Moor Street Station, and Birmingham New Street, and is also part of the route for the planned extension to the midlands light railway. Sites in the area are plentiful and future development is possible for residential and mixed-use development as well as for commercial expansion of the City centre.

Land costs in the area are relatively low and can be acquired in the region of £2.5-7.5million/hectare (£1-3 million/acre). Current demand is mainly focused on factories and warehousing which is let from between £32-52/sq.m (£3-5/sq.ft), however there is increasing demand for residential and commercial space which is expected to achieve values relatively comparable prices to the City Core and the Convention Quarter.



Conversion sites in the Quarter



Jewellery Quarter



The Jewellery Quarter is very much part of the heart of Birmingham, its parks and quiet streets, attractive period character and canals show an aspect seldom seen in Birmingham's traditional Industrial profile. Due to this and the City Council producing the Supplementary Planning Document both tourism and development have boomed causing much interest in the district future.

Historically it has been the centre for jewellery making in the Midlands and still contains the busiest Assay Office in the UK. Its period buildings ranging from regency townhouses to Art Nouveau Commercial buildings create a unique and enticing district of the City and twinned with the availability of suitable space and development sites have made it one of the City's central dynamo's for economic development.



Summer Row and Islington Gate



Georgian Buildings around St. Pauls



Jewellery Quarter



The Quarter being some 107 hectares (268 acres) contains several sub-districts which vary remarkably in their texture and usage. The most popular residential district is St. Paul's with many 'city living' developments, and numerous relaxed cafés, bars and restaurants. To the north of St. Paul's is the 'Golden Triangle' is used by hundreds of small jewellery workshops and outlets creating a buzz activity in this very active commercial area. Whilst the western zone of the Quarter is characterised by many large Victorian warehousing blocks.

The area as a whole has a very active development market with numerous residential projects. In addition some new commercial properties are being developed in the area close to the City fringe and St Paul's. This has been supported by continuous growth in demand for residential and commercial space in Jewellery Quarter. However at this relatively early stage in the areas renaissance there are still plenty of sites available for development, particularly in the western zone where many have been identified for current or potential future development.

Branston Street



Islington Gate



Jewellery Quarter



The Jewellery Quarter is still very much in demand due to its charming character and extreme close proximity to the City Core, This has made the area's property prices rise substantially, especially in St Paul's. Despite this opportunities for capital growth exist; many properties are not efficiently let or are not reaching their maximum utility, whilst in some districts many properties prices have not yet adjusted to perceived future growth.

Due to the character of the area most of the sites available are low density industrial and retail properties, however certain larger sites are available, dependant on the level of Investment.

Prices of Land will vary depending on size and location of site however upwards of £3.75 million/hectare (£1.5million/acre) is expected throughout the quarter, This is matched by high prices for residential and commercial stock.



Top end of Caroline Street



Molineax / Swan Works

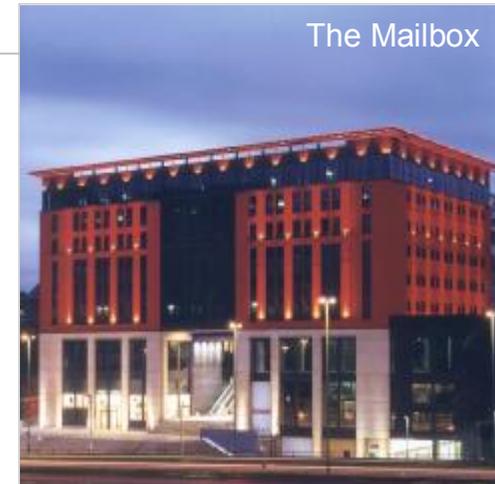


Convention Quarter



This huge area comprising of the majority of west Birmingham, was originally occupied by industrial units, and still contains a number of industrial factories and warehousing. However in the Early 90's the City Council became involved in a plan to regenerate this area and use it as an extension of the City Core. Key to these developments were the creation of the International Convention Centre and Brindley Place a high density well designed Mixed-use development. Ten years on and the Greater Convention Quarter has ballooned into the most dynamic and energised section of the City.

Spearheaded by high profile schemes such as the National Indoor Arena and the Mailbox the area has been converted into a heavily developed area of commercial, retail and leisure buildings, housing much of the new high grade office space for the City and the Midlands biggest area for evening entertainment in the form of Broad Street. In addition to this many residential properties have been created throughout the area achieving highest rents in proportion to proximity to the regenerated canals through the area.



The Mailbox



King Edward's Wharf



Convention Quarter



The Convention Quarter has several different districts with differing characters and building types. Sandpits is mainly an area of old and modern industrial factory/warehouse buildings. The Brindley Loop consists of mainly old industrial buildings many dating back to Victorian times and the local authority would look to retain these though the building use may change. Whilst surrounding Sheepcote Street are good examples of new and converted high-density residential Property.

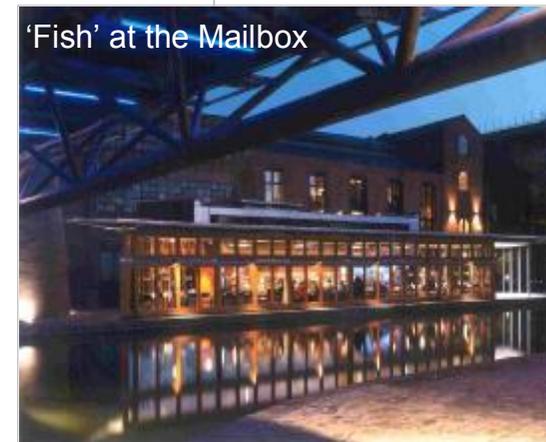
The Broad Street / Bath Row zone which lies adjacent to Brindley Place contains a major canal with buildings of architectural interest such as Holliday Street Depot.

The Mailbox area is a large zone centred around the canals with major modern developments surrounding the waterways, at the same time many Victorian industrial buildings still remain on the old wharves of the district.

Washington Wharf



'Fish' at the Mailbox



THE PROPERTY & PLANNING CONSULTANTS



Convention Quarter



Development in the area has been widespread and thorough. Around the main centres such as Brindley Place and the Mailbox, virtually all suitable sites have been developed. Most Current development is expanding from these areas especially around the Brindley Loop canal, where several large residential properties are in the process of being built. Commercial property has been created in and around the canals, whilst the new Arena Central project will offers some 185,800 Sq.m (2,000,000 sq.ft) of additional Office and residential space in the Holliday Street area

The Convention Quarter is highly developed around Brindley Place with a very high rate of development. Outside these areas many vacant or underused buildings exist, even around the canal network. These properties offer significant scope for residential development with it being very close to King Edward's Wharf and Watermark.

Vacant buildings along the Canal



The 'Roundhouse'



Convention Quarter



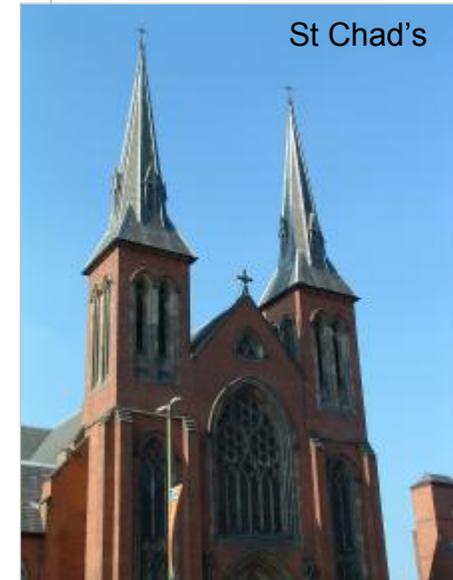
Land values in the area are high, with values from between £6.25-8.75million/acre (2.5-3.5/acre) for prime canal front property. Residential property prices in the area are very high with upwards of £130,000/ £170,000/ £260,000 for single/ double/ three bedroom apartments respectively. Letting prices for good industrial space is high from £65/sq.m (£6/sq.ft.). Office space is amongst the most expensive in the City fringe. Newly built offices have recently just been let for £265/sq.m (£25/sq.ft) but more realistically average rents range from £160-215/sq.m (£15-20/sq.ft)



St Chads and Gunsmiths



The Gun Quarter in the north of the City shares much of its character with the Jewellery Quarter with its quiet streets and pleasant canals. However on the interior of the Quarter it also comprises one of the largest and most active industrial areas left in Birmingham City Centre.



St Chads and Gunsmiths



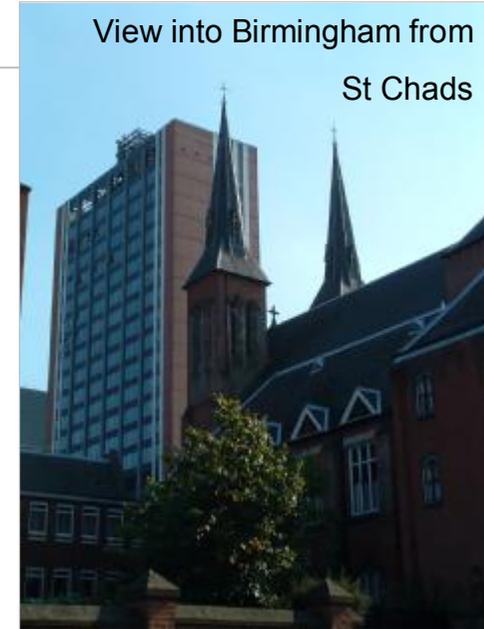
This area is principally split into five zones; St Chads is the surrounding area to St Chad's Cathedral and benefits from the local branch of the canals network. It is a quiet area, consisting of many 18th and 19th century townhouses and buildings, and a few larger modern offices and warehouses.

Further along the canal is the Hockley Business Park, with its many modern units and a few grand remnants of its industrial heritage it remains a large business area.

The final outer region of the Quarter surrounds Constitution Hill and Great Hampton Street, it very much shares its character with the Jewellery Quarter which it is adjacent to and has many large Victorian commercial and Retail buildings.

The Interior of the Quarter is split into modern industrial usage and a small amount of low quality residential buildings.

Of all the areas in Birmingham, this zone has been developed the least with only very small number of private residential investments around St Chad's and Great Charles Street.



St Chads and Gunsmiths

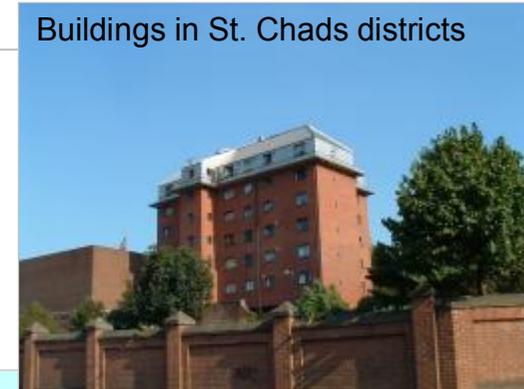


The areas of potential development in this quarter are limited to those areas fronting the city and the other Quarters. With residential space in increasingly short supply in the Jewellery Quarter, the pleasant streets around St Chad's and Constitution Hill offer good future opportunities. Meanwhile the relatively cheap land in Hockley Business Park and the interior zones has the potential to be used as lower density, but higher value commercial and Industrial property in the future.

Land Prices here are some of the lowest in the city, with space often lower than £1million an acre, at the moment this is currently matched by rental incomes which are low..

However council initiatives to direct office expansion into St Chads are likely to raise general rents in that area and future development potential

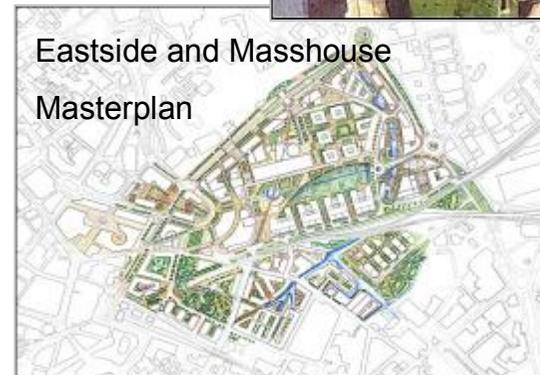
Buildings in St. Chads districts



Eastside



The industrial Eastside, comprising of part of Digbeth and Warwick Barr, has long been an industrial centre to the City. The Eastside Masterplan, launched in 2002, was created to guide the £6 billion-of investment for Eastside. Aiming to establish a new creative, learning and technology centre, to include one of Europe's largest libraries and numerous high-rise buildings. It also featured more new developments around Birmingham's famous canal network, with several wharves and quay's.



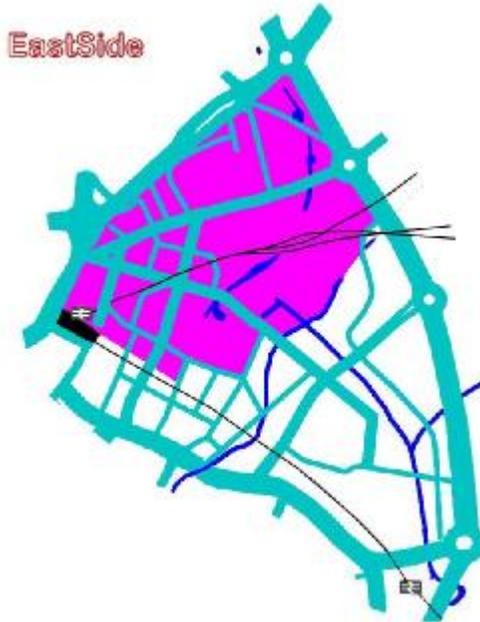
Eastside and Masshouse Masterplan



Eastside



EastSide



The Eastside Masterplan covers a large area and is likely to be a distinctive district in itself when completed (circa 2010), consisting of new and modern districts together with new wharves and parks.

Of the remaining areas Digbeth/Deritend is characterised by many large period buildings, usually constructed for light commercial and retail uses in the late 19th and early 20th century. Whilst Lower Digbeth is comprised of numerous inter-war industrial buildings, many of which are used although in a poor state of repair.

With the Masshouse and Eastside Masterplan still ongoing, other schemes in the area have been the very successful “Custard Factory” and a number of Loft conversions in Digbeth High Street / Deritend.

Moor Street Boulevard

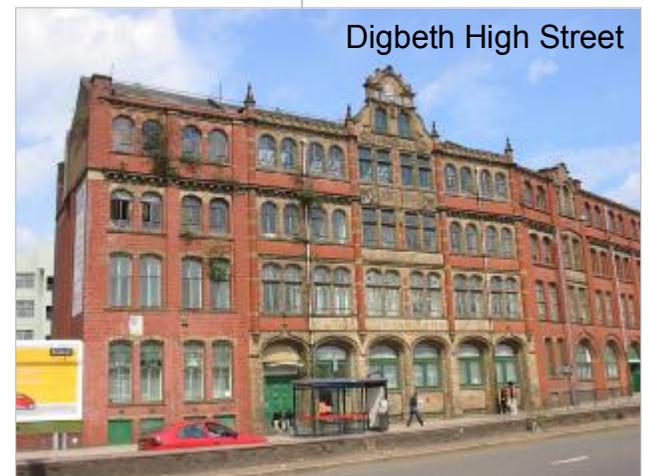


Eastside



Demand for development land in this area has been particularly high, pushing prices upwards as the timetable to wholesale regeneration moves closer. However along Digbeth High Street there are some suitable and attractive sites for residential conversion. In the Lower Digbeth area between the two grand viaducts, property prices are still low and may hold potential growth to the long-term investor.

Land in and around the Masterplan area has been reaching in excess of £7.5million/hectare (£3million/acre), however this varies dramatically in the Digbeth High Street and Lower Digbeth area where prices of below £2.5million/hectare (£1million/acre) are possible. It is very similar in respect of rents which also dramatically represents both ends of the market.



Conclusion

Development opportunities in the area are varied enough to be able to cater for any type of investor and investment. Within each quarter a range of sizes and types of properties are available. These range from 19th century industrial and warehousing units in need of renovation and conversion, to 20th century industrial buildings offering current rental income and possible future redevelopment. Generally speaking possible returns are greater in the St.Chads/ Gunsmiths Quarter and the Southside, as opposed to the more established development areas of the Convention and Jewellery Quarters.

The Convention and Jewellery Quarters current demand would suit immediate redevelopment of any properties acquired, and would be sure to fetch very good rental incomes and residential sale prices. However in order to engage in any large development would require a substantial initial capital expenditure due to the price of land in the area.

Southside and the areas of Eastside that adjoin it are potentially some of the best investment areas in the the City, new developments in the form of the Bullring and good transport connections, with the proximity to large regeneration areas such as Park Central and Eastside make it an obvious target for future development which are not yet fully reflected in the prices of land in all parts.

St Chad's/Gunsmith's has not attracted developers or investors, as the focus of regeneration has been firstly centred on the Convention and Jewellery Quarter and more recently on Southside and Eastside. However in terms of future development Constitution Hill and the charming St Chad's area offer great potential for future residential and office development.



Practice Profile



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