Milton Keynes City Council
April 2023 (updated June 2023)

BIDWELLS

OFFICE SPACE STUDY – CENTRAL MILTON KEYNES (CMK)
FINAL REPORT

At Bidwells we like to think we are a bit different from other property consultants. We don’t claim to do everything for everyone. But we do offer our clients an unparalleled knowledge and access to the markets we serve – and these are some of the most interesting markets with the highest growth potential in the UK.

Much of our work is concentrated in the ‘golden triangle’ encompassed by Oxford, Cambridge, and London. Key activity in this area is focused on the science and technology, and education sectors. We also manage thousands of square miles of the UK’s countryside and coastline where we are helping clients to take advantage of opportunities in the high performing areas of forestry, renewables, and agriculture.

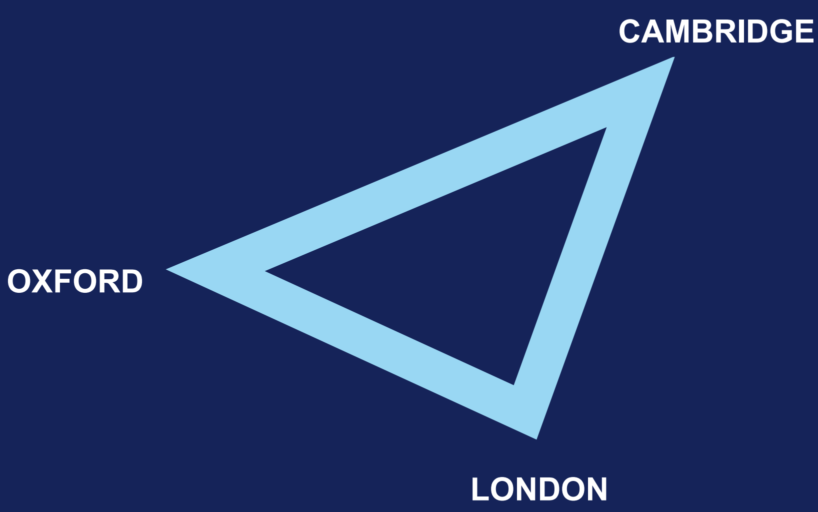
Bidwells. Well informed.

£5.2bn
Value of managed property

500+
People working for Bidwells

180
Years in operation

20
Specialist teams



CONTENTS

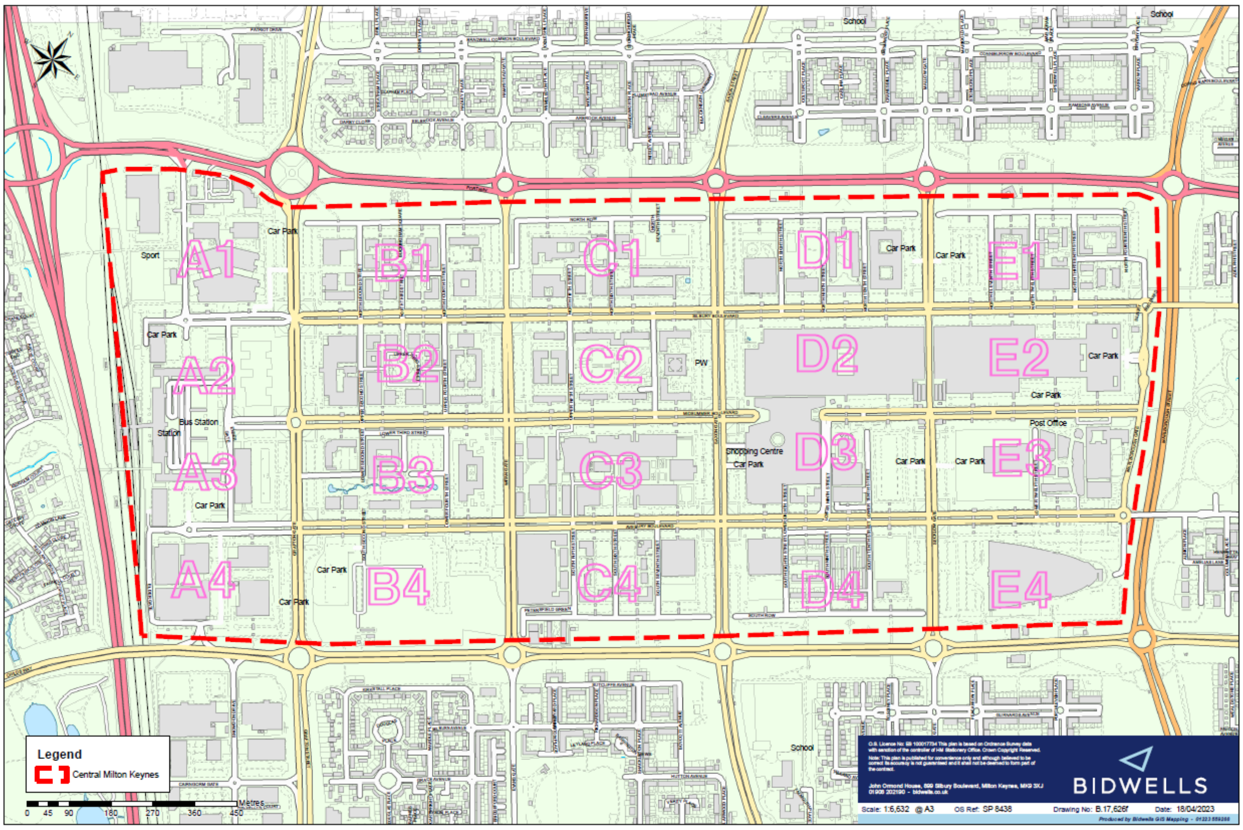
INTRODUCTION

Bidwells have been commissioned by Milton Keynes City Council (MKCC) to undertake a study of Central Milton Keynes office space. The report is intended to provide MKCC with an understanding of the quantum of vacant office space, space which has been or is planned for conversion to residential and the emerging demand in the post-pandemic environment.

We understand that the data provided in the report will assist MKCC in shaping their vision for the new City Plan.

The report is data driven, quantitative in nature and provides a snapshot in time.

The report focuses on Central Milton Keynes (CMK) as edged red on the map below. References to Milton Keynes include data for CMK and the outlying campus locations.



Source: Bidwells

A Glossary of Definitions is attached as Appendix 7.

EXECUTIVE SUMMARY

An overview of Milton Keynes office stock

- **The total office stock in Milton Keynes is estimated to have been 4.8m sq ft (445,935 sq m) at the end of 2022,** including space in Central Milton Keynes (CMK), the surrounding fringe locations and business parks. **The majority of office stock is in the CMK area, totalling 3m sq ft which accounts for almost 63% of the Milton Keynes market.**
- Since 2017**, permitted development rights has seen 325,328 sq ft (30,224 sq m) of CMK office space converted to residential use,** with a **further 219,788 sq ft (20,418 sq m) in schemes with permission but not yet started.**

Development activity and loss of stock

- **Development activity in Central Milton Keynes has been limited** over the past few years with only limited new completions adding much needed new Grade A space.
- **The conversion of 325,328 sq ft (30,224 sq m) of office floorspace to residential development since 2017, as noted above equates to a 12% loss of the CMK office stock by the end of 2022.**
- Taking into account losses to all sectors and developments with an extant planning consent/Prior Approval, **672,819 sq ft (67,507 sq m) of office floor space will have been lost to residential conversion or redevelopment since 2017.** This equates to 18% of total CMK stock at the end of 2022. **The current availability rate in Milton Keynes as a whole is 14.2%, although this would reduce to 10.8% if these proposed residential conversions are excluded.**
- **There has been a sustained change of use of office stock to non-office (predominantly residential) floorspace over the last 10 years with the most significant losses being in block C4.** This has largely been through the conversion of small/medium office blocks via the Prior Approval process, with larger buildings being subject to full planning applications for redevelopment. **Given the changes to the GPDO and the introduction of the most recent Article 4 direction which restricts permitted development rights, future losses are likely to be restricted.**

The characteristics of current available office stock

- **The supply of office floor space in Milton Keynes peaked in the years following the Great Financial Crisis of 2007-12**, with total stock on the market reaching 1.25m sq ft (116,129 sq m) in 2012. Since that time, there has been a general erosion of available floor space for occupiers, with total space of 686,000 sq ft (63,805 sq m) being marketed at the end of 2022, some 45% below the peak.

- Of this 686,000 sq ft of available office space across the city, nearly 57% was located in Central Milton Keynes, reflecting an availability rate in the city centre of 13.9%. This compares with a rate of 14.5% across the rest of the MK market.
- **Current availability of office stock in Milton Keynes is heavily dominated by second-hand space,** which accounts for three quarters (75%) of overall space on the market. In the city centre, second hand space accounts for 65% of the available stock, reflecting an availability rate of 14.5%, higher than for the Grade A space, as would be expected.
- Despite the occupier focus on quality floorspace, Grade A accommodation accounted for only 170,600 sq ft (15,849 sq m) of the office space across the MK market at the end of 2022, with just over 138,000 sq ft (12,822 sqm) of this amount in the city centre, amounting to 81%. This is reflected in a city centre Grade A availability rate of 13.7%.
- **Across MK as a whole, there is an excess of 147,600 sq ft of office space relative to requirements.** This is a picture common to many markets, including Oxford. The quality and location of the space will not necessarily meet the requirements of businesses and therefore the 'effective' level of availability is generally much lower.
- The relative shortage of higher quality space over recent years has driven rental growth will continue despite a 'technical' excess of supply. Successive new highs in prime rents have been set in each of the past three years. **Prime rents stood at £32.00 per sq ft at the end of 2022, having increased by 12.3% over the year.** In addition, **shortages of Grade A office floor space have also pushed up rents on better-quality second-hand space, which had increased to £28.50 per sq ft by the end of 2022.**

Overview of office space demand

- **The take up of office floor space across Milton Keynes as a whole have averaged 306,000 sq ft (28,428 sq m) per annum since the start of the millennium**. Shortages of stock have masked a slowdown in requirements, even prior to the pandemic. The Covid-19 crisis further accentuated this decline in space demand.
- Office requirements since H1 2020 has been relatively constant at 300-400,000 sq ft (27,871 – 37,161 sq m). At the end of 2022, office space requirements totalled 305,600 sq ft. A reduction in larger office requirements have been the primary driver of this downturn, although demand has eased across all size bands.
- This downturn reflects a wider trend across the UK's office markets and needs to be distinguished from local economic dynamism. Milton Keynes has a mature innovation eco-system which has delivered a high level of business creation. Significantly, the city's office market is outperforming the towns immediately located to the north and south along the M1 axis in terms of rent and take up.
- **Businesses have historically been focused on Grade A space, accounting for one third of let floorspace on average over the last 10 years.** This again is a trend seen across the UK's office markets.
- **The focus on Grade A space has been amplified in the aftermath of the Covid-19 crisis** as companies seek to attract high quality staff back to the high quality offices. In addition to the quality of the space, there has been a **renewed focus on accessible and**

facilities rich city centre location. For example, transit systems for workers and amenity for staff. These factors do not differ across industries to any significant degree.

- In additional to an overall fall in the scale of office demand following the pandemic, Milton Keynes has also seen a relative increase in the smaller office space requirements. The demand for office space of 10,000 sq ft and below accounted for 23% of all floor space demanded by square footage and 72% by number of requirements at the end of 2022. This reflects the **depth of demand from small and emerging businesses.**

Current occupational breakdown of floorspace

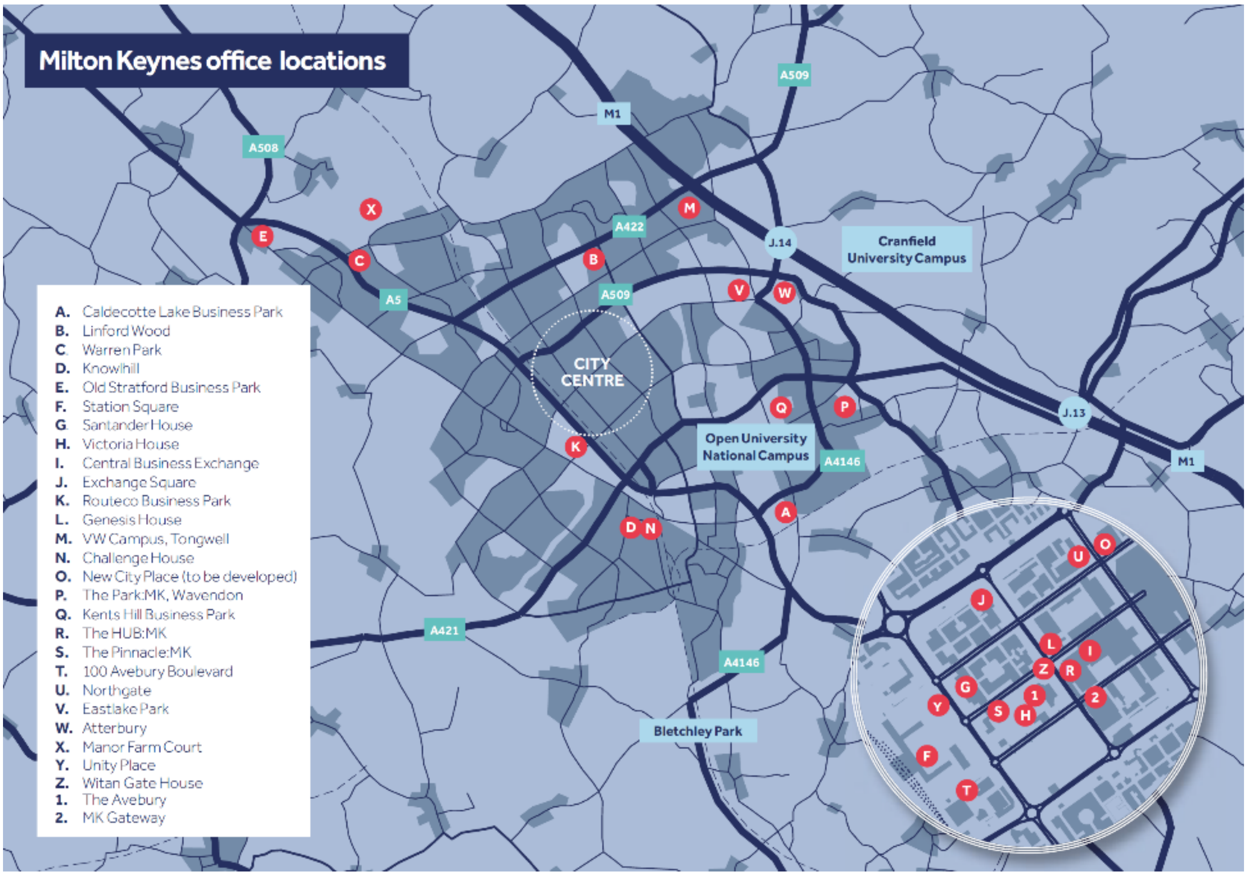
- The Business & Financial Services sector, including fintech is the most significant occupier group in Central Milton Keynes, accounting for just under 31% of occupied floor space, this is closely followed by the Real Estate & Construction sector.
- Take up by businesses operating in knowledge intensive sectors had gained momentum in the Central Milton Keynes market prior to the pandemic, led by the technology sector. This has resulted in a strong representation of businesses in this sector, accounting for nearly 11% of the city's office floorspace.
- The serviced office or flexible working space market accounts for a significant element of floor space occupied, with representation across the sectors.
- Given their respective importance to economic activity and office demand in Milton Keynes, both the technology sector and traditional business and financial services sectors are considered in more detail.

1. CURRENT FLOORSPACE

Total office stock in Milton Keynes (city centre, fringe, and outlying campus locations), is estimated to be 4.8m sq ft (445,935 sq m) at the end of 2022, including space in Central Milton Keynes (CMK), the surrounding fringe locations and business parks. In our analysis we assume Parks are the parks surrounding Milton Keynes, while Fringe City Centre includes office buildings outside of CMK.

The map below illustrates the key office market locations. As common across the market, the analysis of the property market, in terms of stock and activity (take up and supply), focuses on the market locations rather than administrative areas.[1] The extent and boundary of the market will change over time and therefore data collection areas will also evolve.

The majority of office stock is in the CMK area, totalling 3m sq ft (278,709 sq m) which accounts for almost 63% of all space in the Milton Keynes market. The occupied stock of CMK is approximately 2.8m sq ft, slightly lower than the total stock figure due to the impact of multi-tenanted buildings where common parts are not 'occupied'.



Source: Bidwells

[1] All agents will collect data using their own market area definition, although these will be generally similar. The Bidwells MK market area will be very similar to that adopted by other agents. This is common across the UK and global property markets.

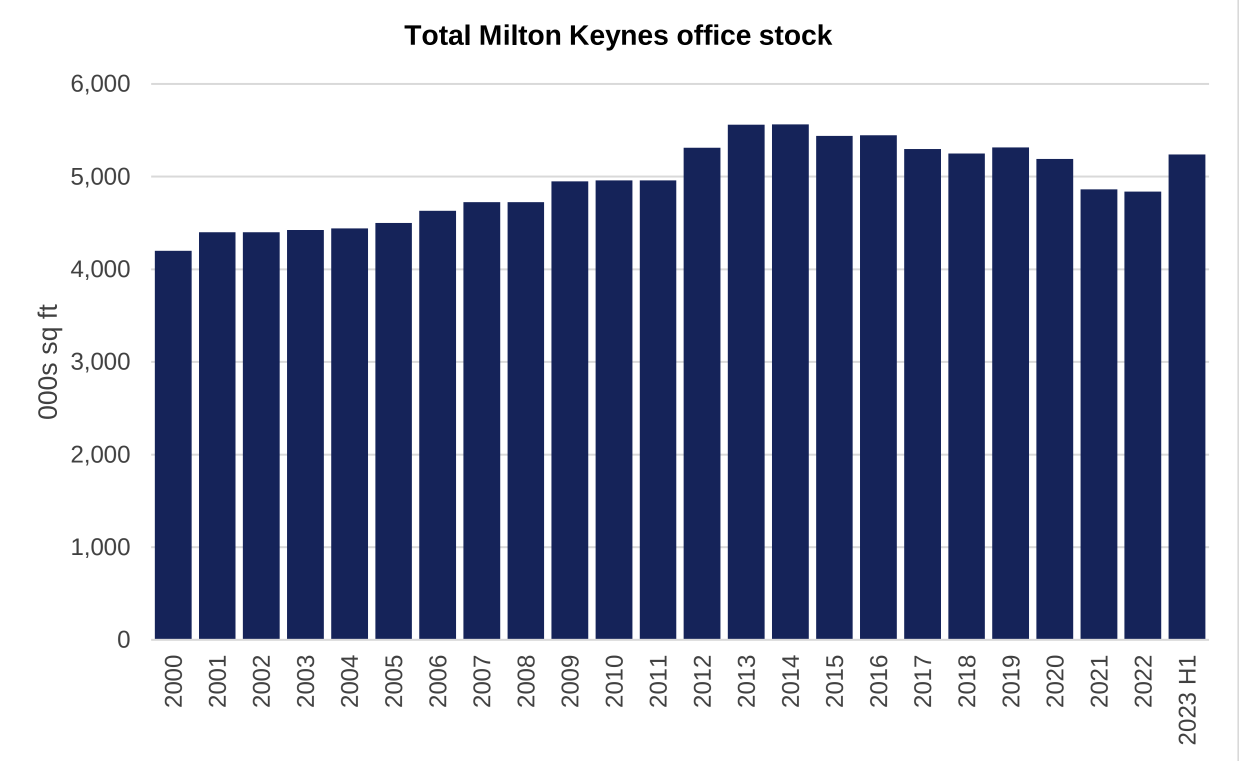
A map showing Central Milton Keynes built stock by grade is attached as Appendix 1.

While the level of stock in Milton Keynes might appear relatively stable, the city had seen a fall in office floorspace of almost 10% over the decade to the end of 2022. This is not to say Milton Keynes is in anyway unique, other cities such as Bristol, Maidstone and London have seen significant losses. Some locations, such as London and Manchester have however seen the addition of new stock in parallel.

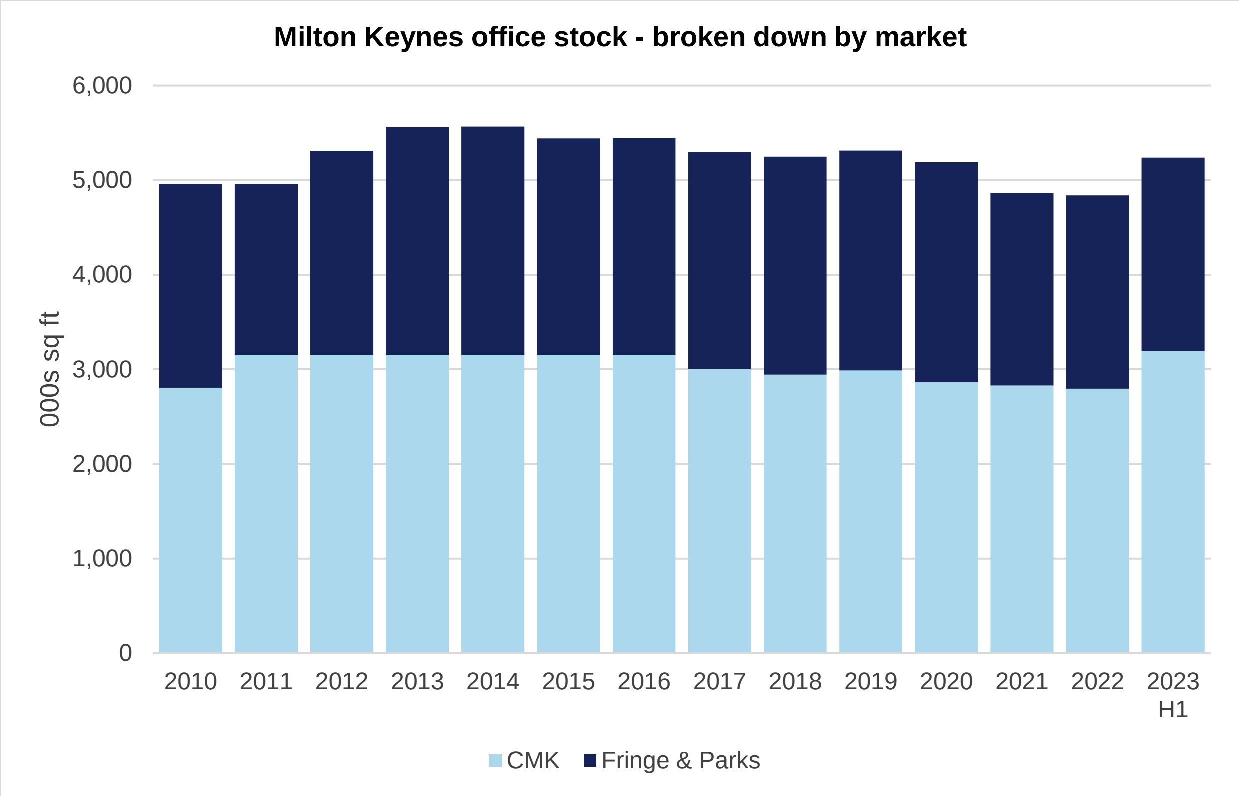
From a peak stock of nearly 5.6m sq ft in 2014, the volume of office space generally declined until 2022. This decline, as seen in other locations, was driven by losses as a result of permitted development conversions, primarily to residential uses – see the Residential section below. Over the five years since 2017, permitted development rights has seen 325,328 sq ft (30,224 sq m) of CMK office space converted to residential use, with a further 315,135 sq ft (29,277 sq m) in schemes with permission but not yet started.

In the last decade or so, the main additions to office space have been the construction of Network Rail's headquarters, which added 380,000 sq ft (35,303 sq m) and 100 Avebury Boulevard, which brought forward 130,000 sq ft (12,077 sq m) of Grade A office accommodation.

The next major addition to office stock has been Santander's 398,000 sq ft (36,975 sq m) Unity Place in 2023 in CMK.



Source: Bidwells



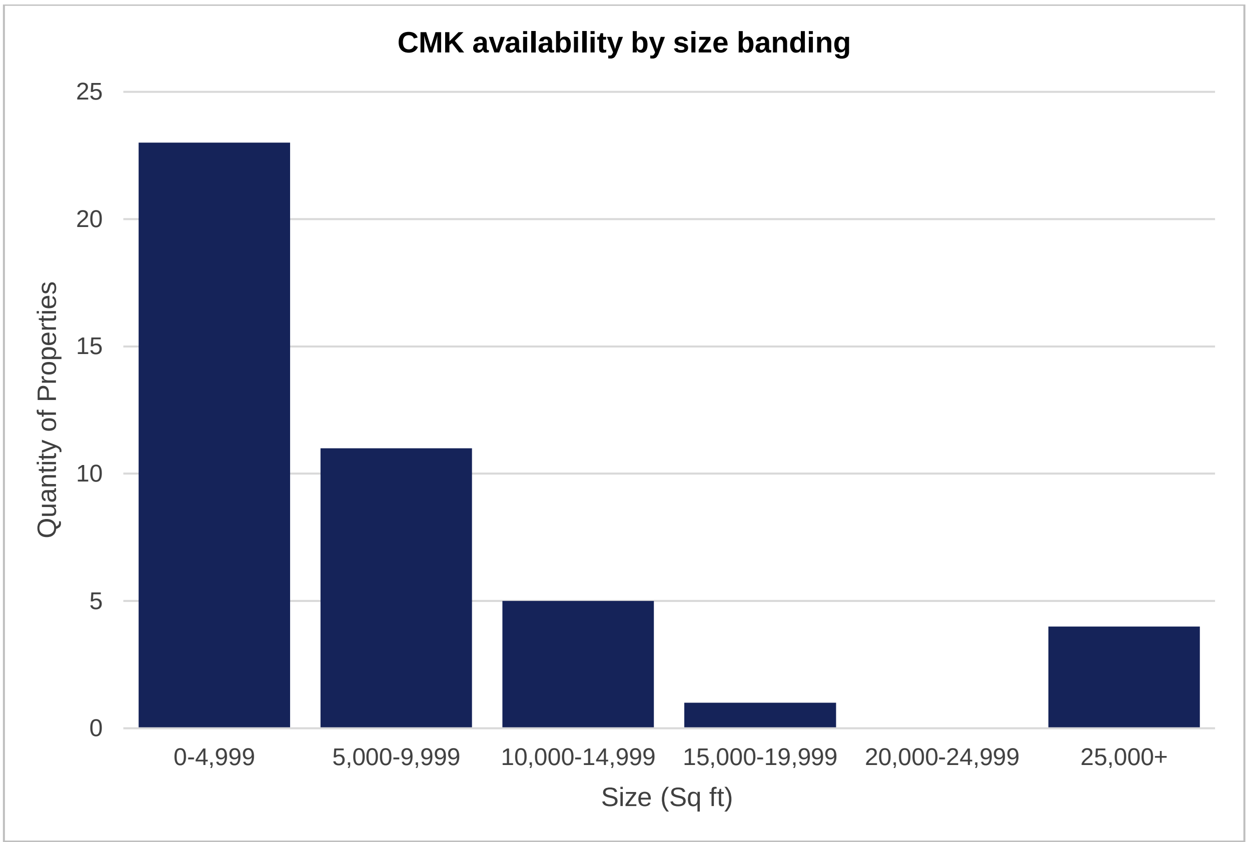
Source: Bidwells

2. CMK VACANT OFFICE SPACE

Current availability of office stock in Milton Keynes is heavily dominated by second-hand space, which accounts for three quarters (75%) of overall space on the market.

Total built office stock in CMK is just under 3m sq ft with an availability rate of 13.9% (376,000 sq ft/34,932 sq m), this is 1.7% lower than the total availability rate of 14.2% across both CMK and out of town campus locations. The vacancy rate for M25 towns generally is around 10.4% and 9.5% for the M4 market.

A breakdown of current CMK availability by size is as follows:



Source: Bidwells

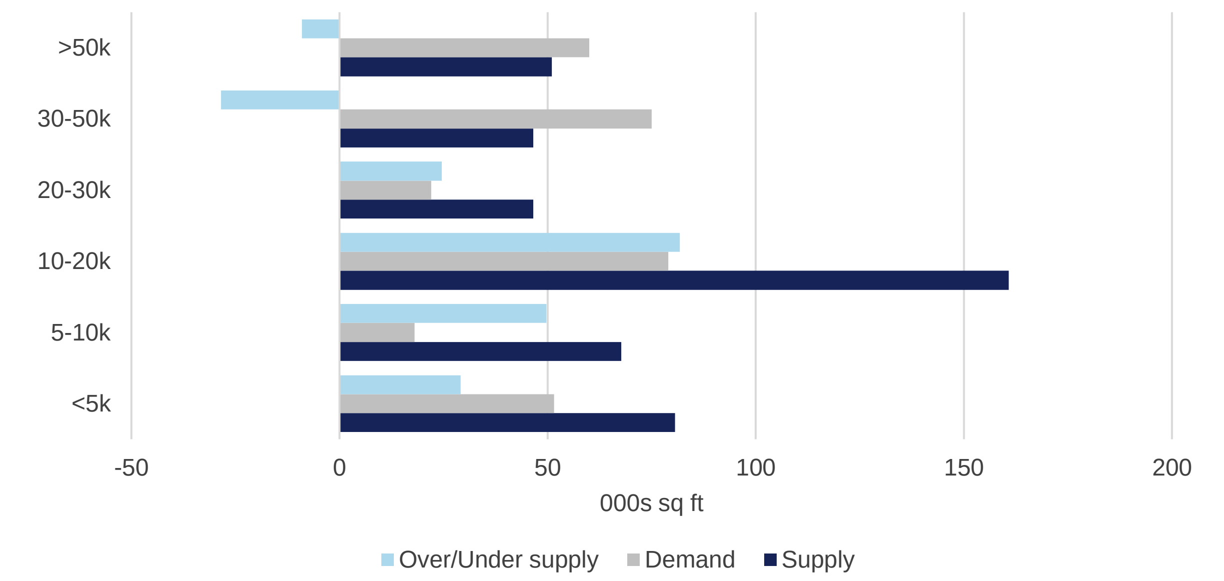
With take up of floor space below 10,000 sq ft (929 sq m) historically accounting for 51% of total activity, the current balance of supply meets the historic profiling. Demand for space of 10,000 sq ft (929 sq m) and below accounted for 23% of all floor space demanded by square footage and 72% by number of requirements. This shows the depth of demand from small and emerging businesses.

The second half of 2022 saw an increase in lettings above 10,000 sq ft, with five lettings completing between 10,001-30,000 sq ft (930-2,787 sq m). This trend is expected to remain a significant factor in the Milton Keynes market over the next 12-18 months as occupiers' post-pandemic strategies become clearer and with this in mind, current supply particularly in the 30,000 sq ft + (2,787 sq m) banding is unlikely to meet demand. At the end of 2022, there was a shortfall of nearly 40,000 sq ft of available space over 30,000 sq ft (2,787 sq m) across Milton Keynes.

Across MK as a whole, there is an excess of 147,600 sq ft of office space. This is a picture common to many markets, including Oxford. The quality and location of the space will not necessarily meet the requirements of businesses and therefore the ‘effective’ level of availability is generally much lower. This explains why rental growth will continue despite a ‘technical’ excess of supply. Clearly businesses with urgent requirements may compromise on location or specification, although as noted elsewhere in this report, requirements have generally become more particular since the pandemic.

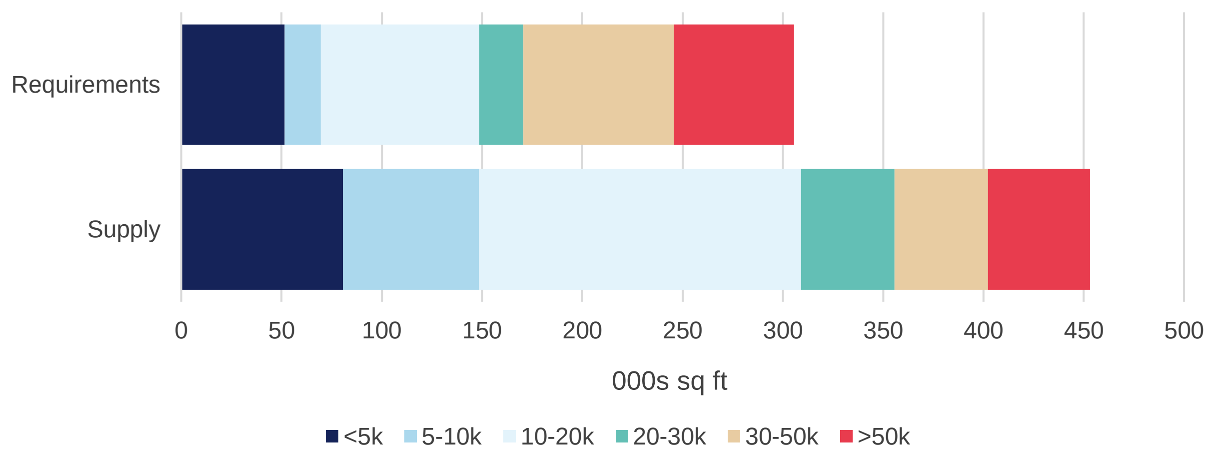
The supply demand imbalance is demonstrated in the two charts below:

Milton Keynes office over/under supply



Source: Bidwells

Requirements vs supply across Milton Keynes



Source: Bidwells

Informal vacant stock

The analysis above focuses on the formal known stock available in the market. As in all markets, Milton Keynes has hidden vacant office space which is being utilised. From a landlord or owner occupier perspective, this is not vacant space as it is covered by a lease. However, this surplus space can impact on the wider market if it is made available. The extent of the impact will depend on nature of the space and the terms being offered. Often excess space will be let on a relatively short-term basis to enable the business to take back the space when needed.

In Milton Keynes for example, we know that Santander will be subletting circa 63,000 sq ft within Unity Place. Home Retail Group are currently consulting on the future of their HQ. This will likely result in the release of space to the market but the volume of space is as yet unknown.

IMPORTANCE OF ENVIRONMENTAL CREDENTIALS

ESG (Environmental Social Governance) is becoming increasingly important to occupiers, landlords and developers alike given the forthcoming MEES targets. The environmental credentials of office space are becoming a key decision-making factor for many occupiers particularly the larger corporates who in turn deliver the strongest covenants[2] for landlords.

It is therefore important for landlords to consider how the refurbishment of office space can positively impact and enhance the environmental credentials of buildings. The increasing cost of building materials may however make refurbishment untenable for some landlords and we may therefore see an increase in landlords seeking to sell assets which will be deemed as 'non-compliant' under the 2027/2030 MEES targets in the coming years. This will however create redevelopment opportunities.

From April 2023, the scope of MEES was extended restricting a landlord's ability to continue to let property with an 'F' or 'G' rating. Therefore, the quality and EPC (Energy Performance Certificate) ratings of vacant stock should also be considered given the net zero government future trajectory of lifting the minimum energy efficiency standards (MEES) in to let, non-domestic buildings to 'B', as part of its target for the UK to be net zero by 2050. From 1 April 2027, the minimum required rating currently 'E' would rise to 'C'. From 1 April 2030, the minimum rating would rise to 'B'. If the building possessed a 'B' rating as of April 2028, the landlord would be in compliance.

If the above targets were rolled out today, 72% of CMK built stock would comply at 2027 and 52% from 2030.

The EPC ratings of current vacant stock are plotted in Appendix 2. The map highlights that the greatest concentrations of EPC rating compliant with the MEES targets are located closest to CMK railway station (CMK West) on either side of Grafton Gate and extending along the Avebury Boulevard spine (CMK South West). Concentrations of non-compliant space under the 2027/2030 MEES targets are principally located along Silbury Boulevard where we have seen the greatest concentrations of office to residential conversions.

BREEAM (Building Research Establishment Environmental Assessment Method) is another sustainability rating. The BREEAM platform provides whole lifecycle assessment and certification which demonstrates the quality, performance and sustainability credentials of built assets.

BREEAM accreditation until recently had been the bastion of new build schemes in CMK including Unity Place, The Quadrant, Pinnacle, and 100 Avebury Boulevard. However, in the past two years BREEAM accreditation has been achieved on a number of refurbished assets including Witan Gate House and The Avebury.

[2] Covenant strength refers to the financial strength and stability of a tenant and hence its ability to pay the rent on a property asset, not only now but also into the future, ideally to the end of the lease term. This will be assessed by the tenant company's credit score, but will also look at a parent company to understand who would guarantee the rent if the leaseholder were unable to pay. A weak covenant strength tenant will impact the value of an asset.

Witan Gate House attracted Allianz Insurance to the building in 2022 as a direct result of its BREEAM accreditation. At the time of this letting no accredited new build space was available and Witan Gate House was the only refurbished opportunity with BREEAM accreditation available of plus 20,000 sq ft (1,858 sq m). The limited supply of sustainable floor space could have resulted in Milton Keynes' losing a longstanding occupier to an alternative location due to the company's ESG policy.

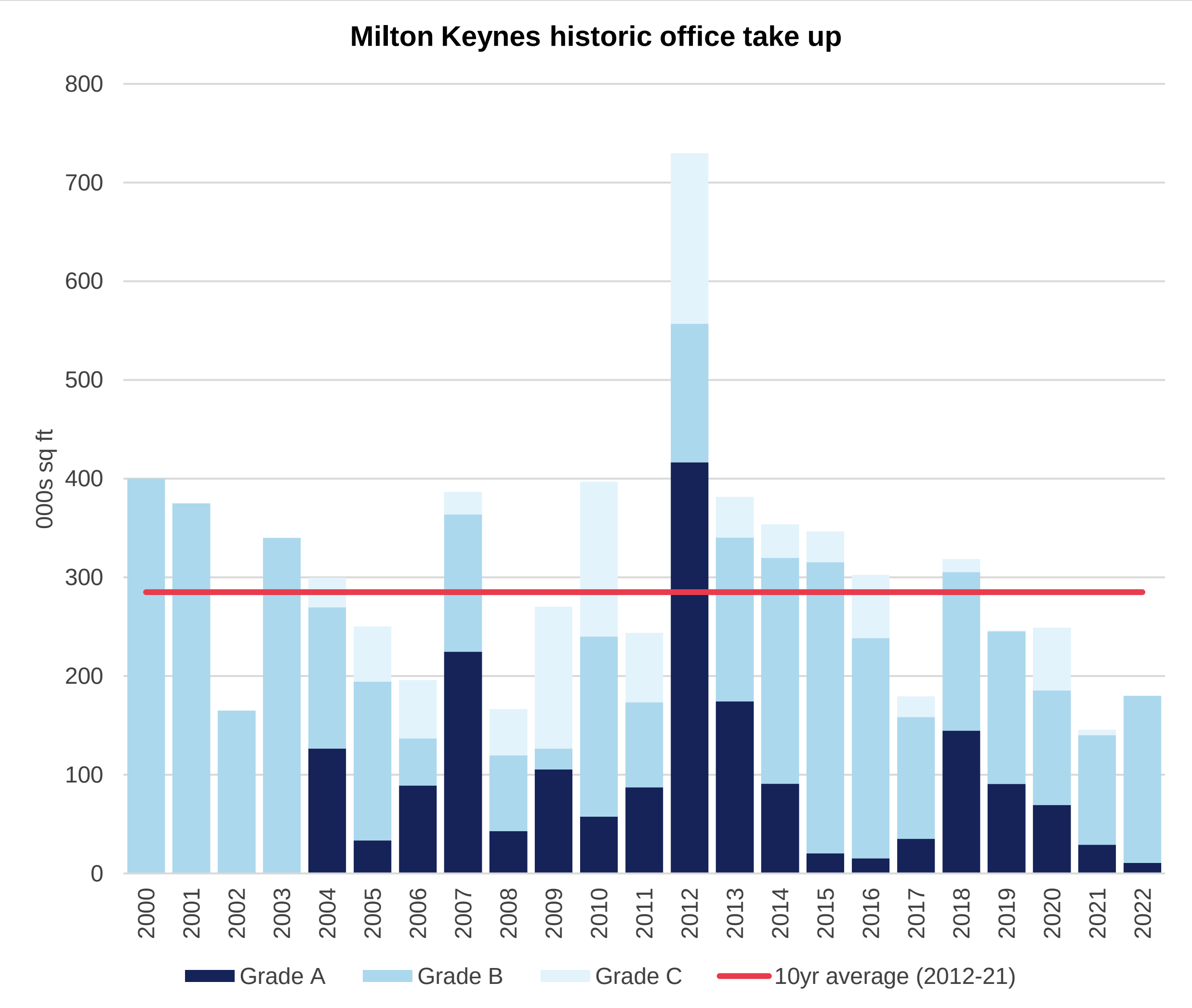
BREEAM is internationally recognised and therefore will be meaningful to international occupiers, who are also following strict ESG policies. Whilst new build delivers BREEAM accreditation it is important that refurbishment projects also follow this route to give occupiers a choice of stock options.

Appendix 3 provides a schedule of vacant office space which details address, blocklet number, EPC rating, ownership, and void periods.

3. MARKET TRENDS

The take up of office floor space in Milton Keynes as a whole has averaged 306,000 sq ft (28,428 sq m) per annum since the start of the millennium. The past 10 years (2012-2021) have seen average activity of 325,000 sq ft pa. Excluding The Quadrant letting, the ten year average take up is 285,000 sq ft pa, with the period since the pandemic averaging less than 200,000 sq ft (18,580 sq m) per annum.

Inevitably, take up will vary from year to year. This is due to lower levels of demand at a particular point and/or a shortage of appropriate stock which deters potential businesses from taking space. This is illustrated in 2017. In this year the wider property market was experiencing a period of uncertainty following the UK referendum decision to leave the EU. Businesses deferred decisions as they took stock of the implications of the vote for their operations. Milton Keynes was no different in this respect. During this period the city was also experiencing a shortage of prime office space, particularly in the city centre. Office to residential conversions over the previous two years had removed over 250,000 sq ft (23,226 sqm) of poorer grade space across the market, further limiting options for potential businesses.



Source: Bidwells

Note: 10 year average omits the current year as this is period for comparison. Take up is calculated on a gross basis.

Office grades

DEFINITIONS

Grade A – Cat A. top specification floorspace either new or recently refurbished typically with raised floors, suspended ceilings and air conditioning.

Grade B – Good quality second-hand space.

Grade C – Poor quality second-hand space.

Activity in the Milton Keynes market has historically been typified by a number of larger lettings or owner occupier transactions, supported by regular occupational turnover, which usually focuses on lettings of 10,000 sq ft (929 sq m) and below. This pattern is seen across the UK's main office markets.

There is emerging evidence of larger companies focusing on city centre locations, sometimes with smaller requirements in provincial locations. City centres generally offer greater accessibility and recruitment reach, as well as the ability to consolidate activities. This is discussed in further detail in the following sections with respect to companies downsizing post-pandemic. As noted in this report, the challenge for cities is building their 'offer' to compete, with accessibility, skills, lifestyle and housing all important to the mix. However, given the city centre focus of companies, critical mass becomes important. This is not only important for a vibrant and innovative business environment, but also to support staff recruitment and retention. Workers want to see a business depth to ensure an attractive career path without having to uproot families further down the line.

Significant transactions

Over the past decade or so there have been a number of larger office transactions, which have dominated activity in the respective years.

KEY OFFICE TRANSACTIONS 2012-22

Year	Building	Occupier	Size (sq ft)	Size (sq m)
2012	The Quadrant – CMK	Network Rail (New Build)	380,000	35,308
2013	MK180, Tongwell	Volkswagen Financial Services (New Build)	125,000	11,612
2015	MK Central – CMK	Santander (Existing)	69,210	6,430
2016	Witan Gate House – CMK	Sainsbury's (Existing)	53,000	4,924
2018	100 Avebury Boulevard – CMK	IWG Workspaces (New Build)	44,260	4,112
2020	100 Avebury Boulevard – CMK	Xero Software (New Build)	56,000	5,203
2023	Unity Place – CMK	Santander (New Build)	398,000	36,975

Source: Bidwells

Take up has historically been evenly split between take up of floor space below 10,000 sq ft (929 sq m) accounting for 51% of total activity, with lettings above 10,000 sq ft (929 sq m) accounting for the remaining 49%.

This has changed in recent years, particularly since the pandemic, with larger leasing deals being put on hold whilst businesses decide on their new occupational strategies and requirements. A number of the businesses in the table above will not fully occupy the space taken. Surplus space totalling approximately 63,000 sq ft is currently being marketed by Network Rail and Xero Software at the Quadrant and 100 Avebury Boulevard respectively which are included in current availability. Additional space is due to come back to the market in late 2023 including surplus space at Unity Place and space currently held under lease by Deloitte at Pinnacle approximately 103,000 sq ft in total. Clearly if all this space were released into the market on standard terms, this would have an impact on the supply-demand picture.

It should be noted, that while a company may seek to release space, it does not necessarily mean this space competes in the market. The lease terms may be shorter or more restrictive and therefore less attractive to a potential tenant. The arrangement of the space within a single occupancy building may also be unattractive if it limits the ability of a company to 'brand' their building.

KEY OFFICE TRANSACTIONS 2012-22 – RELEASES OF SPACE				
Year	**Building**	**Occupier**	**Total Size sq m (sq ft)**	**Estimated Release sq m (sq ft)**
2012	The Quadrant – CMK	Network Rail	35,308 (380,000)	4,738 (51,000)
2013	MK180, Tongwell	Volkswagen Financial Services	11,612 (125,000)	0
2015	MK Central – CMK	Santander (Existing)		Vacated
2016	Witan Gate House – CMK	Sainsbury's	4,924 (53,000)	0
2018	100 Avebury Boulevard – CMK	IWG Workspaces	4,112 (44,260)	0
2020	100 Avebury Boulevard – CMK	Xero Software	5,203 (56,000)	1,107 (11,915)
2023	Unity Place – CMK	Santander	36,975 (398,000)	5,853 (63,000)

Source: Bidwells

At the smaller end of the market, the post-pandemic period has seen a halving in the number of lettings of 10,000 sq ft (929 sq m) and below. As with larger companies, occupiers have either held over on existing lease commitments or have taken space at new flexible work sites. This is discussed in further detail in Section 5 below.

Take up by quality of stock

Over the past 10 years (2013-22), on average, one third of take up across the market as a whole, has been of Grade A space, with the remaining activity focused on second-hand stock. Clearly, most occupiers would prefer to occupy Grade A space if it is available, but the price (rent) will control the market.

Generally, businesses target the best space they can achieve for their budget and part of this equation is also location i.e. CMK is preferable to fringe[3] locations given accessibility to the rail network, amenity and the quality of space available but of course the cost plays a role. This does of course ignore certain businesses that have a specific locational preference which may not be CMK. When companies face time pressures and there is a shortage of Grade A space, business may compromise on quality and/or location rather than wait for suitable stock to come forward.

Availability of office supply

The supply of office floor space in Milton Keynes peaked in the years following the Great Financial Crisis of 2007-12, with total stock on the market amounting to 1.25m sq ft (116,129 sq m) in 2012, the same year that Network Rail's new headquarters was completed.

Since that time, there has been a general erosion of available floor space for occupiers as a result of conversions, with total space being marketed at the end of 2022 some 45% below the peak levels at 686,800 sq ft (63,805 sq m). Current availability is heavily dominated by second-hand space, which accounts for three quarters (75%) of overall space on the market. This dominance is due to the overwhelming preference of businesses for Grade A space, a trend which has intensified post-pandemic as companies revise their occupational strategies.

Grade A accommodation accounted for only 170,645 sq ft of the office space on the market across Milton Keynes at the end of 2022. Grade A available stock in CMK is 138,015 sq ft, reflecting just over 80% of all Grade A stock. There was almost 390,000 sq ft (36,000 sq m) of vacant office floor space in Central Milton Keynes at the end of 2022, with 35% of this space Grade A stock. As would be expected, the Grade A availability rate is lower for Grade A stock than for second-hand space.

BREAKDOWN OF FLOOR SPACE BY GRADE AND LOCATION					
	GRADE A SPACE		SECOND-HAND SPACE		
	sq ft (sq m)	%	sq ft (sq m)	%	Overall Availability Rate
CMK	138,015 (12,822)	81	251,887 (23,401)	49	**13.9%**
Rest of MK	32,630 (3,031)	19	264,297 (24,554)	51	**14.5%**

Source: Bidwells

[3] Business locations on the edge of a city centre. Fringe office locations are common to all office markets, but cannot be exactly defined. The nature of the market will also evolve over time, both in terms of the city centre and fringe. Neither will be determined by administrative boundaries.

BREAKDOWN OF AVAILABLE FLOOR SPACE BY GRADE AND LOCATION						
	GRADE A		2ND HAND		TOTAL	
	sq ft (sq m)	Availability rate %	sq ft (sq m)	Availability rate %	sq ft (sq m)	Availability rate %
CMK	138,015 (12,822)	13.7%	251,887 (23,401)	14.0%	389,902 (36,223)	13.9%

Source: Bidwells

The largest Grade A space is available at The Quadrant, where 51,000 sq ft (4,738 sq m) has been recently placed on the market by Network Rail. MK currently has no 'new build' Grade A office supply. Second-hand space on the market at the end of 2022 is inflated by two buildings which are currently being considered for conversion to residential, 115,000 sq ft (10,684 sq m) at Shenley Wood and the 50,000 sq ft (4,645 sq m) Bank House in Central Milton Keynes.

BREAKDOWN OF AVAILABILITY		
	Current Availability Rate	Availability Rate Excluding Proposed Residential Conversions
CMK	13.9%	12.2%
Rest of MK	14.5%	8.9%
MK as a whole	14.2%	10.8%

Source: Bidwells

DETAILED CMK AVAILABILITY BY GRADE		
	Current Availability 000's sq ft (sq m)	Availability Excluding Proposed Residential Conversions 000's sq ft (sq m)
Grade A	138.0 (12.8)	32.6 (3.0)
Grade B	192.0 (17.8)	222.5 (20.7)
Grade C	59.9 (5.6)	41.8 (3.9)
TOTAL AVAILABILITY	**389.9 (36.2)**	**296.9 (27.6)**

Source: Bidwells

The current availability rate in Milton Keynes as a whole is 14.2%, although this would reduce to 10.8% if these proposed residential conversions are excluded. The national average for UK major cities is 7.6%.

NATIONAL COMPARISON OF AVAILABILITY RATES				
	Total office floorspace (000s sq ft)	Grade A (000s sq ft)	Overall Availability Rate	Total Stock (000s sq ft)
Birmingham	1,878.0	338.0	8.5%	22,094.1
Bristol	679.9	74.8	5.1%	13,331.5
Cardiff	995.1	278.6	9.8%	10,153.7
Edinburgh	645.0	32.2	4.9%	13,163.2
Glasgow	2,051.8	533.5	9.3%	22,062.8
Leeds	1,153.0	288.3	8.0%	14,413.0
Liverpool	475.3	42.8	5.0%	9,506.4
Manchester	2,948.5	1,032.0	9.1%	32,400.6
Newcastle	588.6	53.0	4.7%	12,522.4
	UK CITY AVERAGE		7.6%	

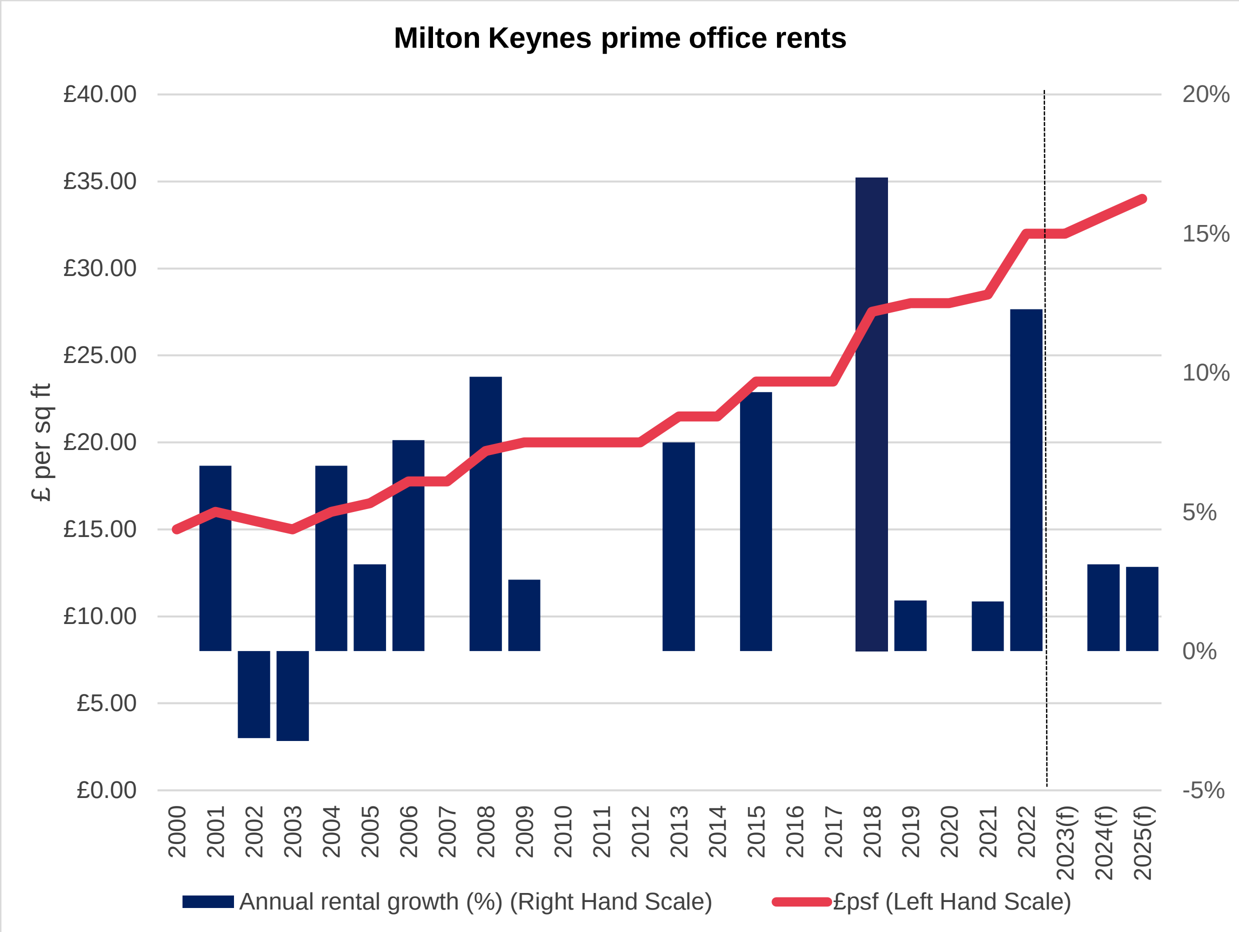
Source: Avison Young

Prime rents

Prime rents (see Glossary of Definitions at Appendix 7) have responded strongly to the shortage of Grade A office space over the past few years, setting successive new rental highs in each of the past three years. Prime rents stood at £32.00 per sq ft at the end of 2022, having increased by 12.3% over the year.

The consistent increase in rents over the past five years has seen values rise by 36.2%, an average of 6.4% per annum.

Shortages of Grade A office floor space has also had the impact of pushing up rents on better-quality second-hand space, which have increased to £28.50 per sq ft over the past 12 months.

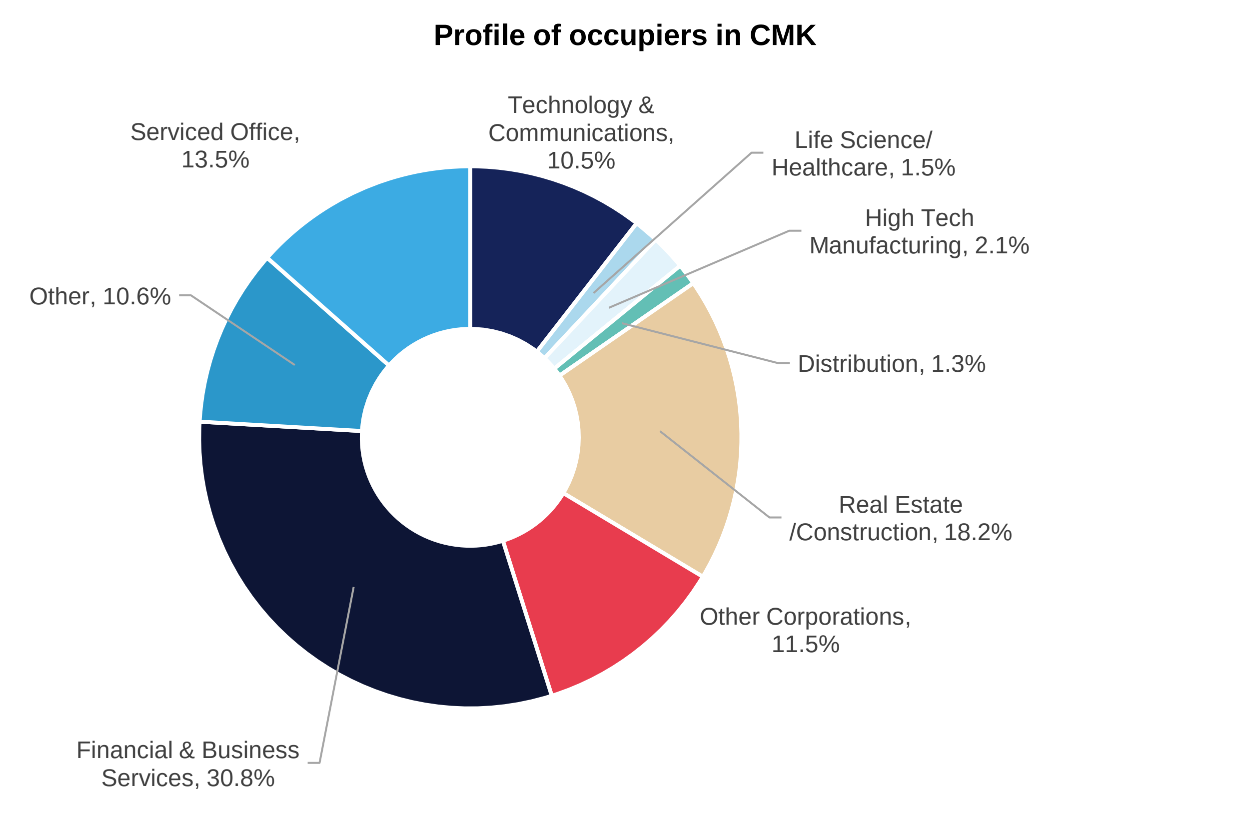


Source: Bidwells

4. OCCUPATIONAL BASE OF CMK

Milton Keynes is home to a diverse range of sectors across finance, business and professional services, tech and fintech as well AI, advanced engineering and some life sciences. This diversity is a function of a broad industrial heritage combining with emerging sectors, distinguishing the cluster in the Arc.

The graph below shows the breakdown of floor space occupied in Central Milton Keynes. The analysis has focused on occupied 2.8m sq ft of floor space in the CMK region. As noted in Section 1, the occupied stock of CMK is lower than the total stock of 3m sq ft, due to the impact of multi tenanted buildings where common parts are not 'occupied'.



Source: Bidwells
Note: 'Other Corporate' relates to companies in the Energy, Engineering or Retail sector. 'Other' is primarily public sector, charities or educational organisations.

Whilst Business & Financial Services are the most significant occupier grouping in Central Milton Keynes, accounting for just under 31% of occupied floor space, this is closely followed by the Real Estate & construction sector, which accounts for just over 18%. The serviced office or flexible working space market also accounts for a significant element of floor space occupied in the Central Milton Keynes Market at 13.5%, which amounts to approximately 226,000 sq ft of space in CMK. This space will of course be home to a range of businesses, so the total representation of key sectors in CMK is likely to be higher.

In total there are around 150 companies leasing space in the Central Milton Keynes area, although this does not include companies renting space in serviced office and flexible working spaces.

There are of course a number of large employers in the city, but a longer tail of small companies as evident in the tables at Appendix 6. This is common to most locations and provides economic stability to the city. A small number of larger occupiers dominate the proportion of office floor space in a city/town can have downsides. These occupiers are often owner occupiers or 'tied in' to longer leases. This can inhibit the growth of smaller companies and therefore dynamism in the location. The loss of one of these large occupiers can also be damaging to a local economy, at least in the short to medium term.

Principal occupiers

A total of 948,000 sq ft (88,072 sq m) of space is owner occupied space:

KEY OFFICE OWNER OCCUPIERS IN CENTRAL MILTON KEYNES		
Company	**Floorspace**	**Location**
Santander	398,000 sq ft (36,915 sq m)	Unity Place
Network Rail	380,000 sq ft (35,3003 sq m)	The Quadrant, Elder Gate
Civic Offices	117,068 sq ft (10,876 sq m)	Silbury Boulevard
Sainsbury's	136,000 sq ft (12,635 sq m)	489-499 Avebury Boulevard

Source: Bidwells

In addition, there are a number of significant occupiers in leased space. As outlined below, the five largest occupiers account for almost 261,500 sq ft (37,161 sq m) of office space, just under 15% of the total floor space analysed.

LARGEST OFFICE OCCUPIERS IN CENTRAL MILTON KEYNES		
Company	**Floorspace**	**Location**
IWG Workspace	86,000 sq ft (7,432 sq m)	100 Avebury Boulevard and Midsummer Court
Xero Software	56,000 sq ft (5,203 sq m)	100 Avebury Boulevard
Deloitte	44,450 sq ft (4,130 sq m)	Pinnacle MK, 160 Midsummer Boulevard. Lease not being renewed.
Secretary of State for Levelling Up/Department of Work & Pensions	41,650 sq ft (3,869 sq m)	Southgate House, 449 Midsummer Boulevard
Institute of Chartered Accountants	33,400 sq ft (3,103 sq m)	The Hub 321 Avebury Boulevard

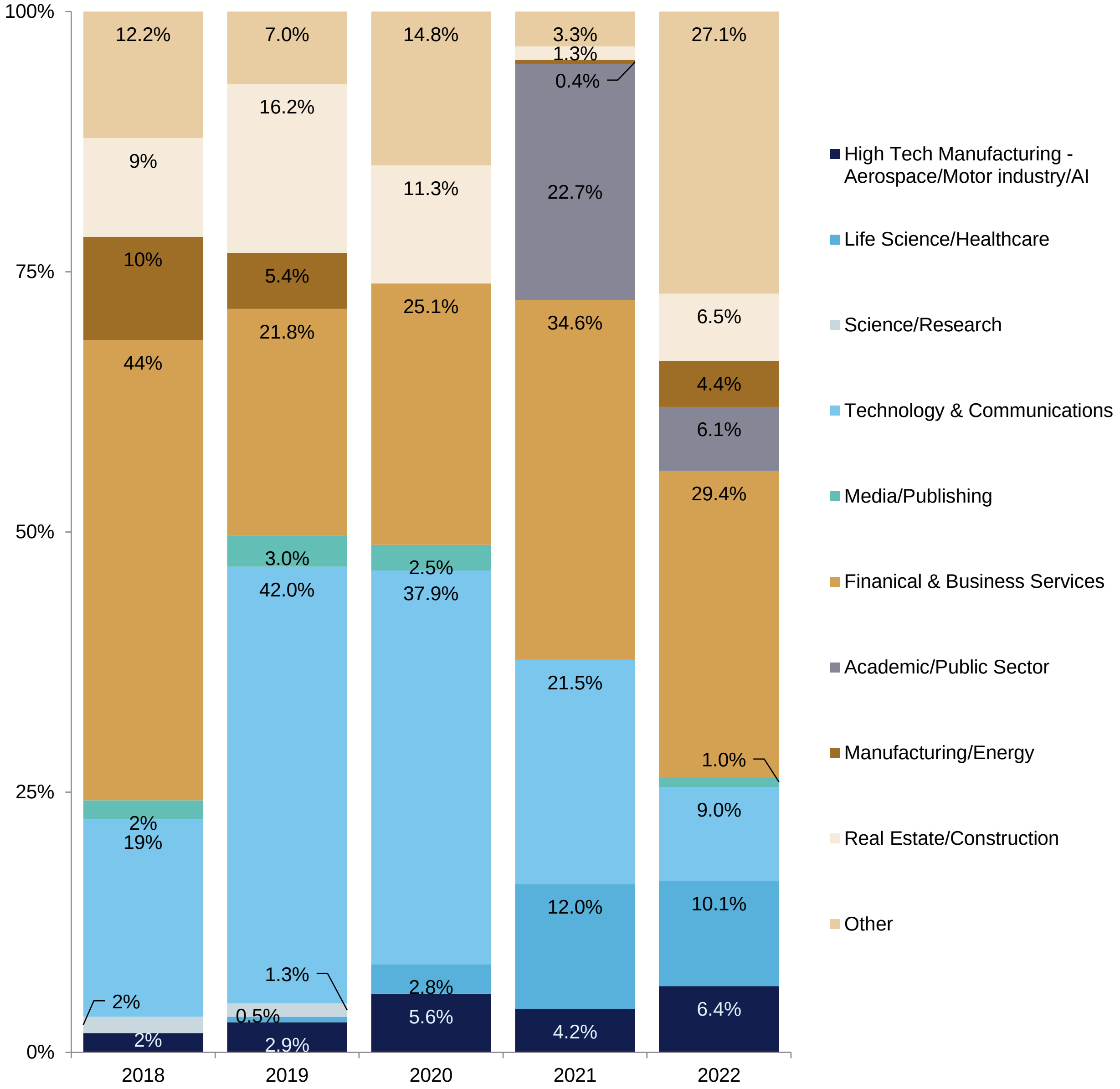
Source: Bidwells

As noted elsewhere in this report. Milton Keynes, as in other regional office markets, has a number of significant occupiers as summarised above. Owner occupied space accounts to just over a third of total floorspace and major tenancies for 15%. While half of the floorspace is in the hands of a range of smaller companies at various stages of their evolution, the major occupiers inevitably have an impact on the city market. As noted in Section 3 above, a number of these businesses have, or plan, to cut staff levels due to a combination of challenging market conditions and post-Covid occupational strategy reviews.

Occupational trends

Activity from knowledge intensive businesses gained momentum in the Central Milton Keynes market in the period 2019/20 but their significance has lessened over the past two years with Business and Financial Services occupiers taking a more significant role in letting activity, as illustrated in the chart below. This analysis in undertaken using the Centre for Business Research at Cambridge University definition.

Milton Keynes office take-up by occupier type



Source: Bidwells

Before considering why this may have occurred it is important to understand the definition of Knowledge Intensive Industries adopted. Bidwells uses the definition derived from the work undertaken the Centre for Business Research at Cambridge University. This definition[4] is primarily drawn from the ONS classification of the science and technology SIC indicator, and how this is classified according to the OECD and Eurostat "High-tech statistics".

On this basis Knowledge Intensive industries are classified as IT & Communications, Life Science & Healthcare and High-Tech Manufacturing. While the OECD definition of Knowledge Intensive Industries includes 'knowledge intensive services', which includes KIS financial services, the CBR methodology does not, except for the inclusions of 'High technology and medium-high technology manufacturing'. Low and medium-low technology manufacturing, KIS market services, KIS financial services and Other KIS are generally classified as non-KI.

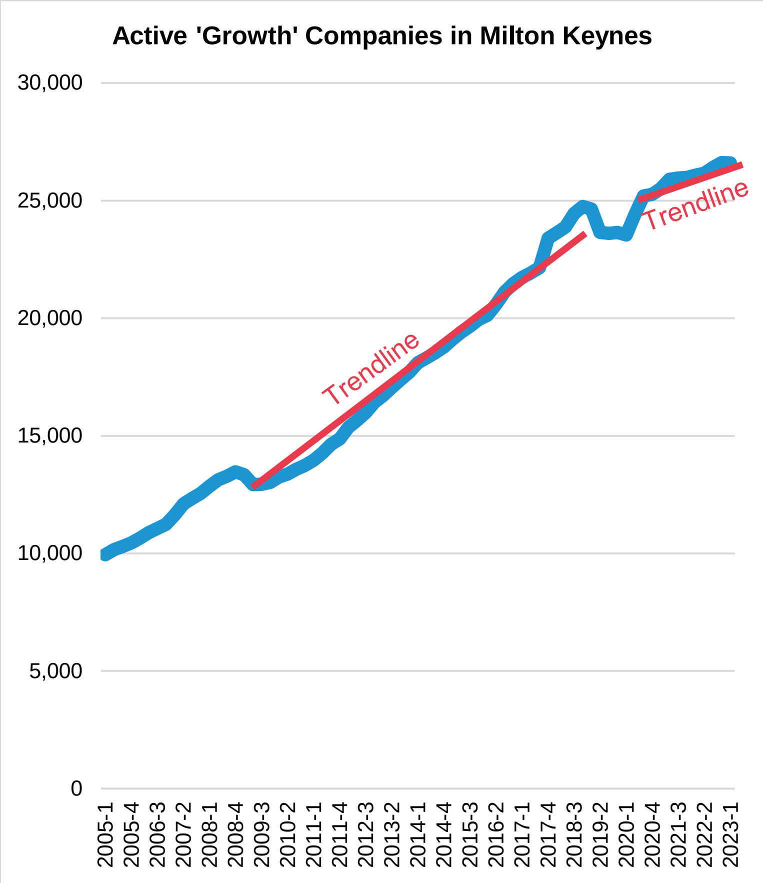
The reason for this is the definition is focused on identifying the 'new' growth industries and jobs and as the CBR methodology notes the classification focuses on sectors, not companies. It is not a comment about skill or professional qualification. There will be KI companies operating in non-KI sectors and vice versa. On this basis, we have included fintech within the knowledge intensive category. Similarly, Xero (the accounting software group) is classified as IT (Software rather than Professional Services - Accounting).

Thoughts on the reasons for the fall in take up by KI businesses

In considering the underlying drivers of this recent fall in KI activity it is worth noting that the past two years have been a period of relatively low levels of leasing activity, with few major lettings. This has been in part due to the slower pandemic and post-pandemic market, but also a reflection of the shortage of Grade A space sought by businesses.

However, there are perhaps indications of a shift in take up activity by knowledge intensive industry companies. Beauhurst (data provider) focuses on high growth companies and this is helpful to understand trends in the business ecosystem. As can be seen in the chart below, prior to the pandemic (2017-19), the Milton Keynes (data for local authority as a whole – not available at CMK level) was seeing a period of accelerated business growth, following a period of steady expansion following the financial crisis. While the numbers of high growth businesses have bounced back following the pandemic the pace of growth has tempered.

[4] cbr-database-methodology-2023.pdf (cambridgeahead.co.uk)



Note:
Beauhurst uses algorithms to collect information from Companies House, business websites, news articles and other sources. Data partnerships with granting bodies, investors, advisors, and universities complete its view of the high-growth ecosystem. This data is then manually verified by analysts to provide a view on individual companies which then be geographically aggregated.

Source: Beauhurst

What we do not know, is whether this is short term 'blip' in knowledge intensive industry activity, or a sign of a longer term trend. Since it is still early days in the post-pandemic recovery and business 'regrouping' period, it is probably too early to assess whether there is a shift underway. There are a couple of factors to consider.

Home working

Milton Keynes has a disproportionate exposure to companies which appear to have adopted more flexible working strategies post-pandemic.

Research by Adzuna which analyses jobs advertised on its site, provides a view on the trends in remote working. The analysis tracks the proportion of postings which specify jobs are either 'remote', 'hybrid' or 'office-based'/ 'on-site'. The research comparing the period between January 2020 and January 2023, suggests the level of home working continues to fall post-pandemic, but appears to be stabilising across many sectors. As detailed in the table below, the top sectors advertising for remote working roles overall are IT, Admin, PR, Teaching and HR & Recruitment.

When this is compared with the business base of Milton Keynes, there is considerable crossover, with the highest number of office-based enterprises in the areas of Administration and Support Services, Professional and Scientific and Information and Communications (see Appendix 6).

TOP SECTORS FOR REMOTE WORKING IN UK	
Sector	**Proportion of ‘remote’ job adverts, Jan 2023**
IT	27.85%
Admin	21.67%
PR	20.38%
Teaching	16.49%
HR & Recruitment	16.11%
Creative & Design	16.04%
Scientific & QA	14.88%
Sales	14.86%
Consultancy	14.82%
Charity & Voluntary	13.98%

Source: Adzuna, 2023

Global tech industry backdrop

The tech sector is undergoing a challenging period globally, with major corporates making redundances and funding for smaller companies severely restricted compared to the pre 2022 period. While some degree of industry restructuring is likely to boost profitability, the tech sector will inevitably recover. However, it is not known whether there will be a shift in where growth will be focused. It is likely recruitment strategies will drive the focus of locations chosen for expansion. As usual, it is likely accessibility, skills, education and good places to live will be priorities. As noted above, the tech sector has been affected to a greater extent by homeworking strategies.

Traditional business legacy

Milton Keynes’ status as a business centre and HQ centre has driven its economic outperformance relatively the UK average over recent decades. However, some of these sectors have seen a slowing in growth relative to that seen in other knowledge intensive industries. While large corporate occupiers provide a stability to the economy, they are also a potential barrier to innovative growth. Businesses on long leases in prime locations can stifle the ability of new dynamic companies to grow.

In some respects, this mirrors the picture in Oxford, which also had a traditional professional and business services base prior to the rapid expansion of its science industry population. The latter has seen a far greater increase in employment over the last five years in particular, while the former has in some cases seen net employment decline. The impact on the property market has been twofold. Traditional professional and business services companies have seen limited space expansion, with reductions in some cases. At the same time, the financial firepower of the high growth sectors have displaced these business as they seek to accommodate their own, often rapid, employment growth.

Having made these points, the completion of Santander's new headquarters and tech hub is significant. The company and the tech focus of activity of the site, is expected to provide a significant draw to new tech start-ups and wider support sectors. This positive ecosystem impact is seen globally in science and tech sector clusters. Larger companies will generally encourage innovation in their supply chains and may even out-source or buy in products/solutions supporting the development of a cluster. This will be further encouraged by the inclusion of co-working space in the scheme and the potential business investment or venture capital opportunities that might run alongside. In addition, smaller companies will often seek out locations near large tech/science occupiers in order to secure potential access to a supply of workers with hard to find skills.

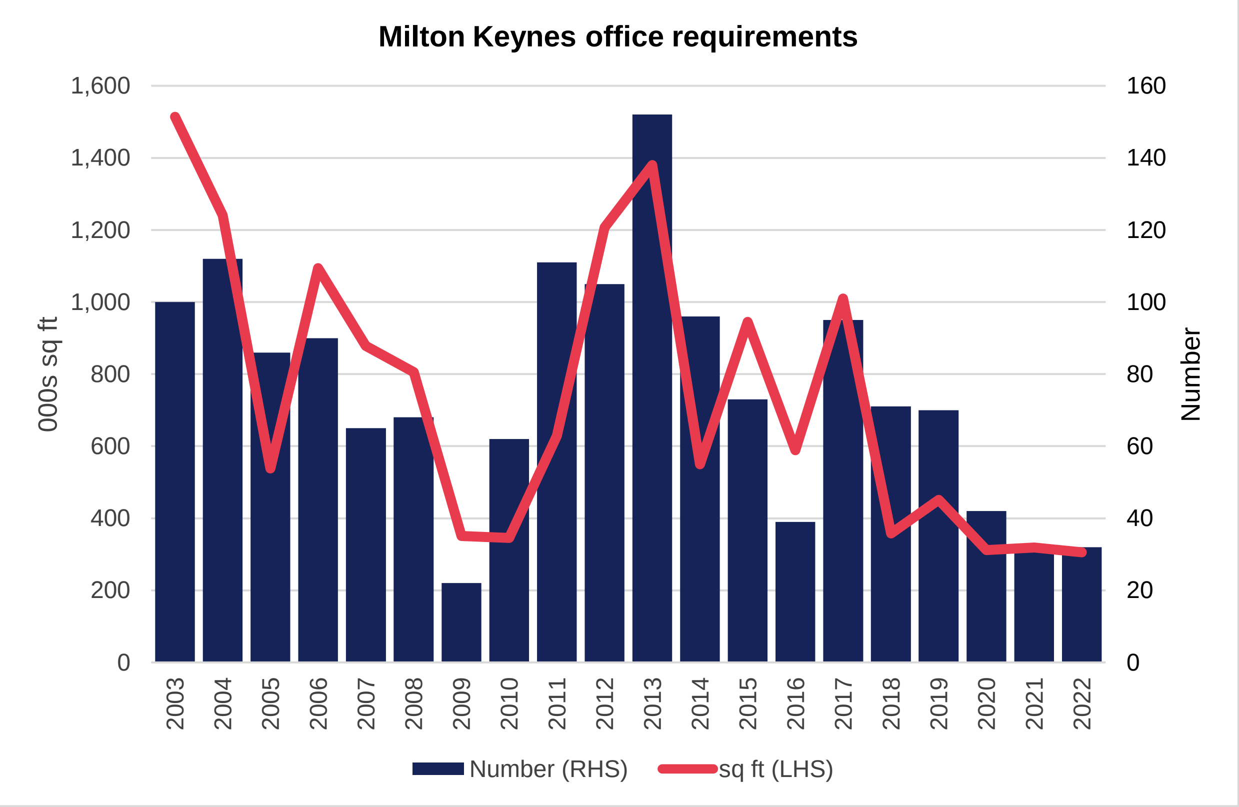
The medium to longer term role and opportunity for Milton Keynes in the context of emerging demand trends are considered in the Section 6 below. Preceding this, we consider the current picture of office space requirements.

5. OFFICE SPACE REQUIREMENTS

The demand for office floor space in Milton Keynes as a whole has eased over the past 10 years, a trend which was further accentuated following the onset of the pandemic with demand since H1 2020 remaining relatively constant at 300-400,000 sq ft (27,871 – 37,161 sq m).

The chart below presents the historic trend in requirements by floorspace and number. The breakdown of these by location is not possible historically, but for 2022, requirements for city centre space account for 61% (187,000 sq ft/17,419 sq m) of the total floor space sought.

While requirements inevitably vary every year for business related reasons, there are two years, 2009 and 2016 which are notably low. While there may be a number of reasons why demand was subdued during these periods, there were external factors in play weighing on business confidence. In 2009, businesses were clearly struggling from the uncertainty of the financial crisis. This impacted on confidence but also the ability to raise debt, containing business investment. Similarly in 2016, the impact of the Brexit vote had a negative impact on business confidence generally, again causing companies to delay or defer investment and letting decisions.



Source: Bidwells

Calculation of requirements

Bidwells calculate requirements in a similar manner to other advisors. These are collected twice and dated at relevant date (30 June or 31 December), although the chart above reports annual data. Active requirements, as presented in the chart above, are drawn from our own requirements enquiries from companies and through a survey of all the other agents operating in the respective market. The requirement is considered active if agent knows that the potential occupier is still involved in trying to identify suitable floorspace for occupation in the immediate future (12–18 months).

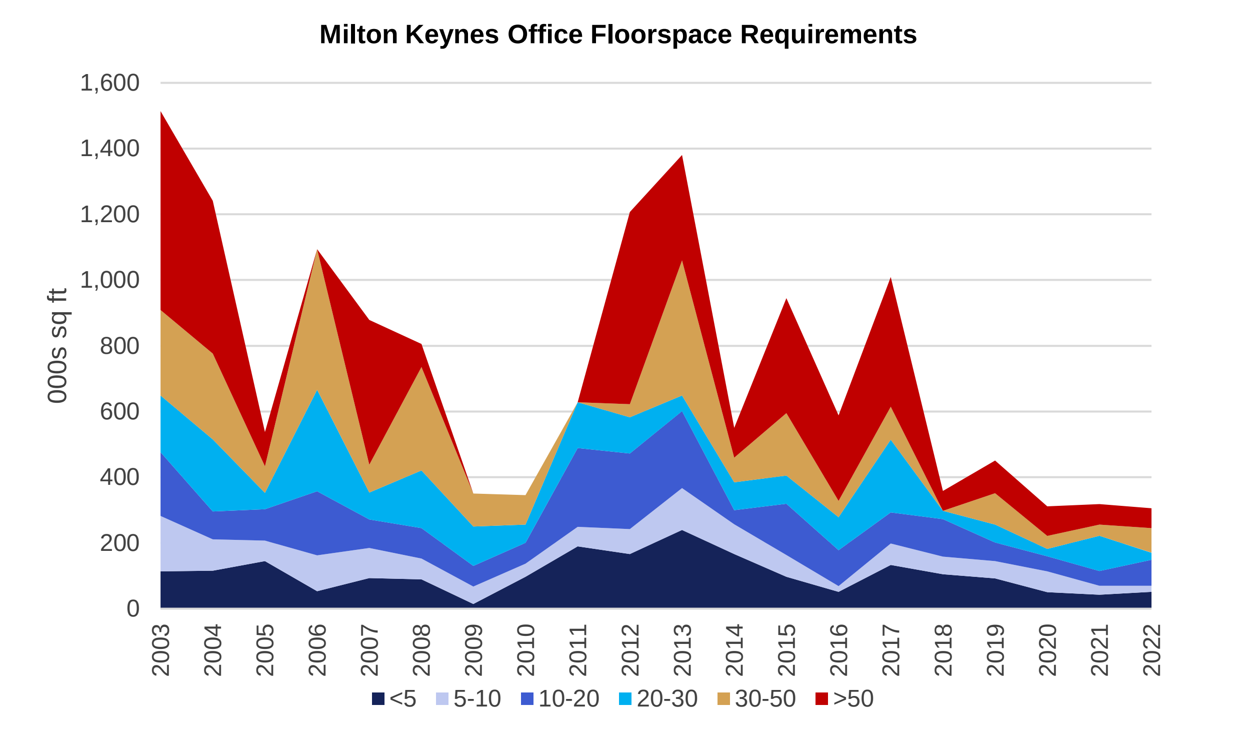
Requirements broken down by MK and CMK are available from 2013 onwards and are summarised in a table below.

Requirements at the end of 2022 stood at 305,600 sq ft (28,391 sq m), with the demand for space of 10,000 sq ft (929 sq m) and below accounting for 23% of all floor space demanded by square footage and 72% by number of requirements. This shows the depth of demand from small and emerging businesses. Demand for floor space in CMK accounted for 61% of overall demand as at the end of 2022, compared to 39% for out of town locations. This is due to the quality of available space in CMK which superior in quality to availability in campus locations, staff amenity and workforce accessibility in the central cluster as well as locational preference. Almost 60% of floor space demanded (by sq footage) in CMK is from new entrants to the area. This suggests that tenants are being attracted to the area due to the availability of space and competitive rents in the context of the Oxford to Cambridge Arc and North M25 catchment.

REQUIREMENTS FOR CMK & OUT OF TOWN (PARKS AND FRINGE) SQ FT (SQ M)			
Year	**CMK**	**Out of town**	**Total**
2013	946.8 (88.0)	433.4 (40.3)	1,380.1 (128.2)
2014	302.8 (28.1)	247.1 (23.0)	549.8 (51.1)
2015	303.0 (28.1)	641.7 (59.6)	944.7 (87.8)
2016	168.2 (15.6)	420.2 (39.0)	588.4 (54.7)
2017	94.2 (8.8)	915.1 (85.0)	1,009.3 (93.8)
2018	211.6 (19.7)	146.1 (13.6)	357.7 (33.2)
2019	127.5 (11.8)	323.8 (30.1)	451.3 (41.9)
2020	180.0 (16.7)	131.5 (12.2)	311.5 (28.9)
2021	219.8 (20.4)	98.6 (9.2)	318.4 (29.6)
2022	187.5 (17.4)	118.1 (11.0)	305.6 (28.4)

The average requirement for space in CMK has remained remarkably stable, with a long run average of 12,100 sq ft compared with 11,000 sq ft in 2022. The long run average requirement in the out of town market is smaller at 7,800 sq ft.

In 2017 out of town requirements peaked with a number of plus 100,000 sq ft requirements being launched, which is unusual. These included agent-led requirements from undisclosed clients and inward investment requirements via Invest Milton Keynes.

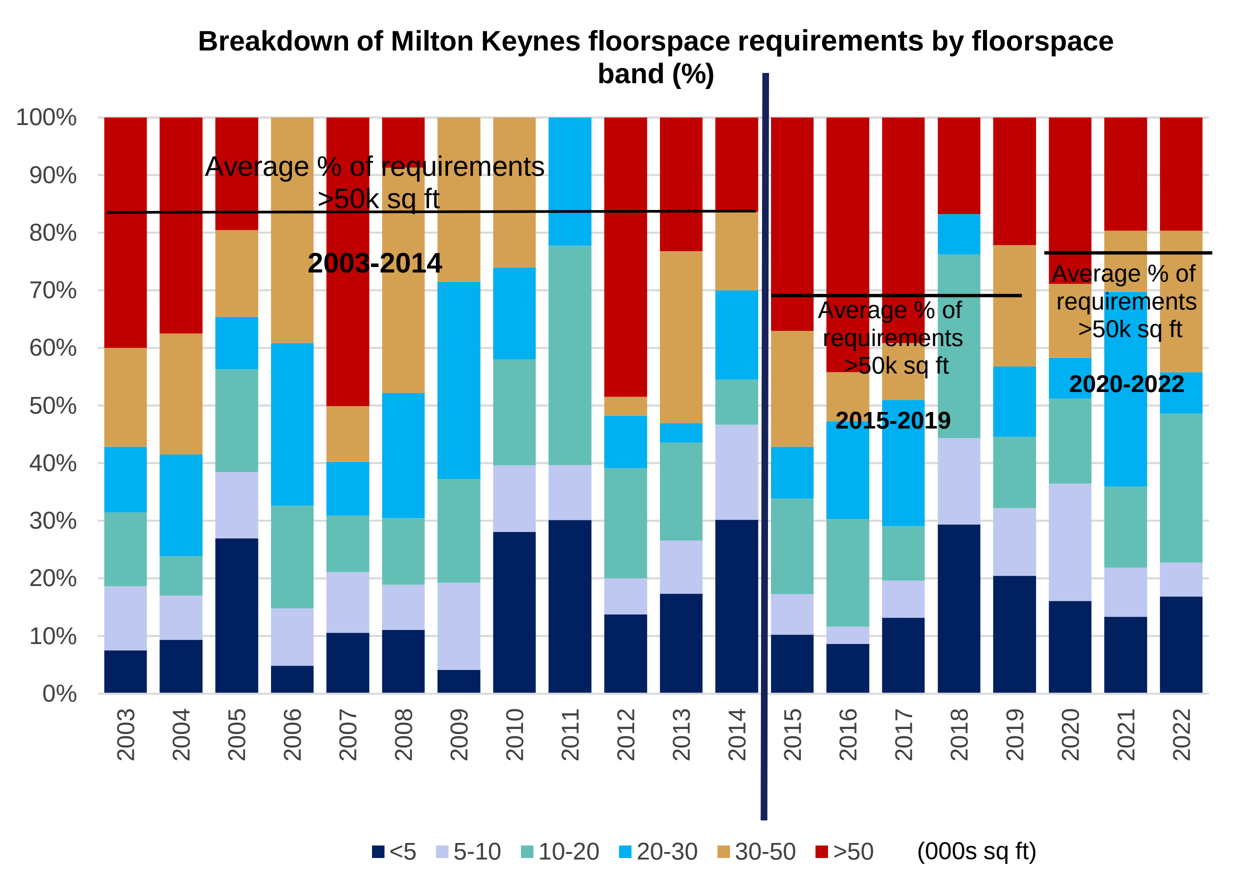


Source: Bidwells

Note: All demand figs are for all requirements – not just New Entrants but New Entrants are generally more significant in terms of sq footage demanded.

MILTON KEYNES - BREAKDOWN OF REQUIREMENTS (DEC 2022)						
	Size band of office space in 000 sq ft					
	<5	5-10	10-20	20-30	30-50	>50
By floorspace	17%	6%	26%	7%	25%	20%
By number of requirements	63%	9%	16%	3%	6%	3%
Number of requirements	20	3	5	1	2	1

Source: Bidwells



Source: Bidwells

Note: Percentages by floorspace rather than number of requirements.

Large office requirements

As evident in the charts above, Milton Keynes attracts regular demand from businesses seeking large floorspace office space. During the period prior to 2015, Milton Keynes saw an average of 2.3 requirements in excess of 50,000 sq ft. As is evident from the chart above, large floorspace demand was sporadic, and in some years, demand was dominated by one or two particularly large requirements.

In the period 2015-1019, the number of large requirements was higher. On average 2.6 requirements for floorspace in excess of 50,000 sq ft were recorded each year during this period.

Clearly, the pandemic period saw an immediate demand impact, with overall office demand falling across the board. Since 2020, the number of large floorspace requirements seen each year dropped from the average of 2.6 to one. This said, the proportion of large requirements of total demand has remained ahead of the 2003-14 period, although down on the immediate pre-pandemic period.

While the number of large requirements has dipped back, they have remained consistent over the last three years. We have not seen some of the volatility experienced in previously periods. Across the UK office market, it is the large floorspace commitments that have been generally slower to return as companies take stock, with the current economic uncertainly prolonging the ‘wait and see period’ for some businesses.

The tech sector has been particularly challenged with falling advertising revenues and product sales, impacting on share values and capital investment. This has inevitably translated into cost saving measures, particularly in staffing cuts.

Across the market therefore, there have been decisions to mothball expansion plans and moves, while others may be taking less space due to changes in working practices (as previously discussed). However, it is also clear that business plans are still evolving and the current position should not be assumed to be the 'new norm'. Volatility in the tech sector is closely related to the economic environment and business confidence will return as the economy improves.

Demand from new entrants to Milton Keynes

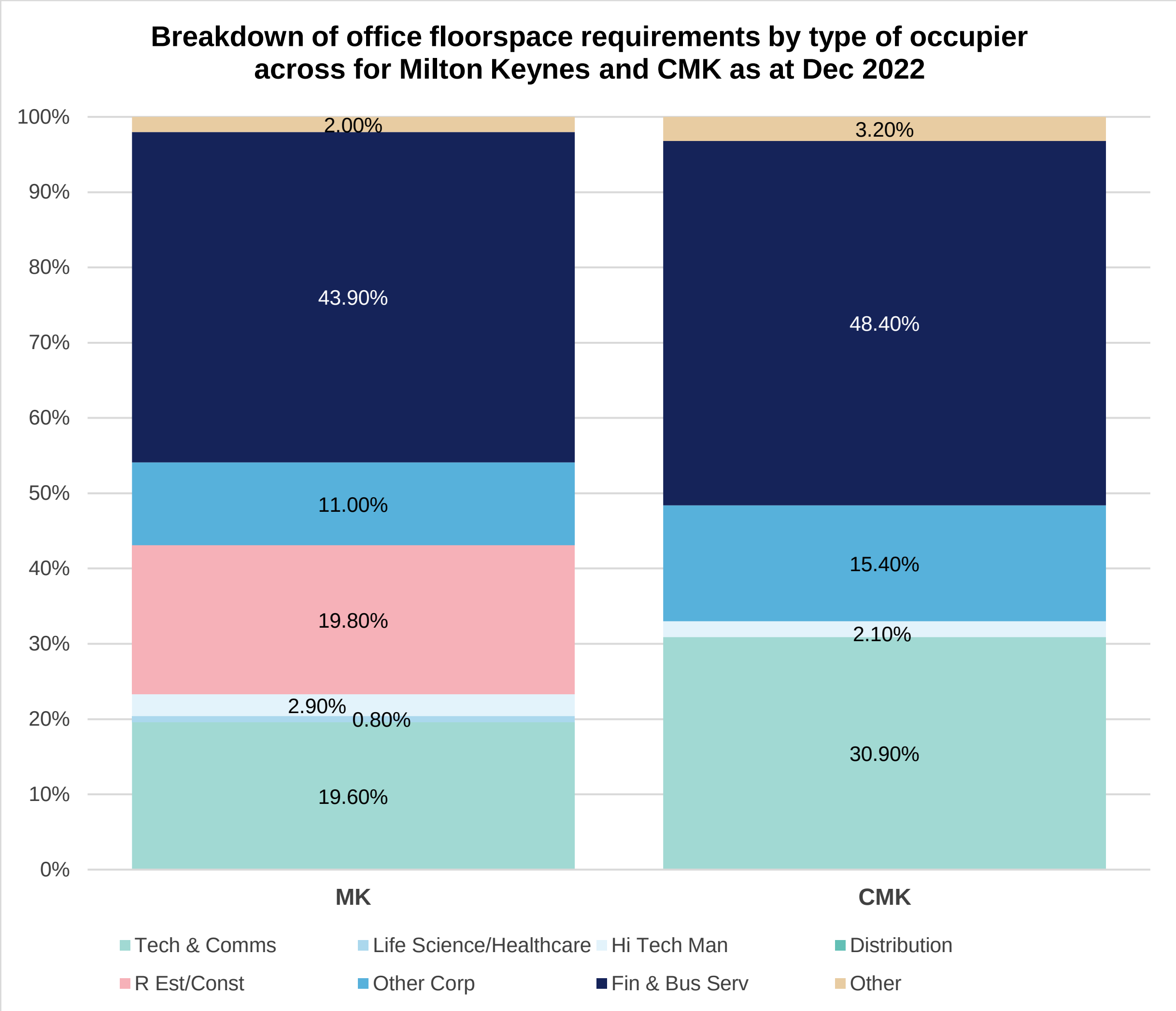
Significantly, for the first time in our data, more than 50% of all requirements by square footage at the end of 2022 were from new businesses entering the Milton Keynes area. New entrants represent the two largest requirements currently registered. While the identity of these applicants are unknown and agent led, the appeal of MK relative to other regional city options is evident in the rental profile of the city together with excellent connectivity to Central London and available skill sets. While we do not have access to all the business details, generally new entrants have larger floorspace requirements and are focused on Grade A space.

Requirements by type of occupier

The majority of companies looking for office space in Milton Keynes are from the Financial & Business Services sector, just under 44% of the demand. The Real Estate and Construction sector, as well as the Communications sector, also have a significant demand, each accounting for about 20% of the total requirements. However, by the end of 2022, the demand was not focussed around CMK. This could be because due to a number of reasons, including cost.

CMK is particularly attractive to the Financial & Business Services sector and the IT & Communications sectors. In 2022, almost half (48%) of the requirements from the Financial & Business Services sector were focused on CMK, while 33% of the requirements from the IT & Communications sectors.

The Financial & Business Services sector and Tech & Communications sector are responsible for approximately 60% and 20% of new entrant office space in the city overall. The focus of these companies is likely to be prime city centre office space.



Source: Bidwells

Notes: 'Other Corporate' relates to Energy, Engineering or Retail Corps. 'Other' is primarily public sector or educational organisations. The proportions by sector are based on total floorspace rather number of requirements.

Smaller requirements

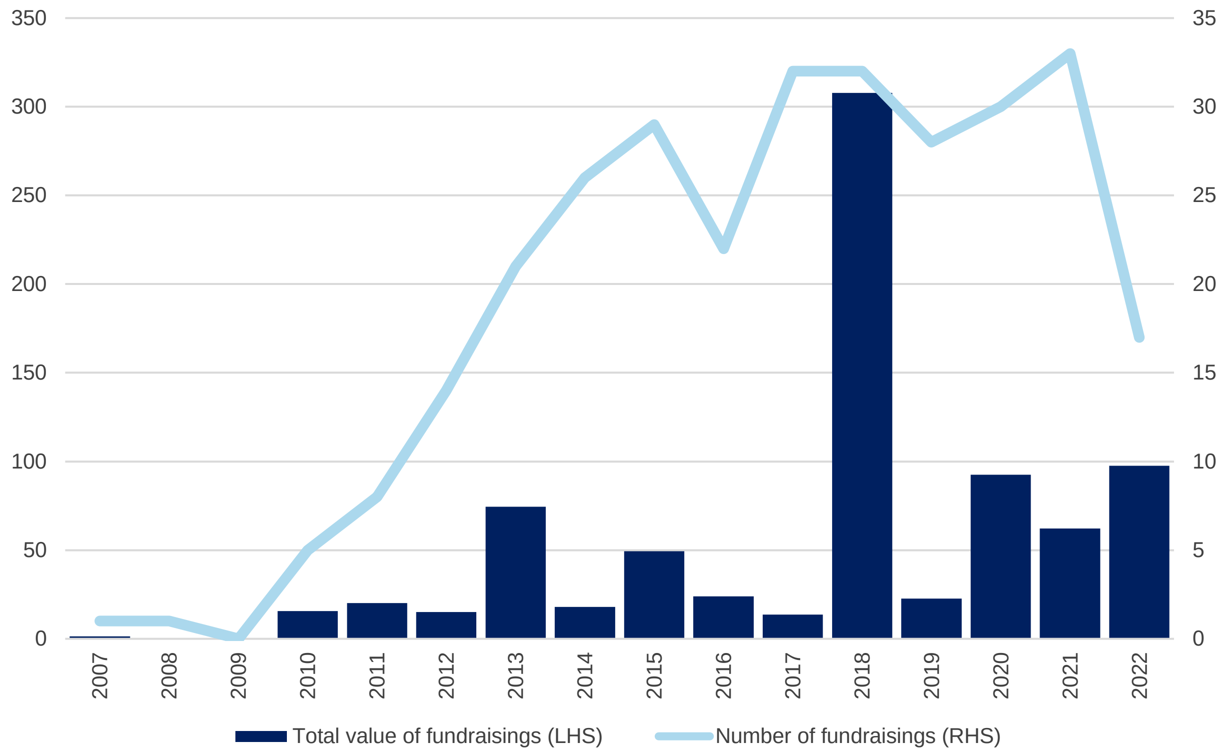
The post-pandemic period has seen a slight increase in the number of smaller floorspace requirements. This could be a result of downsizing business space needs, although it is probably too early to make a firm judgement on this. However, the city has seen an increase in high growth companies as illustrated by the Beauhurst data in Section 4. This expansion has been supported by access to investment and venture capital funding, illustrated in the chart below.

The last decade has seen a rapid expansion in such funding in Milton Keyes. High growth sectors across the region have seen R&D originating from the academic and research institutes within the Arc and beyond translate into business creation, directly and indirectly. This includes high end engineering and science, which may not directly impact on the office market, will drive business requirements in their supply chains and collaborative relationships.

Leaving aside a significant fundraising by a couple of companies in 2018, in particular Africa Mobile Networks, the Milton Keynes market has attracted robust levels of venture capital funding since the pandemic. Notably 2022 was the highest on record, after the 2018 high. This was not the case for the UK as a whole, nor in Oxford or Cambridge, where activity dipped in the more cautious environment of the last 12 months. Fundraising in 2023 has already reached more than half of the 2022 total. The largest fund raisings in Milton Keynes over recent years have been directed to Africa Mobile Networks, Infinity SDC, onefinestay, Contract Sentinel and Envisics, the latter operating in the area of tech/AI.

The continued pace of fundraising is a positive indicator for future office demand. The average headcount of the high growth companies tracked by Beauhurst in Milton Keynes is 19 employees. Of the office-based companies tracked, professional and business services and technology/IP based businesses were the most significant. Notably the tech companies were generally smaller. In other cities, the rapid growth of such companies feeds the demand small and mid-sized office space.

Venture Capital fundraising in Milton Keynes



Source: Beauhurst

This ecosystem of smaller companies has been supported by the co-working space market in Milton Keynes, a trend seen nationally. This is not to say that companies will not, further down the line, decide to take permanent space as the working practice strategies and the economic environment stabilise. It is often the case that companies will choose to remain in close vicinity to their current location.

6. OUTLOOK FOR FUTURE DEMAND

The pandemic and its aftermath implications coincided with a period of change in the office market and rapid advances in the science and technology environment. While many of these may not appear directly relevant to the Milton Keynes office market at present, there are potential longer-term implications particularly in the city's role as a centre for business at the centre of one of the globe's leading scientific regions.

This section considers the short to medium term implications of the pandemic and the longer-term drivers of demand which have the potential to impact on future office demand in Milton Keynes.

The implications of COVID-19 pandemic on the MKC office market

Covid-19 accelerated the established but slowly evolving trend of flexible working, particularly across the financial, professional, and business services sectors. This is discussed in Section 4 with respect to MK's exposure to homeworking, but there are broader trends to consider when thinking about future demand.

The move towards a more blended work model, where workers and employers adopt a mixture of in-office and remote working supported by technology solutions is now established. Companies have introduced agile and flexible working practices, but at the same time have revisited their occupational strategies. The skills shortage across the UK has maintained the pressure for this transformation, with recruitment and retention challenges impacting on working practices and the nature of the place of work.

This has resulted in a series of clear trends:

- Many companies have sought to rationalise space in recognition of more home working. Financial pressures have added to the imperative to manage costs and a limited number of companies have opted not to have a permanent office base.
- While most companies have greater levels of flexibility than was the case pre pandemic, the drive to tempt workers, emboldened by a tight labour market, back to the office, has resulted in a far greater emphasis on the quality of the space, and, in many cases, amenities and meeting/social space within offices. This has limited the ability to reduce floorspace to an extent.
- An increased emphasis on the quality of space is seen across virtually all business sectors. With the backdrop of greater online interaction, the importance of in-person teamwork to support innovation, social cohesion and company culture has enhanced the role of property to business success for many companies.
- The changes have also placed a greater emphasis on location to ease commuting times, again to support recruitment and retention, and in particular to assist in the recruitment reach of companies. This has been extended by flexible working with evidence showing workers are willing to travel further for a shorter office-based week. Even greater emphasis on accessible locations is likely. ESG policies, which are rapidly evolving in parallel, will further add to the drive for locations with strong public transport connections.

- The post-pandemic period has seen a greater use of co-working space by companies. Initially this was often as a temporary measure following space disposals as new occupational strategies were developed. However, continued use by workers and companies suggest this may be a longer-term trend as companies accommodate flexible working, achieve cost efficiencies but also seek to maintain or enhance the quality and location of workspace. In some cases, such space is used for meetings for companies that have opted for a fully remote working model. Individuals are also using co working space, in part to secure a social and creative work environment.

As noted in Section 4, MK has a relative high exposure to sectors which have adopted greater use of homeworking in their business model. However, even within these sectors, rates continue to fall, most notably in the media and tech sectors. Overall, however, working practice arrangements appear to be stabilising and the majority of office-based companies are taking this into account in their occupational strategies.

Sectors where 'remote' work is falling

SECTOR	PROPORTION OF 'REMOTE' JOB ADS, OCT '22	PROPORTION OF 'REMOTE' JOB ADS, JAN '23
Creative & Design	22.13%	16.04%
IT	31.31%	27.85%
PR	21.92%	20.38%
Legal	11.97%	11.29%

Source: Adzuna

This will lead to some businesses continuing to downsize to accommodate agile working patterns as lease events occur. However, we also anticipate an increase in demand as those who have delayed decision making will have a clearer picture of what the post-pandemic office environment means to them, particularly as the current economic pressures ease later in 2023 and into 2024.

We believe the "Flight to Quality" will continue however. The performance of 100 Avebury Boulevard for example which was fully let within three months of practical completion demonstrates an appetite on the part of occupiers to grow in and indeed relocate their businesses to Milton Keynes. In particular to new build BREEAM rated space with good access to the rail network with 30 minute journey times to London Euston being afforded by CMK.

The demand for quality will drive demand for and the delivery of further large scale office development. This will replenish obsolete stock which has been converted to residential, support the delivery of an undergraduate university and encourage the growing presence of knowledge industry businesses in the city.

Longer term drivers of demand

Looking further ahead, the growing dynamism in the Milton Keynes economy, combined with the city's traditional business and financial services base has implications for the type and location of future office demand.

Traditional business occupiers

While occupational structures continue to be considered and evolved following the pandemic, there appears to be evidence of slowing demand from financial and business services sectors. This is in part due to the relatively slow levels of growth from this business sectors, but also the consolidation of space, reflecting financial pressures during the current period and greater levels of home working. A similar picture can be seen in the Technology and in wider HQ functions.

Companies have taken differing strategies to these pressures, some consolidating space in London while others looking to regional centres. There is no one approach or pattern that can be identified and the picture has been further muddled by the economic pressures of the last 12 months. This has resulted in lettings decisions across a range of sectors being shelved or delayed. It is not therefore possible to provide a clear view on how demand from these sectors will evolve. Clearly, current requirements make it clear demand will continue from these key sectors, but taking a view on the long term scale is less clear, in particular demand for larger floorspace offices.

As summarised in the charts above, Financial and Business Services and Technology and Communications are all important to both the occupational base of the Milton Keynes market as a whole and CMK particularly. These sectors continue to dominate requirements representing nearly 80% of floorspace demanded. As noted earlier, across the wider office market, there has been a trend to smaller requirements, but in high quality space.

The current reduction of the space requirements generated by these sectors presents a challenge for Milton Keynes, already evident from the planned space disposals of existing occupiers. This is common to other office markets across the country, including Northampton, as noted in Section 9. In contrast, Cambridge and Oxford have been largely protected from these pressures due to the presence and demand from science and other R&D occupiers. Notably technology demand remains strong, despite the wider slowdown, but this reflects the R&D focus of these occupiers. Regional centres such as Manchester, Birmingham and Glasgow have sought to introduce greater resilience in their economies through growth strategies in these areas. While business, financial services and technology companies remain important occupiers, high growth sectors in science and R&D are being targeted.

Given the demand seen from these high growth sectors, we believe it is important to consider the potential opportunity for R&D and science growth in Milton Keynes. The city does have R&D business base to build upon and also has seen an increase in venture capital funding. In addition the city is likely to see spillover impacts from other R&D centres.

Growing business sectors

In considering the future demand drivers, we have commented on the findings from our survey of large R&D companies undertaken on our behalf in 2021 by YouGov. We consider these findings to be helpful for a couple of reasons.

Firstly, research elsewhere suggests similar location/business drivers are applicable to knowledge intensive industries more generally. These are not therefore solely relevant to R&D activity, but also to high growth business sectors ranging from AI to data tools. Notably, in Cambridge 99% of the floorspace occupied by companies working in the areas of high technology manufacturing is office based.

Secondly, R&D is important to Milton Keynes, both directly and indirectly. Only a proportion of R&D occurs in a laboratory or industrial environment. The growth in the volume of research that is taking place in offices, is illustrated by the occupational base of CB1 in Cambridge with a dominance of R&D activity in areas such as AI and autonomous cars. It is notable that the number of Milton Keynes based respondents to our R&D survey was only slightly lower than those based in Oxford and Cambridge.

Given the sample size, the findings should be considered anecdotal, rather than statistically significant, but MK based R&D noted recruitment, amenities and proximity to business collaborators as key factors in their location decision.

Furthermore, there are demonstrated spillover impacts on wider supply chains[5]. Therefore, the location drivers of R&D in Oxford, Cambridge Silverstone, London, Cranfield, or in nearby MK industrial space, will have a potential impact on knowledge-based companies in Milton Keynes. Technology solutions, AI and other developments will go hand in hand with non-office based R&D.

The following points consider the key factors that are likely to drive future office demand where there are potential direct or indirect implications for Milton Keynes specifically:

(a) Growth of knowledge industry sectors

Milton Keynes has a mature innovation eco-system which delivers a high level of business creation.

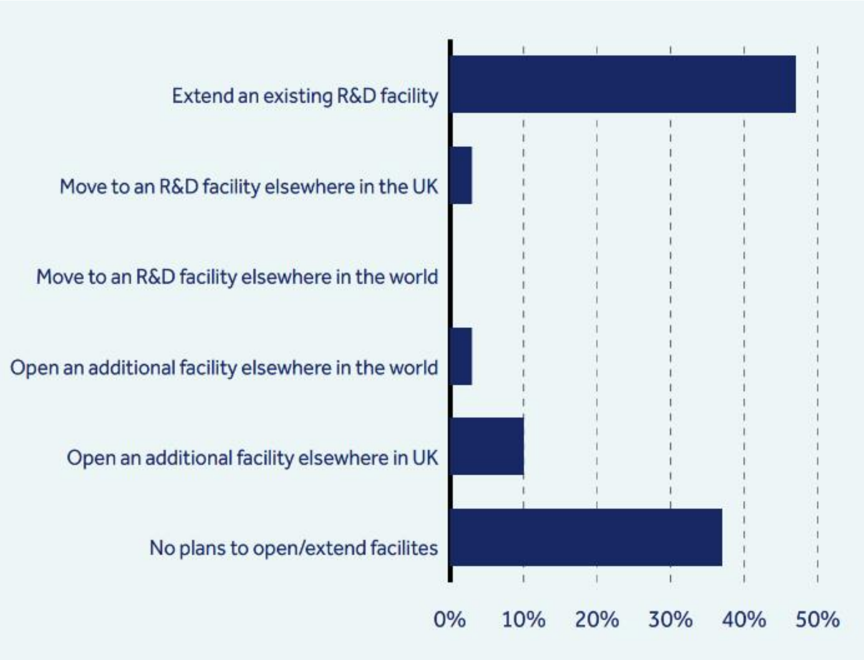
As seen in other cities globally, advances across sectors from technological business solution, life sciences and AI are driving the accelerated expansion of high growth sectors and start up ecosystems. The skill base and strategic regional position of Milton Keynes presents an opportunity for the city to capitalise on advances across a range of knowledge intensive industries.

(b) A preference to grow in the Milton Keynes cluster

High growth companies generally express a preference to remain and expand in an existing ecosystem rather than move elsewhere. This is demonstrated in the results of the YouGov/Bidwells R&D business survey (2021) as summarised in the chart below, and elsewhere in academic literature focused on knowledge intensive companies more generally. This confirmed in our own market experience in working across a range of knowledge based sectors.

[5] Nelles, J. (2022) Agglomeration, Innovation, and Spatial Synergies in the Oxford to Cambridge Arc. Presentation to the Oxford Regions, Innovation, and Enterprise Lab. April 29, 2022. https://brookes.cloud.panopto.eu/Panopto/Pages/Viewer.aspx?id=eff5dff0-a462-4b70-9bc9-ae860101a917

Plans of large R&D businesses over next five years



Source: Bidwells/YouGov UK R&D Business Survey

Looking beyond the current economic uncertainty, this preference to remain in an innovative location suggests Milton Keynes' high growth businesses will seek larger floorplate office space in the city as they grow. Inevitably, this will result in competition for space, as is currently the case for prime stock. Where insufficient floorspace is available, in particular high quality space, this presents a barrier to businesses of all sizes seeking a presence in the city.

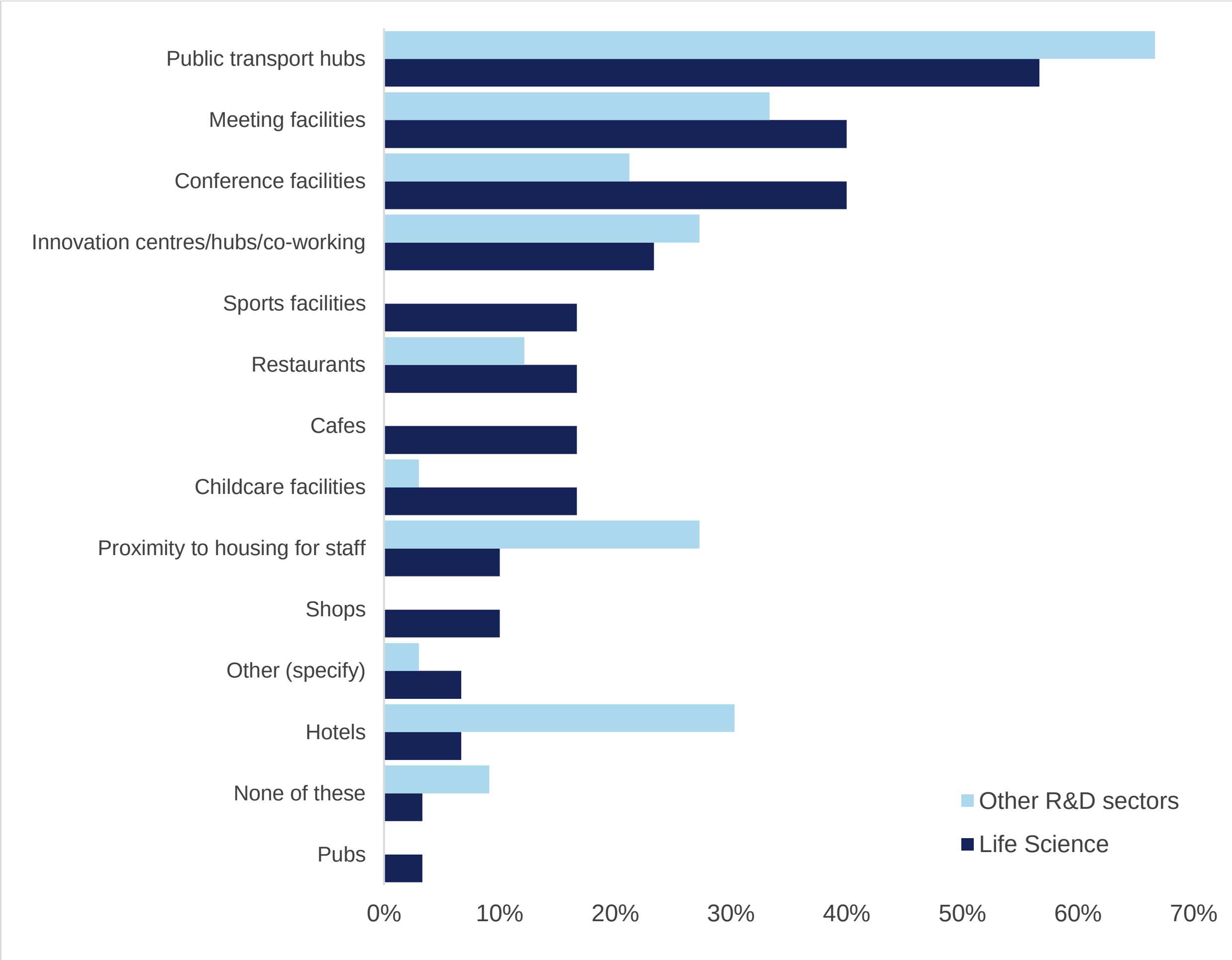
(c) Accessible urban locations

The YouGov/Bidwells survey also reinforces our experience of occupier preferences showing a strong demand for urban locations where feasible for business operations. These preferences are proven in Milton Keynes, with record rents consistently achieved on the prime CMK business space that has come forward.

Accessibility is a key driver in the desire to be centrally located. 62% of R&D businesses see public transport hubs as the most important facility they require, up from 48% from the same survey undertaken in 2018. This preference for highly accessible locations has been enhanced by the pandemic, supporting both collaboration across and between sectors, but also extends the recruitment reach of companies. This is significant in Milton Keynes with the benefit of its excellent public transport accessibility, in particular the proximity to a London based labour supply, and the Birmingham catchment to the north.

This is a fundamental issue. Aside from property specific requirements, our research with YouGov finds recruitment and retention of staff is by far and away the greatest priority for global R&D businesses. 77% of life science companies and 71% of business working in other R&D sectors identify recruitment and retention as a key issue in their location decision making.

Relative importance of facilities to large R&D businesses



Source: Bidwells, YouGov, 2022

(d) Quality business space

The recruitment challenge, heightened by the legacy of the pandemic on working practices, has placed a growing emphasis on high-quality accommodation with businesses seeking to use this lever to secure and retain top calibre talent. To an extent, Milton Keynes has the advantage of the close proximity to Oxford and Cambridge which provides a source of high skilled workers. However, potential employees from these cities, elsewhere in the country, or indeed globally, need to be attracted. Workspace is playing a growing and important role in recruiting and retaining extremely high skilled global workers who are able to be selective in the location and physical environment in which they work.

LOCATION CONSIDERATIONS FOR R&D COMPANIES	
1.	Ease of recruiting and retaining staff
2.	Proximity to potential business collaborators
3.	Proximity to potential academic or clinical collaborators
4.	Availability of 24/7 amenities
5.	Availability of property to grow

Source: YouGov/Bidwells UK R&D Business Survey, 2021

(e) Meeting high ESG standards

As noted earlier in this report, businesses are increasingly sensitive to both shareholder perceptions of their ESG credentials. As a result, many businesses have a growing focus on their ESG credentials in order to attract and retain funding from investors who themselves are under intense scrutiny from the investment and fund management community. Furthermore, intense competition in recruitment and retention has also added to the pressure on companies to operate from buildings with strong sustainability credentials. The focus on sustainability as a core driver of future business decision-making was evident in the responses to our YouGov survey.

The role of the buildings to mitigate the negative environmental impact of day-to-day science activities is important. This is amplified for R&D and tech operations, which are often particularly energy intensive. Businesses will therefore focus on Excellent or Outstanding BREEAM rated buildings (see Appendix 3 for information on the BREEAM rating of MK stock). Additionally, in order to minimise car-based travel, central accessible locations have become a priority for many businesses.

While the shortage of stock in the CMK generally has contained ESG aspirations, this fact has been an additional driver of on new Grade A space in the city centre.

(f) Proximity to collaborators

Science and technology companies place a high value on the ecosystem in which they operate, a predilection that has driven the development of globally significant clusters. According to our research, the ecosystem is considered second only to the recruitment of staff, underlining the real value collaboration is considered to contribute to business activity and growth.

These collaborative relationships are important for companies in the tech sector, including specialisms such as AI. These relationships are best served when companies are located in a dense cluster with scale. Curated and serendipitous exchanges are central to the innovative process. They are significantly less likely to occur if parties are not in the same location or must make a purposeful car journey to another location.

(g) Implications of growth in the Oxford and Cambridge clusters

The growth of the Oxford and Cambridge clusters will serve as an additional driver to the Milton Keynes economy. Research[6] evidence shows companies across the cities are highly connected to the ecosystem of innovative firms within their clusters, but there is evidence of strong knowledge spillovers into connected locations. This has the potential for knowledge exchange and innovation collaborations.

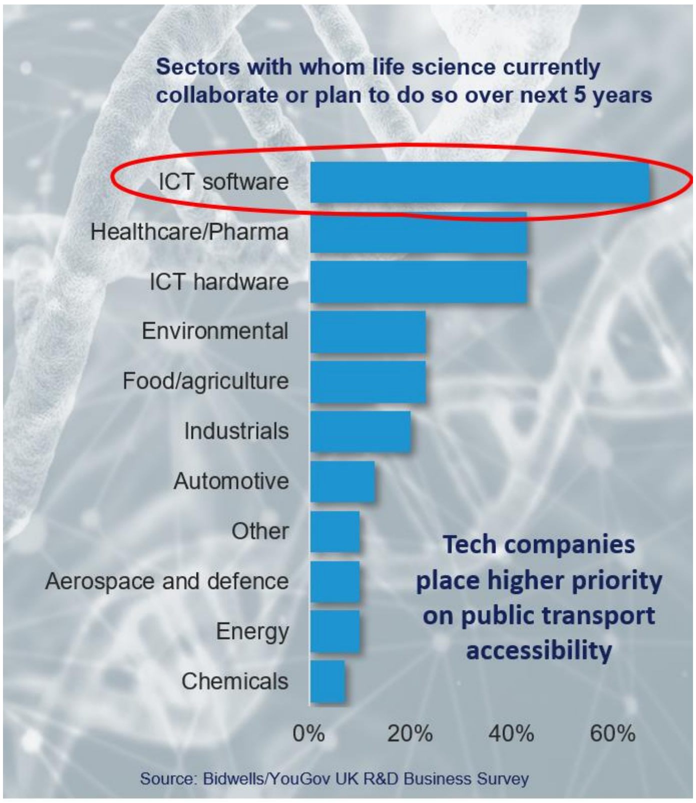
---

[6] Nelles, J. (2022) Agglomeration, Innovation, and Spatial Synergies in the Oxford to Cambridge Arc. Presentation to the Oxford Regions, Innovation, and Enterprise Lab. April 29, 2022. https://brookes.cloud.panopto.eu/Panopto/Pages/Viewer.aspx?id=eff5dff0-a462-4b70-9bc9-ae860101a917

The research demonstrates, and logic confirms, that the reach of this economic spillover is focused on places well connected by road and transit. Not all collaborators need to be in close proximity. While not statistically significant, the MK R&D respondents to our YouGov survey noted the value companies placed on academic and business collaborators within a travel distance of 1-2 hours. Clearly, this underlines the value of city’s central position within the Arc and while delivery of EWR would expand economic spillover to a wider regional catchment across the region, Milton Keynes will be a key beneficiary.

(h) Scientific advances drive greater tech collaboration

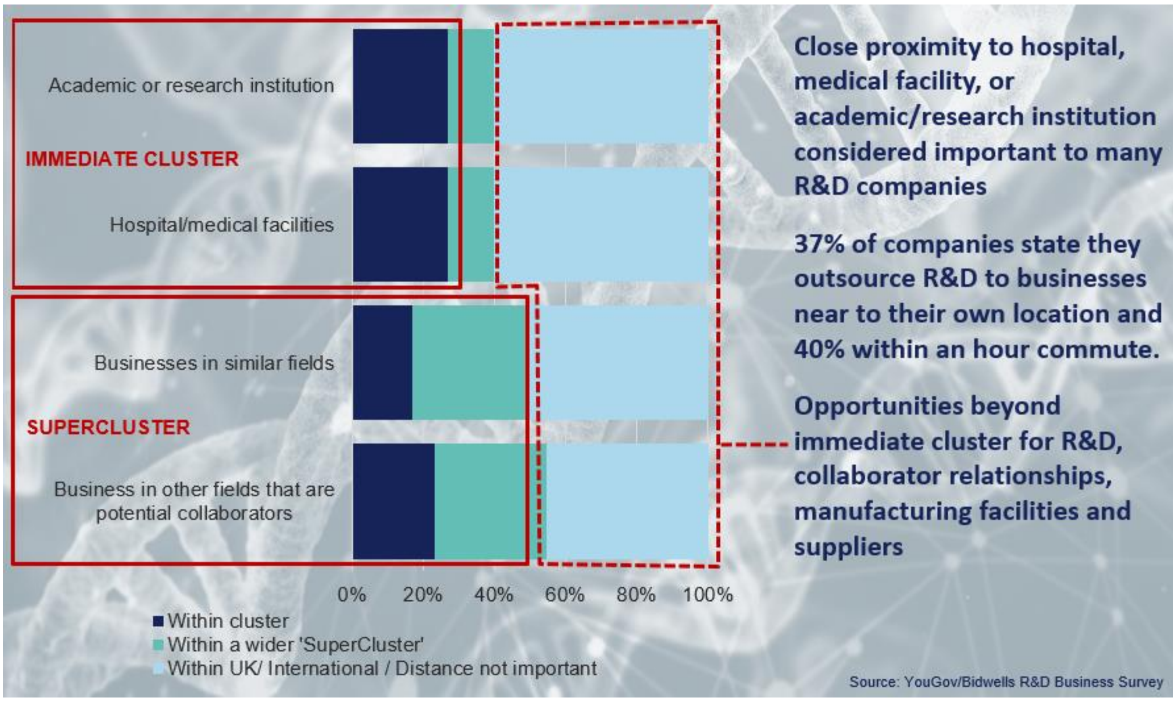
Significantly, life science R&D companies report collaborative benefits are growing, particularly with an increasing convergence between science and tech. Our research with YouGov found 67% of life science companies are collaborating with tech companies, or plan to do so over next five years.



Life science companies do not place as much importance on collaborators being in their immediate cluster, as perhaps they might a hospital or academic research. However, they are looking for collaborators to be located within an hour or so drive or train journey. As noted in (g) above, this positions Milton Keynes’ businesses well to capture tech and other collaborative opportunities. This will add further to the drivers of tech growth in the city over the coming years.

This science - tech collaboration presents a particular opportunity in areas such as AI and big data which have a presence in the Milton Keynes economy and will be supported further with the delivery of an undergraduate university. Importantly, our research finds that tech companies have a strong preference for central locations with good public transport accessibility. This finding is borne out in occupational patterns in London, but also CB1 in Cambridge where R&D tech companies have dominated take up.

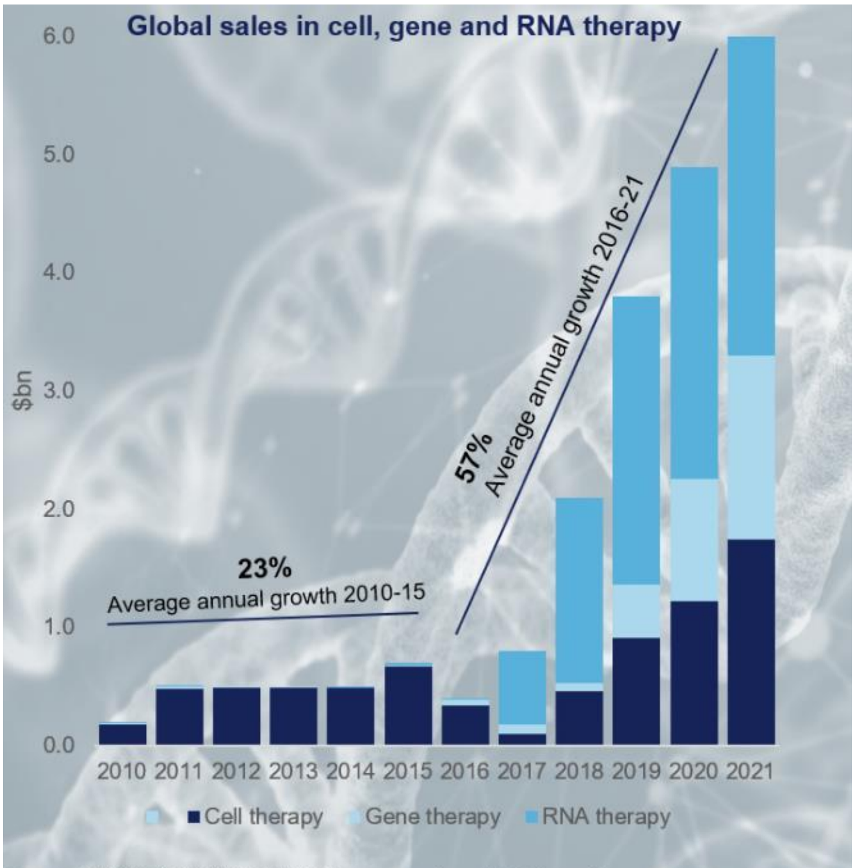
Importance of relative proximity for R&D companies



Notably, January 2023 saw the first purchase of an AI company (InstaDeep) by a life science company (BioNTech). This acquisition was on the back of rapid advances in AI and the ability of the technology to accelerate the laborious and costly process of drug discovery, as well as research, manufacturing and deployment processes. Notably BioNTech is Cambridge based and InstaDeep will remain in London – functions, for now at least, do not appear to need to be co-located.[7]

The demand for AI drug discovery will expand rapidly over the coming years. Cell, gene and RNA therapy techniques, are relatively new in their own development but, as noted in our *Life Science 2030* research, are advancing rapidly. Drug discovery in this area alone will place significant demands on all assistive technologies. Notably, 69% and 72% of lab take up (by number of lettings) in Oxford and Cambridge respectively in 2021, were by cell and gene therapy companies. The strength of the two clusters in this area will undoubtedly have implications for the region's wider tech, and in particular AI, industry.

7 Bidwells are undertaking further research on science and tech convergence at present. This is due to be published in July.



Source: IQVIA MIDAS MAT Q4 2021, company financial statements

Notes: Market sizes comprise of available data from company financial statements and MIDAS QTR database values, for products where such information is available. RNA therapy excluding mRNA vaccine revenues

However, it is also important to recognise that life science companies are not all lab based. In addition to the AI functions noted above, our *Life Science 2030* research identifies areas such as digital tech which of course are office based. Only slightly more than 50% of business space occupied by life science companies in Oxford and Cambridge are laboratory based, while 30% of office floorspace take up in 2022 was by life science companies, half of this by C&G therapy businesses.

Notably Milton Keynes has a small number of life science companies, but these are predominantly tech based and over half at early stage. While this is a fragile point in their individual development, their presence demonstrates the fact that life science is not limited to either the Oxford and Cambridge clusters, nor the laboratory sector.

7. RESIDENTIAL CONVERSIONS

Introduction

Set out in the table in Appendix 4 are details of the office floorspace lost to residential conversion/redevelopment in CMK since 2017. These losses are primarily as a result of conversion permitted via Class O, Part 3, Schedule 2 of the Town and Country Planning General Permitted Development (England) Order 2015 (the GPDO) which allowed for the change of use of office space (use class B1) to residential use providing certain restrictions were met and impacts on highways/transport, contamination and flood risk considered.

Class O of the GPDO replaced Class J which was originally introduced in 2013. It was at this point that prior notification applications allowing conversion of office space could first be made. Therefore, whilst the report utilises 2017 as a baseline for the loss of office floorspace, the analysis below also includes consideration of the impacts of previous conversion, particularly with regard to the locational characteristics of the office space lost.

Since August 2021, and the earlier changes to the planning Use Class Order in 2020, which effectively included office within a wider ‘commercial and business services use’ (Class E), Class O of the GPDO has been replaced by Class MA. Class MA still allows the conversion of office space to residential but with a greater level of restriction than under Class O, including limits on floorspace and a vacancy requirement. As is discussed further below, the Article 4 Direction confirmed by Milton Keynes Council in March 2022 came into effect in October 2022 removing these permitted development rights meaning any future losses will need to be approved via a planning application with considerations given to the policies of the Development Plan.

Whilst not directly relevant to the loss of office floorspace, the table at Appendix 4 also touches on buildings where upward extensions to deliver residential units have been approved as this may be relevant to any future policy decisions made by the Council.

The impact of the change of use to other non-office uses, including retail and education is also touched on.

Analysis

Floorspace loss

Since 2017, 325,328 sq ft (30,224 sq m) of office floorspace has been lost to residential development. This comprises developments that have been completed or are currently under construction. This includes the conversion of existing floorspace via Prior Approval and the total redevelopment of sites such as 809-811 Silbury Boulevard (now complete) and Bowback House (currently under construction).

This loss of stock to residential use equates to 12% of the CMK office stock at the end of 2022 since 2017.

In addition to the 325,328 sq ft (30,224 sq m) of floorspace already lost, there is a further 83,646 sq ft (7,771 sq m) of floorspace with Prior Approval in place to convert to residential use that could still be implemented within before expiring[8] and a further 136,142 sq ft (12,648 sq m) of floorspace with planning permission in place for full redevelopment[9].

It is worth noting that there have also been two Environmental Impact Assessment screening requests[10] in relation to the re-development of Bank House on Midsummer Boulevard, which if followed up with a planning application and consented, could potentially see the loss of a further 50,418 sq ft (4,684 sq m) of office floorspace.

In addition, there has been some additional office floorspace lost to non-residential uses including an apart-hotel, education and retail. These changes of use equate to 127,703 sq ft (11,864 sq m) of additional lost office floorspace.

In total, assuming completion of those developments with an extant planning consent/Prior Approval, this means that up to 545,116 sq ft (50,642 sq m) of office floor space will have been lost to residential conversion or redevelopment since 2017[11]. This equates to 18% of total CMK stock at the end of 2022. CMK would currently have had a total office stock of over nearly 3.5m sq ft (325,161 sq m) (3.44 sq ft/319,586 sq m) in the absence of these losses.

The total losses are summarised in the table below:

TOTAL OFFICE FLOORSPACE LOSSES SINCE 2017	
Area Lost (sq ft)	**Source of Loss**
325,328	Constructed (or under construction) Prior Approvals and planning consents
83,646	Unimplemented Prior Approvals
136,142	Unimplemented planning permissions for redevelopment
127,703	Other non-residential conversions (inc apart hotel, education and retail)
672,819	Total losses (545,116 excluding non-residential losses)

Nature of floorspace lost

The size of office floorspace lost to conversion/redevelopment since 2017 varies significantly. Setting aside small areas of office space that have been lost to non-residential uses, the bulk of the office spaces lost to residential conversion are under3,000 sq m (c.32,000 sq ft). These offices tend to be first generation CMK buildings where the decision has been taken to redevelop for an alternative use rather than refurbish the office space to meet current occupier demands. The age of a number of these first generation offices, their associated condition and the cost of refurbishment is likely to have been a key driver for many of the decisions to seek an alternative use.

[8] Based on worst case scenario where more than one prior approval is in place for the same building.
[9] These figures assume the scheme for the conversion and upward extension of Westminster House, with a resolution to grant from committee in November 2022, would be implemented rather than the Prior Approval which is also still extant. and that the retained employment floorspace in Saxon Court would be in office use.
[10] EIA screening is required for certain scales of development to seek the Council's view on whether the proposal is likely to have significant environmental impacts and therefore whether a planning application will need to be accompanied by an Environmental Statement
[11] Note this figure excludes loss to non-residential use and those without planning permission/prior approval.

There have been larger Prior Approval schemes implemented, notably above the railway station. However, the larger prior approvals, including Bowback House and Westminster House, have each been followed up with detailed planning applications, with the Prior Approval schemes used as fall-back positions. It is worth noting that with the changes to the GPDO introduced in 2021, this approach will no longer be possible given the floorspace limit to Prior Approvals under class MA (1,500 sq m/16,145 sq ft) and any applications would need to satisfy policies in the Development Plan, including those that need to be satisfied to justify the loss of employment land.

It is also worth noting that the trend has been for residential Prior Approvals being for buildings (or parts of buildings) over the 1,500 sq m now allowed under Class MA. Therefore, notwithstanding the fact that the Article 4 Direction is in place restricting the use of Class MA, past trends indicate that it may have been unlikely that the conversion of floorspace through this route would have been significantly utilised.

The most significant loss of office floorspace to redevelopment is that approved at Saxon Court, as part of the MK Gateway scheme, and that at Westminister House and Bowback House, noted above.

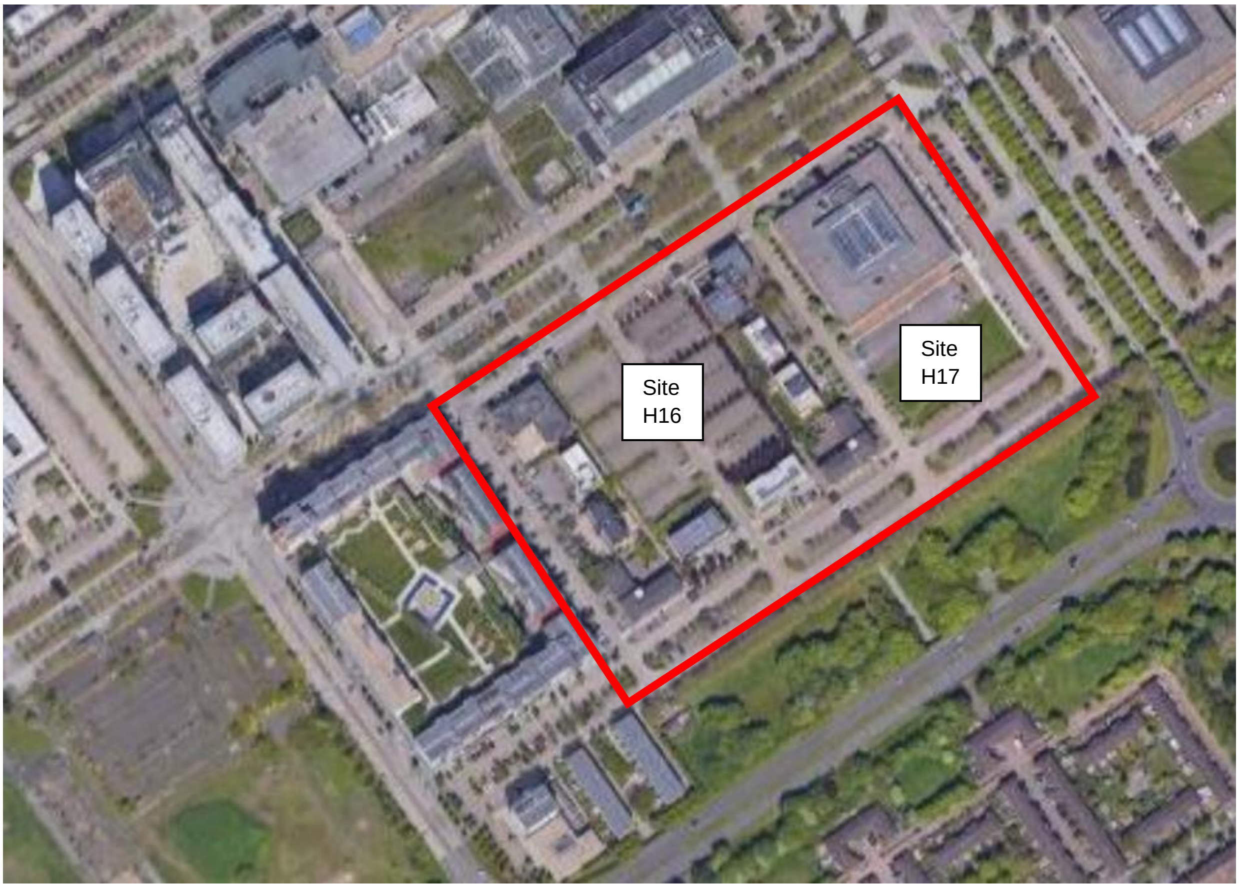
However, it needs to be considered that the Saxon Court redevelopment will include the reprovision of mixed employment floorspace within the original building (with the allowable employment uses above ground floor commercial, including office) and the wider scheme will also see the separate construction of additional office floorspace. Whilst this is the only scheme of this nature in CMK at this time, it shows the potential for mixed use development to deliver the quality of office floorspace demanded by the market.

Location of the floorspace lost

Whilst the floorspace lost to residential development is generally dispersed across CMK (see Appendix 5 for full details), there are a couple of blocks where there has been a significant shift away from office floorspace.

The most significant losses have been in block C4 where the Central area (blocklets C4.2 and C4.3) have seen the majority of existing office floorspace lost to other uses, predominantly residential.

This includes the pre-2017 conversion of Charter House, Kingsbridge House, Blackfriars House and Brickhill House. The losses will be compounded in the future with the conversion and extension of Westminster House in blocklet C4.4, and build on the non-residential uses at the eastern end of the block with the Vizion/Sainsburys development.



Block C4 (2,3 and 4) – Focus of Residential Conversion

There are other areas of CMK which have also seen a number of office losses, albeit with less of a focus that block C4. The secondary area of focus is that around blocks B1 and B2 where there are now several buildings converted to residential use alongside retained office buildings. Block B1 in particular has a high concentration of residential use with the block also containing purpose built residential units in the north and Bowback House currently being converted in the blocklet B1.4. Although Block B2 contains less converted office buildings than Block B2, office floorspace remains low due to the presence of commercial uses including a Wetherspoon public house and a restaurant building, currently occupied by Olive Tree.

Blocks B1 and B2 – Secondary Area of Residential Conversion

Overall observations

There has been a sustained change of use of office stock to non-office (predominantly residential) floorspace over the last 10 years. This has largely been through the conversion of small/medium office blocks via the Prior Approval process, with larger buildings being subject to full planning applications for redevelopment. Given the changes to the GPDO and the introduction of the most recent Article 4 direction which restricts permitted development rights, future losses are likely to be restricted to those which already benefit from Prior Approval or full planning permission, with any other losses needing to be considered against the policies of the Development Plan which seek to limit the loss of employment land unless certain criteria are met. This gives the Council more control of which floorspace can be lost.

The location of the losses has led to a significant cluster of residential use at Block C4, within which there remain undeveloped parcels where current parcels allocated for residential use[12]. This area, although within the Central Business District, makes minimal contribution to employment in the city centre.

Similarly, there are areas in the north-west of the city centre, notably blocks B1 and, to a lesser degree B2, where the focus of office use and employment has been reduced by both the conversion and redevelopment of office space.

The drivers for change of use to non-employment uses will vary from project to project. Common is likely to have been the increased value associated with a residential use. However, considerations will also have included the ease of the Prior Approval process, making it a good option, finding an alternative use for vacant buildings, particularly those first generation offices in need of refurbishment, and the level of associated investment. Whilst these decisions will continue to be relevant, particularly in light of the EPC requirements, the removal of permitted development rights already noted means that owners will have to apply for planning consent for any future changes, which is likely to be a disincentive to some.

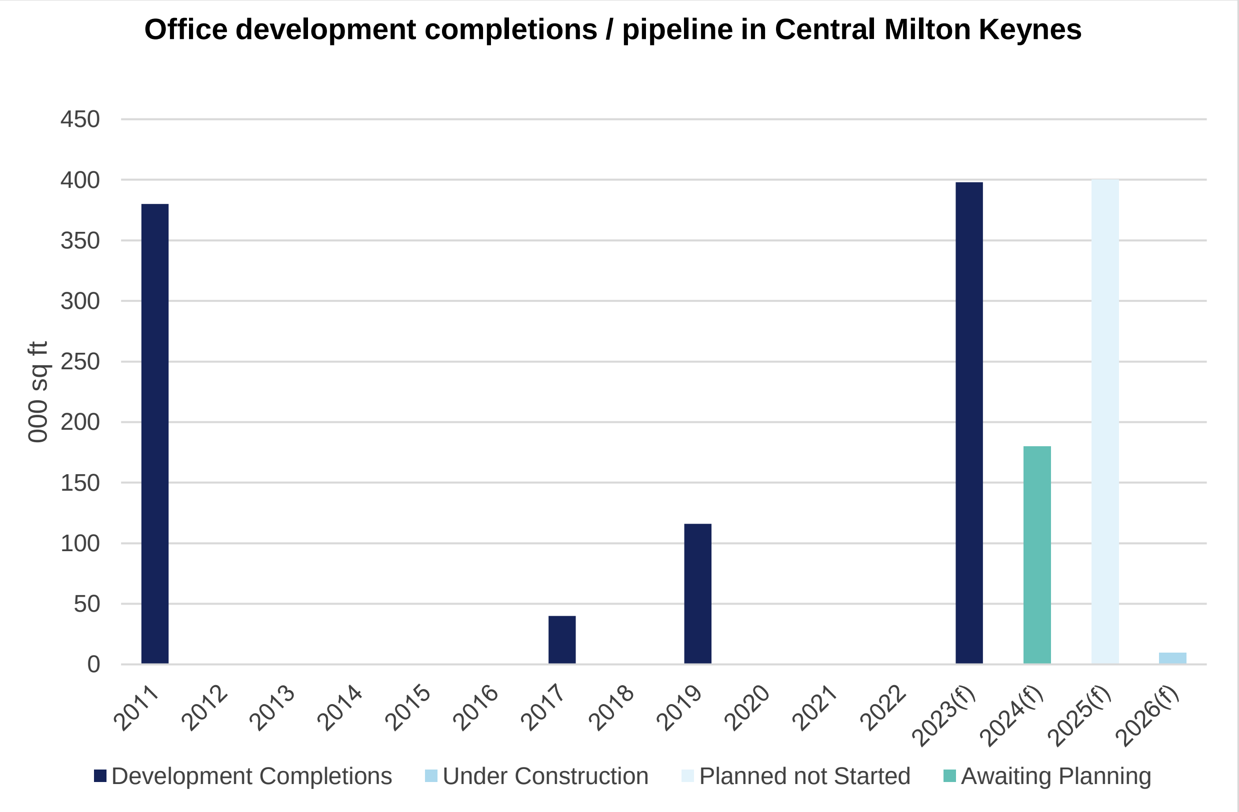
[12] See Plan:MK sites H16 and H17

8. DEVELOPMENT PIPELINE

Development activity in Central Milton Keynes has been limited over the past few years with only limited new completions adding much needed new Grade A space to the city's office stock. The most recent speculative new scheme was at 100 Avebury Boulevard. The scale of development together with the current lack of Grade A BREEAM rated development at the time of construction, enabled the development to reach 52% pre-let ahead of practical completion and the whole building was fully let within 3 months of practical completion. 100 Avebury Boulevard has served to attract occupiers to Milton Keynes who would otherwise have been lost to alternative regional centres, seeking new build Grade A space which would not have otherwise been available to them in CMK.

Given previous planning constraints placed on the height of development (for example Policy CMKAPG9 CMK Alliance) within Central Milton Keynes, large scale office development has been limited to Pinnacle:MK (approx. 209,000 sq ft/19,417 sq m), The Quadrant which is owner-occupied by Network Rail (approx. 380,000 sq ft/35,303 sq m) and 100 Avebury Boulevard (approx. 140,000 sq ft/13,006 sq m). The most recent of these schemes, 100 Avebury Boulevard, is constructed across nine floors including ground and mezzanine levels and is currently the tallest office building in CMK but this is likely to be exceeded in coming years as developers seek to maximise site densities.

The following graph shows previous developments together with pipeline forecast to 2026:



The latest major scheme currently under construction is Santander's 398,000 sq ft (36,975 sq m) Unity Place, which is due to complete in mid-2023. A handful of schemes are currently in for planning or are still at master planning stage, with just under 700,000 sq ft (65,032 sq ft) of space with the potential to be delivered over the next five years.

Historically, rental levels have hampered the delivery of new office schemes. The delivery of new office developments will continue to be challenging in the short to medium term due to economic uncertainty, increasing construction costs and cost of debt on borrowing. However Grade A rental levels of £30.00+ per sq ft will improve feasibility reporting.

The following table details the planned schemes. There is uncertainty surrounding some of these due to the wider market conditions, construction costs as noted above, and also the potential release of space but existing occupiers. The pace at which schemes will be bought forward will be driven by perceived future demand and prelet opportunities and the potential competition from available space in the market. The table includes details of the likely timing of schemes given current information.

POTENTIAL OFFICE DEVELOPMENTS 2023-28					
Scheme	**Type of Scheme**	**Potential Office Space sq ft (sq m)**	**Current Status**	**Assumed completion**	**Ownership/ Control**
MK Gateway (Block D4)	Mixed use – office, workspace and residential	180,000 (16,723)	Planning approved, ongoing discharge of conditions and seeking funding	2025	Socius
Santander Offices (Block B2)	Mixed use – office and retail	200,000 (18,581)	Refurbishment of existing offices	2025	Osborne
Former Food Centre (Block E3)	Mixed use	10,000 (929)	On site, paused development	2025/26	Hermes/Telford Homes
New City Place (Block B3)	Office / Resi scheme	200,000 (18,580)	Seeking funding	2027	Sterling/MKDP
Site B4 (Block B4)	University or Mixed use	50,000 (4,645)	Master planning	2028	MKDP
Station Square (Block A2/A3)	Mixed use	50,000 (4,645)	Master planning	2028	MKDP

We understand from MKDP that the development of New City Place is unlikely to progress as Sterling have been unable to secure funding for the proposed mixed use scheme (office and residential). Blocks B3, B4, and A2/3 are being put to market as @The Lower West Side", a single lot which will be subject to masterplanning.

Furthermore, it is understood that a number of linked sites including B4, Station Square, the land surrounding the former Bus Station, former New City Place site together with the linear park which links the sites will be subject to a masterplanning exercise with expressions of interest being sought during 2023. Central Milton Keynes is in a unique position with a publicly owned landbank which enables such masterplanning and the ability to create and shape the future of CMK.

A table of CMK office (+10,000 sq ft) refurbishments which are currently underway is as follows:

BUILDING	SQ FT (SQ M)	STATUS	ESTIMATED COMPLETION	OWNERSHIP
Northgate House	35,000	Finalising contracts	Q4 2023	Dacre Property Holdings
The Avebury	33,350	Under refurbishment	Completed (June 23)	Mayfair Capital
Genesis House	47,000	Architect schemes being drafted	Q3 2024	Balmoral Land

9. COMPETING OFFICE MARKETS

This section provides a short overview of the competing offices on Milton Keynes' north-south and east-west axes. It should be noted that these locations may equally provide a source of future demand, directly, or indirectly as part of a supply chain or economic ecosystem.

Northampton

The total stock of office floor space in the Northampton market is estimated at 4.1m sq ft (380,902 sq m), with the majority of space being constructed prior to 2000.

The take up of office floor space in Northampton has been heavily influenced by the impacts of the pandemic. Take up has remained below the 10 year average for the Northampton market for each of the past three years, with activity of around 75,000 sq ft (6,967 sq ft) recorded in 2022, compared to a long run average for the town of 100,000 sq ft per annum.

In recent years, Northampton has suffered from the increasing occupier preference for better located, more central regional office locations as well as the absence of large high-quality floorplates.

One significant transaction was recorded in 2022, the sub-letting of 37,800 sq ft (3,512 sq m) to GXO Logistics at Avon Cosmetics site on the fringe of the town centre. This reflects the pattern of demand in Northampton, where 66% of take up in Northampton is focus towards the out of town office market.

Northampton has historically been a major location for financial services companies, with Barclaycard, Nationwide Building Society and Intelligent Processing Solutions being major occupiers in the town.

Overall availability in Northampton is estimated at around 220,000 sq ft (20,439 sq m), which equates to an availability rate of 5.3%. A number of recently vacated buildings have been withdrawn from the market, probably to undergo refurbishment, there are currently no new office developments expected to be delivered in Northampton over the next two years.

Prime rents in the town are estimated at £21.00 per sq ft.

Luton

The total stock of office floor space in the Luton market is estimated at 2.9m sq ft, with the majority of space being constructed prior to 2000. There has been a general erosion of office floor space in Luton over the past decade, with a number of permitted development conversions to alternative uses reducing stock.

The Luton office market is not strong, with average annual take up of 50,000 sq ft (4,645 sq m) per annum over the past 10 years. This level of turnover has been further depressed over the past few years as the pandemic has reduced demand and leasing activity.

The majority of larger office stock in Luton is out of town, which accounts for almost two thirds of the supply of space in the town.

The largest transactions to complete over the past few years was the 26,700 sq ft (2,487 sq m) letting to the Department of Works & Pensions in H1 2021 at 500 Capability Green, with activity since that time being focused on smaller lettings (<10,000 sq ft/929 sq m).

Major occupiers in Luton are heavily influenced by the airport, with EasyJet, TUI, the local authority and London Luton Airport itself providing a major focus.

The supply of space in Luton has been edging higher over the past few years and stood at just under 300,000 sq ft (27,870 sq m) in 2022, equating to an availability rate of 10%, with the majority of stock out of town. There has been a lack of new development over the past few years with the last major additions to floor space being the 36,000 sq ft (3,345 sq m) in 2017.

There are proposals to build a major mixed-use scheme at New Century Park adjacent to London Luton Airport, which has planning permission, with road and infrastructure works currently underway.

Prime rents in Luton are estimated at £23.50 per sq ft.

Oxford

The total stock of offices in Oxford is estimated at 7.4m sq ft (687,482 sq m), with a further 1m sq ft (92,902 sq m) of laboratory floor space. The city centre market consists of approximately 2m sq ft of office floor space, with the remaining stock in the business and science parks which surround the city as well as in surrounding towns and villages.

The Oxford market has been undergoing period of transformation, with the demand for laboratory and R&D space increasing, whilst the office market continues to see solid levels of turnover.

Take up of offices in the Oxford market has averaged 250,000 sq ft (23,226 sq m) per annum over the past 10 years and the past two years has seen activity levels remain around this average trend level.

Typically, the Oxford market is dominated by take up in the parks surrounding the city centre market, which provide the majority of newer floor space and laboratory stock.

Last year saw office and laboratory take up of 505,200 sq ft (46,935 sq m), with around a 50:50 split between office and laboratory space being acquired. The largest transaction last year was the 145,000 sq ft (13,471 sq m) purchase of a long leasehold of The Vaccine Manufacture and Innovation Centre at Harwell Campus by US pharmaceutical group Catalent.

Current demand for floor space is heavily biased towards laboratory and R&D space, with 70% of the total 1.2m sq ft (111,483 sq ft) of requirements being for laboratory space. Requirements for offices continue but these are for smaller scale, high quality space, with an overwhelming preference for the city centre. A recent confidential city centre office letting set a record new rent significantly ahead of park rents.

The supply of floor space stood at 744,400 sq ft (69,157 sq m) at the end of 2022, with the majority of this stock in office accommodation. There was only 25,200 sq ft (2,341 sq m) of ready to occupy laboratory space at the end of the year, although this is likely to be supplemented in the coming months, with a number of office buildings being re purposed for laboratory occupation.

There is a significant potential office and laboratory development pipeline coming forward over the coming years, although this will be subject to planning, viability assessments as well as considerations of the market conditions. Oxford has a potential office and laboratory pipeline of 1.7m sq ft to 2023 although only just over half of this amount (0.9m sq ft) has planning or is under construction. 90,000 sq ft of the pipeline (consented or under construction) is in the city centre, the majority of which will be lab enabled. A further 200,000 sq ft is planned on the edge of the centre (walking distance). 55,000 sq ft of this space has planning consent and will be lab enabled.

The availability rate in Oxford stands at 9.8% for office floor space and 2.6% for laboratories.

Prime rents at December 2022 stand at £55.00 per sq ft for offices, with fitted laboratories attracting a premium at £75.00 per sq ft. These will be reviewed at the end of Q2 2023.

Cambridge

The total stock of office floor space in the Cambridge market is 7.6m sq ft (706,063 sq m), with just under 3.0m sq ft of laboratories. The majority of office and laboratory floor space is located in the science and business parks surrounding the city centre, with approximately 2m sq ft (185,806 sq m) of primarily office floor space, located in the city centre.

The Cambridge office and laboratory market has undergone a period of rapid expansion over the past10 years, with 2m sq ft of office floor space added and 1.1m sq ft of laboratory floor space added since 2012.

Take up in the Cambridge office and laboratory market has averaged 725,000 sq ft per annum over the past 10 years, with a 73:27 split between the two markets.

Activity in 2022 was slightly below the trend rate of take up for the Cambridge market at 500,900 sq ft with the tail off in activity due to the shortages of stock that have developed in the market. There has been a growing trend of major new office schemes being pre let in recent years as occupiers have vied for any new space coming to the market.

The supply of office space, particularly new Grade A space, remains constrained, with only 708,600 sq ft on the market at the end of 2022, and Grade A space at 141,800 sq ft. Laboratory floor space is particularly tight with just 7,200 sq ft.

There are a number of new schemes under construction to provide the much-needed space to the market, with the 103,000 sq ft development of laboratory space at Cambridge Biomedical Campus and 67,000 sq ft of offices in the city centre being two of the major schemes over the next few years. In total there is a potential development pipeline of 2.1 m sq ft, with nearly 1.7m sq ft of this space with planning consent. The extent to which this space comes forward will again be subject to market conditions and viability assessments.

Inclusive of the space being delivered this year, the city centre could see the delivery of approximately 750,000 sq ft by 2027, the majority of which has planning consent. There is a further potential of 400,000 sq ft to come forward in edge of centre locations.

The demand for floor space remains strong, with a total of 2m sq ft of space demanded, with a broadly 50:50 split between offices and laboratories. As in Oxford, city centre offices are in particularly strong demand.

Prime office rents in Cambridge were £56.00 per sq ft at the end of 2022, with laboratory rents at £58.50 per sq ft. These will be reviewed at the end of Q2 2023.

Summary

The following table provides the headline statistics for the competing markets:

LOCATION	BUILT OFFICE STOCK SQ FT (SQ M)	AVAILABILITY RATE (%)	PRIME RENT £/PSF	2022 TAKE UP SQ FT (SQ M)
Northampton	4.1m (380,920)	5.3	21.00	75,000 (6,967)
Luton	2.9m (269,419)	10.0	23.50	50,000 (4,645)
Oxford	7.4m (687,482)	9.8	55.00	250,000 (23,226)
Cambridge	7.6m (706,063)	9.6	56.00	422,000 (39,205)
Milton Keynes*	4.8m (817,547)	14.2	32.00	179,000 (16,630)

*City centre, fringe and parks to enable comparisons with other markets.

In summary Milton Keynes is outperforming the towns immediately located to the north and south along the M1 axis in terms of rent and take up. We would expect this to continue as Grade A availability is limited in these locations. Given the “Flight to Quality” Milton Keynes may attract future occupiers who are not wedded to the airport such as EasyJet and TUI.

Demand is outstripping supply in Oxford and Cambridge particularly for R&D and laboratory space. Milton Keynes as the ‘midpoint’ in the Arc may prove to be a viable alternative at a lower rental point. However, developers will need to consider the technical specification of building should they wish to attract lab occupiers as design considerations will need to include for example:

- Specialist below ground waste systems
- 4m+ minimum slab to slab heights to accommodate increased services
- Increased HVAC and associates external rood compounds
- Increased floor loading capabilities
- Goods lifts and delivery areas
- Back-up generators.

10. GENERAL IMPLICATIONS

The property market is still working through the aftermath of the pandemic. The economic challenges we are now suffering as a result of this and the invasion of Ukraine are extending this period of uncertainty. There is a lot happening at the same time – some temporary but some, most likely permanent.

Further crises aside, the economy is expected to recover over the next two years. Business investment will return which will boost employment and property decision making. It will also support the return of VC funding in high growth sectors such as tech, although the levels of investment globally may not return to previous levels while bond yields remain high.

Permanent change is likely to be seen in working practices with implications for some traditional office market occupiers who see their long-term space needs reduce. Relative profitability of many of these sectors has also been challenged, even prior to the pandemic and cost reductions will also drive property strategies. Unless there is a significant change in policy at a national level, recruitment and retention will remain a key concern for most businesses. This will be a key determinant of location decision making. In some sectors it will also provide an additional impetus to flexible working practices.

Against this backdrop, Milton Keynes is going through a period of change. Traditional finance and business services nationally are seeing slower levels of growth although still perform well in economic terms. However, these larger traditional companies are seeing changes to working practices which will reduce their business space requirements over time. In parallel however, the evidence of increased Venture Capital (VC) funding in the city provides an indicator of a burgeoning high growth business ecosystem. The city has always performed well in this respect, but the injection of investment capital has the potential to accelerate growth in these enterprises. While there will be continued demand from the traditional sectors, the long-term economy will benefit from diversity to ensure exposure to the growth sectors of the future. The transition will be gradual, although intervention to support growth is of course possible.

The surrounding cities may perhaps be considered competitors, although Milton Keynes is in a relatively unique position. Oxford and Cambridge have very particular characteristics, while the other surrounding markets are quite local in nature. As a traditional HQ corporate office location, Milton Keynes is distinct in the region. More importantly, there are many high growth sectors in and around Milton Keynes on which the city may capitalise to take forward the economy. The transition period may be challenging, but this is being seen across many of the UK's office markets.

The tech and finance strengths of Milton Keynes are valuable across many sectors. The tech sector in particular offers great opportunity as it will be central to the growth of across most sectors. Supporting linkages and collaboration between the tech sector and life science, engineering and other areas will forge opportunities within Milton Keynes. This report notes a few such as cell and gene therapy, but we are only at the beginning of the science and tech convergence journey. The specification of future developments will need to adapt if Milton Keynes is to attract life science occupiers.

The 'wishlists' of companies in these high growth sectors are pretty standard and well understood. Companies are focused on accessibility, access to talent and a good working environment – inside and out. They want to be near collaborators, sources of finance and in some cases research. Milton Keynes is well placed to provide all these ingredients.

Business space is central to many of these aspects. Quality, well located office space will remain in demand. There is inevitably concern about the return of larger requirements following the pandemic. While structure occupational change is likely permanent as noted above, the economic slowing is not.

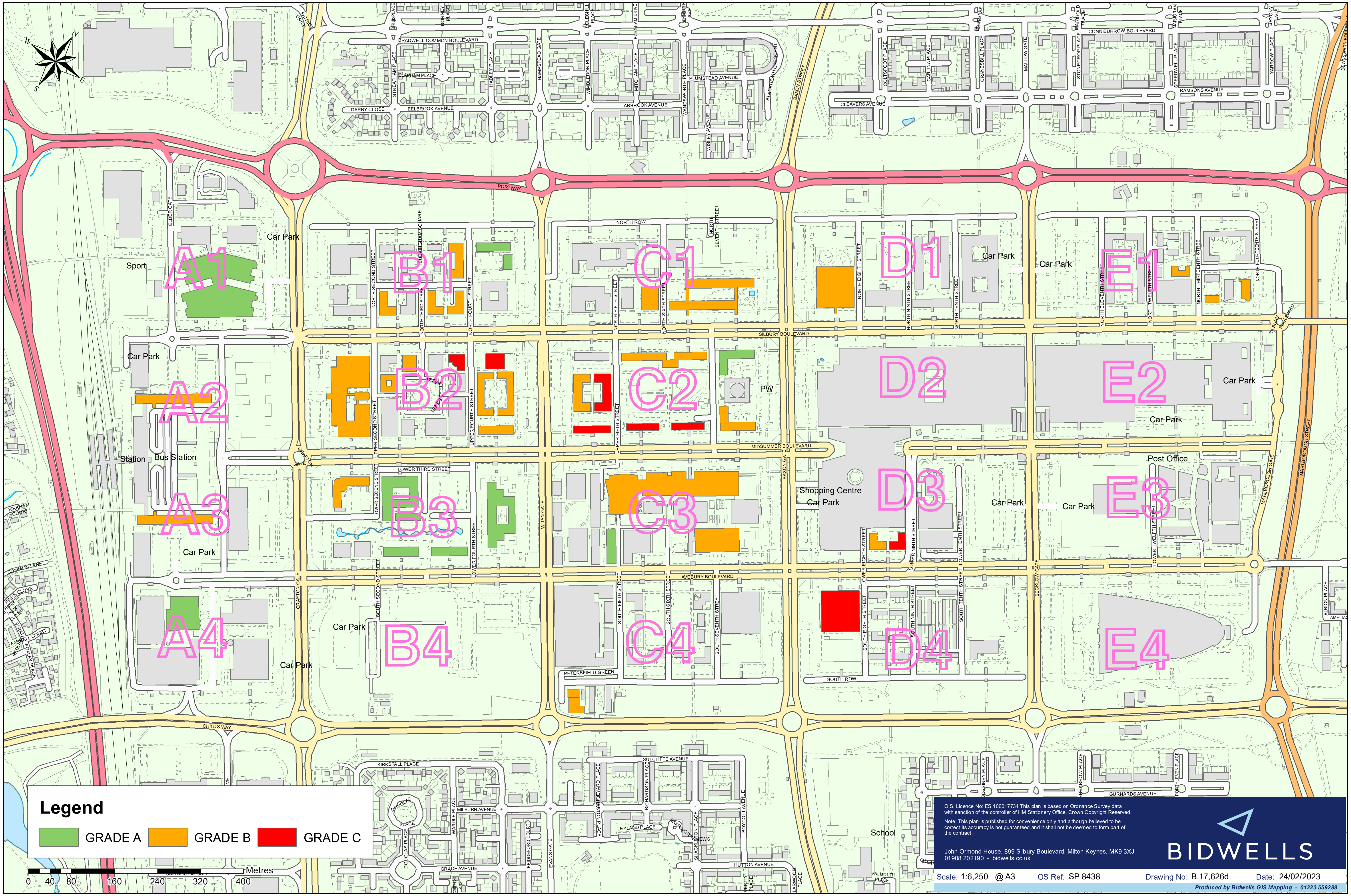
Throughout this challenging period the city has seen a resilient level of demand for space across the size bands. Retaining an ability to provide larger space is important due to the crucial role such companies can play in the economic ecosystem. The impact of the Santander tech hub will be significant, both practically to business opportunities but also for perceptions. Capacity to provide for small fast-growing companies is also needed to avoid ‘bed blocking’.

While the loss of office stock is at present resulting in a mismatch in large floorspace office supply relative to demand, it has changed the Milton Keynes city centre. It has added a vitality to the centre which is attractive to workers and companies as it helps their recruitment story and staff retention going forwards. Further diversity added through co-working space and hopefully in time the university, will provide a further draw to business focused on access to a high skilled workforce.

APPENDICES

APPENDIX 1
MAP SHOWING CMK BUILT STOCK BY GRADE

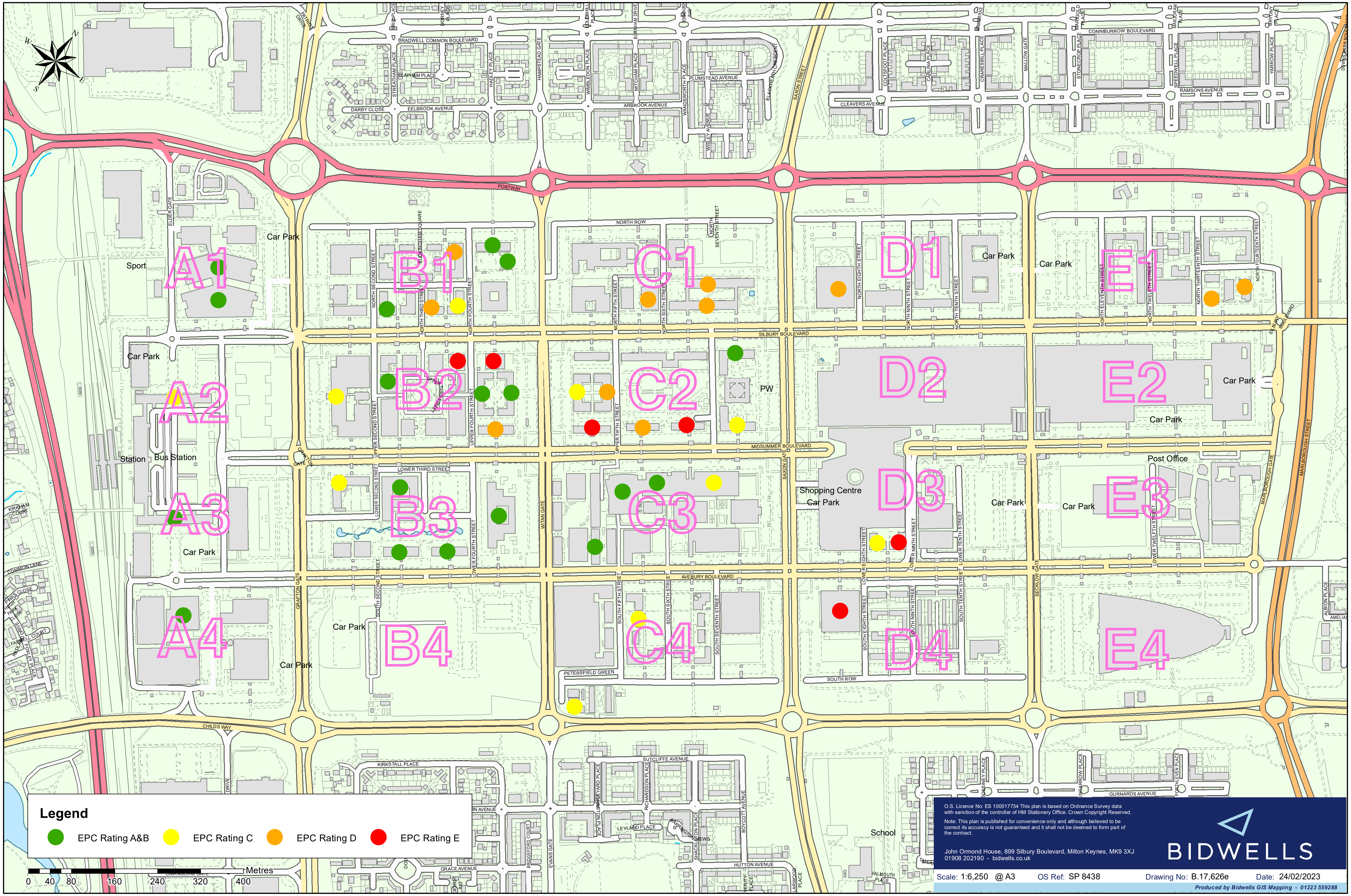
Central Milton Keynes - Built Office Stock By Grade



APPENDIX 2

MAP SHOWING EPC RATINGS FOR CURRENT CMK VACANT OFFICE STOCK

Central Milton Keynes - Vacant Stock EPC Ratings



APPENDIX 3
SCHEDULE OF VACANT CMK OFFICE STOCK

Appendix 3
Central Milton Keynes - Office Stock Including Vacant Space Grade & EPC Ratings

BUILDING	ADDRESS	POSTCODE	BLOCK REF	EPC (BUILDING)	GRADE	VACANT SPACE (SUITE SIZES SQ FT)	QUOTING RENT (£/PSF)	TIME VACANT	TOTAL SIZE (SQ FT)	OWNERSHIP	PRIOR APPROVAL (Y/N)	UPWARD EXTENSION
The Quadrant	Elder Gate	MK9 1EN	A1	A	A	51,000	£30.00	less than 12 months	380,000	Network Rail	N	N
Technology House	151 Silbury Boulevard	MK9 1LH	B1	B	B	0			19,525	Juul Investments Limited	Y	N
Moorgate House	201 Silbury Boulevard	MK9 1LZ	B1	D	B	2,131	£22.00	12 to 24 months	19,228	Stanton Investments	N	N
Matrix House	2 North 4th Street	MK9 1NJ	B1	D	B	12,000	£12.50	2 years +	32,334	Marchmont Farms Limited	N	N
249	Silbury Boulevard	MK9 1NA	B1	C	B	2,124	£22.50	2 years +	23,018	Horta Properties Limited	N	N
Altius House	Exchange Square, 21 North 4th	MK9 1NE	B1	B	A	3,500 / 3,200 / 5,300	£25.00	2 years +	31,335	Schroders Capital	N	N
II Exchange Square	Exchange Square, 21 North 4th	MK9 1HL	B1	B	B	0			11,226	Schroders Capital	N	N
Gloucester House	399 Silbury Boulevard	MK9 2AH	C1	D	B	0			31,320	Euro Property Investments Limited	Y	N
Norfolk House	Silbury Boulevard	MK9 2AH	C1	D	B	2,521 / 1,723	£30.00	2 years +	62,583	Commercial Estates Group	Y	N
Ashton House	Silbury Boulevard	MK9 2AH	C1	D	B	9,049	£27.50	2 years +	89,000	Commercial Estates Group	N	N
Civic Office	1 Saxon Gate East	MK9 3EJ	D1	D	B	0			125,000	MKC	N	N
50	North 13th Street	MK9 3BP	E1	Not Registered	B	0			8,270	DLA	N	N
John Ormond House	899 Silbury Boulevard	MK9 3XL	E1	D	B	0			22,750	Personal Group	N	N
Henshaw House	851 Silbury Boulevard	MK9 3JZ	E1	D	B	0			9,830	The Guinness Partnership	N	N
Northgate House	450 - 500 Silbury Boulevard	MK9 2AD	C2	A (target)	A	38,000	£27.50	Less than 12 months	41,000	Dacre Property Holdings	Y	N
Silbury Court	352 - 420 Silbury Bouleavrd	MK9 2LY	C2	D	B	1,522	£22.55	2 years +	78,545	Shaviram Group	Y	Y
Silbury House	300 Silbury Boulevard	MK9 1DP	B2	E	C	0			24,942	RO Group	N	N
Pinder House	249 Upper 3rd Street	MK9 1DS	B2	E	C	2,680	£18.00	3 years +	18,139	Pinders	N	N
Santander House	201 Grafton Gate	MK9 1AN	B2	C	B	0			260,025	Santander	N	N
252	252 Upper 3rd Street	MK9 1DZ	B2	B	B	0			22,250	WD40	N	N
Pheonix House	Elder Gate	MK9 1BE	A2	C	B	0			65,415	Essex County Council	N	N
Elder House	548 Elder Gate	MK9 1LR	A3	B	B	5,420 / 930 / 765 / 10,740 / 1,410 / 1,690	£20.00	3 years +	63,605	Bellborough Ltd	N	N
Solstice House	251 - 299 Midsummer Boulevard	MK9 1EA	B2	D	B	0			31,131	Kamber International Ltd c/o Trotter & Harris LLP	N	N
Witan Studios	270 - 344 Witan Gate	MK9 1EJ	B2	B	B	500 / 1,000 / 1,500 / 2,000	£30.00	12 - 24 months	62,900	Commercial Estates Group	N	N
Sovereign Court	Witan Gate	MK9 2HP	C2	C	B	1,032 / 1,788	£20.00	3 years +	23,000	VCRE Three Milton Ltd	Y	Y
Regency Court	Upper 5th Street	MK9 1HL	C2	D	C	0			23,000	Libyan Arab Foreign Investment Company	Y	N
Genesis House	301 -349 Midsummer Boulevard	MK9 2HP	C2	E	C	47,690	£25.00	5 years +	47,691	Balmoral Land	N	N
Acorn House	351 - 399 Midsummer Boulevard	MK9 3HP	C2	D	C	0			35,480	MK Community Foundation	N	N
Margret Powell House	410 Midsummer Boulevard	MK9 3BN	C2	E	C	200 / 2,000	£12.00	3 years +	36,000	MK Community Foundation	N	N
Southgate House	449 Midsummer Boulevard	MK9 3BN	C2	C	B	0			41,646	Dacre Property Holdings	Y	N
Exchange House	Midsummer Bouleavrd	MK9 2EA	C3	C	B	9,915 / 2,796 / 9,018 / 8,527	£22.50	3 years +	130,643	Laidlaw Estates	Y	N
CBX II	Midsummer Bouleavrd	MK9 2EA	C3	B	B	6,884	£22.00	less than 12 months	119,300	A&A Properties	N	N
Midsummer Court	Midsummer Bouleavrd	MK9 2UB	C3	B	B	0			42,000	A&A Properties	N	N
Witan Gate House	Midsummer Bouleavrd	MK9 1SH	B3	B	A	12,300	£28.00	2 years +	141,432	USS	N	N
Pinnacle MK	Midsummer Bouleavrd	MK9 1BP	B3	B	A	12,500	£25.00	3 years +	207,130	Aberdeen Asset Management	N	N
Grafton Mews	Midsummer Bouleavrd	MK9 1FB	B3	B	A	5,368	£25.00	5 years +	19,876	Aberdeen Asset Management	N	N
401	Grafton Gate	MK9 1AQ	B3	C	B	8,105	£27.50	less than 12 months	51,870	Picton (UK) Listed Real Estate	N	N
Victoria House	Avebury Boulevard	MK9 1AU	B3	A	A	4,407 / 2,099	£27.50	5 years +	37,066	Laidlaw Estates	N	N
The Hub	Avebury Boulevard	MK9 2HP	B3	B	A	9,149 / 9,192	£24.50	3 years +	49,900	Highclare Properties	Part Y	N
The Avebury	201 - 249 Avebury Boulevard	MK91AX	B3	A (target)	A	32,789	£30.00	less than 12 months	32,789	Mayfair Capital	N	N
489 - 499	Avebury Boulevard	MK9 2NW	C3	Not Registered	B	0			135,882	Home Retail Group (UK) Limited	N	N
551	Avebury Boulevard	MK9 3DR	D3	B	B	15,736	£25.00		15,736	Hermes	N	N
599	Avebury Boulevard	MK9 3DB	D3	E	C	0			18,000	Hermes	N	N
100 Avebury Boulevard	Grafton Gate	MK9 1FH	A4	B	A	12,000	£30.00	12 - 24 months	131,463	AW James	N	N
Fortuna House	South 5th Street	MK9 2PQ	C4	C	B	257 / 2,243	£21.00	2 years +	7,400	Frank Giodano (Private Investor)	Y	N
Luminous House	300 South Row	MK9 2FR	C4	C	B	0			11,236	Stenigot UK Limited	N	N
Saxon Court (MK Gateway)	Avebury Boulevard	MK9 3HS	D4	E	C	0			99,000	Socius Limited	N	Y

APPENDIX 4
DETAILS OF FLOORSPACE LOST TO RESIDENTIAL CONVERSION/REDEVELOPMENT IN CMK SINCE 2017

CMK Loss of Office Space

Review of prior approvals and full planning applications in CMK (2017-2022)

Planning Reference	Year approved	Block	Site	Description of Development	Development Type	Floorspace to be lost (sq ft)	Date approved	Status	Expired Permission	Notes
16/03038/FUL	2017	E1	Land At 809 To 811 Silbury Boulevard Central Milton Keynes Milton Keynes	The demolition of the two existing buildings and the erection of one building of up to seven storeys in height comprising commercial floorspace (Use Class A1, A2, A3, A4, A5, B1 or D1) ancillary uses at ground floor; and 139 residential apartments (Use Class C3) on upper floors; together with landscaped gardens, off road car and cycle parking, and associated works (Resubmission of 15/02972/FUL)	New Build Resi	32291.73	03/03/2017	C	Y	
17/00794/FUL	2017	C2	Regency Court 216 Upper Fifth Street Central Milton Keynes Milton Keynes MK9 2HR	Change of use from Business (offices) (use class B1) to Non-residential institutions (Non-residential education and training centre) (use class D1)	Non-resi	36489.66	16/05/2017	C	Y	Estimated floor space based on net area.
17/01248/PNB1C3	2017	C4	Towergate House 352 Avebury Boulevard Central Milton Keynes Milton Keynes	Prior notification for change of use from Office Use (Class B1(a)) to residential dwellings (use class C3)	Resi conversion	19504.21	26/06/2017	C	Y	Estimated floor space based on net area.
17/01602/FUL	2017	B2	Grant Thornton House 202 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LW	Third floor extension and additional fourth floor to provide 12 additional residential units	Upward extension	0.00	10/10/2017	C	Y	Upward extension
17/02140/FUL	2017	C1	Norfolk House West Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AH	Change of Use from Office (Use Class B1) to Hotel (Use Class C1) including the creation of an ancillary emergency escape from the building, ancillary service door and the replacement of ancillary rooftop plant equipment	Non-resi	26629.91	13/10/2017	C	Y	
17/02706/PANB1C	2017	B1	Technology House, 151 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LT	Prior notification for change of use from office (use class B1a) to 29 x dwellinghouse (use class C3)	Resi conversion	14953.22	15/12/2017	NPW	Y	Serviced office space.
17/02857/PANB1C	2017	B2	152 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LT	Prior notification for change of use from office (use class B1a) to 39 x dwellinghouse (use class C3)	Resi conversion	14631.38	19/12/2017	C	Y	
17/02865/PANB1C	2017	C2	Medina House 302-340 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AE	Prior notification for change of use from office (use class B1a) to 62 x dwellinghouse (use class C3) on floors 1, 2, 3 and 4	Resi conversion	28922.63	19/12/2017	C	Y	Estimated floor space based on net area.
17/02866/PANB1C	2017	C2	Medina House 302-340 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AE	Prior notification for change of use from office (use class B1a) to 55 x dwellinghouse (use class C3) on floors 1, 2, 4 and part of 3	Resi conversion	28922.63	19/12/2017	C	Y	Estimated floor space based on net area.
17/03248/PANB1C	2018	B1	Bowback House 299 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1NG	Prior notification for a change of use from office use (Class B1(a)) to residential dwellings (Class C3)	Resi conversion	0.00	31/01/2018	NPW	Y	Bowback house has been demolished now.
18/00672/FUL	2018	C4	Ground Floor Fortuna House 651 South Fifth Street Central Milton Keynes Milton Keynes MK9 2PQ	Proposed change of use from B1 to D1 on the ground floor.	Non-resi	3498.27	24/04/2018	C	Y	Estimated floor space based on net area.
18/01078/FUL	2018	C3	Brooklyn House 9 Rillaton Walk Central Milton Keynes Milton Keynes MK9 2FZ	Change of use from D2 (Dance studio) and Office to D1 Non-residential Education Centre	Non-resi	1882.07	12/06/2018	C	Y	
17/03280/FUL	2018	C4	Towergate House 352 Avebury Boulevard Central Milton Keynes Milton Keynes	The erection of two floors of accommodation comprising 14 units	Upward extension	0.00	04/07/2018	C	Y	Upward extension
17/03359/FUL	2018	B2	152 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LT	Erection of new third and fourth storey to provide 14 units and minor elevational changes to the existing building	Upward extension	0.00	06/07/2018	C	Y	Upward extension
18/01389/PANB1C	2018	B1	Chancery House 199 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1JL	Prior notification for change of use of existing B1A office building to C3 residential	Resi conversion	20989.63	27/07/2018	C	Y	Number of permissions - not clear which COU was implemented. Estimated floor space based on net area.
18/01883/FUL	2018	C2	Ground Floor 207 Witan Gate East Central Milton Keynes Milton Keynes MK9 2HP	Change of use from B1 to D1	Non-resi	602.78	10/10/2018	C	Y	
18/00160/FUL	2018	C2	Medina House 302-340 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AE	Fourth floor extension and additional fifth and sixth floors to provide 24 additional residential units	Upward extension	0.00	24/10/2018	C	Y	Upward extension
18/02303/FUL	2018	C4	Fortuna House 651 South Fifth Street Central Milton Keynes Milton Keynes MK9 2EU	Change of use from B1 to D1 on the 2nd floor.	Non-resi	2217.37	13/11/2018	NPW	Y	Still advertising as office space
18/02279/FUL	2018	C2	Regency Court 206 Upper Fifth Street Central Milton Keynes Milton Keynes MK9 2HR	Change of use of the ground floor from B1 to A3	Non-resi	36500.42	28/11/2018	C	Y	Estimated floor space based on net area.
19/01432/PANB1C	2019	A2	Station House 500 Elder Gate Central Milton Keynes Milton Keynes	Prior notification for the conversion of part of the building from B1a Office to C3 (200 units)	Resi conversion	71902.92	16/07/2019	UC	Y	Holly advised that the space was still empty to her knowledge but potentially under construction.

19/01195/FUL	2019	B1	Chancery House 199 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1JL	Change of use from B1a offices to C3 residential comprising refurbishment of the existing building and erection of two additional floor levels to provide 40 x 1, 2, and 3 bedroomed apartments	Resi conversion	21829.21	11/11/2019	NPW	Y	Change of use but no additional floors
19/02396/FUL	2019	C2	214 Upper Fifth Street Central Milton Keynes Milton Keynes MK9 2HR	Change of use from B1 - Business (Offices) to A1 (Shops)	Non-resi	387.50	22/11/2019	C	Y	
20/00850/FUL	2020	D2	478 - 484 Exchange House Cbx1 Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 2EA	Change of use of part 2nd floor from office (class B1) to higher education (class D1)	Non-resi	17771.22	28/05/2020	C	N	
20/02129/PANB1C	2020	E1	Part of Ground Floor and First Floor 897 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 3XJ	Prior notification for the change of use of part of ground floor and entire first floor from office (Use Class B1a) to a total of 16 residential units (Use Class C3). |	Resi conversion	5801.75	22/10/2020	UC	N	
20/02131/PANA1C	2020	E1	Part of Ground Floor 897 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 3XJ	Prior notification for change of use of part of ground floor from letting agents (use Class A2) to two residential units (use class C3)	Resi conversion	1625.35	22/10/2020	C	N	Estimated floor space based on net area.
20/02727/PANB1C	2020	B1	Chancery House 199 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1JL	Prior notification for change of use from B1(a) office to C3 residential (29 units), all habitable rooms to have natural light	Resi conversion	24993.80	16/12/2020	C	N	The site appears vacant from site visit. Still advertising for office space.
20/02764/PANB1C	2020	B1	Chancery House 199 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1JL	Prior notification for change of use from B1(a) office to C3 residential (33 units). All habitable rooms have natural light	Resi conversion	0.00	16/12/2020	NPW	N	Not proceeded with according to MKC website. Several applications progressed for the site.
20/00185/FUL	2020	B1	Bowback House 299 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1NG	Demolition of Bowback House (existing B1(a) Office building) and erection of 14 storey residential scheme, to include 306 residential units (C3), 2 commercial units (flexible use classes A1/2/3 and D2), associated amenity space, hard and soft landscaping, and car parking	New Build Resi	76660.57	18/12/2020	UC	N	Demolition of existing office building.
21/00378/PANB1C	2021	B2	At Tempus 249 Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 1EA	Change of use from B1(A) office to C3 residential (58 units) on part of the ground floor, first & second floor	Resi conversion	48997.32	01/04/2021	UC	N	Construction currently taking place.
21/00445/PNNDAC	2021	B2	At Tempus 249 Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 1EA	Prior notification for the erection of a two-storey upward extension on top of existing commercial (formerly known as B1(a)) building under Class AA to provide 40 residential units. The extension would measure a maximum of 7m in height (between 3.37m - 3.48m from the highest part of the existing roof). From midsummer Boulevard, the extension would have a width of 31.15m and a depth of 68.95m.	Upward extension	0.00	13/04/2021	UC	N	Upward extension. Construction taking place.
21/00814/PANB1C	2021	C1	Gloucester House 399 Silbury Boulevard Central Milton Keynes Milton Keynes	Prior notification for change of use of existing office floorspace (Use Class B1(a)) to provide 36 residential apartments (Use Class C3)	Resi conversion	13594.82	10/05/2021	NYS	N	Estimated floor space. Advertisied as flexible office space - appears still in office use
21/00823/PANB1C	2021	C4	Westminster House 500 Avebury Boulevard Central Milton Keynes Milton Keynes MK9 2LA	Prior notification for change of use from B1 office to C3 residential (133 units)	Resi conversion	85583.85	14/05/2021	NYS	N	
21/01033/PANB1C	2021	C2	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior notification for the change of use from offices at part ground floor, part 1st floor, part 2nd floor and part 3rd floor (class B1) to 32 flats comprising 16 x 1 bedroom and 16 x 2 bedroom flats (class C3)	Resi conversion	19310.46	25/05/2021	NYS	N	East block
21/01035/PANB1C	2021	C2	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior notification for change of use from offices at part 2nd floor and part 3rd floor (class B1) to provide 28 flats comprising 16 x 1 bedroom and 12 x 2 bedroom (class C3)	Resi conversion	16770.17	25/05/2021	NYS	N	West Block Ground/ L2/ L3
21/01036/PANB1C	2021	C2	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior notification for change of use from offices at part ground floor, part 1st floor and part 3rd floor (class B1) to provide 36 flats comprising 17 x 1 bedroom and 19 x 2 bedroom (class C3)	Resi conversion	23002.48	25/05/2021	NYS	N	West Block Ground/L1/L3
21/01037/PANB1C	2021	C2	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior notification for change of use from offices at part ground floor, part 1st floor, part 2nd floor and part 3rd floor (class B1) to provide 56 flats comprising 36 x 1 bedroom and 20 x 2 bedroom (class C3)	Resi conversion	31764.30	25/05/2021	NYS	N	Central and East Block
21/01034/PANB1C	2021	C2	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior notification for change of use from offices at part ground floor, part 1st floor, part 2nd floor and part 3rd floor (class B1) to provide 24 flats comprising 20 x 1 bedroom and 4 x 2 bedroom (class C3)	Resi conversion	12453.84	25/05/2021	NYS	N	Central Block
21/01153/PANA1C	2021	B2	At Tempus 249 Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 1EA	Prior Approval for the Change of Use from A2 Financial and professional services to C3 residential (2 Units) on part of the ground floor only.	Resi conversion	48997.32	06/06/2021	UC	N	Construction currently taking place.Estimated floor space based on net area.
21/01388/PANB1C	2021	B1	Technology House 151 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LH	Prior notification for the change of use of existing office floorspace (Use Class B1(a)) to provide 25 residential apartments (Use Class C3)	Resi conversion	9978.14	28/06/2021	NYS	N	Serviced office space.
21/01421/PANB1C	2021	C2	450 Northgate House 450 - 500 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AD	Prior notification for change of use to first, second and third floor from office (use class B1a) to 42 residential units (use class C3).	Resi conversion	15683.02	29/06/2021	NYS	N	First, second and third floor. Undertaking intern refurbishment.
21/01349/FUL	2021	D2	Unit E Exchange House Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 2EA	Change of Use of Premises from an employment agency (Use Class E) to Tuition Centre (Use Class F1)	Non-resi	1732.99	03/08/2021	C	N	About to go on the market, potential to be turned back into office space.

21/02189/FUL	2021	B1	Platinum House 199 North Second Street Central Milton Keynes Milton Keynes MK9 1BZ	Application for additional storey at Platinum House to provide 9 C1 serviced apartments in conjunction with approved planning application (Ref: 21/00733/FUL).	Upward extension	0.00	29/10/2021	C	N	Upward extension
21/03439/PNNDAC	2022	C2	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior Notification for the erection of two storey extension to provide 48no. flats (24 x 1 bedroom and 24 x 2 bedroom)	Upward extension	0.00	10/01/2022	NYS	N	Upward extension
21/03431/FUL	2022	B1	Platinum House 199 North Second Street Central Milton Keynes Milton Keynes MK9 1BZ	Roof extension to create 9 x C1 serviced apartment (approved under 21/02189/FUL) and a single storey side extension and internal and external alterations to reconfigure the arrangement of C1 serviced apartments (amendments to approved scheme under 21/00733/FUL)	Upward extension	0.00	14/04/2022	C	N	Upward extension
21/02246/FULEIS	2022	D4	Land At Saxon Court Avebury Boulevard Central Milton Keynes Milton Keynes MK9 3HS	Erection of two blocks (Block A up to 34-storeys, and Block B up to 3-storeys) to the rear of Saxon Court and the refurbishment and upward extension (up to 3-storeys) to Saxon Court, to provide up to 288 residential units (built to rent and discount market rent), office employment, co-working & flexible workshop space, restaurant, café, retail and leisure space (all Use Class E), community space (Use Class F2), central public open space and associated infrastructure including hard and soft landscaping.	New Build Resi	31430.62	08/09/2022	NYS	N	Expected to be implemented
22/02870/PRIOR	2022	C2	Sovereign Court 203 To 205, 207 To 211, 213 To 215 & 230 To 232 Witan Gate East Central Milton Keynes Milton Keynes MK9 2HP	Prior Approval for the erection of a two-storey extension above the existing flat roof to create 42 no. flats with a mix of 1 and 2 bedroom flats together with associated cycle parking and refuse stores (re-submission of 22/01984/PRIOR)	Resi conversion	0.00	11/01/2023	NYS	N	Still advertising as office space
22/01115/FUL	Awaiting decision	A2	Station House 500 Elder Gate Central Milton Keynes Milton Keynes MK9 1BB	Construction of a two-storey rooftop extension to Station House, comprising 64 no. flats (Class C3) and a communal roof terrace, together with associated car parking, cycle and bin stores, plant/equipment and associated works	Upward extension	0.00	Awaiting decision	Awaiting d	N	Upward extension
22/00138/FUL	Awaiting decision	C4	Westminster House 500 Avebury Boulevard Central Milton Keynes Milton Keynes MK9 2LA	The conversion and upward extension (three storeys) to 500 Avebury Boulevard to provide a total of 237 (Build to Rent) residential units (C3), including material alterations to the existing building to facilitate residential conversion and all associated infrastructure including hard and soft landscaping.	New Build Resi	104711.32	Awaiting decision	NYS	N	Expected to be implemented

NYS - Not yet started, UC - Under Construction, C - Completed, NPW - Not proceeded with

Upward Extensions

Planning Reference	Year approved	Site	Description of Development	Floorspace to be lost (sqft)	Date approved	Status	Notes
17/01602/FUL	2017	Grant Thornton House 202 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LW	Third floor extension and additional fourth floor to provide 12 additional residential units	0.00	10/10/2017	C	Upward extension
17/03280/FUL	2018	Towergate House 352 Avebury Boulevard Central Milton Keynes Milton Keynes	The erection of two floors of accommodation comprising 14 units	0.00	04/07/2018	C	Upward extension
17/03359/FUL	2018	152 Silbury Boulevard Central Milton Keynes Milton Keynes MK9 1LT	Erection of new third and fourth storey to provide 14 units and minor elevational changes to the existing building	0.00	06/07/2018	C	Upward extension
18/00160/FUL	2018	Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AE	Fourth floor extension and additional fifth and sixth floors to provide 24 additional residential units	0.00	24/10/2018	C	Upward extension
18/00165/FUL	2018	Al Rawdha 401 South Row Central Milton Keynes Milton Keynes MK9 2PG	3 Storey extension to community centre	0.00	02/03/2018	NYS	Resubmitted under 22/00474/FUL
21/00445/PNNDAC	2021	At Tempus 249 Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 1EA	Prior notification for the erection of a two-storey upward extension on top of existing commercial (formerly known as B1(a)) building under Class AA to provide 40 residential units. The extension would measure a maximum of 7m in height (between 3.37m - 3.48m from the highest part of the existing roof). From midsummer Boulevard, the extension would have a width of 31.15m and a depth of 68.95m.	0.00	13/04/2021	UC	Upward extension
21/02189/FUL	2021	Platinum House 199 North Second Street Central Milton Keynes Milton Keynes MK9 1BZ	Application for additional storey at Platinum House to provide 9 C1 serviced apartments in conjunction with approved planning application (Ref: 21/00733/FUL).	0.00	29/10/2021	C	Upward extension
21/03439/PNNDAC	2022	Silbury Court Silbury Boulevard Central Milton Keynes Milton Keynes MK9 2AF	Prior Notification for the erection of two storey extension to provide 48no. flats (24 x 1 bedroom and 24 x 2 bedroom)	0.00	10/01/2022	NYS	Upward extension
21/03431/FUL	2022	Platinum House 199 North Second Street Central Milton Keynes Milton Keynes MK9 1BZ	Roof extension to create 9 x C1 serviced apartment (approved under 21/02189/FUL) and a single storey side extension and internal and external alterations to reconfigure the arrangement of C1 serviced apartments (amendments to approved scheme under 21/00733/FUL)	0.00	14/04/2022	C	Upward extension
22/01115/FUL	Awaiting decision	Station House 500 Elder Gate Central Milton Keynes Milton Keynes MK9 1BB	Construction of a two-storey rooftop extension to Station House, comprising 64 no. flats (Class C3) and a communal roof terrace, together with associated car parking, cycle and bin stores, plant/equipment and associated works		Awaiting decision		Upward extension

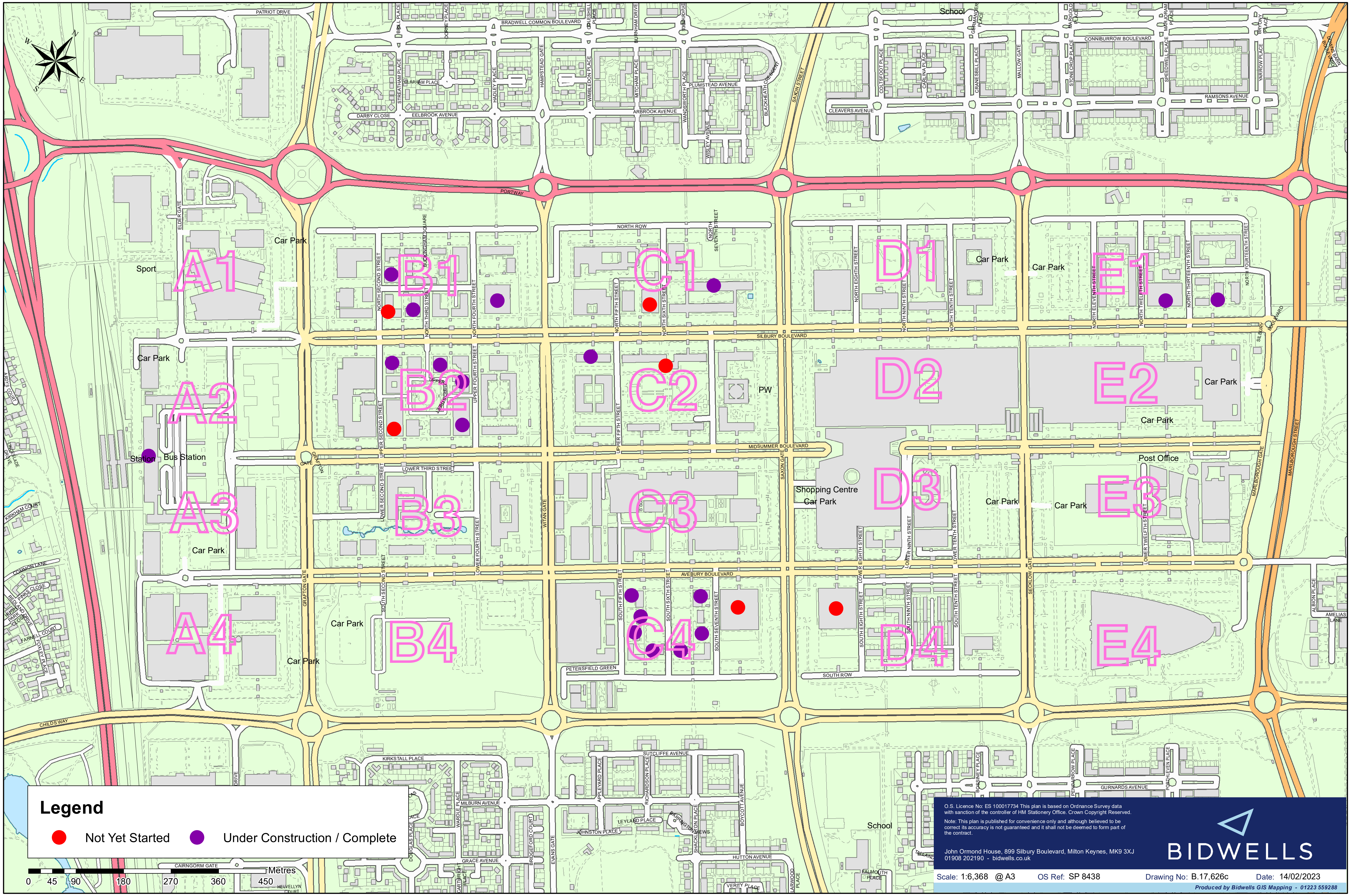
Implemented Office Loss Prior to 2017

Planning Reference	Year approved	BLOCK	Site	Description of Development	Notes
14/01217/FUL	2014	B1	Platinum House 199 North Second Street Central Milton Keynes Milton Keynes MK9 1BZ	Change of use from office (use class B1) to Apart-Hotel (use class C1) with 52 apartments, and including fourth storey extension	Non-resi loss
10/00080/FUL	2010	C2	Southgate House 449-499 Midsummer Boulevard Central Milton Keynes Milton Keynes MK9 3BN	Change of Use from Financial/Office (B1 and part A2) to Job Centre Plus (Sui Generis)	Non-resi loss
13/02694/FUL	2014	C4	Charter House 426 Avebury Boulevard Central Milton Keynes Milton Keynes MK9 2HS	Prior notification of change of use from offices (use Class B1) to residential (use Class C3) for x 21 residential units	
15/00792/FUL	2015	C4	Kingsbridge House 702 South Seventh Street Central Milton Keynes Milton Keynes MK9 2PZ	Prior notification for change of use from office (use class B1) to dwelling house (use class C3)	
04/01736/FUL	2004	C4	701 South Fifth Street Central Milton Keynes Milton Keynes MK9 2PR	Change of use of ground floor of south suite from offices (Use class B1) to IT and Business Training Centre (Use Class D1)	Non-resi loss
15/00930/FUL	2015	C4	Brickhill House 701 South Fifth Street Central Milton Keynes Milton Keynes MK9 2PR	Prior notification of change of use of existing offices (use class B1a) to 10 x residential units (use class C3) on the first and second floors	
11/02829/FUL	2012	C4	401 South Row Central Milton Keynes Milton Keynes MK9 2PH	Change of use from office (B1a) to a community centre (D1)	Non-resi loss

14/00413/FUL	2014	C4	Blackfriars House 399 South Row Central Milton Keynes Milton Keynes	Prior notification of change of use from offices (use Class B1) to residential (use Class C3) for 17 residential units (including 12 x one-bedroom and 5 x two-bedroom apartments)	
07/00680/FUL	2007	C4	C4.2 West,Fortuna House South Fifth Street Central Milton Keynes Milton Keynes MK9 2EU	Change of use from offices (use class B1) to dental practice (use class D1)	Non-resi loss
15/02683/FUL	2015	B2	252-280 Ternion Court Upper Fourth Street Central Milton Keynes Milton Keynes MK9 1DP	Prior notification for a proposed change of use from Office (Use Class B1a) to dwellinghouse (Use Class C3)	
15/02310/FUL	2015	C2	Regency Court 218 Upper Fifth Street Central Milton Keynes Milton Keynes MK9 2H	Change of use from offices (use class B1) to clinic for drug and alcohol support services (use class D1)	Non-resi loss

APPENDIX 5
MAP SHOWING CMK RESIDENTIAL CONVERSIONS

Central Milton Keynes - Residential Conversions / Redevelopments



APPENDIX 6

BUSINESS SECTOR BREAKDOWN – DETAILED TABLES

Appendix 6
Business Sector Breakdown – Detailed Tables

BIDWELLS

EMPLOYMENT BREAKDOWN OF CMK BY BUSINESS SECTOR			
	Number of Enterprises	Number of Jobs (Rounded)	% of Jobs by Sector
Agriculture, Forestry and Fishing	-	-	0%
Mining and Quarrying	1	-	0%
Manufacturing	30	350	1%
Electricity, Gas, Steam and Air Conditioning Supply	4	220	1%
Water Supply; Sewerage, Waste Management and Remediation Activities	2	40	0%
Construction	34	290	1%
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	250	4,890	12%
Transportation and Storage	27	5,350	13%
Accommodation and Food Service Activities	108	2,990	8%
Information and Communication	140	2,480	6%
Financial and Insurance Activities	91	5,260	13%
Real Estate Activities	68	630	2%
Professional, Scientific and Technical Activities	185	5,830	15%
Administrative and Support Service Activities	245	6,280	16%
Public Administration and Defence, Compulsory Social Security	10	2,650	7%
Education	21	180	0%
Human Health & Social Work Activities	66	610	2%
Arts, Entertainment and Recreation	32	770	2%
Other Service Activities	37	1,030	3%
Activities of Households as Employers, Undifferentiated Goods and Services Producing Activities of Households for Own Use	-	-	0%
Activities of Extraterritorial Organisations and Bodies	-	-	0%
TOTAL	**1,351**	**39,850**	

Source: ONS IDBR c/o MKCC

MOST COMMON BUSINESSES IN CMK	NUMBER
Retail trade, except of motor vehicles and motorcycles	201
Computer programming, consultancy and related activities	111
Food and beverage service activities	95
Office administrative, office support and other business support activities	78
Employment activities	72
Real estate activities	68
Activities of head offices; management consultancy activities	60
Financial service activities, except insurance and pension funding	58
Legal and accounting activities	58
Services to buildings and landscape activities	50
Wholesale trade, except of motor vehicles and motorcycles	43
Human health activities	35
Security and investigation activities	34
Activities auxiliary to financial services and insurance activities	31
Other professional, scientific and technical activities	27
Architectural and engineering activities; technical testing and analysis	25
Social work activities without accommodation	25
Other personal service activities	25
Education	21
Sports activities and amusement and recreation activities	18
Construction of buildings	16
Specialised construction activities	15
Land transport and transport via pipelines	15
Accommodation	13
Advertising and market research	13
Activities of membership organisations	11
Public administration and defence; compulsory social security	10
Warehousing and support activities for transportation	9
Information service activities	9
Telecommunications	8
Gambling and betting activities	8
Travel agency, tour operator and other reservation service and related activities	7
Wholesale and retail trade and repair of motor vehicles and motorcycles	6
Publishing activities	6
Residential care activities	6
Motion picture, video and television programme production, sound recording and music publishing activities	5
Creative, arts and entertainment activities	5
Manufacture of computer, electronic and optical products	4
Manufacture of electrical equipment	4

MOST COMMON BUSINESSES IN CMK	NUMBER
Electricity, gas, steam and air conditioning supply	4
Rental and leasing activities	4
Manufacture of food products	3
Printing and reproduction of recorded media	3
Other manufacturing	3
Civil engineering	3
Postal and courier activities	3
Manufacture of textiles	2
Manufacture of leather and related products	2
Manufacture of motor vehicles, trailers and semi-trailers	2
Insurance, reinsurance and pension funding, except compulsory social security	2
Mining support service activities	1
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1
Manufacture of paper and paper products	1
Manufacture of chemicals and chemical products	1
Manufacture of rubber and plastic products	1
Manufacture of other non-metallic mineral products	1
Manufacture of basic metals	1
Manufacture of fabricated metal products, except machinery and equipment	1
Waste collection, treatment and disposal activities; materials recovery	1
Remediation activities and other waste management services.	1
Programming and broadcasting activities	1
Scientific research and development	1
Veterinary activities	1
Libraries, archives, museums and other cultural activities	1
Repair of computers and personal and household goods	1

Source: ONS IDBR c/o MKCC

APPENDIX 7
GLOSSARY OF TERMS (DATA DEFINITIONS)

Glossary of Terms (Data Definitions)

TERM	DEFINITION
Available Floorspace	As at the relevant date, floorspace that is currently being marketed for occupation by a new tenant or owner occupier. The floorspace may be: • New space just constructed but not yet occupied • Vacant second-hand space • Second-hand space that is currently occupied but is available to be sublet and/or the current tenant's lease is about to expire • Floorspace currently under construction or planned for construction but is available to lease on prelet for occupation at some future date
Availability Rate	A measure of the total availability in a market divided by the total floorspace in that market.
BREEAM	Building Research Established Environmental Assessment Method (BREEAM) is a method of grading sustainability of buildings. The BREEAM platform provides whole lifecycle assessment and certification which demonstrates the quality, performance and sustainability credentials of built assets.
Developments Under Construction	Developments where construction has already started and where an anticipated finish date is known.
ESG	ESG (Environmental Social Governance) comprises a set of standards for a company's behaviour.
GPDO	General Permitted Development Order.
Grade A Space	Cat A. top specification floorspace either new or recently refurbished typically with raised floors, suspended ceilings and air conditioning. Other facilities usually present are lifts, reception and kitchen.
Grade B Space	Good quality second-hand space. A good quality but not equal to Grade A space usually with some of the components of Grade A missing, either raised floors, suspended ceiling and, or air conditioning. Good quality floorspace must have a lift to service the different floors of the building and have central heating.
Grade C Space	Poor quality second-hand space, usually missing two or more of the specifications which Grade A space consists of (e.g. no lift and no reception). Also known as Grade C space.
MEES Targets	Minimum energy efficiency standards (MEES) are Government defined targets for achieving net zero.
Net Effective Rental Value	The prime rental value discounted by the value of incentives given (in month's rent), in excess of an assumed standard 3 months equivalent incentive for fit out, to achieve a letting of 10 years term certain at the prime rental value on the best space in the best location in a particular market on an average sized unit for that market/sector. This will be calculated by either amortising the incentives over the full 10 year term or to the first review.
Permitted Development Rights	The rights of a landowner/developer to undertake development without the need for planning permission as defined in the GDPO.

TERM	DEFINITION
Potential Development Pipeline	Land identified for development with or without planning permission. Pipeline is to be expressed as the potential sq.ft. expected to be constructed on the land.
Prime Market Total Returns	Total returns are the product of the growth in capital value on a market plus the rental income return derived from the market over the year. Capital growth is the product of both the growth in 'prime' rental values plus the impact on capital values prompted by a movement in 'prime' yields. The formula for each of these calculations can be expressed as: Total Returns = Capital growth (%) + rental income return Capital Growth = Rental Growth + Yield Movement (+/–) Each of these measures are useful when comparing the financial performance of different property markets and also when comparing the performance of the property market to other investment markets.
Prime Rental Value	The rent achievable on the best space in the best location in a particular market on an average sized unit for that market/sector.
Prime Yield	The yield achievable when buying or selling one of the best buildings in a 'prime' location in a particular market. It is also assumed that the building is let on a 10-15 year lease to a tenant of sound financial standing.
Rental Growth	The increase, or decrease in rental values between one period and another, expressed as a percentage.
Rental Income Return	The amount of rent receivable on a property during a year divided by the capital value of the property at the start of the year.
Second-hand Floorspace	Broken down into two sub categories of floorspace, good quality and poor quality. Good quality second-hand space is of a good quality but not equal to Grade A space usually with some of the components of Grade A missing, either raised floors, suspended ceiling and, or air conditioning. Good quality floorspace must have a lift to service the different floors of the building and have central heating. Also known as Grade B space. Poor quality second-hand space is usually missing two or more of the specifications which Grade A space consists of (e.g. no lift and no reception). Also known as Grade C space.
Take Up	Measured over a 6 month period (1 Jan to 30 June or 1 July to 31 December), floorspace leased or acquired for occupation during the period in question. Take up may be represented by pre let space where the floorspace is contracted for occupation at some future date as construction has not yet been completed. Take up has to be represented by a new lease being drawn up and or a lease being assigned to another tenant.

TERM	DEFINITION
Total Demand and/or Requirements	As at relevant date (30 June or 31 December), provide a measure of the demand for floorspace where the number of enquiries for floorspace and the total amount of square footage required is noted. Usually this measure is sub divided into size bands and it is also intended that an attempt will be made to identify active and potential demand (and or requirements). The definitions of active and potential demand are as follows: **Active Demand and/or Requirements**: Requirements where an agent knows that the potential occupier is still involved in trying to identify suitable floorspace for occupation in the immediate future (12 – 18 months). **Potential Demand and/or Requirements**: requirements that have been known for some time and where the potential occupier or their agent has not been actively pursuing their interest for some time. Such requirements may be resurrected at some time in the future but they are not deemed to be currently active.
Total Stock	A measure of the total floor space in a particular defined location as at the relevant date.
Vacant Floorspace	A figure not to be confused with availability. Vacant floorspace, is all space that is not currently occupied. Whilst available floorspace does not have to be vacant, vacant floorspace does not have to be available as some landlords may choose to withhold their vacant space from the market either awaiting redevelopment or for the market conditions to improve.
Vacancy Rate	A measure of the total vacancy (i.e. empty space) in a market divided by the total floorspace in that market.
Yield Movement	Movements in yields have an impact on property market capital values. A rise in yields has a downward impact on capital values and falling yields cause capital values to rise.

BIDWELLS