

News

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Muse Developments helps Morgan Sindall Group's results



Urban regeneration and property development company Muse Developments, which has offices in London, Manchester, Glasgow and Leeds, has contributed to half year results released today (8 August 2018), by parent company Morgan Sindall Group plc, the construction and regeneration group.

Morgan Sindall Group has delivered profit growth in the first half of this year with adjusted operating profit up 28% to £31.9m (HY 2017: £24.9m) on revenue of £1,423m (HY 2017: £1,307m), a 9% increase on the previous half year. The Group reports an order book of £3,604m with adjusted earnings per share up 28% for the period to 55.6p (HY 2017: 43.6p). The interim dividend has been increased by 19% to 19.0p (HY 2017: 16.0p) with the Group confident of a strong performance for the second half of 2018.

For the first half of this year, Muse moved forward on 21 projects with a total construction value of £450 million with developments progressing well across the country. The company which expects a further £310 million of contract awards over the next six months, also maintained a healthy order book and development pipeline, which now stands at £2.2 billion.

Key projects for Muse Developments include:

London

- Lewisham: Construction is almost completed on the fourth residential building at the £375 million Lewisham Gateway regeneration project in South East London, providing 101 new homes with ground floor retail space and restaurants. This follows Muse's completion of 68 homes earlier this year for buy-to-rent investor Fizzy Living. A planning application has been approved to make alterations to an existing permission for a second phase which will see the construction of over 500 new homes available for both private sale and affordable rent, as well as a new cinema, restaurant, new retail space co-living accommodation, and a new business hub with flexible work space. The development is a joint project between Muse, the London Borough of Lewisham, the Mayor of London and Transport for London, supported by Homes England.

- Brentford: Construction of 157 canal-side new homes at Brentford Lock West is due for completion later this year with open market sales progressing well. A planning application has been recently submitted for a final third phase of 452 homes. Brentford LockWest is a Waterside Places scheme – a joint venture between Muse and the Canal & River Trust.
- Brixton: Construction has finished on phase one of the £160 million Your New Town Hall regeneration project in partnership with the London Borough of Lambeth. This follows the refurbishment of the Grade II-listed town hall and a new 120,000 sq ft civic office and customer service centre this year. Construction is now under way on 120 new homes, 40 per cent of these will be affordable, along with new restaurant and retail accommodation, due for completion this year.
- In Tottenham, construction of two residential buildings at Hale Wharf in Tottenham Hale is due to start later this year. The new accommodation is part of a wider 505-home scheme with modern business space and canal-side public realm. The development is a Waterside Places project, a joint venture between Muse and the Canal & River Trust.

South East

- Dartford: Dartford Borough Council appointed Muse in March 2018 as its development partner to lead the £75 million regeneration of the town's Westgate area. The mixed-use development incorporates a six eight-screen cinema at the heart of a new social neighbourhood with 37,250 sq ft of restaurant and bar space. The scheme will see the creation of a new public square, a hotel, multi-storey car park and around 140 new homes. A planning application is expected to be submitted before the end of the year.

South West

- Bristol: Construction of a second phase of development at Wapping Wharf in the city's historic harbourside is now under way. This is being built by Balfour Beatty for a joint venture between Muse and Umberslade. This phase has two blocks totalling 248 new homes - 113 for private sale and 135 which have been forward sold as shared ownership and buy-to-rent properties.
- Plymouth: Construction is progressing well on 137 harbourside houses and apartments at English Cities Fund's Millbay scheme in Plymouth. The wider Millbay regeneration project is a mix of residential, leisure, business and civic development, with high quality public spaces and direct access to the waterfront. A planning application has been submitted for the next phase comprising 58 homes, a 126-bedroom hotel and ground floor restaurant/retail/leisure space facing the King Point Marina. There is also an extra care scheme by the Abbeyfield Society, which will hold 80 units, along with community space under construction. Its lead developer, English Cities Fund, is a joint venture between Muse, Legal & General and Homes England.

East Midlands

- Hucknall: At Rolls-Royce Hucknall Muse is currently delivering a major mixed-use industrial and residential scheme for Rolls-Royce on the global engine manufacturer's former 150-acre airfield. Work on the next phase of road infrastructure has been completed, opening 67 acres of industrial space for development. The new road will provide access from the Hucknall bypass into Harrier Park, a new 70-acre manufacturing and logistics park Muse is developing with Rolls-Royce next to the Hucknall manufacturing plant. Harrier Park could create up to 2,000 new jobs and bring a new generation of businesses to Hucknall. Residential development is also progressing on the site

where Persimmon Homes and Harron Homes are delivering 900 new homes. Muse is also taking prospective tenants at the scheme.

- Gainsborough: Legal discussions are currently under way following Muse's appointment as the main development partner by West Lindsey District Council to accelerate the regeneration of Gainsborough town centre in Lincolnshire. The five-year initial deal which may be extended to 12 years, could see a new public square and cinema with restaurants creating a vibrant new destination on the western end of the town centre. Extensive public realm improvements are planned for the riverfront.

North West

- Blackpool: A planning application for a 142-room, four-star quality hotel including conferencing and leisure facilities has been approved. The scheme is part of the second phase of Muse's Talbot Gateway development being delivered in partnership with Blackpool Council. Together with the proposed new tram terminal, it will transform the arrival experience from Blackpool North railway station into the town.

- Bolton: Discussions are now taking place with Bolton Council following Muse's recent appointment as preferred development partner for Church Wharf, part of the Council's £1 billion town centre regenerations masterplan. The Council hopes to develop housing, employment use, leisure, commercial, and hotel space. The Church Wharf scheme will be in two phases with the first phase developed on a site between Folds Road to the north and the River Croal to the south, intersected by Brown Street.

- Manchester: Detailed design is progressing at the New Victoria scheme in Manchester city centre, adjacent to Victoria Station, following planning approval last year. The masterplan includes a 150,000 sq ft office with car parking beneath and up to 520 apartments in two residential buildings.

- At Waterside Places' Islington Wharf scheme in New Islington, Manchester city centre, 101 new homes are under construction with the first homes due for completion next summer. Off-plan sales are exceeding expectations. Waterside Places is a joint venture between Muse and the Canal & River Trust.

- Salford: A 22-townhouse scheme, Carpino Place, has been completed, with all properties now sold. At New Bailey, Aviva Investors has agreed to forward fund a second, 190,000 sq ft, Grade A office building. Two New Bailey has started on site and will complete in 2020. Construction has now completed on a second Private Rented Sector building of 135 homes at The Slate Yard. HM Revenue & Customs will relocate to the third office at Three New Bailey, taking the entire building on a 25-year lease. Legal and General will forward fund the development. Enabling works are due start in the second half of this year. Construction is also under way at the Riverside House office development.

- Stockport: Following the success of the second phase of development at major regeneration scheme Stockport Exchange, a planning application has been granted and demolition completed at the old Grand Cinema complex for a second 80,500 sq ft office building. Phase two, which is now fully let, comprises a 50,000 sq ft office building with a ground floor Sainsbury's Local and coffee shop and 115-bed Holiday Inn Express, along with public realm and highways improvements outside Stockport train station.

- Warrington: Construction has been completed on a 1,100-space multi-storey car park and temporary market hall at the £107 million Time Square development in Warrington town centre. The next phase which is well underway, will provide a multiplex cinema with Cineworld signed up to anchor the development, a 42,000 sq ft market hall, family friendly restaurants, new Council offices, retail units and a new public square.
- Wirral: Muse was selected in March 2018 to partner with Wirral Borough Council on the redevelopment of the area. This will be completed through Wirral Growth Company, a 50/50 joint venture, with legal discussions currently taking place on the 10- to 15-year partnership. The project will be a large-scale, mixed-use series of developments including office spaces, creative and leisure quarters, residential, extra care accommodation, alongside retail and extensive public realm.
- Chester: The wider £120 million City Place development, forming part of Chester's new Central Business Quarter, is progressing well with Muse working in partnership with Cheshire West and Chester Council. The old building is currently being demolished, which will pave the way for phase two.
- Crewe: 23.5 acres at Basford East has been sold to Homes England as part of its Accelerated Delivery Programme. Outline planning consent has also been granted for a mixed-use scheme incorporating both residential and commercial development. The commitment from Homes England will enable Muse to bring forward 10 acres of retained commercial land and support the development of the Crotia Mill Farm buildings and site.

Yorkshire & North East

- Doncaster: Construction has completed on the second phase of 43 new homes at The Gables in Doncaster town centre. The properties are selling well since their launch last year.
- Leeds: Muse has handed over Trilogy – a scheme of three high-quality industrial units, totalling 100,000 sq ft, at its flagship Logic Leeds manufacturing and distribution development. This follows the forward sale of the units by Muse to Leeds City Council last year. Construction is progressing well on a new 361,000 sq ft distribution centre for global technology distributor Premier Farnell which has been forward sold to Aberdeen Standard Investments. Global online e-tailer Amazon and high street retailer John Lewis Partnership are also on site.
- Wakefield: Following a land sale to LocatED – part of the Department of Education, construction has started on a new 500-place Performing Arts College being developed on the last remaining plot at English Cities Fund's Merchant Gate scheme. The fund is a joint venture between Muse, Legal & General and Homes England - is working in partnership with Wakefield Metropolitan District Council, Network Rail and the East Coast Mainline to deliver the Merchant Gate regeneration scheme.
- South Shields: Construction is under way on the second phase of the £100 million South Shields 365 town centre regeneration project - a major new transport interchange which Muse is delivering with South Tyneside Council and Nexus. The scheme follows the hugely successful and multi-award-winning first phase, new library and digital media centre, The Word, and improvement works to the adjacent Market Place. South Shields 365 will create 140,000 sq ft of retail and leisure facilities in the Barrington and King Street area.
- Stockton-on-Tees: Construction is progressing well on a third phase of 82 new two-, three- and four-bedroom homes at the 'Infinity Riverside' residential scheme in Northshore - a 56-acre, £300

million mixed-use development that Muse is delivering in partnership with Stockton Borough Council which is transforming Stockton's riverside. Construction also began on a 125-bed Hampton by Hilton hotel at the development, which is being delivered by Muse on Stockton Borough Council's behalf who will fund and take ownership of the hotel.

Scotland

- Aberdeen: Construction was completed on the £107 million Marischal Square development in the city centre which was built by Muse's sister company Morgan Sindall Construction & Infrastructure. The scheme, developed with partners Aberdeen City Council and fully funded by Aviva Investors, was built in a single phase and comprises a 126-bed Residence Inn by Marriott, two city centre office buildings (122,000 sq ft and 55,000 sq ft), and seven restaurant and café bars at ground level. New occupiers include Aberdeen Journals, Tony Macaroni, All Bar One, Mackie's, Costa and Prezzo. The scheme also features 'Poised' a 15-metre high steel leopard centrepiece by renowned sculptor Andy Scott.

Wales

- Colwyn Bay: Construction nears completion on a new four-storey, BREEAM Excellent, circa 100,000 sq ft office building in the town for Conwy County Borough Council. The scheme will accommodate around 750 Council staff and replace up to 13 existing offices. It is due for completion later this year.

Nigel Franklin, joint managing director of Muse Developments, said: "It's been a strong start to the year for Muse, with performance in line with expectations for the first six months and on target for year end.

"21 projects totalling a construction value of £450 million are currently on site across the country, with work progressing well at regeneration schemes in Salford, Manchester, Wirral, Colwyn Bay, Stockton-on-Tees, South Shields, Gainsborough, Lewisham, Brentford, Tottenham, Lambeth and Bristol. A further £310 million of construction contracts are anticipated to be awarded over the next 12 months.

"The future is positive, with our order book and forward development pipeline maintained at £2.2 billion, preferred developer status on four new projects and shortlisted on a further two."