

News

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Muse Developments in strong position following Morgan Sindall Group plc's full year results

Leading urban regenerator, Muse Developments, which has over 35 major mixed-use, multi-phase regeneration schemes across the UK, has once again contributed positively to the full year results released today (Thursday 25 February) to the London Stock Exchange, by parent company Morgan Sindall Group plc, the construction and regeneration group.

Morgan Sindall Group demonstrated resilience in the face of the COVID pandemic, delivering an adjusted operating profit of £68.5m (FY 2019: £93.1m) on revenue of £3.0bn (FY 2019: £3.1bn). The Group reported a secured order book of £8.3bn, up 9% year-on-year. With a strengthened balance sheet and net cash of £333m (FY 2019: £193m), the Group has ended 2020 with real momentum. It now expects profit to be materially ahead of its previous expectations and slightly ahead of that delivered in 2019.

Muse, a prominent name in mixed-use development and urban regeneration, continued to deliver its unique brand of repurposed town and city-centre regeneration through collaborative partnerships during the year, safely and in line with current government guidelines. The company currently has 14 projects on site, with a gross development value of £660 million, with a further 11 projects due to start on site in 2021.

The company's order book and forward development pipeline now stands at £2.4 billion, which represented a 4% increase on the previous year end. Significant forward funding deals were secured during the year totalling £382m, to bring forward the final phase at Lewisham Gateway and first residential phase at Manchester's New Victoria respectively. In addition, Muse, through its joint venture with Legal & General and Homes England – The English Cities Fund – signed long-term development agreements with Salford City Council and the University of Salford, as well as St Helens Council to deliver innovative new multi-phase schemes.

Activity in Muse's logistics portfolio remains strong, with construction of a 195,000 sq ft unit completing at Harrier Park Hucknall for leading educational resource provider, RM Resources, as well as the completion of two units totalling 56,000 sq ft at its flagship Logic Leeds scheme.

Muse's commercial schemes continue apace, with a number at various stages of construction in Salford, Blackpool and Basingstoke, as well as a number of occupier deals completed, including the largest single pre-let in the North West during 2020 at Salford Central, which saw telecommunications-giant, BT, take the architecturally-stunning 175,000 sq ft Four New Bailey in its entirety.

Muse also continues to develop and sell a range of new homes across a range of tenures within its portfolio at Salford, Bristol, Plymouth, Hucknall and Tottenham Hale.

Matt Crompton, managing director at Muse, said: "2020 was an unprecedented year. Our teams across the business have shown real stoicism, agility and tenacity, working diligently to minimise the virus' impact on the business and continue to progress our schemes across the UK safely and in line with government guidelines.

"Thanks to the unwavering efforts from colleagues and partners, we remain in a strong position, as

we continue to work hand in hand to create inspiring new places and spaces; bringing together the best of the public and private sector to drive economic growth, opportunities for local people and social prosperity right into the heart of communities at a time when it's needed most.

“One of our key objectives for 2021 is to continue to work closely with local authorities to repurpose their towns and cities, but by leading the charge on sustainable, adaptable and complementary developments that will improve places, lives and communities for the future.”

Some of Muse's key achievements in 2020 include:

- The second and final phase at Lewisham Gateway is now on site, following a £252m forward funding deal from Get Living plc to deliver the phase in full. Once complete, the scheme will be operated by Get Living and will provide 649 homes for rent, c.25,000 sq ft of retail space, c.15,000 sq ft of food and beverage space, a gym, 10,000 sq ft of offices and Lewisham's first major multiplex cinema which has been pre-let to Empire Cinemas on a 25-year lease.
- The English Cities Fund - Muse's joint venture with Legal & General and Homes England - signed a development agreement with Salford Council and the University of Salford to deliver the £2.5bn, 240-acre Crescent masterplan. The scheme is one of the UK's most ambitious and innovative programmes of regeneration, which will see the creation of a new city district, delivering around 3,000 homes, over 1m sq ft of commercial and innovation space that will include areas for health, automation and robotics; over 1m sq ft of education space for the university, along with swathes of public realm and a sustainable transport hub to create a 'green' heart for the city centre.
- The first phase of residential development at the gateway New Victoria site in Manchester is now on site, following a £130m forward funding deal from insurance provider, Pension Insurance Corporation (PIC). The deal represents PIC's first foray into the Build to Rent sector, and into Manchester. The 450,000 sq ft first phase will bring forward 520 high-quality homes over two 20 and 25-storey buildings, with 7,000 sq ft of innovative amenity space, including a striking link bridge that will also serve as a communal roof garden for residents.
- Two further units totalling 56,000 sq ft at Muse's flagship industrial scheme, Logic Leeds, completed in 2020. Phoenix Investment Management has purchased a 25,000 sq ft unit, as part of its growing investment portfolio, while wholesale supplier of textiles for the catering and healthcare sector, Pegasus World, has taken an adjacent unit of 31,000 sq ft for its head office. Both buildings were purchased for undisclosed sums. This phase's completion leaves two final units, totalling 100,000 sq ft to be completed in 2021, which will mark the completion of the 15-year, 1.2m sq ft scheme.
- During 2020, Muse and its joint venture partnerships have secured planning consents on ten projects with a development value of £300m. Thirteen projects reached practical completion at Harrier Park, Hucknall; The Slate Yard, Salford; Two New Bailey Square, Salford; 2 Stockport Exchange; Time Square, Warrington; three units at Logic Leeds; Griffon Fields, Hucknall; Infinity Riverside, Stockton-on-Tees; Wapping Wharf, Bristol and Millbay, Plymouth. Construction began on nine schemes including South Shields; Salford Central; Brixton; Lewisham Gateway and Manchester's New Victoria.