

WALES PROFILE: ST MODWEN



# Saint goes marching in

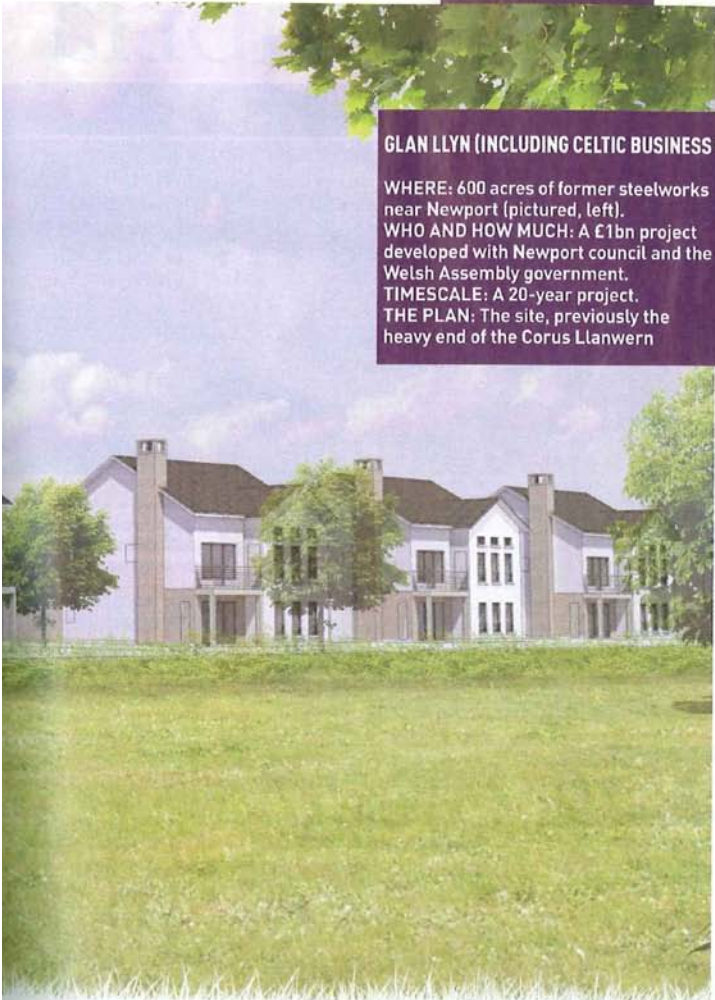
Developer St Modwen controls a huge Welsh landbank. But will the political climate in the principality favour its long-term regeneration drive? David Thame reports

While most associate Wales with St David, property people might be more likely to think of St Modwen. With a landbank of more than 4,800 acres, and a project list headed by the £1bn redevelopment of the Llanwern steel works near Newport (see box), the developer, originally from Birmingham, is a force to be reckoned with in Wales. But as a new Welsh government takes shape in Cardiff Bay, tensions between the country's largest brownfield developer and Welsh ministers could sharpen. Next year, power over building regulations is devolved to the Welsh Assembly. The fear for St Modwen – and for the Welsh property business, generally – is that new Welsh regulations

could turn green intentions into expensive red tape. Huge projects – such as the £2.2bn scheme that will see sites Coed Darcy, Baglan Bay and the "Transit" site form part of a linked development stretching from Barry and Neath to Swansea and Pembrokeshire (see panels left and over page) – will require stable politics over the 25-year development period. But will St Modwen get it? Rupert Joseland, regional director for St Modwen, may not be a professional politician, but he certainly understands the influence his company wields. "Are we conscious of being a political player?" he muses. "We appreciate the importance of what we're doing, especially in places like Port Talbot, where we like to think we have a role to

play, and we take that role responsibly. It's not a responsibility we shirk." Joseland suggests that, until now, most of St Modwen's effort has gone into forging relationships with local councils, but he hints that its interest in the Welsh Assembly government is growing. "We have worked with the Welsh Assembly government on a strategic level, on planning issues. There have been conferences and site visits and opportunities to meet planners," he says. Unusually in the world of regeneration, money has not been the big talking point. St Modwen insists its schemes are viable and so has not needed to talk to ministers about funding. However, the firm's interest in policy is growing. Joseland says: "WAG's approach to brownfield sites has been

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**GLAN LLYN (INCLUDING CELTIC BUSINESS PARK)**  
WHERE: 600 acres of former steelworks near Newport (pictured, left). WHO AND HOW MUCH: A £1bn project developed with Newport council and the Welsh Assembly government. TIMESCALE: A 20-year project. THE PLAN: The site, previously the heavy end of the Corus Llanwern steelworks, will accommodate 4,000 homes and the 1.5m sq ft Celtic business park. St Modwen has submitted plans for 311 homes at Glan Llyn, which it will build with its partner, housebuilder Persimmon. WHAT NEXT: Works are expected to start at the Celtic Business Park this year



**AWARD**  
It was not a surprise that St Modwen attracted the most number of votes to take property company of the year in the Wales and South West category of EG's regional awards – here presented by regional editor Stacey Meadwell to the developer's regional director Rupert Joseland. Rhys James, senior director of DTZ in Cardiff, says: "St Modwen has made a big commitment to South Wales at a difficult time, but it doesn't just want to dip its toe in. It is here for the medium to long term. It has taken on challenging projects and it is appreciated."

**COED DARCY**  
WHERE: The 1,600-acre former BP Llandarcy oil refinery near Neath, South Wales. WHO AND HOW MUCH: A £1.2bn project in collaboration with Neath Port Talbot council and the Prince's Foundation for the Built Environment. TIMESCALE: A 20-25 year project. THE PLAN: St Modwen secured outline planning consent for the redevelopment of the whole site in February 2008, including 4,000 homes and 500,000 sq ft of commercial space. WHAT NEXT: The first phase of residential development, built in partnership with Atlantic Homes, is under way. A total of 45 houses were launched to the market in June 2010. Persimmon will develop another 300 homes, and the submission of a planning application is expected soon.



right, but the biggest challenge will be its sustainability targets. That is a challenge we have to overcome, because in many ways Wales is moving further ahead and faster than England."

The Labour-Plaid Cymru coalition that governed Wales from 2007 to 2011 set the ambitious target of achieving at least a 40% reduction in carbon equivalent emissions below 1990 levels by 2020.

WAG set a 55% improvement (on 2006 building regulations) as its initial target – a huge reduction compared with the 25% reduction stipulated in England. Welsh officials estimate this will push up the construction cost of a typical semi-detached house by 9%.

As yet, St Modwen is not resorting to what could be a powerful lobbying effort – but others in the Welsh property industry are already concerned about the shape Welsh building regulations will take before they come into force in 2013.

#### Alarm bells

RICS Wales has sounded alarm bells about the direction of WAG policy, saying in a specially-drafted manifesto: "We feel these goals will be best served by maintaining public support and evaluating new regulations for their economic as well as environmental impact."

WAG says the proposals will be subject to public consultation during 2012 before they come into force in 2013.

"We haven't yet made specific comments on the proposals," says

#### THE HOPPER

St Modwen calls its landbank "the hopper", and has been filling it in Wales for the best part of a decade.

In November 2009, it completed the purchase of a portfolio of disused BP sites across the UK, including more than 3,260 acres in South Wales. The portfolio was acquired for a nominal sum together with an undisclosed dowry from BP in exchange for St Modwen

carrying out remediation works.

The sale came just months after the developer acquired the 1,060-acre BP Llandarcy Oil Refinery in Neath, a site now being redeveloped into Coed Darcy.

St Modwen's relationship with the Corus sites at Llanwern goes back further. It paid £17.5m for a 600-acre slice of the steelworks in 2004. Corus closed the plant in 2001.

Joseland. "But we will, and we will continue to work with them. We'll have to wait and see what the building regulations bring, and adapt to that."

Behind the smooth words is a hard fact: if the building regulations make developing the 4,800-acre St Modwen portfolio unviable, then development will not take place.

Joseland says: "If we can make schemes viable within the building regulations, then we'll do so. But if it gets to the point where it's a halt on development, then we'll see how delivery of jobs and housing can align with these regulations."

But St Modwen has every intention of developing its vast portfolio, and Joseland vehemently denies any suggestion that it is "site blocking" with little real intention to build.

"We take a long-term view because owning land gives you opportunities," says

Joseland, who points to outline planning consent, granted in February, for a Swansea University science and innovation campus on a former BP storage site. The £200m first phase includes 300,000 sq ft of academic accommodation, 2,800 student houses and associated retail.

"It is not often you have someone coming along with a 50-acre requirement, and it's only because of our landbank that we were able to satisfy it," he says.

Mighty projects such as Coed Darcy and Llanwern – which will take a generation to develop – require a long-term view and plenty of patience.

"We buy with an end game in mind," insists Joseland. "We knew both these sites were well-located. They were always going to be very developable, we simply have to understand that we're looking at 20-25 years of work, and go with the market."

#### BAGLAN BAY

**WHERE:** BP's former 1,050-acre petrochemicals site close to the M4 and A48 roads.

**WHO AND HOW MUCH:** The £500m project is being developed in partnership with Neath Port Talbot council.

**TIMESCALE:** A 25-year project,

dependent on planning and market conditions.

**THE PLAN:** Up to 5m sq ft of employment space.

**WHAT NEXT:** St Modwen commenced an extensive programme of remediation works in spring 2010, which are scheduled for completion in 2012. The

company will work up a series of planning applications with the aim of transforming the sites into more than 350 acres of employment-led development. In February 2011, it submitted a planning application for the first photovoltaic – solar powered – park in Wales, covering 30 acres at the site.

