Sold out

Why this Manchester block is bucking the trend

**London Fields**
East London's arty, foodie enclave

**Rural acres**
Ex-miner sells his £4.75 million stately home

**Spring clean**
The vacuum cleaner as art

Form 15
The smell of Chips ... 

... whets the appetites of buyers in Manchester despite the surfeit of new-build flats, reports Lorna Blackwood

Two years ago Bricks & Mortar reported on a booming Manchester property market. City-centre apartments were selling for London prices, investors were fuelling the building boom, and even the troubled east of the city had received a boost with Birkenhead landing the winning bid for the first supercasino. But two years on, the outlook is very different. The city's property bubble has burst and developments have stalled, with hardly a crane now on the city skyline. The supercasino plans were scrapped a year ago and the Metro-mask extension to the east of the city has been put on hold.

"The North has had a difficult 18 months," Andy Finch, of Knight Frank, acknowledges. "It felt the pinch before the South so we are hoping it will feel the benefits earlier too." But despite the skyline, development is still going ahead in certain areas.

Manchester has always had an innovative approach to property development. Wander through the city and many of the landmarks are residential blocks. The Great Northern Tower, Beetham Tower and City Gate. David Rutland, of the urban planner Urbis, says this is down to the council's expansive vision for the future. "The planning department is very amenable. They have a great reputation for saying yes rather than no," he says. And it is not the only detractor of the city landscape. In fact, the council's commitment to improvements has rejuvenated parts of Manchester that were practically "no-go" areas in the early 1990s, including Hulme, south of the city.

The current challenge for the city is on its eastern edge. This was once the centre of manufacturing industry, but since the 1960s the area has experienced extensive social, economic and physical decline. By the 1990s parts of the area were recognised as some of the most deprived in the country. Enter New East Manchester Ltd, a partnership between Manchester City Council, English Partnerships, the North West Development Agency and the communities of east Manchester. The partnership is transforming the area east of the city centre out of Thirteen (nearly 2,000 hectares) with public and private sector investment totalling £2 billion. Work has been going on for the past 15 years and neither the loss of the supercasino bid nor the current economic climate will halt any plans. "There is sufficient momentum in this project to weather such storms as a recession," explains Nick Johnson, deputy chief executive of the developer Urban Splash, which is working on a development in New Islington as part of the regeneration.

The involvement of this latest developer shows that the regeneration programme is committed to completely reinventing a part of town that was perceived as extremely run-down. The area had a high concentration of council-owned property; the long term aim is to introduce a mixed range of income groups. And it looks to be working. "We have already completed the affordable side of the development, rehousing council residents in two new developments on Islington Square and Guest Street," Johnson says. Its next stage, the iconic Chips building, consisting of 143 flats — 35 per cent of which are shared equity — is expected to complete within the next few weeks. This development is the first residential building in the UK by the leading architect Will Alsop, and is fully sold. "It is audacious but looks completely right in the surroundings," Johnson says. "The vision of Manchester council has allowed this area to reinvent itself and has tempted a range of income groups to an area that was ostensibly very working class."

On the other side of town development is also under way. Salford Quays lies to the west of Manchester city centre and is only a ten-minute journey on the tram. Redevelopment of the area started in the 1980s, and the recent arrival of the Imperial War Museum North and The Lowry art and entertainment complex, pictured above, has brought visitors to this fast-developing waterfront spot. But it will be MediaCity UK, a 30-acre development at the Quays, that will ultimately put Salford on the map. The BBC has already confirmed its arrival date of 2011, and is planning to move 1,600 staff from London. The second confirmed tenant is Salford University. The first phase of the "new city" will include two blocks of residential housing, with 328 apartments.

"The properties have been sold off-plan for a year and we have already managed to sell over a third," says Anita Jolley, senior associate at King Sturge estate agents. The homes range from £125,000 for a studio to £390,000 for a two-bedroom flat. Jolley says that even in a good market the amount sold off-plan would be a success. She puts this down to competitive pricing. "We priced them over a year ago when the market was particularly struggling, but offered no discounts." Investors and first-time buyers have bought into the developments and momentum has picked up again over the past three months.

The developer, Peel Media, has been cautious and built only the two towers for residential use in this first phase. It has planning consent for 2,000 homes but it is waiting to see how the first two blocks will be received.

It's clear that Manchester is a city on the move, as a result of a progressive city council and some crucial investment in the east and west side. Back in New Islington, Johnson says that Urban Splash will be on site for a long time yet. "We have got at least another 10 to 15 years to go here, with some exciting projects coming up." These include a self-build street, which is to be filmed by the BBC, and bars on stilts. Now that reality is radical.
City centre flats reach price floor

Prices of city-centre flats in Manchester appear to have finally reached the bottom of the market. These apartments felt the brunt of the credit crunch, with some selling at auction at up to 60 per cent below their peak values.

Andrew Wells, of the auctioneer Allsop, says that prices have steadied since last summer, although there is no sign of prices rising. "The good news is that there are very few city centre flats coming to the auction market at the moment," he explains. "We have an auction next week, and out of 400 properties just one is in Manchester city centre."

The flat in question is in the Sackville Office development on the northern fringe of the city centre, and has a guide price of £350,000-£450,000, a considerable drop from its valuation of £475,000 in February 2007. There has, however, been a lot of interest in the flat, and Wells expects it to sell for at least 15 per cent above the guide price.

Things were much worse a year ago when more than 2,000 properties were for sale in the city centre and auction rooms were filled with cut-price repossessed flats. Experts believe that the problem began when a series of new developments were built on the fringes of the city. Two years ago, these developments were selling for as much as apartments in central Manchester, but the value of fringe properties soon fell as a result of oversupply, low demand and a flood of repossessions in the buy-to-let market.

Nick Hanscomb, a corporate recovery partner at the property firm UHY Hacker Young, has noticed a huge increase in buy-to-let receiverships. "I would say that about 90 per cent of my work now is Law of Property Act receiverships," he says. The increase has been so prolific that the company has employed an in-house property management team to look after these portfolios.

He believes that the new-build flat market is far from over the worst. "This was very much an investor-led market, with everyone in the industry admitting that it is the attitude of the lenders with the repossessed properties that will turn this market around." He is concerned that some banks and building societies want to sell off such properties as soon as possible and are not bothered if they make a loss. "They are desperate to offload their repossessed homes as soon as they can, putting in the next available auction and selling the property for a knockdown price." This is known as "churn and burn," and Hancock believes that this method is damaging the property market further: investors buy up distressed properties at a very cheap price, only to turn them round for a profit.

Some banks are desperate to offload repossessed homes: they churn and burn

proven track record and for a decent price. It is in a situation in which the new landlord has a tenanted property and doesn't lose any income."

A snag is that the relationship between the prime city centre market and the fringes. Agents in the city centre are not discounting as much as those on the fringes. The quality developments in the city centre — No 1 Deansgate, The Edge and The Great Northern — have stood the test of time. This is down to their excellent locations and superior design; they offer strong rental yields, and only a handful of properties are for sale. Will Alsop’s Chips building in east Manchester appeals through its design alone.

However, for the areas where there is a much higher density of new-build developments and a poorer quality of build, prices remain hugely discount ed. "The bottom end of this market has not got any worse in the past few months, but also will not improve until mortgage lending is relaxed," Wells explains. "Unfortunately it is all in the hands of the lenders."

Lorna Blackwood

The birthplace of loft living

If one thing that epitomises the generation of Manchester, it is its warehouse conversions. The city's defunct industries left behind a large number of empty buildings, which young architects viewed as exciting new living spaces. The first conversion was in 1989. Granby House, a former cotton warehouse on the southern fringe of the city centre, was converted into 62 flats for Wimpey Homes, and triggered the market for warehouse living. Macintosh Mills, right, is the latest such development in the south part of the city centre. It offers one, two and three-bed apartments in a 19th-century six-storey conversion. It is part of the wider Macintosh village, a £150 million redevelopment by Taylor Wimpey. The mixed-use scheme will provide more than 700 apartments and 37,000 sq ft of commercial space. In addition has had an impressive response to the development, despite the general state of the property market. "We have had 20 reservations already this year, which would be good even in a more settled market."

He believes that the village is popular because it sets new standards in ecological home design and is one of the most environmentally advanced residential buildings in the country. It also has a pleasant community feel. Eco-features include a roof-mounted wind turbine to generate power for communal areas, and solar roof panels for hot water. The building is designed to achieve a 60 per cent reduction in carbon dioxide emissions compared with that of an average apartment block. One-bedroom flats start at £145,000 via Knight Frank (0161-838 7744).

Will Alsop: his first UK residential project is Chips in East Manchester