

# More for Morley

■ Instead of selling, Morley Estates plans to keep its portfolio and double its size in three years. Paul Unger reports

WHEN THE COMBINED AGE OF THE TWO DIRECTORS of a company that has £50m of assets is lower than retirement level, it is clear they are bright young upstarts.

Oliver Morley, 34, and Matt McConville, 30, who are at the helm of emerging north-west property investor Morley Estates, have totted up 16 assets totalling 2m sq ft (185,800 sq m) and plan to double the portfolio in the next two to three years.

Morley Estates refinanced the expansion with a £43.9m loan secured from Barclays against the value of its portfolio, put at £51m.

Cheshire-born Morley started the business seven years ago with the acquisition of an industrial site in Oldham. He ran it alone for four years until he met McConville, who was pondering his next move having just completed an MBA at Manchester Business School.

McConville, from Salford with a law degree from Liverpool University and a few years on the commodities trading floors of the City under his belt, was happily tempted back to the north-west and into property.

So far he has no regrets about leaving the City: 'I prefer it. I'm from the area and by doing this I'm more in charge of my own future.'

The pair had originally planned to close their first portfolio and sell it to a financial institution, but changed their minds.

'We thought: what are we selling for?' says McConville. 'We'll only try to replicate the same thing again. Maybe now we'll buy better and bigger stock, but we'll continue to work with tenants on the same basis.'

## REFURBISHMENT OPPORTUNITIES

The Morley model is simple: buy mainly industrial, off market, 'anything with an angle', fill it without fretting about rental premiums, and move on to the next one.

McConville explains: 'Our focus isn't on rents per square foot. What's important is to fill the building and get cashflow to keep the banks happy, not sit and wait and miss a deal for the sake of 20p per square foot.'

The angles McConville refers to are typically either refurbishment opportunities, vacant properties or sites with a mixture of premises and land to develop.



← McConville: 'What's important is to fill the building and get cashflow'

The locations may not sound glamorous – Oldham, Wardley, Haydock, Wallasey, St Helens, Newton-le-Willows, Bromborough, Deeside, Knowsley – but they work.

More than 95% of the 75 or so units in the estate are let and occupiers are starting to grow with the investor. The tenant mix reflects the national market: 70% are in storage and distribution; the rest is made up of trade retail, engineering and traditional manufacturing.

As Morley grows, it is moving away from buying smaller estates with a dozen occupiers and is focusing instead on large single transactions and development deals.

McConville says: 'Before, it's been spot purchases of sites. But as we get bigger, we'd like to get involved in larger schemes, which might involve working with local authorities to tackle a former manufacturing area. We've started talking to the Northwest Development Agency and English Partnerships about that.'

The most recent acquisition, the first since the Barclays refinance, was the £7m purchase of a 230,000 sq ft (20,159 sq m) warehouse and distribution unit in Golborne, Wigan, formerly owned by Exel and used by Comet.

'It's a good acquisition,' says McConville.

'It's the only site of that size available between Manchester and Liverpool. There is significant interest in the building, but we have only just started marketing it.'

The biggest chunk taken by Morley was the 500,000 sq ft (46,450 sq m) former Candy refrigeration plant in Bromborough, Wirral. The site has been renamed Candy Park and turned into a multiple-unit scheme. It is already 75% let and will undergo a £1m refurbishment.

Morley is also showing its ambition by moving into mixed-use developments, starting with Woodlands Park, a fully let new office development of six units totalling 90,000 sq ft (8,361 sq m) in Haydock, Merseyside.

As with many of today's property firms, it is a streamlined operation. Out of an office in Altrincham the pair drive up and down the patch, handling 95% of tenant transactions themselves. A management company handles back-office duties, retained contractors maintain the properties and the only other senior member of staff is a recently appointed architect, Martin Spencer.

With that much confidence and a track record so quickly established, why bother spreading the glory, and the rewards, to anyone else? ■