Newcastle extends space and finance

Bids invited for 49% stake in airport after opening of terminal extension. Rachel Hunter reports

A £3.2m terminal extension opened at Newcastle International airport (pictured) earlier this month, creating an additional 5,242 sq ft of security search accommodation.

The extension provides capacity for five further security lanes to screen hand luggage before entry into the departure lounge.

Copenhagen Airports put its 49% stake in Newcastle International Airport Ltd, the parent company of the airport, up for sale in May. The sale is expected to be completed before the end of the year, and bids are expected this week.

In May, Newcastle's parent began a refinancing process of its debts, thought to be around £300m and due to expire at the end of 2013. The remaining 51% of the company is owned by a consortium of seven local authorities, among them Newcastle, Gateshead and Sunderland.

All parties refused to comment on the sale. ■

Freightnet let leaves one unit left at X2

Segro has let a second unit to cargo handling company Freightnet at X2, leaving just one unit vacant at the double-decker shed by Heathrow airport.

Freightnet has taken 27,513 sq ft on the top floor of the two-storey, 234,400 sq ft warehouse on a 10-year lease, adding to the 36,524 sq ft unit it leased in April.

Alan Holland, Segro's business unit director for Greater London, says: "Freightnet's decision to expand at X2 confirms that the facility is working well for their business. This latest agreement illustrates the continued market demand for well-located industrial space in close proximity to Heathrow airport."

Segro also reports increased demand from occupiers for design-and-build space. It is scheduled to complete a 107,000 sq ft unit prelet to DB Schenker next month at its Portal site. The letting to the rail freight company was Heathrow's largest for five years when it was announced in May last year. ■

AIR SIDE Keith Chappell

New routes to China will create new routes for investors

China is still on track to overtake the US as the world's largest economy by 2020. There are 1.3 billion Chinese people and they are on the move further and more frequently than ever before. China's aviation growth ambitions are daunting. A burgeoning middle class with a new-found ability to travel the world is but one factor characterising this inevitable and exciting explosion of growth.

China's outbound tourism is growing at around 11% a year and Chinese travellers to the UK have trebled since 2001. This is predicted to treble again in the next five years. By 2030 China will have more air travellers than the US, so anybody in the airport supply chain, including those in the provision of aviation real estate, needs to be ready to react.

UK airports say they are focusing much of their new business generation effort upon securing routes in and out of their airports with China, such as the recent introduction of the China Southern route from Guangzhou to Heathrow. If successful, these new and growing routes will create real estate opportunities from check-in desks to warehousing, hotels, offices and catering facilities, to possibly an entire airport purchase.

China's GDP growth of 7%–8% has driven steady high domestic traffic demand and now the country's principal carriers are looking globally. The main Chinese airlines – Air China, China Eastern and China Southern and Hainan Airlines – are already among the most profitable in the world and have some of the highest market capitalisation. They planned to buy more than 300 aircraft in 2011/12 to meet an expected surge in air travel and, over the next 20 years, Boeing projects that the world's most populous nation will become its biggest customer.

Today, less than 3% of China's population travels by air, which means an increase of 10% would represent around 90 million additional passengers. Passenger traffic from China is expected to exceed 700 million by 2030 and 1.4 billion by 2050. This will likely translate to a multitude of real estate requirements on and around the UK's airports, which can provide exciting opportunities for owners and funders of aviation real estate.

However, this relies upon there being sufficient capacity. The government's decision earlier this month to delay the aviation review has met with dismay among many in the industry, who urge that a policy framework must be put in place as quickly as possible to ensure competing nations do not take trade and commerce away from the UK.

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