

Paper Mills

Asset Opportunities

Introduction

UK paper mills remain a significant contributor to the UK economy, with 54,000* people currently employed in the manufacturing of paper and paper products. As the industry continues to evolve, it is vital that paper mill owners have a proactive strategy to optimise their property assets.

In cases where paper mill sites are no longer fit for purpose, their specific characteristics can offer unique opportunities and challenges for determining the exit strategy. Proposals typically need to take account of economic considerations - such as the impact on local communities - collaboration with the public sector and an understanding of the staged process to achieve long-term viable redevelopment and a suitable divestment for the landowner/ operator. This requires a comprehensive understanding of the associated risks, such as contamination.

Below, we consider some of the opportunities and points to consider when assessing the potential for selling/evaluating a paper mill and specifically, the underlying redevelopment opportunities/constraints relative to alternative uses such as residential or wider commercial.

Characteristics

- **Water:** paper mills often benefit from proximity to water sources such as canals and rivers, which can be a very attractive feature for residential development. They may also have borehole extraction rights. This access to water sources may be highly beneficial for data centre cooling requirements, and also for some larger industrial users, especially if the flood risk is low.
- **Power:** the paper industry is energy intensive, and many mills have invested in combined heat and power (CHP) facilities (either gas- or biomass-fired). In addition, paper mills can often receive a high capacity of electrical power from multiple sources and can export electricity back to the grid, with large inbuilt electrical infrastructure. This offers a strategic advantage for most types of redevelopment, particularly in areas where there is a severe shortage of power availability into the grid.
- **Brownfield locations:** paper mill assets and their associated land have the potential to support the growing emphasis on sustainable redevelopment (especially with prime locations). The scale of these sites can enable independent schemes or form part of wider schemes meeting housing or employment needs. However, it is important to account for environmental liabilities when selling sites, such as contamination from harmful chemicals, and ensure appropriate remediation from specialists. Compliance with Integrated Prevention Pollution Certificates (IPPCs) is essential, requiring engagement with environmental agencies and other local authorities.

Strategic considerations

- **Sale to a trade buyer:** the paper industry is broadly saturated, so there is a limited market for virgin paper mill uses. However, other manufacturers involved in, for instance, packaging or recycled paper, could be suitable.
- **Plant and machinery:** partnering with industry experts ensures that the value of the equipment is maximised through reselling or repurposing.
- **Planning:** paper mill sites can offer various development opportunities, as mentioned above, that align with local requirements. For historic buildings, this could mean preserving the original structure and repurposing it for other uses. Old mills often find new life as homes or industrial space, bringing benefits in utilising embodied carbon and unique heritage features that provide sought-after character.

An economic strategy

- **Mitigating economic dislocation:** site closures need to be managed sensitively, and it is important to identify the opportunities that will restore economic activity in a community.
- **Suitability of uses:** paper mills, in particular 'historic' assets, are often located in areas which are no longer suitable or desirable for industrial production due to connectivity constraints and surrounding - often residential - uses.
- **Public sector collaboration:** local, regional and national authorities will sometimes intervene to

support existing uses because of the potential economic impact. Where the case for retained use is weak, the focus can shift to partnering with public sector organisations and other stakeholders to consider the alternative employment opportunities of the site and to access grants and appropriate funding to help make redevelopment viable.

Carter Jonas has extensive experience in making the case for public sector funding and determining the economic benefit of public sector support. We manage the process of testing different site development options against viability, deliverability, and wider

economic benefits. Depending on the type of the optimised end use for redundant paper mills, we can determine the delivery strategy and the appropriate exit point for the landowner which will depend upon:

- The appetite for development risk of the landowner.
- How much 'value' the landowner can add through historic site knowledge.
- The type of buyers, both those who would develop out a scheme and those with the expertise to add value through securing planning permission for a concept.

Case Studies



LOCATION:
Chartham, Kent

CLIENT:
Administrators
for AW Estates

SERVICES OFFERED:

- Planning consultancy, agency and sales
- Due diligence: preparation, data room and marketing, geospatial, energy and valuation

Sold in January 2024 to an undisclosed purchaser, the 26-acre factory was a prime site for redevelopment and residential use in picturesque village of Chartham in Kent. The paper mill had been on the site since 1737. Formerly Wiggins Teape, it became Arjowiggins after the merger with French paper company Arjomari.

LOCATION:
Blackburn

CLIENT:
SAPPI

SERVICES OFFERED:

- Planning consultancy, agency, marketing and development consultancy as well as energy consultancy

Located off Livesey Branch Road in Blackburn, adjacent to the Leeds and Liverpool canal, the factory was closed in 2008 and eventually demolished in 2012. The site now forms the Watermills housing development, which is under construction of 450 homes, 100,000 sq ft of industrial space, 3,500 sq ft of retail and a 12,000 sq ft community building.



LOCATION:
Hemel Hempstead

CLIENT:
SAPPI

SERVICES OFFERED:

- Planning consultancy, agency and marketing and development consultancy including overage

Sold in 2007, the factory was located on the outskirts of Hemel Hempstead, formerly Nash Mill, giving the area its name. Originally a corn mill as listed in the Domesday Book, it was converted to a paper mill at the end of the eighteenth century. Purchased by Sappi in 1990 and operated until 2006, it is now a large residential development which still retains some elements from the original paper mill.



LOCATION:

Biberist, Switzerland

SERVICES OFFERED:

- Agency and marketing and due diligence, data room preparation

CLIENT:

SAPPI

The Biberist paper mill, approximately 35km to the north of Bern in Switzerland, dates back to 1862. The 2.45 million sq ft site sat on an industrial zoned area of around 79 acres. The river Emme still runs along the northern boundary of the site and there is a small canal that runs through the site providing hydropower. One of the largest brownfield sites in Switzerland when sold, there was a huge amount of power available through the 64 transformers and 2.3GW of hydropower from the canal. The site was mixed use development.

**LOCATION:**

Aberdeen and Chartham

SERVICES OFFERED:

- Consultancy advice and valuation

CLIENT:

Arjowiggins

Historically, we provided consultancy advice and a valuation of the 76-acre paper mill site at Stonywood outside Aberdeen valued in 2018. Similarly, we provided consultancy advice and valuation of the 26 acre paper mill site in Chartham, Kent valued in 2018.

LOCATION:

Former Arjowiggins site in Dartford

SERVICES OFFERED:

- Property acquisition
- Agency and acquisition service

CLIENT:

CLEOWS developments

CLEOWS developments purchased the paper mill following Arjowiggins's decision to close the factory and sell the site in 2009. Operated for circa 150 years prior to its closure, the site is now a residential development known as Priory Mill constructed by Bellway Homes.



LOCATION:

Outerbridge, Sheffield

CLIENT:

Essity

SERVICES OFFERED:

- Property disposal
- Planning consultancy, agency, marketing, development consultancy

We provided property consultancy and disposal of the 100-acre Essity premises. Located to the north west of Sheffield, the site was run by Essity and manufactured tissue paper as part of Essity hygiene products range. Part of the mill closed in 2007 (following flooding) and was fully closed in 2015 and sold that year.

**LOCATION:**

Lanaken, Belgium

CLIENT:

SAPPI Mill

SERVICES OFFERED:

- Consultancy advice on disposal, marketing and due diligence

The Lanaken site is a live ongoing project. As part of a restructuring process, we have provided consultancy advice and subsequent marketing of the property for sale.

See limburgcentral.com for full details.

Get in touch

Our team has extensive experience with paper mills (UK and across Europe) covering valuation, development consulting, agency (disposals), planning as well as energy and waste related matters. Through our network of partners, we also work closely with experts covering environmental, plant and machinery.



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