

DOING BUSINESS IN Newport

FINANCIAL TIMES **SPECIAL REPORT** | Thursday September 30 2010

Big spender

Sir Terry Matthews (below) has poured £170m into the Celtic Manor Resort, venue for golf's 2010 Ryder Cup **Page 4**



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Golden chance to put itself on the map



Joining a select group of golfing destinations that have hosted the Ryder Cup: a view of Newport, Wales

The Ryder Cup will place one of the youngest cities in Europe under the spotlight, writes **Jonathan Guthrie**

When Tiger Woods and other top golfers drive off at the Celtic Manor Resort in the Usk Valley tomorrow, Newport, Wales will join the golfing destinations hallowed by their association with the Ryder Cup that include Louisville, Kentucky, Sotogrande in Spain and Rochester, New York.

The Ryder, which every two years pits the US against Europe, has a glamour and excitement that extends beyond the world of golf to a far wider population. Some 150,000 people are expected to attend and millions more television viewers will watch a battle that is never less than hard-fought.

The simple repetition of the phrase "at Celtic Manor, Newport" by TV presenters will give the city, located near the most southerly point of the border between Wales and England, a priceless publicity boost. "We have a great opportunity to put Newport's name on the map," says Sheila Davies, regeneration director of Newport Council.

The three days of the tournament will represent the culmination of years of work for Newportonians, from the greenkeepers at Celtic Manor to the con-

struction workers who have diverted roads and spruced up the railway station. But pre-eminent among them is the mercurial figure of Sir Terry Matthews, the Welsh-Canadian telecoms tycoon.

Sir Terry, a risk-taker with a keen understanding of the opportunities that the communications revolution has created, has spent a significant slice of his fortune on building the golf resort, which includes a 334-bedroom hotel. It sits on the site of the maternity hospital where he was born.

Looking out across the neatly manicured Ryder Cup course, Ian Edwards, vice-president of operations at the resort, says: "Sir Terry built the resort because he wanted to put something back into the local economy. He is a passionate Welshman."

Sir Terry has spent some £50m bringing the Ryder to Wales. The value to the area, where local authorities have invested heavily

too, is estimated at £70m to £100m. The event will raise the profile of a city of some 140,000 inhabitants that has sometimes been overshadowed by its neighbours Cardiff and Bristol.

Newport is one of the youngest cities in Europe, gaining that status only in 2002. The settlement has roots dating back to Bronze Age fishing camps but is, in the main, the result of 19th-century industrialisation that made it an important centre for steel-making, manufacturing and coal shipping.

In the postwar era Newport was pre-eminently a steel town centred on the huge Llanwern complex, which opened in 1962.

Steel-making ceased in 2001, although the metal is still processed there by Corus, a subsidiary of Tata.

Speaking of Newport's proud industrial heritage, Tracey Lee, managing director of Newport City Council, says: "There's still

something about the place that means people feel good about life when the rolling mills are going at Llanwern."

However, half of the 1,200-acre site is now empty. St Modwen, the Birmingham-based regeneration specialist, acquired 600 acres of it in 2004 and is working on a £500m-£600m scheme to create a business park, schools and public open space.

There will also be a big housing scheme. The main road running through Llanwern will be opened to the public, relieving pressure on the M4 motorway to the north.

The site is now cleared of factories, and Rupert Joseland, regional director of St Modwen, tells visitors that it could provide a big part of the growth of the city.

He says: "We hope this scheme will generate 6,000 jobs over 20 years and then there should be a multiplier effect on top of that. Another 10,000 people would live here."

Mr Joseland sees the Ryder as a great opportunity to market Glan Llyn, as the scheme is called, to property investors and co-developers.

Newport's pitch to investors and companies seeking headquarters or branch locations is centred on its good transport links.

Its position on the M4 motorway and a main rail route give easy access to the busy economic corridor that stretches from west London along the Thames Valley through Bristol and on to Swansea.

The nearby M5 and M50

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Heritage From the Romans to rapper Rhys Hutchings of Goldie Lookin' Chain, Newport has taken it all in its stride **Page 4**



The Romans once settled in Newport. Nowadays it's blue chips.

2000 years ago the 2nd Augustan Legion thrived around these parts. In 2010, this area of Wales still holds a great strategic position. UK and global companies such as Next Generation Data, EADS, Admiral, Panasonic and 118 24 7 have all firmly established roots here. Attracted by the 479,000-strong enthusiastic local workforce, first-class transport links and competitive property costs. The golf's not bad either. Right now, the world's biggest golfing event, The Ryder Cup, is being staged on our lush green doorstep. 1500 million eyes will be on Newport, no pressure then.

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NEWPORT
Host city for The 2010 Ryder Cup

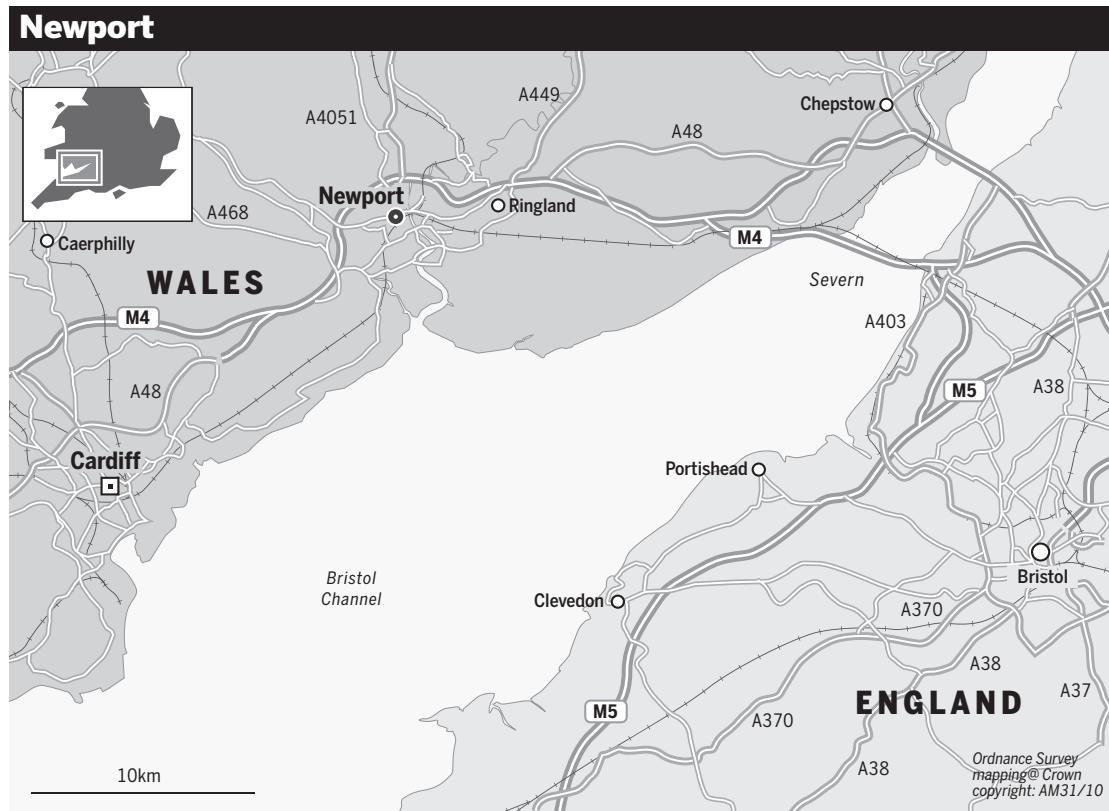
RYDER CUP
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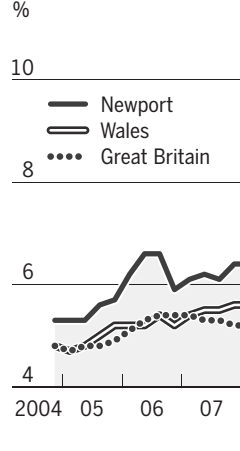
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Doing Business in Newport

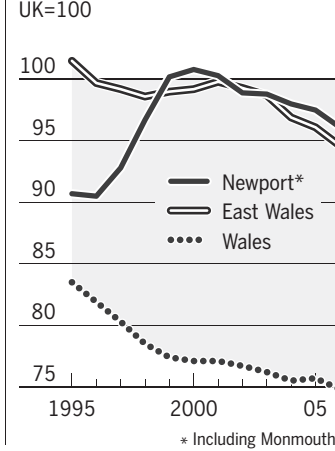
Mixed picture emerges as old industries decline



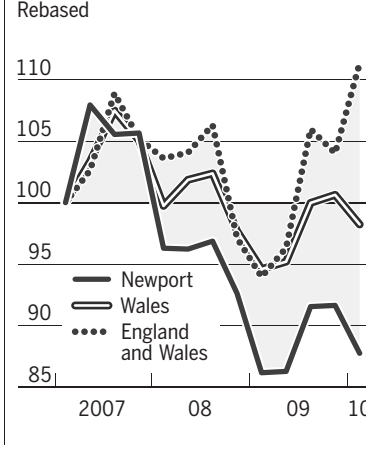
Unemployment rate



Gross value added per head



House prices



Sources: Nomis; ONS; Thomson Reuters Datastream

Economy

Customer services and public administration have thrived, drawing on a large local workforce, writes Jonathan Guthrie

Newport is part of a wider economic zone that spans the border between England and Wales. To the city's west, further into Wales, are the cities of Cardiff, the capital, and Swansea. To Newport's east, a short hop across the estuary of the River Severn, are the English cities of Bath and Bristol.

Knitting this relatively prosperous zone together are the M4 motorway and a main rail route, both of which give speedy access to the Thames Valley, an economically thriving western hinterland of London.

The coastal plain on which Newport sits is densely populated by the standards of Wales, a semi-autonomous nation within the UK that has large swathes of coast, mountains and farmland.

Thanks to agglomeration effects, east Wales – as defined by the European Union – had per capita gross domestic product with an index value of 110.3 in 2007, with 100 representing the EU average.

For the sake of comparison, highly-ranked Bremen in Germany was indexed at 159, while Romania's poorly-off Centru region came in at 43.

Within Wales, Newport had

the second-highest gross value added per head among 22 local authorities, at £19,012 a year. Less positively, rates of worklessness are high and the city, along with many UK settlements outside the prosperous south-east of England, has suffered badly in the recent recession.

Warren Lane, head of HSBC's Wales corporate banking centre, says: "We are in a difficult economic climate, but people are adjusting to a 'new normal.'" Fears of a double-dip recession in the UK have been dissipating.

The Ryder Cup will provide a good tonic for Newport, promising to generate £100m in economic benefits for the city and surrounding area, according to the Professional Golfers Association. Another estimate of the economic benefits for the city, by Sports Marketing Surveys, is lower at £73m (see article on Page 4).

The local economy was built on steel and coal. Newport offered a large, flat coastal area to the south of mountainous districts rich in coal and iron ore. It therefore lent itself well to the establishment of steel mills and docks for shipping coal and finished steel.

The Welsh coal industry dwindled to almost nothing from the 1980s. Low-priced foreign competition has meanwhile resulted in a scaling back by Corus, the steel company, over the past decade.

This has left Newport with a much more mixed economy. Business administration and customer services have become important employers, drawing on a large local workforce.

Skills are good, retention

rates high and pay rates are significantly lower than those for the south-east of England. Businesses with processing and contact centres in the city include Cardiff-based motor insurer Admiral, Lloyds TSB, which is the UK's largest bank, and Yell, a directories company.

Public administration has thrived for similar reasons. The number crunchers of the UK's National Statistics organisation relocated to Newport, and the city is also home to the Intellectual Property Office, which administers UK patents.

Public service employment has expanded broadly as a result of a spending splurge by the Labour government that lost

The hope in Newport, as elsewhere in the UK, is that private sector employment will offset looming cuts in public spending

power in the UK in May. A Conservative-led coalition government took control and is now readying tough spending cuts.

These are likely to hit UK cities outside the charmed ambit of the English south-east fairly hard. However Newportians hope that the impact may be cushioned by efficiency programmes that move government jobs from costly London to more affordable urban centres.

Sheila Davies, head of regeneration at Newport council, promotes the city as "The Whitehall of the West", saying: "Overheads are lower here than in

Bristol but we are still easy to travel to."

The hope in Newport, as elsewhere, is that private sector employment will take up the slack, particularly through the establishment of new businesses. Examples of local start-ups include the server centre New Generation Data (see separate article at www.ft.com/reports/newport-2010) and JoJo Maman Bébé, a Mums-and-babies fashion business set up by award-winning entrepreneur Laura Tenison. And Sir Terry Matthews, the mercurial Welsh-Canadian entrepreneur, runs his UK-based high-tech investment business, Wesley Clover, out of the Celtic Manor Resort.

More traditional businesses still have much to give. They include steelwork manufacturer Rowecord Engineering and Premier Forest Products, a timber importer operating from Newport Docks. "We are having our best ever month, with sales of £5.1m," says Nigel Williams, PFP chairman, of the company's performance in September. "That could be something to do with the Ryder Cup".

The company, which expects turnover of £50m this year, imports 180,000 cubic metres of timber through the docks each year, and is part of a local cluster of timber companies. PFP, which is highly dependent on the construction trade, has been working hard with forestry businesses in China to improve the sustainability of its products.

"We can move goods by sea, rail or road and we have a railhead coming straight in to our warehouse," says Mr Williams. "Newport is fantastic to operate from if you are in logistics."

Alternative location attracts public and private occupiers

Commercial property

Rents are considerably lower than in Cardiff and Bristol, says William Hall

Cardiff, the capital, is the main engine of growth in the South Wales property market. But Newport has the potential to be a booster rocket, with its plentiful supply of undeveloped land and access to skilled labour, plus excellent transport links with the rest of the UK.

Twelve miles from Cardiff and 30 miles from Bristol, Newport is categorised as a major sub-regional centre in the latest review of office space along the M4 corridor by Lambert Smith Hampton (LSH), the property consultants. Newport's stock of office space is one-tenth the size of that of Bristol and one-sixth the size of Cardiff.

However, with traditional UK centres for office services becoming congested and increasingly more expensive in terms of labour and property costs, locations such as Newport can offer fresh alternatives, says LSH.

This has been reflected in its success in attracting both public and private sector occupiers, including the Office for National Statistics, Lloyds TSB, HSBC, Wales and West Utilities and HM Prison Service.

The biggest and most developed cluster of offices can be found at the £100m Celtic Springs Business Park on the west side of the city next to junction 28 of the M4 motorway.

It is the best known of several business parks next to the junction, including the 350-acre Imperial Park, which has grown up around the old

LG Electronics site, and Cleppa Park. On the eastern side of Newport, close to the M4's junction 23, there is Gwent Europark, a 220-acre distribution centre which is anchored by two large depots for Tesco and Wilkinson. Queensway Meadows, a 200-acre modern industrial estate, is located just 2.5 miles from the M4's junction 24.

But the really exciting development on the east side of Newport is a £1bn redevelopment by St Modwen of half of the former Llanern steelworks site close to junctions 23a and 24.

Over the next 20 years, the 600-acre site will be transformed into a new community, known as Glan Llyn, with 4,000 homes, two schools, leisure and retail facilities, and the 1.5m sq ft Celtic Business Park. Work on the first houses is expected to start in 2011.

Last year's collapse of Modus, a shopping centre developer, led to the suspension of two big schemes in the city

"Newport has a much bigger catchment area than either Cardiff or Bristol, but does not have the associated costs", says Robert Carew-Chaston, of chartered surveyors Hutchings & Thomas.

"We need to use the magnets of Bristol and Cardiff to our advantage. They both have a lot going for them, such as Cardiff's Millennium stadium. Newport will never be the capital of Wales, but it can use Cardiff's amenities to benefit people in Newport".

According to LSH's latest property

research, headline rents in Newport's city centre remained unchanged at £16 a sq ft at the end of March 2010, while out-of-town rents were stable at £15 per sq ft. This makes Newport considerably cheaper than both Cardiff, where city centre rents were £21 per sq ft and out of town rents were £16 per sq ft, and Bristol where rents are up to two-thirds higher.

Nevertheless, Newport's commercial property market has not escaped unscathed from the effects of the credit crunch. Brian McDougall, of relocation consultants OMIS, says: "Newport's business base is broad but weak, with too much dependence on vulnerable industry sectors and a handful of large employers. The local unemployment rate has nearly doubled since the downturn in 2008 and shop vacancies in Newport are now the highest in Wales."

King Sturge, a property consultancy, notes that only one of the three city-centre retail developments, planned as a key part of the regeneration programme, has been completed: the £30m refurbishment of the 200,000 sq ft Kingsway shopping centre.

Last year's collapse of Modus, a shopping centre developer based in north-west England, led to the suspension of Newport's £90m City Spire scheme, which included a 30-storey residential building, and Friars Walk, a £220m shopping centre which would have included 450,000 sq ft of retail and leisure facilities, department store and new bus station.

Gareth Beer, chief executive of Newport Unlimited, the urban regeneration company overseeing redevelopment, says that relaunching the Friars Walk scheme is the number one priority.

The council has executed compul-



View of a building on the new £35m campus at the University of Wales, Newport

sory purchase orders for the land and is seeking a development partner to bring the site back to market.

Despite the recent setbacks, Mr Beer is confident that the 2020 Vision for Newport will be implemented. This includes 2m sq ft of office space, 11,000 homes, reclamation of 825 acres of derelict land and the creation of more than 15,000 jobs in Newport and the Eastern Valleys.

The face and feel of Newport has

changed enormously over the past six years.

In 2004, the Newport Theatre and Arts Complex and the Southern Distributor Road, including a fourth bridge over the river Usk, were opened.

In 2006 a new Usk footbridge was opened as part of the regeneration of the riverfront.

In 2009, the widening of the M4 to a three-lane highway between

Cardiff and Newport was completed.

A £22m modernisation of Newport railway station has just been finished, and the £35m city-centre campus of the University of Wales, Newport, is due to open early next year on the banks of the Usk.

Meanwhile, stylish apartment blocks, such as Mariners Quay and Newhaus, and riverside parks are springing up along the river on the site of the Old Town Dock.

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Fruits of digital revolution grow from deep roots

Technology

New industries are building on steel's foundations, writes Andrew Bounds

Some 7m people around the world have watched a drama called *Cow*, about a teenager whose life is devastated after she kills her two best friends in a car crash while texting on her phone.

But few know the short film, an internet sensation featured on the BBC, Sky, CNN and Fox News, was conceived and made in Newport.

Cassie Cowen, also known as Cow, is the subject of the road safety film.

It was made by Peter Watkins-Hughes an award-winning film lecturer at the University of Wales, together with Gwent police

and Tredegar Comprehensive School.

The police and university have used the proceeds to set up the Gwent Independent Film Trust (GIFT) to develop broadcast productions in Gwent relating to policing, community concerns and safety issues.

Newport could soon be home to many more productions, as the University of Wales campus involved in *Cow* wants to set up a Centre for Micro Broadcasting.

This would enable local businesses to learn how to use such techniques to make their own advertising, marketing and informative programmes, and distribute them to consumers at low cost through familiar tools such as digital cameras, broadband, TV and mobile phones.

It is part of the digital revolution that Newport is trying to harness through the Institute of Advanced Broadcasting (IAB) at the

university. It is partnering with the private sector to research practical applications for digital technology and harness the opportunities from the convergence of different media and devices.

"Creativity flourishes in an environment that encourages innovation and experimentation – a characteristic of the much celebrated Art School tradition," the university says.

The institute is based at the university's Caerleon campus; from next year at the new city centre campus. It features the "sandpit", an area where business people and academics can mix to develop new technology.

The IAB board is chaired by Simon Gibson, chief executive of Wesley Clover, an investment group based in Canada that has its European headquarters in Newport. The company, founded by Sir Terry Matthews, has financed many technology

companies in the surrounding area.

Steel, the foundation of Newport's economy for decades, remains important. The presence of Corus, the steelmaker owned by Tata of India that traces its roots back to British Steel, has stimulated much innovation.

Kirby Adams of Corus says work for the Llanern plant has been ensured

Cogent Power, an arm of Corus that makes steels for the electrical industry, is at the high-technology end of the industry and switched to lean production methods in 2003.

Corus announced this year that it would extend the life of its Port Talbot works along the coast for at least another 20 years by

rebuilding the blast furnace from 2012. It will also increase capacity, ensuring work for the Llanern finishing plant in Newport, which was mothballed for several months last year.

Kirby Adams, Corus managing director, said at the time: "As a result of this project, the Port Talbot works and our downstream supply chain will be able in the coming decades to continue improving the quality of products and services provided to their UK and overseas strip product customers."

It was good news for Rowecord Engineering, a structural steel company that was set up 40 years ago. The business, still owned by the Hoppe family, has worked with Corus for decades and built the last two blast furnaces at Port Talbot.

But its real expertise is in bridges and turning the flights of fancy of architects

into breathtaking reality. The company recently completed the roof of Zaha Hadid's Aquatic Centre for the London Olympics.

"It's 3,000 tons of steel lifted 25ft in the air and supported at three points," says Andrew Hoppe, managing director. "There are only three or four companies in the country that could do that."

The big projects, including football and cricket stadiums and a bridge for the BBC's MediaCity development in Salford, have kept Rowecord going in the recession, enabling it to hold on to its 500 workers and avoid price-cutting. Turnover slipped from £70m to £50m, but it remained profitable.

The company's designers and welders are constantly pushing the boundaries of the possible and it has invested heavily to ensure it can keep pace with what clients demand, including

buying a new workshop in 2007. "We have the ability to bend 40-50 tonne loads. You have to apply the right amount of heat in the right place at the right time. It is a real skill," says Mr Hoppe. "Those traditional skills are still here."

While many Newport companies are family-run, a big multinational develops world leading technology in the city.

Cassidian is the cybersecurity arm of EADS, the pan-European aerospace and defence group. The company is expanding and is research-intensive, bringing high quality jobs and expertise to the area.

Cassidian employs several hundred people in Newport and is a leader in encryption and protecting military communications from hacking or jamming. In August, it acquired Regency Security, an internet security specialist, to strengthen its cyberwarfare expertise.

Doing Business in Newport



Link with the past: the 104-year-old Newport Transporter Bridge across the River Usk is one of only a handful in the world

Success factors remain in place

Relocation guide

William Hall looks at transport links, education and housing choices

Newport faces one unfortunate problem in attracting investors – its name. There are at least a dozen other Newports in the UK, and more than two dozen Newports in the US. So Newport in South Wales needs to work harder than most to differentiate itself, not only from its closest rivals, Cardiff and Bristol, but from the host of other Newports dotted around the world.

Although the economic recession has slowed the pace of growth and regeneration, the critical success factors that have established Newport as one of the prime investment locations for business in Wales remain in place. Experian Business Strategies, in a 2007 report, ranked Newport seventh in terms of predicted output growth of UK towns and cities up to 2020.

A more recent report in 2008 by Lambert Smith Hampton, the business property group, placed Newport third in its index of leading office locations in the UK outside London, on the basis of a range of cost/quality criteria.

Newport has several powerful attractions as a business location that are helping it emerge from the long shadow of Cardiff, the Welsh capital some 12 miles to the west, and Bristol, its closest English rival, some 30 miles to the east.

Transport

Newport likes to refer to itself as Wales's first city, because it is the first city encountered when entering the country from the other side of the River Severn. Central London is 2½ hours drive away, Birmingham is 1½ hours away and Bristol 35 minutes.

The city has six local junctions on the vital east-west M4 motorway corridor, twice as many as

neighbouring Cardiff, and several business parks have sprung up around these junctions.

Widening the M4 to three lanes between Newport and Cardiff was completed this year, but plans to build a motorway toll road to the south of the city, to avoid the bottleneck of the congested Brynglas tunnel on the M4, which cannot be widened, were axed in July 2009.

Newport has good high speed rail connections not only with London, which has two trains an hour and takes 110 minutes, but also with neighbouring Cardiff (seven trains an hour taking 15-20 minutes) and Birmingham (two trains an hour).

The city is a 45-minute drive from two of the UK's faster growing regional airports. Cardiff International, which handles 2m passengers a year, has flights to more than 50 destinations. Bristol, which handles 6m passengers, serves 114 destinations.

London's Heathrow airport, the UK's biggest, is 120 miles east on the M4 motorway and a two-hour drive.

Newport, once Wales's biggest coal port, remains the second biggest port in south-east Wales after Port Talbot.

As part of Associated British Ports (ABP), Newport handled 2.7m tonnes of traffic in 2009, compared with Cardiff's 2m tonnes and Swansea's 400,000 tonnes. The port, which can take ships of up to 40,000 dwt, is a five-minute drive from the M4's Junction 28.

ABP has made significant investments to develop the general cargo facilities, and Australia's Sims Group has invested heavily in the UK's most modern metals recycling and export plant.

Employment and housing

Some 74,000 people work in the City of Newport, and an estimated 479,000

economically active persons live within a 30-minute drive – that includes Cardiff and parts of Bristol.

Figures provided for the Office for National Statistics' recent assessment of locations for its move from London showed Newport had a higher working-age population within 30 minutes drive of the city centre than Cardiff or Bristol. More than 1.6m live within a one-hour drive.

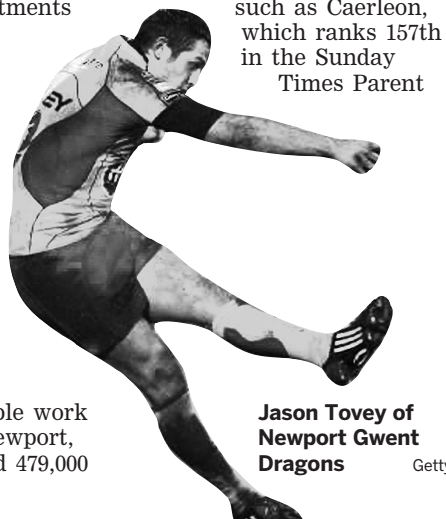
Wage costs in Newport are more than a third lower than those in London and also lower than in almost all other regions of the UK except for north-east England and Northern Ireland.

According to the latest Annual Survey of Hours and Earnings, the median gross weekly wage in Newport was £362.2 which is 91 per cent of the UK average. It is also 3 per cent lower than in Cardiff and 12 per cent below Bristol.

Another attraction for potential investors is its lower than average house prices. According to figures provided by the Land Registry of England and Wales for the first quarter of 2010, the average house price in Newport was £138,090, some 38 per cent below the UK average. Newport house prices are also 24 per cent lower than in neighbouring Cardiff and 35 per cent lower than in Bristol, another big competitor 30 miles east.

Education

Newport has a number of well regarded state secondary schools, such as Caerleon, which ranks 157th in the Sunday Times Parent



Jason Tovey of Newport Gwent Dragons Getty

Power League 2009 tables, and Bassaleg, which ranks 204th.

There are also private schools, such as Rougemont, ranked 254th in the 2009 Sunday Times league table of independent secondary schools, as well as well regarded private schools in Monmouth, Chepstow and Cardiff.

The new £35m city-centre campus of the University of Wales, Newport, rising on the bank of the river Usk, is the clearest sign of the growing importance of the university in the city's regeneration.

The university, which traces its roots back to the Newport Mechanics Institute, which was founded in 1841, has nearly doubled in size over the past decade. It now has 4,000 full-time and another 4,700 part-time students studying 100 courses.

It is one of the largest degree providers in Wales for creative arts and education and the new campus building will house Newport Business School, and the design, film and digital media sections of the Newport School of Art, Media and Design.

Newport is the smallest and most lowly rated of the six universities within a 30-mile radius of the city according to the Sunday Times University Guide 2011.

The others are Cardiff University, UWIC (University of Wales Institute, Cardiff), Glamorgan University, Bristol University and the University of the West of England. Together these universities provide an annual output of around 20,000 first-degree graduates.

In the past, there has been talk of merging UWIC, Glamorgan and Newport into a super university, that could rival Cardiff and Bristol, but the idea has never taken off.

Leisure

The city is surrounded by some of the UK's most beautiful countryside, with the Wye Valley, the Vale of Usk, the 519 square mile Brecon Beacons National Park and the Gower Peninsula within a 30-60 minutes drive.

All of them provide plenty of opportunity for outdoor pursuits, particularly walking and fishing.

This year's Ryder Cup is a reminder that Newport is the golf capital of Wales, with 27 courses in the surrounding area, including eight within the city boundaries.

However, there is far more to the city than golf. It is home to Newport Gwent Dragons, one of Wales's four professional rugby union teams, playing in the Magners League, and also houses Newport International Sports Village, which contains Wales's National Velodrome, a competition swimming pool, football and athletics stadium, cricket and hockey pitches, and an indoor tennis centre.

Cardiff, the capital of Wales and just 12 miles

away, has plenty to offer on the arts and culture front, including the Millennium Centre, home of the Welsh National Opera, and the Millennium Stadium, home of Welsh rugby and football.

Newport itself is home to the Riverfront Theatre and Arts Centre. Tredgar House, on the outskirts of the city, is one of the best examples of a 17th century mansion in the UK, while the 104-year-old Transporter Bridge across the River Usk is one of only a handful such designs in the world.

Other historic sites in the immediate vicinity include the National Roman Legion Museum at Caerleon, a Roman fortress town, and also the Big Pit in nearby Blaenavon, which is one of Britain's leading mining museums and has Unesco World Heritage Status.

Profile The many shades of Coilcolor

Steelmaking is usually all about size: huge slabs, massive furnaces and long rolls of strip. But one Newport company, Coilcolor, has found success with the mantra that small is beautiful.

Dean Proctor, joint managing director, talks more like a tailor than a steelman: offering bespoke service in a choice of colours.

Coilcolor tints steel for the construction industry, which increasingly uses large panels to divide rooms or decorate buildings. Its products are used for cladding and roofs and it also supplies the makers of caravans, cold stores and prefabricated buildings.

It has reproduced Easyjet's distinctive orange, a lemon green for Bosch and could do FT pink if required, says Mr Proctor.

Mr Proctor says Coilcolor is the only company in Europe to offer "toll coating". Most coating is done by steelmakers such as Corus and ArcelorMittal. But they look for big orders and customers are restricted to a ready-coated range of steels and colours.

Coilcolor allows them to choose their own colour, in small batches. It uses primer and top coat on one production line, cutting the time needed to paint.

It will also find the steel for them, grouping customers into consortia of five to 10 that order up to 10,000 tonnes between them, reducing the price.

The steel coils come from China and Taiwan in the main. "We bring them into Newport docks which is just a mile away. We can store them there or at our site, so the customer doesn't have to worry about that," says Mr Proctor.

"We have had to be flexible and responsive. We cannot compete on price against those doing huge volumes and one colour," he says.

Turnover is about £12m and the company was making £800,000 profit before the recession. In 2009 it lost £250,000 and

hopes to make £500,000 this year.

However, it has adapted well to the downturn. Mr Proctor says, by finding a way to recast the tonnes of grey panel rusting in mills or warehouses after demand slumped.

"There was a lot of redundant stock about that was three to four years old. All they could sell it for was grey backing for repairs," he says.

"We developed a system with BASF [the German chemical group], where we can take redundant stock, overcoat it and it can be used like new.

"We will take something worth at most £200 a tonne, overcoat it for £300 a tonne with a guarantee for 20 years and it's worth £1,100 a tonne."

The biggest challenge is drying out the steel so the paint does not bubble, he says. The research took two years and cost £100,000 but is paying off already.

Taking a long-term view of constant adaptation is easier for a family company without debt, says Mr Proctor. Michelle Proctor, his sister, is joint managing director and his father started the business 40 years ago.

The company was one of six in Wales to be selected by HSBC, the bank, for its Business Thinking 2010 initiative.

Mr Proctor went to Mexico to learn about business there. He is full of praise for the bank, which gave the company a £3m unsecured loan to ensure it could finance stock purchases for customers.

He has also received more welcome news: almost a decade after being told by the Welsh Assembly that Coilcolor would have to move to make way for redevelopment, Mr Proctor has been told it can stay put.

Now the company is waiting to hear if it can buy the redundant factory next door, as it needs it to expand.

Andrew Bounds

Golden chance to put itself on the map

Continued from Page 1

motorways carry traffic north to the English Midlands; Cardiff and Bristol airports are just a short drive away. Some 1.5m people live within 30 minutes drive of Newport.

However, it was ready access to the UK's electricity grid rather than its transport network that lured one start-up. Technology business Next Generation Data is breathing new life into an old silicon chip factory at Celtic Lakes by marketing it as a data centre. Here, communications businesses can house the proliferating banks of servers needed to run memory-hungry computer services.

The 75,000 square metre high-specification building was built on the outskirts of Newport in the late 1990s as part of a proposed £1.7bn development by LG, the Korean electronics group, that was supposed to

employ more than 6,000. However, silicon chip prices tumbled and the factory never entered service.

"We started talking to the Welsh Assembly government about this towards the end of 2006, after legal hassles had been sorted out," says Nick Razey, co-founder of Next Generation, referring to repayment of job creation grants that Wales sought from LG.

"It was clear that while the facility was a great embarrassment, it was also a great asset."

The building is a perfect place for a data centre, according to Next Generation, which has signed a 25-year lease with its owner, the Welsh Assembly government, an elected body. It has a large, earthquake-proof floorplate that could house up to 19,000 racks of 10 or more servers each. The UK's national electricity grid was diverted to place a substation close to

the facility, guaranteeing 150MW of power.

Putting neglected assets to use is also the name of the game along the waterfront. Gareth Beer, chief executive of the urban regeneration company Newport Unlimited, says "the idea is to have high quality, mixed-use schemes along the river".

There is already a new £35m university campus, a new bridge connecting south-east Newport with the link road to Llanwrn and a number of completed affordable housing schemes. "None of this was here a few years ago," says Mr Beer, surveying the scene from the parapet of the bridge.

Recently, a spoof of Jay-Z and Alicia Keys' Empire State of Mind tribute to New York, called Ymerodraeth State of Mind, has been a YouTube hit in the UK. The video features Newport rapper Alex War-

ren both celebrating and sending up the working class culture of his home city, while singer Terema Wainwright plays a battered synthesiser and sings the chorus "Newport, concrete jungle where nothing's in order".

It is fair to say that the redevelopment is a work in progress, with no thanks to the hiatus resulting from the recent UK recession. However, the Ryder Cup should help to get the party started again.

And it is characteristic of a city with broad shoulders and a robust identity that Newportonians were mostly amused rather than scandalised by the Ymerodraeth video.

When the historic Transporter Bridge was reopened in the run-up to the Ryder, Messrs Warren and Wainwright were invited to the ceremony. Newport welcomes comedy rappers as well as Tiger Woods.

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Doing Business in Newport

A decade of build-up - for three days of golf

Ryder Cup

Roger Blitz examines the potential economic impact for the area of one of the world's leading sporting events

The £22m redevelopment of Newport's railway station, built in material used by the space industry, is gleaming and ready. The city's street lamps parade 2010 livery. Even J Sainsbury has redoubled efforts to make sure its biggest supermarket in Wales is open in time for the country's big sporting moment of the year, the Ryder Cup.

It is a moment that has been anticipated in these parts since 2001, when Sir Terry Matthews' Celtic Manor Resort was chosen as host venue. That is a long time to wait for three days of golf.

The wait should prove worthwhile, in view of the expected benefits to the area, although these might not accrue in the immediate future.

As Tiger Woods, Lee Westwood and their US and European team mates drive, chip and putt their way round the course, one of the most frequently heard (non-golfing) phrases during the tournament will be about how the event puts Newport and Wales "on the map".

As Carwyn Jones, Wales' first minister, said at a Celtic Manor event: "We're going to go out there and sell Wales."

The immediate economic impact of hosting the Ryder Cup and welcoming some 45,000 spectators a day may not be game-changing for Newport, let alone, Wales but it is significant enough.

Some previous Ryder Cup hosts have generated an economic impact of between £44m and £62m, according to research by Sports Marketing Surveys.

The top-end of its expectations for Wales from the event itself is £73m, once "leakage", or the displacement of tourism income to neighbours such as English hotels, is taken into account. There has also been a big boost in attendances at Welsh golf courses in the past year.

Quite how much the city of Newport itself derives from that £73m is unclear. Guest-houses and bed and breakfast accommodation will augment the relatively limited hotel capacity - plenty of spectators will be staying in Cardiff.

Much of the consumption during the day will take place at the resort. One benefit for the city is the mooring in Newport of the five-star Le Diamant cruise ship, carrying 226 guests, during Ryder Cup week.

There are Newport businesses that have already made the



Teeing off: an aerial view of the Celtic Manor Resort, venue for the 2010 Ryder Cup which begins tomorrow

Celtic Manor Hard-driving owner hits bunker but plots further expansion

A reasonably charming relic stands somewhat incongruously right next to the modern clubhouse of the 2010 Course at the Celtic Manor Resort, venue for golf's Ryder Cup. Were it not there, there would be a stunning view of the slopes surrounding the Usk valley.

Sir Terry Matthews, born in a maternity hospital that is now part of the resort's four and five-star accommodation, has poured £170m into Newport's showpiece facility, which will command a huge global TV audience for golf's biennial match between Europe and the US.

So, when in July Newport's planning councillors blocked his plan to dismantle and relocate that 400 year-old ruin, an old farmhouse, he felt entitled to a sense of grievance.

"There is a lot of jealousy about Sir Terry, a lot of resentment," says Gareth Rees

Jones, Celtic Manor's marketing director. "He is a man who is very successful, and there is a little bit of cussed stubbornness towards him."

Whatever the motives behind the decision, Sir Terry has no intention of either letting the matter drop, or slowing the development of his resort. The Canada-based technology billionaire and his son Dylan, the resort's chief executive, are appealing against the move, and plotting further expansion.

"You never say never," says Ian Edwards, the resort's operations vice-president. "The way the Matthews family works, if they want to make something happen, it will happen."

Thus far, the resort, which overlooks the M4 motorway, is known for golf - there are three courses - and its award-winning convention centre facilities. But though it provides 400 rooms in

two hotels, six restaurants, three bars, health clubs and a spa, the family is not content.

"The leisure market is constantly changing," Mr Edwards says. "It's a market we really never attacked until two years ago. The resort seems as if it's in its infancy."

Hence, plans are afoot for two nine-hole "crazy golf" courses, an adventure climbing area, luxury tent and lodges accommodation - anything that caters for the family market.

With no neighbours to worry about and unfettered road access, the resort wants to exploit its ability to bring in up to 50,000 visitors a day, hosting concerts and equestrian events. If Celtic Manor could host rugby and football stadiums, it probably would. "It's important to be offering more than golf," says Mr Rees Jones.

That means shifting the focus

away from higher end to affordable accommodation, something the downturn has hastened. Average room rates are £110-£120 a night.

Celtic Manor is battling with two perceptions, Mr Rees Jones adds. One, from the London market, that "coalmining Wales" is difficult to get to; two, that Wales might struggle to put on an event as prestigious as the Ryder Cup.

It is nothing new for Newport's man-made-good. "Terry was told he had a 2 per cent chance of getting the Ryder Cup to Celtic Manor," says Mr Rees Jones.

Once the Ryder Cup leaves town, Newport's planning councillors, cussed or not, might as well get used to those Matthews folk from up the hill dominating their civic lives once more.



Matthews: lord of the Manor

Roger Blitz

most of the Ryder Cup, such as Rowecord, which built the £2m footbridge that connects the 2010 course to the practice area, and GD Environmental, responsible for the waste management contract.

But those coming to Newport for the first time could be forgiven for thinking that the Ryder Cup was generating a big dose of economic regeneration.

The city is in the midst of a £2bn private sector-led investment programme, delivering or planning new retail, industrial and office space, homes, university facilities and public projects such as road improvements, the footbridge and a boulevard.

Gareth Beer, chief executive of Newport Unlimited, the urban regeneration company responsible for it, says the Ryder Cup and the investment programme are a "happy coincidence", the two living alongside each other.

"The Ryder Cup is important, but it's a milestone, it is not an end in itself," he says.

There has been £5m spent in the city on legacy projects related to the Ryder Cup, while an arts festival has been running throughout the year.

However, the real benefit is in the cachet the event gives the city and surrounding area.

"The benefit of the Ryder Cup

The tournament and a £2bn investment programme are a 'happy coincidence'

is largely intangible," says Mr Beer, "but it has given us an opportunity over the past year to engage with a much wider private sector audience."

More tangible is the Celtic Manor Resort and its importance to Newport. It may feel slightly apart, but the resort is one of the city's biggest employers, providing full-time work to 618 people. Sir Terry's Ryder Cup investment is £50m, on top of the £120m he has ploughed into the resort.

It would be surprising if, in the weeks and months after the cup is won and lost, the real benefit of hosting the event did not start to emerge.

In terms of sporting events, the Ryder Cup generates the third biggest television audience in the world, behind the Olympic Games and the football World Cup.

Gareth Rees Jones, Celtic Manor's marketing director, says Welsh politicians look at Celtic Manor not merely as a leading stimulant to the tourism economy. "They see it as a catalyst for inward investment," he says.

"They want somewhere that chief executives and other top executives can play golf. They very much see Celtic Manor as a showcase for the best that Wales has to offer."

City takes Romans and rap in its stride

Heritage

Jonathan Guthrie explains how a border settlement has kept its edge

Newport is the youngest city in Wales, gaining that status only in 2002. But it has roots going back to Bronze Age fishing camps.

An important trading centre for millennia, the Newport area has a gritty spirit of place reflecting economic ups and downs and the fluctuating national loyalties of a border settlement.

Newport is located on the banks of the River Usk, which has figured both as a means of transport by water and an impediment to transport by land.

The Romans came, saw and conquered in the 1st century AD, when they built a bridge and settlement upriver at Caerleon, a well-preserved historic site which today attracts a steady stream of tourists. Some 5,000 legionaries and officers were stationed there with comforts that included an amphitheatre for gladiatorial displays. Part of the wider settlement now lies under the Ryder Cup golf course.

"By 290AD, the fortress had been deserted, as British garrisons were moved to protect the towns," says Bob Trett, proprietor of Caerleon History Tours and

former curator of Newport Museum and Art Gallery.

The ruined amphitheatre, at a place that came to be called Round Table Field, may have helped foster local Arthurian legends. The 12th-century chronicler Geoffrey of Monmouth claimed that King Arthur was crowned and held court there.

Newport itself, which is closer to the mouth of the Usk, was an established settlement by the ninth century. Norman invaders built a castle and a bridge there at the end of the 11th century, creating a more direct route between South Wales and England.

In the Middle Ages, Newport became a borough with rights to hold fairs and markets. The town prospered as a trading hub, as evidenced by a well-preserved medieval merchant ship discovered in 2002 and now undergoing lengthy preservation.

As with many settlements in the UK, industrialisation triggered explosive growth. Newport's most recent heritage is as a coal-shipping port and a centre for iron and steel, processing raw materials dug from hillsides further north. The Monmouth Canal catalysed those activities after it opened in 1799, before it was superseded in 1850 by the railway.

"As a result of industrialisation, a population of about 2,000 swelled to 60,000 by 1900," says Mr Trett.

The Morgan family, the local aristocrats, amassed significant wealth from the development of Newport. They spent some of it on modernising their stately home, Tredegar House, now owned by Newport Council and open to visitors.

They also ploughed some of their money into local philanthropy, for example by creating parks where Newportians could relax after their labours in the steel mills and docks.

The Morgans helped finance the Transporter Bridge, a monument to Edwardian ingenuity downriver from the city centre. This transported people and vehicles over the Usk in a large metal gondola dangling from cables attached to a lofty gantry. It has

"This is a gritty city with a fantastic sense of humour. People are very proud of where it has come from"

been restored and brought back into service just in time for the Ryder Cup.

Newport suffered economic decline after world war two, according to Mr Trett, but this was arrested when the current Queen presided over the opening of the huge Llanwrn steel-works in 1962. By its peak in the 1980s the facility was



Comedy rapper Rhys Hutchings of Goldie Lookin' Chain

producing 6,000 tonnes of steel daily and providing thousands of jobs.

Lower cost foreign competition forced Corus, the company that owned it, to stop making steel at Llanwrn in 2001, although it continued to process the metal there. That left a town previously geared to heavy industry with a more mixed economy in which public sector employment plays a significant part.

Newport has tussled with issues of national allegiance as border towns are prone to. Rhys Gethin, a general of the Welsh rebel prince Owain Glyndwr, burnt parts of it during a revolt against English rule in 1402.

Welsh speakers became a minority in the Victorian era, as English economic migrants flooded into the town, many of them from the rural Midlands. Later, some of them banded together in the St George Society of Newport to assert

that the town was really part of England.

These days Newport feels definitively Welsh, but with the cheeky street swagger of post-industrial South Wales rather than the sometimes rather earnest Welsh-speaking accents of the rural and coastal west.

Hip-hop, a music often used for asserting aggressive black masculinity, has been seized on by white working class Newportians as a medium for self-parody, for example by Goldie Lookin' Chain, a comedy rap crew clad in cheap chain store sportswear. Repetition of their choicer lyrics is precluded by the FT's rules against gratuitous obscenity.

Mulling over Newport's industrial heritage, Tracey Lee, managing director of Newport City Council, says: "This is a gritty city with a fantastic sense of humour. People are very proud of where it has come from."

Company profile Cintec puts a sock in it

What connects Windsor Castle, England, Ground Zero, New York and The Red Pyramid, Egypt? The answer is Cintec International, a privately owned Newport company whose ingenious civil engineering technology stabilises buildings in all those locations.

Cintec is an example of what are sometimes called "small multinationals" - companies of modest size whose world-beating technology and specialisation allows them to trade across borders. The business, which belongs to founder Peter James, has branch offices in the US, Canada, Australia and India. It offers its services through agents in a host of other countries.

The company has carved out a niche in reinforcing buildings and bridges that have been made unstable by age, dilapidation or shockwaves. As with many good ideas, the system that Cintec deploys around the world is a simple one.

Workers drill narrow holes through the load-bearing parts of built structures. They then insert a "sock" of synthetic material into the hole, which is pumped full of a concrete-like grout that presses tightly against the walls of the drill hole. When the grout sets, the building is strengthened.

"Most of the work that we do is bespoke and is carefully tested," says Mr James, talking at Cintec's headquarters at Gold Tops in Newport. "The hardest part of the process is the drilling".

The Cintec Anchor System has been used to reinforce unglamorous postwar tower blocks in the UK. But Mr James is most proud of its deployment to support famous or historic structures. These have included buildings around the World Trade Center in New York, which was destroyed by terrorists in 2001.

Cintec engineers meanwhile faced the challenge of stabilising a building erected four and a half millennia ago when they worked on the Red Pyramid in Cairo. They deployed stainless steel consolidation anchors to support a corridor where dangerous cracks had appeared.

Using broken shortbread biscuits to

show the corbelled structures of pyramid burial chambers as he talks over coffee, Mr James says: "We can take the load-bearing capacity [of a structure] from four tonnes to 40 tonnes."

Cintec was called in to work on Windsor Castle near London, an official residence of the Queen of England, after it was damaged by fire in 1992. Heat damage to the Brunswick Tower meant it faced being dismantled and rebuilt. Instead, Cintec workers created a network of holes by diamond drilling, which knitted the damaged structure back together once anchors were inserted.

Cintec employs 60 people worldwide, 35 of them in Newport. Mr James expects his company to make a profit of about £1m this year on turnover of more than £5m. The entrepreneur set the company up in 1984, acquiring the worldwide rights to the anchoring system from its German inventor.

Before that, Mr James had worked as a senior civil engineer for Cardiff City Council and Gwent County Council, during which time he became acutely aware of the lack of solutions for stabilising old buildings. At Cintec he has developed a culture based on careful testing of systems.

That is apparent in videos of tests on the Water Wall blast containment device that Mr James invented in response to enquiries from the UK security services.

One clip shows a speeding van crashing to a halt as it slams into a bulwark of Water Wall devices, which resemble children's "bouncy castles" inflated with water rather than air.

In another video, the blast from a car bomb is soaked up by a bank of the devices.

Cintec has supplied the invention, which elegantly exploits the resistance of water to high-speed shocks, to the US, UK and Jordanian security services.

Jonathan Guthrie



Red alert: Cintec engineers helped stabilise the Red Pyramid, Cairo