1 market, 3 stops.

Turn over for the full story
Market Round Up

From East to West, the Central London office market remains tough. Reflecting the ongoing economic uncertainty market conditions are flat, as they have been over the last 18 months since mid-2011.

City take-up in Q.3 2012 was 1.3m sq ft which is broadly consistent with take-up since mid 2011.

In the City core, the majority of take up has come almost exclusively from the insurance sector driven in the main by 15+ year lease expiries. Recent major insurance lettings include Jardine Lloyd Thompson (270,000 sq ft at the St Botolph Building EC3), Miller (81,000 sq ft pre-let at 70 Mark Lane, EC3) and Klin (80,000 sq ft pre-let at 20 Fenchurch Street, EC3).

There are also a number of large insurance lettings that remain in solicitor’s hands which if/when they complete will buoy up the overall City take-up figures considerably.

For example, the deals listed below are under offer.

- RSA (70,000 sq ft) – 20 Fenchurch Street, EC3
- ”Confidential” x 2 (120,000 sq ft)
- Arthur J Gallagher (60,000 sq ft) – The Walbrook Building, EC4

Take-up increased over Q2 and Q3 for second hand space by almost 100%, whereas new space saw take-up decrease by almost 50%.

One of the largest lettings to a single occupier in 2012 was to Kings College London who took 90,000 sq ft in 22 Kingsway WC2. Waterhouse Square also attracted two large deals with TMT occupier Skype taking 88,000 sq ft and PR Agency Weber Shandwick taking 65,000 sq ft.

Grade A rents have increased substantially with £67.50 psf being achieved in the newly developed 1 Kingsway, WC2. The quoting rent for the soon to be completed New Fetter Place is now £69.50 per sq ft.

In the West End, take-up increased by 32% throughout Q3 reaching 0.8m sq ft. Despite this positive growth, take up remained below the 10 year average of 1m sq ft. As was the case in Q2, there has been an absence of deals over 50,000 sq ft. The most notable deal, being at Oxford House, 76 Oxford Street W1, where publicis, acquired 44,100 sq ft at on a short-term basis.

Availability in the West End market decreased in Q3, falling by 13% throughout the quarter and now stands at 5.1m sq ft. This decline was noted in all West End submarkets with the exception of Mayfair, in which availability increased by 4%. Prime rents have remained constant in Mayfair and St James’ at £92.50 per sq ft, a figure which has not changed since Q1 2011.

For further information please contact; Kim White, (City) at k.white@kinneygreen.com, Neil Warwick (Midtown) at n.warwick@kinneygreen.com or Kevin Kemplen (West End) at k.kemplen@kinneygreen.com

Can the Bailiff be a Tenant’s friend?

An increasing number of landlords are finding favour with using Protective Dristraints by professional bailiff services and staying ahead of other creditors.

We realise that regular communication and prompt chasing of payments is often the most effective means of achieving full and efficient collection of landlords’ monies, however, in certain cases, more may be required.

This means putting a Protective Distraint in place to protect a payment plan. All goods on the premises belong to the landlord until the full arrears are paid. No stickers go on any goods, the tenant uses all the items as before and to the outside world, nothing has changed.

If the Revenue, Rates or Sheriff attend after this agreement is put in place, they cannot distrain until the landlord is paid in full. Should the tenant default on the payment plan, or their circumstances change, a bailiff can return.

Some tenants have found this a useful device to keep others at bay while they pay rent to their landlord, thus allowing them to stay in business. This is just one of the ways the Kinney Green property management team look to ensure the best long term returns for their client’s buildings.

For further information or for an informal discussion, please contact Stephen Griffiths on 020 7643 1500 or s.griffiths@kinneygreen.com

TMT Update / The Silicon Roundabout

As continues to be widely reported the TMT 'mega-sector' (Technology, Telecoms and Media) continues to drive both take up and rents in the ‘Silicon Roundabout’ tech hub that is centred on Old Street and Shoreditch. TMT activity tends to be motivated by lease flexibility to facilitate rapid business expansion, and by staff attraction/retention.

Interestingly we are now beginning to see evidence of the ‘Silicon Roundabout’ tech hub spreading out towards the more traditional City Fringe areas around Finsbury Square and Aldgate.

Developments such as 26 Finsbury Square, EC2 (Freshwater), Alphabeta, EC2 (Resolution) and 9 Prescot Street, E1 (Derwent London) provide clear evidence of developers looking to attract TMT occupiers to these areas. In addition it is worth noting that Canary Wharf Group’s master plan for the 20 acre Wood Wharf site adjacent to the Canary Wharf Estate is focusing entirely on attracting the TMT/Fintech community.

Kinney Green advise over 50 TMT sector/Fintech clients and as such we have an excellent understanding of the sector’s needs. With offices in all 3 central London markets we have specialist knowledge and on the ground presence in all of the various creative ‘hubs’ from Soho in the west to ‘Tech City’ in the East.

For more information please contact Adam Egan on 02076431508 or a.egan@kinneygreen.com
Rating – The Rates Delay

The press, especially the property press, is full of indignation about the delay of the forthcoming quinquennial rates revaluation due on 1st April 2013, which would have triggered rate liability changes in 2015.

It can be argued that the delay is the right decision to have taken and it is the case that many of those with rating liabilities in the south east are the beneficiaries. Elsewhere the inverse is generally true. The reason for this is simple. The government identifies how much it needs to raise through the rating system and within a fine margin it knows the total rateable values of all commercial properties in England and Wales. To arrive at the Uniform Business Rate (UBR) at the start of a quinquennial Rating List, the government in effect divides the amount which it is to be raised by the total of all rateable values (RV) so if £10 billion is to be raised and the aggregate RV is £20 billion the UBR would be 50p.

In each quinquennial Rating List (the present one having started on 1st April 2010) UBR changes are indexed by the annual rate of inflation identified at the previous September. So for what would have been the 2015 Rating List, the government would have totted up all rateable values, each assessed assuming a valuation date of 1st April 2013, and divided the amount it needed to raise at the start of the 2015 List by the total rateable values in order to get to the UBR. Since, in general terms, the rental values which influence rateable values have reduced disproportionately compared with outside the south east, the delay in the revaluation benefits the south east to a greater extent. The West End of London, whether it be offices in Berkeley Square or retail in Bond Street should benefit very substantially from the delay; but for the delay such rateable values would have gone up disproportionately higher relative to existing rateable values than most properties elsewhere. Of course, this can be argued to be unfair, but it is unfair in a way that generally benefits London and the south east. It indirectly benefits every taxpayer everywhere since the huge cost of the revaluation exercise is avoided. Some rating surveyors may have less to do, but there are still significant savings that can be generated for clients in respect of other aspects of rating including ‘empty’ rating. Certainly we are as busy as ever achieving rates savings for clients.

For more information please contact Elsie Osunbor on 020 7643 1500 or e.osunbor@kinneygreen.com

A personal service yields positive results……..

Our property management team prides itself on delivering a personal service at Partner level. In times when attention to detail is everything, the management team continues to deliver high levels of personal service to its existing clients and tenants. The benefits of the Kinney Green approach to management have been noticed by others outside the existing portfolio.

As a result the management team has secured an instruction to manage a newly refurbished office building of 24,000 square feet near St. James’ Park on behalf of an intergovernmental organisation.

We faced stiff competition, and were successful due to our expert knowledge on service charge matters, track record of building relationships with tenants and ability to work closely with other teams within Kinney Green to offer a holistic asset management approach.

For further information please contact David Thomson on 020 7643 1500 or d.thomson@kinneygreen.com

Maximise Your Empty Rates Relief

Based on the current policy on empty property rates relief (effective since 1st April 2008), unoccupied non-listed office and retail properties benefit from three months relief, whilst industrial properties benefit from 6 months relief. After this period full rates are paid.

We have been successfully advising both occupier and landlord clients on maximising their empty rates relief by way of a variety of means including the implementation of an intermittent occupation strategy. A recent decision in case law has provided further clarity on intermittent occupation and as a result such a strategy has become more feasible. Used to its maximum potential, intermittent occupation could result in business rates savings of up to 75% for office and retail properties and up to 85% for industrial properties during the first year of the property being empty.

If you have a property that may remain empty for a prolonged period, please let us know as we may be able to unlock significant savings.

For further information please contact Tom Whalley on 020 7643 1516 or t.whalley@kinneygreen.com or Elsie Osunbor on 020 7643 1525 or e.osunbor@kinneygreen.com

The Shard

London awaits the delivery of the tallest building in Western Europe, The Shard.

The viewing platform spanning 68-72 storeys will be open to the public in due course. Once on the 72nd floor you are immediately aware of the scale of London beneath you and spoiled by an uninterrupted panoramic outlook. Attractions such as The Tower of London and The Eye are dwarfed from such height.

Completion is to be expected mid 2013, providing a 310m “Vertical City” including almost 600,000 sq ft of office space, multiple restaurants, 19 floors of Shangri-La Hotel, and private residences spanning floors 53-65.

Whilst many can only peer up from ground zero, Neil Warwick, partner in charge of the Midtown Office, and Sophie Higgins got the opportunity to visit the unfinished structure at a dizzying height of 72 storeys.

The sleek operation is amassed with huge numbers of contractors at every turn, their job to make sure this spectacle is produced on time at the highest level of quality.

Once through security we were squeezed into a workman’s lift fit to burst with contractors for the speedy climb to the 30-something floor before changing to the next lift for the final ascent to the heavens.

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Degree powers for Regent’s College

Regent’s College has become the latest private institution to be granted degree-awarding powers, and it now aims to become only the second private university in the UK.

The charitable London college, which has about 4,000 students, announced back in July that it would be able to grant its own degrees from 1 September after being awarded taught degree-awarding powers by the Privy Council.

Regent’s College said in a statement that “gaining degree-awarding powers forms part of the college’s long-term vision to become the leading private non-profit university in Europe, which includes plans to apply for full university title in the UK.”

The college’s application for university title is expected to come via the Companies House route rather than through the Privy Council.

David Willetts, the universities and science minister, said: “The government is keen to encourage greater competition and choice in higher education provision in order to better respond to student demand. I am therefore pleased that another alternative provider, Regent’s College, has met the rigorous standards required of institutions who apply for the power to award degrees.”

Regent’s College is the first private institution to be granted degree-awarding powers under the coalition government. In total, it is the sixth private institution to gain the status, joining Ashridge Business School, BPP University College, the University of Buckingham, Ifs School of Finance and the College of Law. Buckingham is the only private institution in the UK to have secured university title.

Aldwyn Cooper, principal of Regent’s College, said: “Our breadth of study is rooted in the liberal arts tradition, and we have core strengths in business, psychology, international relations, humanities and the arts.” He added: “The next step is to apply for university title to reflect properly the kind of institution that Regent’s has become and to better enable us to fulfil our driving charitable mission to serve education.”

Degree-awarding powers are granted by the Privy Council on the advice of the Quality Assurance Agency. Applications are judged against a number of criteria “designed to establish that the applicant is a well-founded, cohesive and self-critical academic community that can demonstrate firm guardianship of its standards”, according to the QAA.

For further information please contact Nick Eden on 020 7643 1500 or n.eden@kinneygreen.com

Residential: The rise (and fall?) of change of use.

Over the past decade, nearly 4 million sq. ft of West End offices has been lost to residential use. The main reason that developers have targeted Westminster (and over the past few years the City and parts of Midtown) is due to the lack of a planning policy that safeguard’s employment floorspace. However, Westminster Council and the City Corporation are looking to review their existing planning policies. Is this the end of the “West End planning holiday” that developers have been fearing?

Historically, converting buildings to residential use has always been popular in Central London where space is limited and values are high. In the mid-nineties, 50 year office leases granted after World War II came to an end resulting in offices in residential buildings being turned back to their intended uses. Then came lofts, warehouses, workshops, office blocks, Churches, pubs, barracks, hospitals, police stations, libraries, ministerial buildings and town halls. Changing the use of buildings, in particular offices will continue to be an obvious choice in the West End as residential sales values outstrip office capital values by around a third and so long as residential property continues to be seen as a safe haven for both foreign and domestic investors.

Recent research has shown the boom in change of use applications in the City and Westminster and already this year Westminster has seen 120 applications compared to just 66 in 2008/9. The increase has led to a review by both Councils with the City looking to clamp down further and only allow a change of use in existing residential locations. The reasons are clear – the balance and mix of uses in the City and West End has dramatically changed already and small businesses are being priced out of these areas as rental levels rise due to constrained supply (rental values in the West End are approaching £100 per sq. ft). Whether right or wrong, Westminster’s concerns regarding the loss of smaller office stock to permanent residential use is to be reviewed and many developers will avidly follow the outcome.

For more information please contact Nick Thornton on 020 7643 1500 or n.thornton@kinneygreen.com

Now for something completely different

Whether it is dealing with wind farms, advising in aqueducts, valuing blocks of air over water, or making the most out of compulsory purchase cases, Kinney Green has developed a growing reputation and involvement for dealing with difficult and unusual valuation scenarios. Much of what is done is inevitably confidential, but in this largely compulsory purchase and landlord and tenant driven field we advise telecoms operators such as Geo, Cable & Wireless and Virgin Media as well as significant land owners and public bodies. The key is understanding valuation concepts and how markets react. It is an interesting and increasing area of our business.

For further information please contact Nick Eden on 0207 643 1500 or n.eden@kinneygreen.com

Kinney Green youth ‘Bounce’ with clients

Bounce ping pong club and bar was the setting for a spectacular event laid on by the “KG Youth” on 22nd November. The team invited their client contacts to build on existing relationships with landlords and promote the Kinney Green brand. The ‘Jacques’ private room was hired out with 3 bespoke designed ping pong tables whilst drinks and nibbles were flowing through the evening.

This was the perfect opportunity to speak to current contacts in a relaxed setting and to meet new potential clients. The companies that were represented at the event included VALAD, DTZ IM, Helical Bar, Frogmore, PRUPIM, British Land, Land Securities, Hammerson and LaSalle Investment management to name a few.

Our host organised a knock-out competition which as you can imagine got rather competitive. After some very impressive table tennis skills (and some not so impressive), Alex Hoare of DTZ IM was crowned the KG ‘Wiff Waff’ Champion 2012.

There were a few sore heads the next morning but a lot of positive feedback, and there’s no doubt the evening was a huge success.

Special thanks go to Nick Thornton and Katie Treadwell for organising the event.
A3 Thinking underpins business improvement culture. The A3 Thinking approach offers organizations a systematic method for realizing opportunities for improvement in the workplace. A3 Thinking has been repeatedly reported to be a key tool in Toyota's quality-focused history. This simple process has underpinned Toyota's continual improvement program, delivering accelerated efficiency and other quality-related benefits. The A3 reporting process itself only reflects half of the story. What is A3 Thinking? ROUNDUP â€” Our editor discusses A3 Thinking and its various uses, curating a list of the best Planet Lean articles published on this topic over the years. Words: Roberto Priolo, Managing Editor, Planet Lean. A3 Thinking lies at the heart of lean management. Itâ€™s one of its defining and most effective practices. But waitâ€¦ is it a practice? Is it a way of thinking? Or is it a tool? Actually, it is all of these things, and much more. A3 Thinking. The thought process used is paramount to the tool (A3 Report). It is a collaborative problem-solving method. It promotes: â€“ Logical, objective (data-driven) thinking.Â Understanding A3 Thinking: A Critical Component of Toyotaâ€™s PDCA Management System. Boca Raton: Productivity Press, Taylor & Francis Group. A3 Thinking v7.5 â€” Slide 5 Â© 2012 Massachusetts Institute of Technology. Title: What you are talking about. Background. I recently stumbled upon an interesting concept some guy came up with in a blog post called Level 3 Thinking: A Unified Theory of Self-Improvement. It is of...Â It may not display this or other websites correctly. You should upgrade or use an alternative browser. Level 3 Thinking: a sign of maturity? Thread starter luc. Start date Dec 28, 2020.