



Rating Revaluation 2017

Fast approaching, contact us now!

@rating2017



kinneygreen

greenwire

Providing professional,
commercial property
advice to occupiers and
owners across Central London.

Spring 2016

www.kinneygreen.com



“We are delighted to introduce
Isabel Parker as a partner in our Agency Team.”

Kinney Green

Head Office: 27-32 Old Jewry, London EC2R 8DQ 0207 643 1500

West End Office: 25 North Row, London W1K 6DJ 0207 495 1222



Question Isabel

Where were you born?

Peterborough and I grew up in a little town called Oundle.

What did you do before you were a chartered surveyor?

I was an archaeologist. My first job was at Northampton Archaeology Unit excavating all sorts of weird and wonderful things. I learnt to use a theodolite and that I'm not scared of skeletons.

After this I moved to London and worked for English Heritage and then Knight Frank where I discovered the world of surveying. Inspired by the idea of a career in property I went back to university for my Master's degree in Property, which led to a job at the surveying practice Gerald Eve where I remained for 12 years.

What do you like about your job?

The variety of work. Over the years I have dealt with shops, industrial units, university buildings, residential properties and of course offices. Within the office sector alone I have dealt with a huge variety of buildings, from City towers like the Gherkin to beautiful historical buildings like Smithfield's market. I'm also very nosy and this job allows me to "go behind closed doors".

Are there any changes that you would like to see in the way that we do business?

I would like to see the process of leasing a property streamlined. Our current system means there is a delay between an offer being accepted and a deal completing whilst the lease is drafted. Tenants are particularly vulnerable during this period. Once terms are agreed the property should be fully off the market and the tenant should not have to face the uncertainties of the legal process.

How is the technology changing the way you do business?

My mantra has always been "pick up the phone". Improved technology has given us incredible freedom but the volume of emails received each day can be a distraction. It is also important not to completely rely on technology but to talk and meet people. Databases are getting better but they are no replacement for market knowledge and expertise.

What are your hobbies?

These days I like to go hiking in beautiful remote places like the Highlands. I'm also interested in horticulture so I do love a good episode of Gardener's Question Time - which is funnier than you'd think. I've done all sorts of other things, including extensive travel; sailing and I've even cycled from John O'Groats to Lands End.



For further information on this please contact
Isabel Parker on 020 7643 1532

Acquisition for KDDI Europe

KDDI Europe, advised by the Kinney Green City agency team, has secured the last available floor of around 17,500 sq ft at 3 Thomas Moore Square, E1 on a new 10 year lease. KDDI Europe have been based in Tower Bridge House, St Katherine's Way, just the other side of St Katherine's Dock since 2008, which Kinney Green also acquired for them on assignment. Their lease expires in late 2016.

KDDI conducted an extensive tour of options in the market with Kinney Green over a period of 9 months, and decided to double their occupied space of currently around 9,000 sq ft, both for expansion and to accommodate their group company, Telehouse International Corporation of Europe.

The new lease had to be exchanged within 25 days of agreement of terms, because the previous landlord; Land Securities, were selling the investment. KDDI will be taking occupation of the building in the summer of 2016 from the new landlord Resolution Property, who has just completed the purchase for £300m. ■



For further information on this please contact
Kim White on 020 7643 1506

2016 Index Conference

Former Senior Partner, Nick Eden delivered a talk "Valuing in the hypothetical world" at the Index Conference in Warwick on 8th March attended by over 100 people comprising surveyors and lawyers. He delivered the talk and a Q&A session afterwards with Zia Bhaloo QC of Enterprise Chambers. The thrust of the joint talk was perspectives on value and the framework of assumptions within which value should be applied to ensure a reliable valuation result. The principal messages were that the market is king and that assumptions which are made should be realistic and not onerous. It was emphasised that case law should be used with care as often valuation related cases turned on particular circumstances and may not be applicable across the board. Other speakers included:

Tasmin Cox & Nat Duckworth - Falcon Chambers
Emma Humphries - Charles Russell Speechley
Max Crofts - JLL Simon Durkin - BNP
Dr John Fletcher - Dispute Resolution Service RICS

For further information on this please contact
Nick Eden on n.eden@kinneygreen.com

Full Steam Ahead

The Chancellor George Osborne has, within the Budget, confirmed that £80m of funding is to be provided to develop Crossrail 2 with Transport for London matching the figure.

Crossrail 2 would provide a much needed North/South rail service running from Wimbledon in the South to Tottenham Hale in the North with further potential for expansion, to compliment Crossrail 1 running East West and due to open in phases in 2017. Current estimations dictate that the scheme is to start construction in 2020 and complete 2030.



As with any major infrastructure project, in order to construct the scheme the Government will have to acquire large areas of land and property, both publically and privately held. This is done through Compulsory Purchase powers granted by the Government.

It is envisaged that an Act of Parliament will be granted between 2017-2019. Compulsory Purchase is complex and an invariably lengthy process that can be stressful to those businesses affected.

It is always recommended to those potentially involved to adopt a pro-active approach to being prepared at the earliest opportunity in order to maximise your position in conjunction with the dated legislation.

Kinney Green has a dedicated team that has considerable experience with Compulsory Purchase across a large number of schemes and would welcome providing advice/guidance on the process however far away. ■

For further information on this please contact **Tim Powell-Harper** on 020 7643 1516 or **Chris Jakes** on 020 7643 1526

"All aboard! We're taking to the water."

The Kinney Green professional department has recently been instructed by the Port of London Authority (PLA) on 8 River Work Licence fee assessments on the River Thames.

The PLA are responsible for 95 miles of the River Thames and licence numerous river works and look to keep commercial and leisure uses safe, protect and enhance the environment, and to promote the river for trade and travel. The 8 passenger piers licensed to Transport for London (TfL) are predominately used by Thames Clippers who provide regular commuter services throughout central London significantly increasing transport route and means of travel.

Kinney Green's instruction stretches from Westminster Pier in the West through to North Greenwich Pier in the east, and includes such busy locations as Embankment and Tower Piers.



For many years members of the professional team have provided advice to the PLA on numerous technical matters, including the negotiation of both capital and rental payments for bridge, tunnel and cable crossings as well as Telecommunications Act advice and reference to arbitration. ■

For further information on this please contact **Tim Powell-Harper** on 020 7643 1516 or **Chris Jakes** on 020 7643 1526

Dark clouds looming - rate liabilities likely to increase dramatically

With significant increases in rental values in recent years this is also going to have longer term effect on other occupational costs, due to the rating revaluation 2017. As all properties are to be reassessed from April next year based on rental values at April 2015.

While the position in respect of transitional relief is yet to be determined the government have conceded that there is a problem and further investment in the valuation office to clear the huge backlog of appeals is imminent. London is going to feel the pinch the worst and this is going to affect the choice of location for office occupiers, as historically cheaper rental locations such as Clerkenwell, King's Cross & Stratford are not a cheaper alternative any more.

We will expect in the longer term that this increased liability will have an effect on occupiers, having already been squeezed, will have little movement trapped in their accommodation. Investors on the other hand will have the risk of over rented properties with the risk of empty rate liabilities.

What can we do?

Review your 2010 assessment further and consider temporary reductions to say building works (reflecting the current trend for increased development) as any reduction to this list will also reduce future liabilities. ■

Indicative maximum likely increases in office rate liabilities under the 2017 revaluation.

City: 25% West End: 40% Midtown: 20%
Clerkenwell: 100% King's Cross: 50%

For a rating health check please contact **Tim Powell-Harper** on 020 7643 1516 or **Elsie Osunbor** on 020 7643 1525

EU Referendum - Should we stay or should we go now?

2016 shows no sign of easing in respect of the continued lack of supply of commercial accommodation in London. Demand continues to put pressure on rents and considerable increases at review or renewal are commonplace. Early consideration is essential due to likely competition in the marketplace and professional advice is vital.



The effect on capital values is also apparent as for the time being, the general economist's view is that a Brexit is likely to dampen prospects for commercial real estate, though in the short term yields have remained stable. However, if the country decides in favour of a Brexit on 23rd June the prolonged uncertainty during the exit negotiations may impact considerably and negatively on investor sentiment.

Careful consideration of the strategy of reviews and lease renewals for all types of property it is essential as the effects could be long term and have further reaching affects against potential market changes and negotiations in consideration of value of both leasehold and freehold is paramount. Kinney Green is able to offer a thorough understanding of the current market with an analytical approach to the evidence, in relation to specification, location and lease term to ensure the best outcome for our clients. ■

For further information on this please contact
Tim Powell-Harper on 020 7643 1516

John Brown leads the charge to The Bower

The Bower at Old Street EC1 is a new landmark development of 320,000 sq ft of modern inspiring space including offices, restaurants and retail spaces.

Our clients John Brown Media took a pre-let on the entire studio building, a brand new building designed by AHMM Architects to compliment the other buildings on the estate comprising of 18,500sqft and have recently completed a stunning fit out and moved into their new London HQ.



Phase One of The Bower is now complete and fully let, with rents achieved of £67.50 per sq ft. Good job we agreed a pre-let in June 2014 when the rent was only £45 per sq ft on the best space!



Andrew Hirsch, Chief Executive of John Brown Media, commented, "We are moving from West London to Old Street because we want to attract the best talent in the digital media business and are excited about taking space in such a vibrant development as The Bower." ■

For further information on this please contact
Neil Warwick on 020 7643 1531

MEES - You need to know your Energy Efficiency!

The Minimum Energy Efficiency Standards (MEES) will become effective on 1 April 2018. As a landlord or tenant do you know what issues could affect you?

It is clear MEES could have significant impacts for both landlords and tenants on lettings, valuations, rent reviews and lease renewals. We highlight below a few points to give thought to but firstly a quick reminder of what we're dealing with.

The Energy Act 2011 first introduced the MEES regulation, which stipulates a non-domestic property with an EPC cannot be let if F or G rated after 1st April 2018. Furthermore, in 2023 all properties with an EPC, whether being let or not, will need to comply. There are some exclusions to MEES, such as lettings under 6 months or listed properties.



The onus is on the landlord to upgrade the property through cost effective Relevant Energy Efficiency Improvements (REEI) that must be implemented prior to letting.

Introducing mandatory regulations to improve a property's energy efficiency is at face value a good way forward to future proof the UK's building stock and a tool for contributing towards carbon emission reduction targets.

We are in favour of the introduction of such initiatives and the medium to long term view should result in building energy cost savings as well as a reduction in greenhouse gases. As with all new regulations, however, once you start looking at the logistics there are some potential ramifications. There are arguments that the regulations could affect rental values at rent review or lease renewal and therefore, all things being equal, capital values and possibly future yields.

A couple of lease issues to bear in mind:

A rent review at or beyond 1st April 2018 will make certain assumptions on the 'hypothetical letting', one of which will be whether tenant's improvements should be disregarded. It is quite possible that the property only achieves an energy efficiency rating of E or below because of tenant's improvements, for example, on building services and new LED lights. Therefore, if improvements are disregarded that fact potentially renders the hypothetical property unlettable in its existing state. Also, can the property be assumed to be 'fit and available for immediate occupation' if the required level of EPC is not in place? There are existing precedents that could be extended to apply to MEES compliance. The cost of such improvements could be taken into account at review, and case law and time will judge what becomes accepted. There is an argument that rent reviews before the compliance date, for terms extending beyond, will also reference the requirement as a factor.

A lease renewal under the 1954 Landlord and Tenant Act entitles a tenant to a lease on similar terms to the existing lease. The valuation assumptions are different to rent reviews but should existing case law be applied to MEES compliance this could have a valuation impact on renewal. The disregard of tenant's improvements under section 34 could result in further valuation complexities if those improvements achieved MEES compliance.

Having a clear idea on where your property stands and what negotiation arguments could be brought to the table and potential solutions is vital.

A few points to think about:

1. The current EPC rating is key to any future works required and potential lease negotiations. Have you considered the EPC ratings for your properties and are the EPCs robust enough to be scrutinised and verified? Ensuring you have accurate EPCs with all the background data is essential as a first step for any negotiations.
2. Were tenant's improvements responsible for lowering the EPC to E or better and do both parties have all the necessary documents and consents in place?
3. Is your property E rated? It could slip over the threshold into an F due to future Building Regulations introducing enhanced energy performance requirements. An EPC calculation is dynamic and refers to current Building Regulation requirements. Therefore, future changes to the regulations could see your property move to an F. Plan to future proof these buildings.
4. Are you clear what constitutes an REEI? Can it be implemented as part of a planned maintenance programme?
5. Have you considered the potential impacts for a rent review or lease renewal? Are there break clauses coming up where these regulations may be used for negotiation?
6. Are there any REEI exclusions that apply, for example, are there reasons why consent to any works would not be available or could any REEIs actually devalue a property?
7. As a tenant is it possible you will become a landlord in the future due to a subletting? You will need to consider these regulations in that context.

Two years or 24 months may seem a long way away but the clock is ticking to fully consider each property, either owned or occupied, that may be in scope and then plan for the improvements and outcomes. ■

For further information on this please contact
Neil Warwick on 020 7643 1531

The Clean City Awards Scheme

It is great news for Kinney Green that two of our management instructions have won awards in The City of London "Clean City Awards".

Both 5 Fleet Place EC4 and Monument Place EC3 (pictured) won Gold awards. A great way to kick off the first quarter of 2016. ■

For further information on this please contact
Stephen Griffiths
on 020 7643 1520



Managing new heights!

We are pleased to welcome Gordon Dunne to our management department.

Gordon who is a strapping 6' 7" (2.01m) tall, studied for an MSc in Real Estate Management at the University of West of England in Bristol.

Gordon says, "I am really pleased to have joined a great department where client care is paramount and I am learning quickly by working closely with the Partner in charge Stephen Griffiths." ■

For further information on this please contact
Gordon Dunne
on 020 7643 1521



Social Media and the Surveying World

Linkedin, Twitter, Facebook, Google, Instagram and YouTube are all social media platforms that we are familiar with, not only in our everyday lives but also our professional lives.

Kinney Green continues to integrate and enhance its traditional new business selling and relationship management practices through using all these platforms. Many Chartered Surveyors have 10-15 competitors within their immediate market that can provide the same services and claim the same knowledge.

Social media enables us to establish the personalities within the business and helps to strengthen relationships with clients and peers. Testimonials and references provide concrete proof of the quality of services and therefore social proof. We are currently using social media to increase our profile and brand recognition, both to find new contacts and develop further business relationships.

While the direct benefits of the time invested in such networking can be hard to assess, Kinney Green is committed to using the platforms for the creation of new business. ■



Visit us: @Kinneygreen



or: @rating2017.

Please get in touch as we would like to follow you and understand further your requirements.

For further information on this please contact
Emma Burgess on 020 7643 1514

All good things come to an end!

After 41 years with the firm Simon Seymour-Taylor is retiring.

Although not a founding Partner, Simon joined the firm very much in its formative years back in 1975 at the tender age of 22. Over the ensuing years Simon has specialised in investment and occupational agency. Modestly Simon says that he has "considerable pride in having had a small part in the moulding and development of the firm, and look back on my career with pleasure and affection.

I now wish the current partners and staff every success and best wishes for the future."

All at Kinney Green wish Simon the best for the future. ■



Kinney Green

Head Office: 27-32 Old Jewry,
London EC2R 8DQ 0207 643 1500

West End Office: 25 North Row,
London W1K 6DJ 0207 495 1222

