



Emma Burgess moves into the professional team to boost Kinney Green's rating expertise!



# greenwire

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

Winter 2016

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## Kinney Green

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## Winning the Prospect

We are pleased to confirm that we have let 16/18 Monument Street, London, EC3 on behalf of the German real estate investment company AIK.

The entire building comprising of 20,000 sq ft was originally let to Barclays Bank who sublet the building to a serviced office company when it became surplus to their requirements.



The lease on the whole building expired at the end of August this year, and Kinney Green agreed terms to re-let the property to Prospect Business Centres on a new 10 year lease at a rent of £57.50 per sq ft. The tenant also received a capital contribution to refurbish the accommodation. ■

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## Rent Reviews a plenty on City Road and beyond

Kinney Green's Professional Department has been instructed to advise on three retail rent reviews on City Road, EC1.

The three units are all within the Lexington Building, which is in close proximity to Old Street Roundabout or Silicon Roundabout as it has recently become known due to its popularity with tech and mobile app companies. The area is currently undergoing a significant regeneration with The White Collar Factory development by Derwent London and The Bower Development by Helical Bar, both successfully letting at market breaking rents.

The units under review are occupied by Subway, Cafe Nero and Abokado.

Rent reviews and lease renewals require a skilled and professional approach to reflect the ever changing market. The ability to analyse the lease terms and apply both those to the evidence and subject property have resulted in substantial savings of late for various clients in the following locations:

- Chambers, Middle Temple, EC4 - Circa 40,000 sq ft
- Chambers, Lincoln's Inn, WC1 - Circa 50,000 sq ft
- Park Lane, W1 - 5,000 sq ft
- Northumberland House, WC2 - 10,000 sq ft
- Charlotte Street, W1 - 1,200 sq ft.
- 29/85 Victoria Street, SW1 - 40,000 sq ft
- 29 Queen Anne's Gate, SW1 - 5,000 sq ft
- 18 High Holborn, WC2 - 3,000 sq ft

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## What's been happening in the City in Q3 2016?

At the end of 2015 Central London supply was at an historic low, but with more second hand and 'grey' space being launched in the market, supply is now rising. We estimate available space to now be about 5% of stock.

Q3 take up in the City was significantly lower than at the same time in 2015 (Approx 3.3 million sq ft compared to 5.1 million sq ft).

Investment activity has also slowed down compared to last year - could this be as a result of Brexit?

Prime rents are still holding up at circ £70 per sq ft, just ahead of Midtown at £65 per sq ft, but still well behind prime West End at £120 per sq ft.

Rent free periods offered to tenants in the City, however, are still more generous than the Midtown or West End markets. A tenant in the City can expect 21 months on a 10 year term, but in Midtown and West End this would only be approximately 18 months.

On a positive note there were significant acquisitions announced in London:

- Apple acquiring 500,000 sq ft over six floors at the Battersea power station site.
- Wells Fargo's acquisition of 225,000 sq ft at 33 Central, EC4 for their own occupation.
- Amazon acquiring 87,000 sq ft at Principal Place, EC2.
- Deliveroo taking 50,000 sq ft at the River Building, Cannon Bridge, EC4.

2017 predictions are that the market will be challenging for both landlords and tenants. ■

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# Kinney Green Score St James's Double

Kinney Green has recently been instrumental in concluding two leasehold acquisitions on behalf of clients in the prestigious St James's office market.

Acting on behalf of fast growing multinational fund managers, Vistra, our West End Agency Department was asked to secure suitable premises for them to relocate to as a result of their recent acquisition of Orangefield. Being long-term tenants in Park Lane, it was initially felt that Mayfair would be the most appropriate location. After advice and recommendations, St James's was preferred as the desired image for their UK headquarters, client access and availability.

## 11/12 St James's Square

After an extensive search and selection process 11/12 St James's Square was identified as the best overall solution. Comprising approximately 9,000 sq ft, the third floor provided the perfect mix of the traditional and modern office environment with its attractive period Georgian façade combined with the fully refurbished Grade A office accommodation behind.

Terms were agreed on the basis of a new sub-lease at a headline rent, below market conditions, of £75 per sq ft with a generous rent free period. The client was able to take possession within six months of the start of the project and Paul Cooper, Vistra's Director of Finance and Operations comments that "having taken a detailed property brief from us, Kinney Green have found us the ideal office located at the heart of our preferred location. Their knowledge of the market has enabled them to expertly negotiate a fantastic rent deal with which our management team are extremely happy".



## 3 St James's Square

Elsewhere in the Square we assisted global non-ferrous metal traders, Concord Resources Ltd, to secure accommodation at 3 St James's Square that had been identified as being perfect for their requirement. Established in 2015, Concord is a rapidly expanding organisation that we have helped from inception, originally taking serviced accommodation for them in Mayfair. Being sufficiently well established and with a better understanding of their mid-term occupational requirements the decision was taken to acquire accommodation on a more conventional leasehold rather than serviced basis.



3 St James's Square has been extensively refurbished by owners WELPUT and against considerable competition for the space, terms were agreed for the top floor courtyard suite providing a little over 2,500 sq ft. The rent agreed was less than other market transactions on comparable space in the building. We were also able to assist in their negotiation of a break provision to ensure Concord had sufficient flexibility going forward.

Both transactions compare favourably with recent deals elsewhere in the Square where earlier in the year Helly Nahmad paid a UK record rent of £185 per sq ft on a suite of just under 3,000 sq ft at Green Property's redevelopment at number 8. ■

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# Pricey Inns of Court

Kinney Green have had a strong relationship with the legal fraternity over many years, including advice to various sets of barristers in the Inns of Court.

These often beautiful, but sometimes less than practical office chambers, have seen an unprecedented increase in rental levels over the past five years. Rents are now in excess of £70 per sq ft and have been driven by the expansion and mergers of some of the larger sets and the general lack of availability.

Many have taken annex space at very high rents in competition with others which has meant that they are spread over many different buildings within the Inns of Court.



There has been little strategy planning implemented by either Lincoln's Inn, Middle Temple, or Gray's Inn to give the larger sets contiguous accommodation in one or adjoining buildings.

The only recent illustration of a good sized building coming available was 11 Stone Buildings, Lincoln's Inn. This provided 11,000 sq ft of self-contained accommodation, but with very large rooms and a large amount below ground level. (Top QC's do not share rooms).

No barristers bid for the space but two firms of solicitors entered a bidding war, with Edwin Coe being the victors and taking a 10 year lease, without break, at a rent well in excess of £70 per sq ft per annum.

It is therefore apparent that the Inns are becoming far more commercial in their outlook and securing longer term leases at very inflated rental levels. However, we have had considerable success defending proposed increases in Middle Temple from detailed research and negotiation and many sets are delighted with the savings achieved that could run for the next six years.

## Will the barrister be priced out of the Inn?

Surely some will continue to be tempted by the new steel and glass buildings that Chancery Lane and the surrounds in Midtown now has in abundance and still within a stone's throw of the Courts, to illustrate perhaps a more commercial and modern approach.

However many barristers have such a strong affinity with the Inns that they will do everything they can to stay. The flexibility, history and brand-power associated with an Inn address remain a very strong pull.

Whilst rents are high and lease terms becoming more commercial, rents, calculated on a net, net basis (only the rooms utilised are valued, not associated areas such as corridors, lobbies, etc.) and rates, service charge and estates' costs in the Inns are much lower than those in buildings outside the Inns' of Court. Perhaps more of interest is the flexibility offered through the rolling break clauses.

Most will grin and bear it, however if we can assist or advise on commensurate rent and implications for future rate liability then please contact us. ■

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## It's not just all about offices !

Kinney Green management team also look after a wide range of alternative property investments.

This includes a first class Nursing Home Portfolio comprising 61 separate homes nationwide with a total of 2,730 beds and a total rent roll of approximately £11 million per annum.

So for detailed Partner led advice without limits contact us. ■

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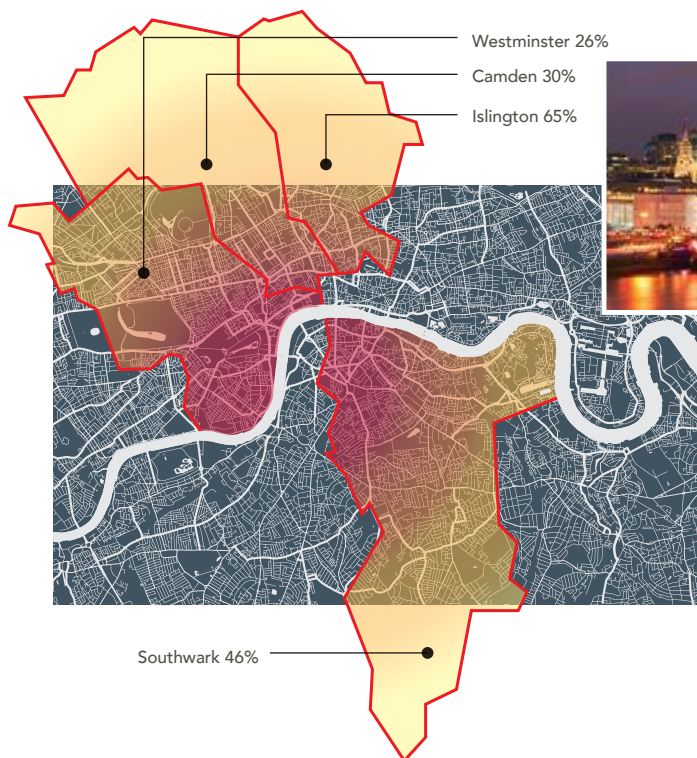


# Rating Revaluation 2017 list published!

As you may be aware the draft rating list was published on 30th September detailing the new rateable values (RV) to which apply to assessed properties with effect from 1st April 2017. This is based on rental values that the Valuation Office considered would have applied at 1st April 2015.

To ensure rates liabilities are kept to a minimum, we recommend, in the first instance, that we check your new valuation against the current RV and this is something we would be delighted to undertake on your behalf.

The last Revaluation was in 2010 and the 2017 Revaluation was delayed for two years by the Government. The highest increases are anticipated in London with identified hotspots as follows: Islington 65%, Southwark 46%, Westminster 26% & Camden 30%.



While Transitional Relief (TR) will be introduced (limiting immediate increases) that will now give less relief to larger companies with a RV£ over RV£100,000, this was confirmed in the Autumn Statement as a reduced 42% increase in 2016/17 and reduced from 50% to 32 % in 2017/18. Although the rate poundage is unconfirmed at present, indications are that it will remain at a similar level to that set in 2016/17.

Rate demands to establish your new liability will be issued in March 2017. However, until then we can assist by reviewing your current liability from 2010. If we reduce your current liability this may have a knock on benefit through TR for the next few years. There is still time available for this process and a rushed approach to the Revaluation in our view is risky. A consolidated approach and navigation through the new system is essential.

We will also have to adopt the VO's new mantra of "check, challenge, appeal" which is a further protracted, expensive and complicated system to make them aware of any apparent errors.



The reality is there are still over 300,000 outstanding appeals from the 2010 list to resolve before they can even consider whether they have correctly valued the 1.96 million new assessments!

It is clear the VO are keen to reduce the number of appeals e.g. limiting the ability and validity of those submitted, removal of

online submission forms for 2017 list, a charge to appeal, a new simplified and complicated website. However, beware of false promises as the VO have the power to increase as well as decrease assessments as some other advisors have found to their detriment.

Take advice and do not make a rash decision or be pressed into action, there is still time to consider your best route through this changing world. If you would like a professional approach please speak to Tim Powell-Harper or Emma Burgess. ■

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## Planning and Compulsory Purchase Reform: The New Bill

Over the last few days the Neighbourhood Planning Bill has been published, proposing a series of small changes to Compulsory Purchase and Compensation.

The changes involve a simplifying of the process to make it clearer, fairer and faster for all parties involved. Compulsory purchase is generally used as a last resort but can be essential in delivering big and complex infrastructure and regeneration schemes, although the process can be unnecessarily uncertain and complex. Measures in the Bill will clarify the process, which is currently based on a patchwork of statute and case law to make the system fairer for both acquiring authorities and claimants alike.

Changes will include proposals to code the assessment of compensation in the 'no scheme world', the introduction of a



power to compulsorily occupy land on a temporary basis, improving compensation for businesses with short tenancies and interest being paid if advance payments of compensation are delayed. ■

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# JLL 5K Run

Kinney Green were proud participants in the JLL 5K run, helping to raise money for the Starlight Charity.

A big well done to the Kinney Green running team, who ran in the sweltering heat, to the well-deserved cold beer at the finish line! ■



## From Down Under

John Nguyen has joined Kinney Green to further develop our management team.

John has spent the last two years at Cushman and Wakefield within the Global Occupier Services team managing a number of property portfolios with high profile clients including Royal Mail, Pizza Hut, KFC and City Link.

Prior to this, John was at Colliers International in Melbourne, Australia as an assistant Valuer, valuing various properties within the industrial, commercial and retail market, however predominately specialising in office buildings.

We are delighted to welcome John to the team and his contact details are below. ■

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## A Growing Professional Team

We are pleased to welcome Luc Griffiths to our professional department.

Luc has recently finished an MSc in Real Estate Management at the University of the West of England, Bristol, having previously studied BSc Geography & Planning at Cardiff University.



Luc says, "I am tremendously excited to join a fantastic team here at Kinney Green, and really looking forward to embarking on the APC process in the coming weeks." ■

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## Jeans For Genes Day

By wearing our jeans on the 23rd September, we helped to raise money and make a difference for the half a million children, in the UK, living with a genetic disorder. ■



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