



Kinney Green would like to congratulate
Nick Moore MRICS on passing his APC.



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greenwire

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

Winter 2017

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Are serviced offices set to dominate the London occupational market?



“20 Midtown - a centrally located
development ideal for serviced offices.”

Acquired by Kinney Green on behalf of Prospect Business Centres.

Kinney Green

City Office: 27-32 Old Jewry, London EC2R 8DQ 020 7643 1500

West End Office: 82 Park Street, London W1K 6NH 020 7495 1222



Serviced offices set to dominate the London occupational market?

It is the topic of conversation amongst most of the West End and City office agents, but are they embracing change?

It cannot be denied that the sector has expanded rapidly over recent years. The market has matured substantially from its origins where the only occupiers tended to be start-ups that couldn't afford a 'proper' office and needed not much more than a postal address. The UK is now the leading global serviced office sector accounting for 36% of worldwide serviced office footprint and a growth rate of 31% since 2008. As might be expected, London is leading the way accounting for 34% of the UK market since 2008*.

For the first half of 2017, the sector accounted for 9% of take up in the City and 8% in the West End, which is in part due to the fact that tenants are increasingly prepared to pay the 'premium' rents associated with serviced offices in return for greater flexibility and the advantages of fixed costs without the potential risks associated with a conventional lease.

Clearly, flexibility and minimal start-up costs are key factors, especially for the smaller occupiers, but these are not the only reasons for growth in the sector. Larger occupiers are also attracted to co-working and serviced offices where they see the opportunity to collaborate with the new and creative companies that dominate these centres and the access it gives them to a growing talent pool.

We don't view the sector as a threat; on the contrary, we see the fluidity and flexibility as a complement to the more traditional leasing model giving our tenant clients greater choice. To that end, we have enthusiastically embraced the sector and are actively assisting a number of the major operators with their ambitious growth plans.

Recently, we advised Prospect Business Centres on their acquisition of approximately 17,000 sq ft at 20 Midtown on Proctor Street, WC1. Prospect informed us that Midtown was an area of interest and having identified 20 Midtown as an ideal building we negotiated terms on their behalf and as a result they will shortly be opening their first Midtown centre.



Some landlords express concern over covenant strength with the majority of operators taking leases in an SPV with additional surety, usually in the form of a limited parent company guarantee. But long gone are the days of Ouvagh Highfield and Southern Cross and there have been few operator failures in recent years.

Also, and of increasing importance in these uncertain times, they are more than happy to sign up on long term leases, in fact, this is their preference with a minimum term of ten years required in most cases.

So the message is whether acting for landlords or tenants, we have to adapt to and adopt to the ever-changing occupational office market. ■

"Larger firms and corporates view these co-working and serviced spaces as an opportunity to collaborate with these new and creative companies as well as to access to a growing talent pool."

For further information please contact
Kevin Kemplen BSc MRICS on DDI: 020 3946 3554
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*Serviced Offices: A new asset class by Capital Economics.

SHEDS TO BEDS

A threat to the industrial sector or an opportunity for canny investors?

In a move to alleviate the widely publicised housing crisis, a three year permitted development right (PDR) came into force in October 2017 allowing for the easier conversion of industrial buildings to residential use, posing a threat to industrial property throughout the UK.

This is highly reminiscent of previous legislation introduced in 2013 allowing for the easing of office to residential conversion rules - legislation subsequently made permanent in 2015.

It is unlikely we will see entire industrial estates go over to residential use due to various factors including a limit of 500 sq m (5,400 sq ft) on the size of each permitted development, and the large scale unsuitability of industrial sites - most obviously location. Further, Local Authorities have the power to veto any proposed plans under Article 4, restricting permitted planning rights.

Some Local Authorities are showing concern, perhaps having been previously bitten by large scale depletion of office accommodation and the threat this has posed to local employment. London Boroughs are particularly willing to protect their light industrial property; Hackney, Islington, Southwark, Hounslow, Hammersmith & Fulham, Hillingdon and Brent have limited, or are introducing limits on, developer's freedom to deliver such schemes. Southwark for example has chosen to protect its rail arches, whereas Islington and Hackney have opted to blanket whole areas in order to protect valuable, industrial stock.

Sheds to beds; an apparent threat therefore to industrial property and a further peril to a sector which loses an average 200 acres per year nationwide. However, increased threat creates increased opportunity. An ever-developing stock in the industrial sector is responsible for soaring rents and bold yield compression throughout the UK.

The industrial sector has outperformed both the office and retail sectors in recent years enjoying success as a by-product from the rise in online shopping and the demand for warehouse accommodation to such an extent that Amazon was responsible for more than 25% of all industrial lettings in 2016 (The Telegraph, 2016). It is apparent that the "sheds to beds" initiative does not solely pose a threat to the sector - more an opportunity for shrewd investors seeking commendable returns. ■



Should you need any impartial, professional industrial property advice, or should you wish to learn more in regards to current industrial properties being marketed by Kinney Green, please do call
Tim Powell-Harper MRICS, DDI: 020 7643 1516
t.powellharper@kinneygreen.com or
Luc Griffiths DDI: 020 7643 1528 l.griffiths@kinneygreen.com

High Holborn retail rent review

Following successful agreement of lease renewal terms with Superdrug at 18 High Holborn on behalf of the landlord in November 2016, Kinney Green have concluded the rent review of the neighbouring unit tenanted by Abokado.

Despite the Brexit decision in the summer of 2016 the London High Street remains buoyant particularly along High Holborn with rents continuing to increase.

Kinney Green were able to achieve rental uplifts on both the renewal and review for our client. ■



For further information please contact
Chris Jakes BSc MRICS DDI: 020 7643 1526
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Nil increase on Soho restaurant rent review

Following extensive negotiations with Soho Estates, an established landlord in the restaurant sector, we were able to negotiate a nil increase from the passing rent of £125,000 pa in the rent proposed by the landlord initially £185,000 pa for our client Dozo in Old Compton Street.

The client was delighted as demand for restaurant premises in this high profile location remain strong with significant premiums being paid for premises in this location.

The result was achieved as a consequence of extensive research and knowledge of the area together with current activity for both existing and prospective occupiers. ■



If we can help you please contact **Tim Powell-Harper MRICS DDI: 020 7643 1516** t.powellharper@kinneygreen.com or
Nick Moore BSc MRICS DDI: 020 7643 1501
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Proportionate security response

Due to recent tragic events, which have been witnessed in London, we undertook a 360 degree review of our security procedures and the way these are implemented not just in our buildings but also with adjoining properties.

The results and recommendations of this review needed to be easily and quickly communicated to security teams and occupiers of neighbouring buildings so a simple traffic light system was created.

This consisted of:

Code Green: This is our day-to-day normal activity including regular patrols, visitor and staff processing as well as handling deliveries and contractors.

Code Amber: This is for a heightened security level, which is more visible with an increased number of security patrols. The security officers would wear high visibility bibs or jackets. Also only pre-booked contractors would be allowed on site.

Code Red: This calls for a partial lock-down of the building. A security officer is positioned directly at all entry/exit points and all internal doors are secured. Only staff and pre-booked visitors and contractors are allowed to enter the building.

Code Black: This is the most severe procedure with all entry points being secured with no access for staff, visitors or contractors. Staff are moved away from the main reception area as well as any loading bays. The building is operated as well as monitored from a secure room void of any external windows but with CCTV and building system monitoring capabilities.

Any of these codes can be called for by a Kinney Green property manager, security manager or lead security officer or on the advice of the security services. These are all agreed with our neighbouring properties - so if we receive a message from any of our neighbours saying they are "Code Red", etc. we know exactly what they have implemented and vice versa. This system has been rolled out to our Kinney Green managed sites and has been well received by occupiers.

As well as the implementation of these security codes we have also invested, at the larger sites, in full emergency evacuation grab bags, which include all evacuation paperwork, management and occupier contact details as well as a loud hailer, first aid kit, wind-up torch, glow sticks and foil blankets. A major incident first aid kit has also been purchased, which includes items such as a major trauma pack and a burns kit.

As building managers we hope we are never called upon to use these resources... but we have them ready just in case! ■

For further information please contact
Stephen Griffiths on DDI: 020 7643 1520
s.griffiths@kinneygreen.com



Kinney Green appointed by National Grid

Kinney Green has recently been appointed by National Grid to identify and acquire land in South London, between Wimbledon and New Cross as part of their London Power Tunnels Project, Phase 2.

The project will create a new electricity superhighway deep below the capital to enable increased capacity in order to meet London's ever increasing electricity demand.

Tunnel drive sites, intermediate shafts and head houses are required at key points along the route to ensure the safety during construction, provide access to the tunnel for maintenance work and to store ventilation equipment.

Kinney Green are specialists in the London market and are able to advise on the physical and viability constraints of land acquisition as well as identify off-market opportunities for site assembly. ■

For further information please contact
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nationalgrid

Business rates revaluation 2017 - are you advised?

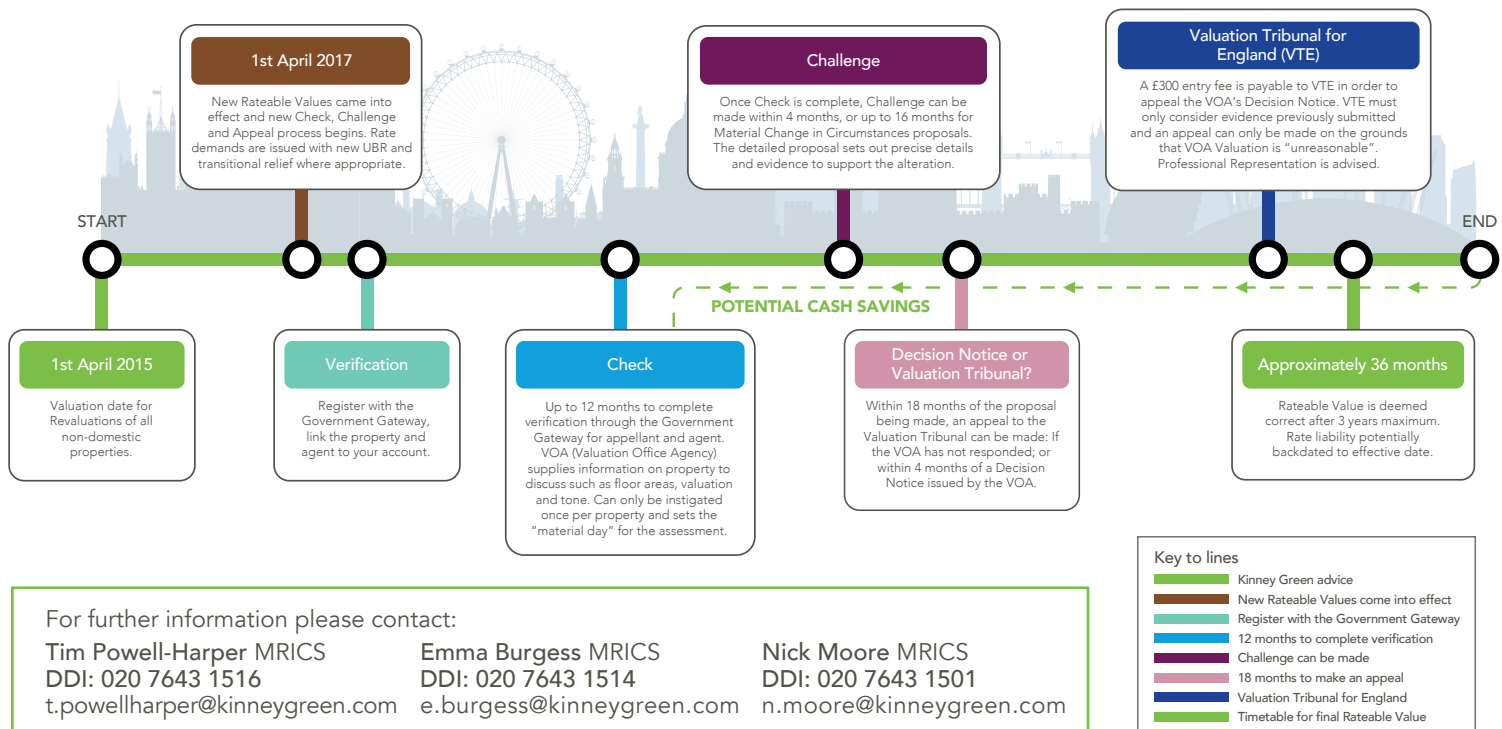
The 2017 Rating Revaluation came into effect on 1st April 2017 and all rate payers, both property owners and occupiers, should be considering their Rateable Values and rate liabilities.

It is sensible for all ratepayers, property owners and occupiers to:

1. Ascertain the full detail of your new 2017 Assessment from the Valuation Office website or your current rate demand.
2. Check the Assessment and consider whether there are grounds for appeal.
3. Consider if other factors affect the Assessment such as adjacent building works, change of use or other material changes in circumstance.
4. If you have a current lease renewal or rent review it could affect your Rateable Value so you should seek professional advice before your occupational costs increase.

The new process of lodging an appeal is deliberately complicated and seeking professional advice is paramount.

The tube map below shows the process and timeline involved. ■



May 2018 is a date that every business should have at the forefront of their minds. This is the date when Regulation EU 2016/679 the General Data Protection Regulation - GDPR comes into force.

This may change the very future of our GreenWire Newsletter too as it affects all personal data - i.e. names, addresses, phone numbers, account numbers, email and IP addresses. From May 2018 we will all have to consider how data handled by our business and identify potential weaknesses in our security systems. This will cover how that data leaves our businesses, how and where that data is stored and how that data moves around. For the property industry this will have significant impact and that is why at Kinney Green we are implementing our policy at an early stage.

GDPR will impose obligations long into the future to address the legal basis for processing the data; the retention period for such; how to address and notify breaches and how to ensure personal data is deleted upon a request. ■

Further information is available by visiting: www.ico.org.uk
alternatively you can speak to Tim Powell-Harper MRICS,
DDI: 020 7643 1516 t.powellharper@kinneygreen.com



Kinney Green launches lease appraisal service to existing clients

We find only too often that once tenants have signed their lease and taken occupation, very little attention is given to their leasehold liabilities, or indeed, opportunities.

By way of example, we recently met with a client to discuss lease renewal/relocation options as a result of a pending lease expiry. During our meeting we discovered that they did not receive the rent free period they were due as a result of the break in their lease not being operated. As a result of our intervention we were able to recover the position and secure the rent free period they were entitled to.

We have therefore decided to pilot a new scheme, which is free of charge to existing clients, where we provide them with a summary of their leasehold interest and highlight significant events such as rent reviews, break options, lease expiries and any other salient points that the client should be aware of, such as capped service charge payments, limitations on their dilapidations responsibilities on expiry, etc.

We will be rolling out this programme in the coming months so please keep your eyes peeled for our email. ■

In the meantime, if you would like any further information, please contact
Kevin Kemplen MRICS DDI: 020 3946 3554
or your usual Kinney Green contact.

APC success for Nick Moore MRICS

Congratulations go to Nick Moore for passing his APC (Assessment of Professional Competence).

In achieving this professional qualification Nick is now able to use the designation MRICS, an internationally recognised and respected mark of excellence and integrity, having demonstrated that he has the skills and experience to meet the high level of standard expected by the Royal Institution of Chartered Surveyors.

Good luck to Nick on his continued professional journey as a fully fledged Chartered Surveyor. ■



New starters

We are pleased to welcome Samantha Stock and Becky Huckstep to our City office. ■



Sam - Team Secretary



Becky - Agency Graduate

Kinney Green joined companies across the City of London for the City Giving Day by wearing red.

Funds raised from the Lord Mayor's Appeal go to provide opportunities for young people which actively educate, support and inspire them. The day starts a year of giving in partnership with



Macmillan. Kinney Green has chosen to raise £3,000 through a variety of events. Watch this space for coffee mornings, London Bridge Walks and the City Takeover Day. ■

Jeans for Genes wear jeans, save lives

Kinney Green once again took part in the Jeans for Genes Day on Friday 22nd September.

It's an easy way to help children who are affected by life threatening genetic disorders in the UK. ■



Kinney Green celebrates 20 years in the West End!

To mark the 20th anniversary of Kinney Green's West End office, we are pleased to announce the relocation to our new Mayfair office at 82 Park Street, W1K 6NH.

STOP PRESS! STOP PRESS! STOP PRESS! STOP PRESS! STOP PRESS!

University Street Sale and Leaseback

Just as we go to print we are pleased to announce that on behalf of the charity, Changing Faces, we have successfully sold the long leasehold interest in University Street, on the junction of Tottenham Court Road comprising 5,000 sq ft at a price of just over £3 million to Rockspring subject to a leaseback to Changing Faces. ■



If we can help you please contact **Neil Warwick MRICS**
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Isabel Parker MRICS DDI: 020 7643 1532 i.parker@kinneygreen.com

Kevin Kemplen who heads up our West End office will be celebrating 20 years with the firm early next year at which stage we will be reviewing some of the highs and lows in the market over this period in our Summer 2018 edition of Greenwire. Should make for some interesting reading!

In the meantime, here is a photo of Alison, Henry, David and Kevin outside the front door at Park Street. ■

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