Kevin started the West End office 20 years ago.

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Summer 2018
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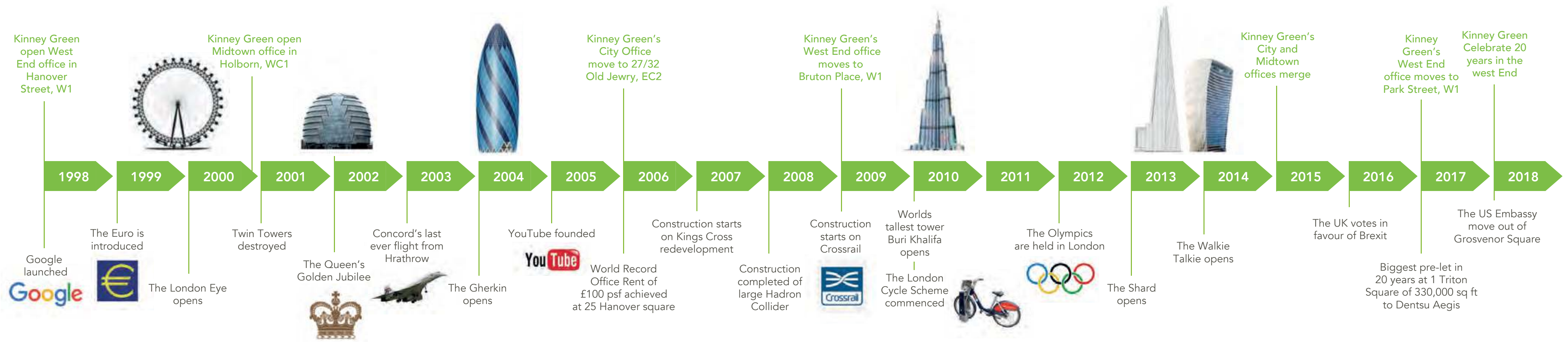
20 years in the West End!

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

COVER STORY

20 years in the West End

Our West End Agency Partner looks back over 20 years from the opening of our West End office.



How time flies when you are having fun!

We opened our doors in January 1998 at 18 Hanover Street above what was then a Lotus showroom and after 10 years moved to Bruton Place where many a summer afternoon was spent discussing market trends with colleagues and competitors alike outside the infamous Guinea Grill. This was followed by a brief stint in North Row until in June last year we moved to our current premises in Park Street, W1.

Since I started at Kinney Green, 20 years ago, more than 70,000,000 sq ft of new office space has been created in London. To put that into perspective, this is more or less equal to the entire office stock of Singapore! Being a niche practice we have of course only dealt with a tiny fraction of the stock but I would like to think our clients appreciate the services we have provided throughout our time in the West End.

There are numerous highlights during this time, including the £100 per sq ft barrier being achieved for the first time at 25 Hanover Square in Mayfair in 2008, the commencement and now almost completion of the long awaited Crossrail and the comprehensive redevelopments of Paddington and King's Cross, both of which now stand as West End submarkets in their own right.

For the property market as a whole, the most significant changes have been the widespread adoption of enhanced IT which has become fundamental to the success of any business and the growth in more recent years in the serviced office market which is now recognised as a mainstream alternative to the conventional leasing model.

In the economy more generally, landmark events include the birth of Google in 1998, the introduction of the Euro in 1999 and the Brexit vote in the UK in 2016.

There have been booms and busts, and lots of surprises - both good and bad. The skyline has changed dramatically, with new structures such as the Shard, the Gherkin and the London Eye, now synonymous with London.

Rents and lease terms have changed dramatically. Shorter term leases are now the norm and the previously de rigueur 25 year FRI lease has all but been consigned to the grave, with flexibility being the key driver for the majority of occupiers, hence the increase in popularity of serviced offices which cater for this demand. Connectivity is king and modern offices must cater to the ever changing needs of their tenants more and more.

One thing that hasn't changed is that London continues to be one of the greatest international cities in the world and the Kinney Green West End office is now firmly established alongside its elder sibling in the City.

Here's to the next 20 years although I somehow doubt I'll still be here! ■

For further information please contact
Kevin Kemplen DDI 020 3946 3554
k.kemplen@kinneygreen.com

IWG Expand their SPACES Concept in Covent Garden

Advised by Kinney Green, IWG, which includes Regus and SPACES in its brand portfolio, have taken an assignment of the leasehold interest in 60 St Martin's Lane, WC2 from Havas Media Limited.

The building provides approximately 32,500 sq ft over lower ground, ground and four upper floors and following a comprehensive fit out IWG will be launching their latest SPACES offering in the building by Summer this year.

Originating in Amsterdam, SPACES is a unique concept built around cultivating communities around work. The concept encourages co-working and collaboration between a range of industries and experts to accelerate growth and ingenuity within the companies that occupy the building and is therefore ideal for the Covent Garden market with its proliferation of start-up and media orientated companies. Ed Warrick of IWG comments that "We are delighted with the assistance Kinney Green gave us in acquiring 60 SML and expect it to be a resounding success and one of the flagship offerings in our SPACES portfolio". ■

For further information please contact
Kevin Kemplen DDI 020 3946 3554
k.kemplen@kinneygreen.com

The Casual-Dining Crunch!

2018. The Year of the Dog. Reportedly, the year of luck, love, fortune and personality.

For many, 2018 has so far been a good year: The 2018 Winter Olympics in Pyeongchang, South Korea, has been widely praised as one of the greatest Winter Olympics of our generation. A little closer to home, The Duke and Duchess of Cambridge have welcomed their third child, and we as a nation have just witnessed the holy matrimony of Prince Harry and Meghan Markle. Yes, the optimist in me is feeling really rather positive about the Year of The Dog - luck, love, fortune and personality truly is wherever we look.

Or is it?
2018 certainly has not been The Year of the Restaurant. A mystery gastritis is plaguing the nation's much loved casual-dining chains; in recent months, causalities have included Byron, Jamie's Italian, Prezzo and Strada. CVA's have been sought, restructuring common, and closures rife.

Yet what are the factors responsible for the spectacular burst of the casual-dining bubble? A perfect-storm of increasing staff, food, rents and rates costs combined with a decrease in disposable income and consumer confidence, arguably due to Brexit, are in truth just the tip of the iceberg in this titanic-sized-catastrophe in casual-dining.

The perfect storm has been brewing for years: The casual dining industry boomed throughout the Noughties, and growth intensified between 2010-2016. Restaurant chains gorged themselves on cheap debt; chains such as Pizza Express, Nando's and Zizzi opening and operating 100's of sites undoubtedly stretched the waistline of the casual dining market. And for a time, this was sustainable. However, the relatively recent explosion of private equity within the restaurant sector, responsible for the rapid growth of numerous chains including Byron, Franco Manca, and Honest Burger has blown the waistline off the market entirely. Consumers of today are faced with more choice than ever before, yet are reportedly eating out less. In summary: Greater Costs + More Competition + Fewer Customers = a rotten recipe for the restaurant sector.

There is however a further, less spoken factor responsible for the depletion of casual dining outlets on our high streets.

Darwin's theory of natural selection. As consumers are faced with a greater choice and less disposable income, restaurant chains have to innovate, and provide offerings which competitors can't. Rotten, out of date concepts - much like their fresh fish produce counterparts - will be thrown in the bin, and disappear from our high streets for good.

Thankfully, for every stale concept, there is a fresh one - and this has never been more apparent than in the London restaurant market today. The Restaurant team at Kinney Green are retained by swathes of A3, A4 and A5 occupiers, actively looking to acquire further space in the coming months.

Kinney Green are also looking for and marketing multiple A1, A3 and A5 units but the crown jewel in our disposal list is perhaps a stunning former banking hall located just three minutes away from Bank, in the heart of the City of London, totalling c.8,600 sq ft of prime restaurant space.

Kinney Green advise on all aspects of retail and leisure property, from rent reviews to lease renewals, acquisitions and disposals. ■

For further information please contact
Tim Powell-Harper DDI 020 7643 1516
t.powellharper@kinneygreen.com @TimP_H_KG

Luc Griffiths DDI 020 7643 1528
l.griffiths@kinneygreen.com @LucGriffith_KG

Compulsory Purchase Update

The law of Compulsory Purchase is widely considered to be outdated and unable to reflect the existing property world which we operate in. Recent implementation of the changes under the Housing and Planning Act 2016 and the Neighbourhood Planning Act 2017 with effect from 6th April 2018 have sought to reform two key areas:

- Advance Payments Compensation - under previous legislation, a claimant could receive 90% of the total compensation it may be entitled in advance of the total compensation amount being agreed, however payment often occurs close to the physical acquisition of a claimants property. The changes seek to provide a claimant with a right to request an advanced payment once a CPO has been confirmed and an obligation for an acquiring authority to make a payment after a notice of entry/general vesting declaration. Such changes will enable a claimant to mitigate losses and assist a claimant in relocating.

- Notice of Entry Withdrawal - This includes reform to those who are successors of a title that have been served a Notice to Treat by the acquiring Authority, providing compensation to those who have been affected by any serving of notices.

Whilst the above provides a welcome change to the CPO process, further reform will continued to be required to enable a clearer and more concise process.

Kinney Green's Professional Department remain involved in major infrastructure schemes, such as Crossrail, Crossrail 2 and HS2 - if you think your property or business could be affected by Compulsory Purchase, act promptly and seek the necessary professional advice. ■

For further information please contact
Tim Powell-Harper DDI 020 7643 1516
t.powellharper@kinneygreen.com

Chris Jakes DDI 020 7643 1526
c.jakes@kinneygreen.com

Nick Moore DDI 020 7643 1501
n.moore@kinneygreen.com

MIPIM - More work less play!

Our regular MIPIM tourist, Neil Warwick, was in Cannes for a couple of days during the property conference but like many in the huge migration of property professionals to the South of France, Neil chose to "café surf" rather than being a formal delegate.

So what was the vibe like in MIPIM this year? Neil suggests that those UK representatives that he talked to, particularly from London, had a degree of confidence which is greater than that for perhaps the rest of the UK save for Manchester and Leeds. Brexit was discussed but without any real major concerns.

Is it worth attending? Neil suggests that yes it is, but you need to work hard and have a strong structure. You get an opportunity to spend time with people you know, and the numerous chance meetings which if followed up correctly can start to build relationships which given time can be extremely fruitful. Energy levels need to be high and you get out of MIPIM what you put in.

Anti-discrimination was at the top of everyone's agenda but there is no hiding that this event is predominantly attended by middle aged, middle class white males. Perhaps things will change in the future. However if there were journalists or paparazzi looking for scoops of bad behaviour, Neil suggests that they would have been disappointed.

Apart from heavy rain on the Thursday and having an umbrella stolen, it was another successful and worthwhile trip. ■

For further information please contact
Neil Warwick BSc MRICS **DDI 020 7643 1531**
n.warwick@kinneygreen.com

A New Nursery for Great Ormond Street Hospital

We are pleased to announce that on behalf of GOSH we have acquired the long leasehold interest in 8-9 Long Yard, Bloomsbury, London WC1.

This self-contained building in a quiet cul-de-sac, off the historic and unusually named, Lamb's Conduit Street, provides approximately 6,000 sq ft over three floors.

Formerly a residential assessment and treatment centre, with an unusual Class C2 planning use, the building is being completely refurbished by GOSH to provide a nursery for the children of staff who work within the hospital, just two minutes' walk away.

This new nursery is due to open, on time, in August this year, freeing up much needed clinical space within the hospital's property portfolio.

The addition of a nursery to the area fits in well with the largely independent local businesses, providing everything from innovative food co-operatives, luxury clothing shops, book shops, fabulous bars and restaurants. ■

For further information please contact
Neil Warwick BSc MRICS **DDI 020 7643 1531**
n.warwick@kinneygreen.com

Great Ormond Street Hospital Charity

Essence House

Kinney Green's Industrial Department is delighted to confirm the completion of the sale and lease back of Essence House, Thorpe Industrial Estate, Egham - two multi-let industrial units totalling c.20,000 sq ft on behalf of an international client.

The current industrial market is strong and demand was high as at present over 270 acres of industrial land is lost to other uses each year, causing a significant reduction in supply and corresponding rising rents. The decision was made to offer the opportunity to a limited number of known parties. This proved to work well and an overseas purchaser paid £3.8m, significantly above the quoting price.

This reflects a NIY of 5.7% after purchaser's costs at 6.7% or £190 psf capital value. Highlighting the current strength of the industrial market within the UK at present.

Kinney Green provide expert advice in this sector. Should you require any commercial property advice in respect of acquisitions, disposals, rent reviews, lease renewals or business rates, please get in touch for an informal, non-committal conversation about how we may be able to assist. ■

For further information please contact
Tim Powell-Harper DDI 020 7643 1516
t.powellharper@kinneygreen.com @TimP_H_KG

Luc Griffiths DDI 020 7643 1528
l.griffiths@kinneygreen.com @LucGriffith_KG

Clean city awards scheme

"Kinney Green Property Management has gone one better in this year's Clean City Award Scheme whilst retaining one Gold Award and obtaining a Gold Award with Special Commendations".

The CCAS award scheme strives to promote awareness of responsible waste management with businesses located within the City of London.

Here's what our building manager's have to say:

Jerry Paddon - Fleet Place
"We retained this award by continuing to manage our waste in a professional manner with none of our waste going to land-fill. 2018 will be an exciting year as we extend our green credentials by implementing, with one of our largest occupiers, food waste and coffee ground waste collections. Through tenant liaison our occupiers are switching to reusable cups for all staff, therefore reducing waste further."

Del Shadid - Monument Street
"We have engaged with our tenants by inviting our waste management partners to attend meetings taking the initiative of the CCAS by promoting the importance of recycling. This year we will be undertaking an audit into food waste, and how we can ensure it is disposed of sustainably."

Alongside waste management, following the introduction of MEES, we are also looking at alternative ways to make properties more energy efficient and therefore reducing their carbon footprint. We continue to liaise with our occupiers regarding areas where energy consumption can be reduced. ■

For further information please contact
Gordon Dunne DDI 020 7643 1521
g.dunne@kinneygreen.com

Rating Revaluation 2017 Is CCA Fit for Purpose?

Business rates bills for the 2018/19 rate year were issued to rate payers in late March this year, and new figures suggest some 242,274 rate payers saw property taxes increase by at least three per cent despite the switch to a new business rates calculation, charged on the consumer price index (CPI) at a lower rate than the previous indexation of RPI and brought forward from the intended 2020 introduction.

In addition, businesses remain totally let down by Check, Challenge, Appeal (CCA), the new Business Rates Appeals System which is clearly not working.

The Valuation Office Agency revealed that **88%** of the **2085** respondents in the period April 1st 2017 to 19 March 2018 said they were dissatisfied or very dissatisfied (17% and 71% respectively) with the new system and only 2.7% were very satisfied.

CCA came into force on 1 April 2017, despite concern from business rates professionals that it had not been properly thought through and requires far greater input from ratepayers. Multiple properties held in a portfolio must each be claimed separately and the identity of the ratepayer must be proven with supporting documentation, making the process cumbersome.

The new rating appeals system also fails to provide provision for an agent to register clients on their behalf and to submit appeals on behalf of the property owners - adding to the confusion.

CCA was introduced on the day the largest changes to business rates in a generation were published in April 2017.

The ability to appeal against the new rateable values seems now to have become an issue with latest figures revealed in February showing that only around 12,000 properties have submitted a check to challenge their rating assessments and only one has reached appeals stage. Compared to 1.8 million rateable hereditaments.

The fact that nearly 90% of over 2,000 respondents have registered their dissatisfaction speaks volumes. It is as if ratepayers are being penalised for exercising their right to question their business rates by making it more difficult and expensive. Ratepayers want personal contact to explain their issues and yet the Valuation Office Agency are less and less resourced with lay-offs and further closures of regional offices anticipated.

The going is going to get tough. ■

For a comprehensive understanding and tough advice on rating please contact
Tim Powell-Harper DDI 020 7643 1516
t.powellharper@kinneygreen.com

Chris Jakes DDI 020 7643 1526
c.jakes@kinneygreen.com

Nick Moore DDI 020 7643 1501
n.moore@kinneygreen.com

Just another cycle ride for our accountant!

On the Saturday before Easter Andrew Burbridge, our head of finance, left his calculator at home to take part, for the second year in succession, in the infamous Ronde Van Vlaanderen Cyclo, or Tour of Flanders cycle sportive, around the Flemish Ardennes in Belgium.

This was no gentle ride in the park as it goes on most of the roads and over the same climbs as the professional riders rode the next day in their Monument Classic cycle race.

It consisted of 173km, or 108 miles, of gruelling loops around the start and finishing village of Oudenaarde in the heart of Flemish Belgium. There are five sections of categorised cobbled roads and fifteen (15) categories climbs all to be complete in one day. Most of these climbs are also cobbled and they include the Muur van (Wall of) Geraardsbergen, the Valkenberg (avg 9.5% - max 19.8%), the Koppenberg (avg 9.4% - max 22%), the Oude Kwaremont (4% - max 11.6% and 2km of cobbles) and the Peterberg (avg 12.9% - max 20.3%) to name but a few.

With 16,000 other participants from all over the world, Andrew was not alone on that cold Saturday morning that started at 8am in Oudenaard and crossed the same finish line as the professional race, some seven and half hours later, it could have just been another day in the office for Andrew!

For a sad - or mad - accountant who sits behind a desk all day but loves his cycling he said to us the following week, “It was a lovely day out but I was glad when it was over and I could sit on a soft chair in a bar in town square with a beer and a bag of chips, with mayonnaise, at the end” Knowing him, he’ll be back again next year for more cycling fun!! ■

For further information please contact
Andrew Burbridge DDI 020 7643 1519
a.burbridge@kinneygreen.com

KG’s running man completes the London Marathon

Despite the unfavourable prevailing weather conditions Daniel Mills from our Management Department managed to finish the London Marathon in a respectable 4hrs 23mins.

There were ups and downs during his ordeal, but knowing he would still be able to deal with prospective tenants’ pre-contract enquiries when back in the office, gave him all the impetus he needed.

Next year maybe the rest of the KG Running Team will join in….(*maybe*). ■

Daniel Mills

We are delighted to announce that Daniel Mills has joined our Property and Asset Management Team.

Daniel has joined Kinney Green from NHS Property Services where he was working within the Asset Management directorate. During his three years there he predominately dealt with the due diligence process of all property management transactions. Prior to this role he worked at Nelson Bakewell (Capita) managing a diverse portfolio of properties across the UK for blue chip client AXA Investment Management and Sainsbury’s Supermarkets. He also worked as in-house surveyor for nationwide charity Royal Mencap Society.

Outside of work, Daniel is what could be called a genuine ‘foodie’ which is helped by living around the corner from Borough Market. He is also a keen sports person who enjoys football, golf, yoga and running... ■

For further information please contact
Daniel Mills DDI 020 7643 1522
d.mills@kinneygreen.com

New Boy Wonder in the West End

We are pleased to confirm that James Hogg has joined our West End agency department.

James started in a small local residential estate agents just as the property market was starting to recover from the 2008 recession, before making the jump to commercial property when he joined James Andrew International. James is predominantly covering the London market where he was involved with a wide range of asset classes.

James is studying for a degree in Real Estate Management, at the University College of Estate Management, having already achieved a Diploma of Higher Education in Surveying Practice from UCEM with the aim to graduate and achieve Chartered Surveyor (MRICS) status in 2019.

James is based at Kinney Green’s West End office, where he is focused on the West End office market, working on acquisitions and disposals. James says, “I’m really excited to be working on some new projects and being part of the wider Kinney Green team”. ■

For further information please contact
James Hogg DDI 020 3946 3553
j.hogg@kinneygreen.com

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**

kinneygreen