

Commercial **View**

**CARTER
JONAS**

The Property People

Spring 2010
Eastern Region

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Welcome

2009 was not an easy year for those in the property sector or private enterprise generally for that matter. Following the unprecedented falls in GDP in Q4 08 (-1.6%) and Q1 09 (-1.9%), we started the year in a full-blown recession. In hindsight, the nadir was probably the period March to May when confidence was at its lowest.

Since that time, there has been an enormous weight of money faced with historically low interest rates, desperately seeking secure, income producing investments – if you can buy a 25 year lease to Sainsbury's with the potential for rental growth, it's better than keeping your money in the bank! The result has been that prime property, offering secure, long-term income, has seen yields tumbling to not far off the values paid in 2007. Those who bought in the early part of 2009 have seen spectacular increase in values but some pundits feel this sector might be over-bought.



Chris Haworth

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On the occupational side, the last 4-5 months of the year saw occupiers, in Central London at least, beginning to realise that rents were not going to get any cheaper and that incentives were not going to get any more generous, and therefore, if they needed to make a property move or to secure a new lease, then now was a good time to do it.

2010 is likely to be the year of cuts in the public sector, to pay at least for some of the massive sums invested in 'quantitative easing' by the Government. However, the forthcoming election is likely to delay any substantive cuts until the Autumn, which may allow the fragile green shoots to take a stronger hold – but clearly any public sector cuts may have a significant effect on demand for space, public sector investment and consumer demand if there is a large increase in unemployment.

What is also clear is that the banks still hold a significant amount of debt in projects where the value of the assets is less than the debt. Historically, banks have waited to pull the plug until the value of assets start to rise. A significant number of banking arrangements will come up for renegotiation during 2010 and some of those negotiations will result in further property company failures – and therefore more development and investment opportunities coming to the market.

So my predictions for 2010 – a time of tears for some property companies, but a time of opportunity for those that are well-funded, still a time of opportunity for occupiers looking to secure cheap occupational costs over the next five years, particularly in the regions and a time for cautious optimism for the year ahead.

Lending crucial for market availability

There is no denying that the property sector has suffered in the recession. But, as the Royal Institution of Chartered Surveyors begins to report a rise in tenant demand for key areas such as office space, it is availability which will also determine the rate of recovery. After all, if businesses of any size cannot find new premises to move to, they will not free up their old premises for a start up or growing business to occupy.

If this 'churn' is crucial for the market to begin moving, then finance needs to be readily available for investors and developers to take advantage. A ready and reliable supply of working capital is critical for businesses at any time and a close relationship with a supportive banking partner can play a significant role in ensuring you can access a full range of funding options.

Whether an injection of capital is required to move or seize expansion opportunities, Lloyds TSB Commercial can provide a number of funding solutions alongside traditional loans and overdrafts. But with the specific

requirements in mind, we have developed a specialist team within Lloyds TSB Commercial to help support SMEs in the property sector.

Our Property Banking team provides banking services tailored to investors and developers with a turnover up to £15 million and across the region.

To achieve this, Lloyds TSB Commercial has made significant investments in training our relationship managers on the specific funding requirements of SME investors and developers and has established a team of over 100 property-focused specialists to provide additional expertise, support and services to customers.

Please contact one of our Property Relationship Managers, Steve Byrne on 07725 426543 or Daren Watson on 07841 780045 for further information.

 **Lloyds TSB** | Commercial



Steve Elsom

Area Director, Lloyds TSB
Commercial,
East Anglia

New business rates revaluation

The new rateable values come into effect from 1 April 2010 and Carter Jonas is making the case for thinking and acting local.

The new business rates have been assessed by the Valuation Office Agency (VOA) and the figures will be based on rental values assessed on the valuation date (1 April 2008) and will have a lifespan of five years.

The valuation date for the new set of figures occurred in very different market conditions to those that currently exist. So Carter Jonas wants to caution local businesses about the mini-industry of 'ratings cowboys' which springs up every five years when these new rateable values are published and which encourages businesses to appeal against the new revaluation – regardless of whether or not an appeal would be valid.

While businesses may be attracted to appeal on the 'no-win no-fee' basis offered by the five-yearly opportunists, the mass-mailing method of getting business and the lack of in-depth, local market knowledge of the 'ratings cowboys' is less impressive, especially, as with the 2005 Rating List, there is only ever one chance to lodge an appeal with the VOA.

Carter Jonas's commercial experts have a track record of successful appeals against unfair valuations and while this is due in no small part to professional expertise, there is also no beating local knowledge when it comes to making the kind of evidence-based case on which the VOA makes its appeal judgment.

Duncan Wisbey, a senior commercial surveyor at Carter Jonas in Cambridge and who has led successful appeals to the VOA on behalf of clients, says:

"While not actively encouraging appeals, the VOA is receptive to well presented, professional cases rooted in a deep knowledge of the local market and comparative properties. Bona-fide agents with reputations to protect with local businesses and with the VOA would never advise a client to appeal unless there was solid evidence that a valuation was unfair.

"In the current economic climate, the initial impulse when presented with any increased bill might be to appeal, we would however urge businesses to seek professional and expert advice as some appeals may prove counterproductive and even see an increase in the rateable value."

For more information about the appeals process on current or new valuations for business rates, contact:



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Getting to know... Charles Gardner

Charles has recently joined the Commercial Division of Carter Jonas as a Partner. Charles has 23 years experience in property investment and was most recently Head of Office Portfolio at The Crown Estate. He is based in the Mayfair and Oxford office.

Who or what inspired you to join the property industry?

After several 'false starts', including a degree in Geology at Durham, producing a couple of musicals which inspired me to have a go at entering TV production (failing miserably), retail management at Marks and Spencer in North Wales and the West Midlands (highlight, chasing shoplifters!), I belatedly decided on taking professional advice and a career change. "You should be a Chartered Surveyor, young man." Six weeks later I had started at Gerald Eve – it was a fabulously lucky break, which led to 18 happy years.

Do you think there are any investment hot spots in the UK?

There is no doubt in my mind that London will eventually lead the UK towards a sustainable economic recovery. It is too late, however, to snap up prime investments at attractive prices. Strong overseas' interest, attracted to London as a world-class city and the weakness of sterling, has put paid to that. Therefore, shrewd long-term investors should be looking towards higher-yielding properties with angles to improve, and sound underlying potential to meet increased demand from occupiers in the future.

What effect do you think an election will have on the UK economy?

In the short-term, the prospect of an election will affect sentiment and cause businesses to defer decision-making. A worse case scenario would see a hung Parliament in May, and another election in the autumn, creating uncertainty for the UK over the year as a whole. This would adversely affect economic growth prospects. Were there to be a change of government after an election, there could be a short-term fillip to sentiment, rather like there was after 3 May 1997. After that, however, the harsh medicine of higher taxes and cuts in public services could be a drag on economic growth and our collective sense of well-being.

Apart from bank debt, what do you think are the major differences between this recession and the last?

The principal difference is that, for a majority of the population, disposable income has actually increased due to historically low interest rates bringing down monthly mortgage payments. As a result, consumer spending was relatively stable during 2009, though the prospect for 2010 is less certain.

What's your favourite building?

The Alhambra, Granada, Spain.

Who do you most admire in business?

Mike Slade of Helical Bar.

What three words best describe you?

Optimistic, professional and motivated.



News round up

Eastern region...

Carter Jonas' Maximising Returns Seminar

Over 100 delegates ranging from property and development experts, to representatives from regional development agencies and national associations, gathered at Chesterford Research Park for a one day seminar to discuss maximising returns from next generation science parks and innovation centres.

Presentations by David Gill, Director, St John's Innovation Centre, Sally Ann Forsyth, Director of Colworth Science Park and David Hardman, Managing Director of Birmingham Science Park, Aston followed, giving delegates a 360 degree view of Science Park and Innovation Centre development from an academic, commercial, and local authority perspective respectively. An international perspective was given by Tim Minshall, Senior Lecturer at Cambridge University. The morning session was rounded off by Chris Green, Chief Executive of SQW Group which currently runs 14 innovation centres in England and

one in Saudi Arabia, who gave delegates a flavour of the commercial management aspect.

The afternoon saw a different focus with Rebecca Graham of IPD and Chris Perkins, Director of Fund Management, PRUPIM providing overviews of the UK institutional investment environment. They gave a clear message that, if the science park sector is to attract greater levels of private funding to replace public sector funding which may be hard to come by over the next few years, it needs to measure itself more effectively to show the sort of returns which can be achieved.

A panel discussion, chaired by Walter Herriot rounded off the day, allowing delegates to air their own views on the subjects raised and question the speakers on the broader issues associated with the further development of Science Parks and Innovation Centres in the UK.



Padholme Road, Peterborough

On behalf of Parke Properties Ltd, the Peterborough Office has sold the freehold of a 1970s built warehouse in the Eastern Industrial Area. It comprises about 8,622 sq ft and is constructed with brick walls around a concrete frame. The property includes a small plot of land at the rear and a car park at the front. Even in this difficult market there was a substantial level of interest in the property and four offers were received.

Ship-shape suite let

Carter Jonas has let a suite of offices overlooking Downing College in Cambridge city centre to a leading firm of international shipbrokers on behalf of the N W Brown Group.

The brokers, GMT Maritime Ltd, have taken a sub-lease of just over four years on the 146 sq m (1,573 sq ft) office suite on the third floor of Richmond House on Regent Street.

Retail premises to get the beauty treatment

Retail premises in Cambridge city look set for a makeover with agent Carter Jonas confirming the letting of 70 Regent Street to LXIR Spa.

LXIR Spa – a beauty spa specialising in facial aesthetics performed by doctors and beauticians from Harley Street – will occupy the 145 sq m (1,563 sq ft) premises, which comprise a basement, ground floor sales area and full height shop frontage, which are at the southern end of Regent Street in the city centre.

The Model Estate

Farms and farmland made the headlines in late February when renowned investment adviser Marc Faber, aka Dr Doom, urged investors globally to buy agricultural farmland over more conventional assets such as equities and bonds. This may have come as a surprise to some but the reality is agricultural land, as an asset class, has been growing in stature in the minds of professional investors as it has proved as a stable, inflation proof asset not dissimilar to gold.

For more information on our Model Estate report which analyses agricultural land against various asset classes including gold, fine wine, antiques as well as commercial and residential property please visit: carterjonas.co.uk/modelestate

CHESTERFORD



UNDER OFFER

Chesterford Research Park Mansion House

Office Suite – To Let

- 81 sq m (874 sq ft)
- Excellent on-site facilities
- Available immediately
- Inclusive rental package

Cambridge 01223 346626
duncan.quig@carterjonas.co.uk

PETERBOROUGH



Hampton, Peterborough

9 Office Village
Offices – For Sale/To Let

- Raised floors and gas central heating
- 291 sq m (3,160 sq ft)
- 13 designated car spaces

Peterborough 01733 588678
graham.bunnett@carterjonas.co.uk

CAMBRIDGE



Cambridge Business Park HQ Office Property

- 1,524 sq m (16,411 sq ft)
- Two-storey office property
- Good quality specification
- Available immediately

Cambridge 01223 346626
duncan.quig@carterjonas.co.uk

PETERBOROUGH



Woodston, Peterborough

4 Maxwell Road
Warehouse Unit – For Sale/To Let

- Warehouse unit with offices and mezzanine
- 744 sq m (8,007 sq ft)
- 6 metre eaves

Peterborough 01733 588678
graham.bunnett@carterjonas.co.uk

MELBOURN NR ROYSTON



Melbourn Beech House, Melbourn Science Park

Office Suites & Business Units – To Let

- Available immediately
- Suites from 79 sq m (854 sq ft)
- Units from 18 sq m (200 sq ft)
- All inclusive rents

Cambridge 01223 346626
duncan.quig@carterjonas.co.uk

SHEPRETH NR ROYSTON



Cambridge House

Detached Offices – To Let

- 266 sq m (2,865 sq ft)
- Available immediately
- On-site car parking

Cambridge 01223 346606
tom.france@carterjonas.co.uk

NORTHAMPTON



St James Trade Park

Trade Counter Units – To Let

- Two units remaining
- 6,000 sq ft each
- Extensive on-site car parking
- Incentives available

Northampton 01604 608220
andrew.cowling@carterjonas.co.uk

YAXLEY, PETERBOROUGH



Talor Court, Eagle Business Park

Industrial/Warehouse units
– For Sale/To Let

- Units currently under construction
- 98 – 873 sq m (1,058 – 9,397 sq ft)
- Competitive prices and rentals available

Peterborough 01733 588678
graham.bunnett@carterjonas.co.uk

NORTHAMPTON



3 Bouverie Court

Prestigious Office Building – To Let

- Available either whole or by floor
- Ground floor 721 sq ft
- First floor 855 sq ft

Northampton 01604 608220
andrew.cowling@carterjonas.co.uk

DAVENTRY



3 & 4 Everdon Park

Modern Industrial Units
For Sale / To Let

- 2,539 sq ft each
- Substantial incentives available
- Eaves height approx 8.5 metres

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Our office network



a national practice with local knowledge

When it comes to occupying or investing in commercial property, it pays to have us on board. Whatever your requirements – from office space, industrial to technology parks or retail units – we have the specialist ready to maximise the value of your property investment.

We manage portfolios for large corporations, as well as smaller investments for private individuals.

Property Acquisitions • Rent Reviews and Lease Renewals • Rating Advice • Valuations • Compensation • Development • Planning Appraisals • Property Management • Survey • Agency

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