

February 2018

Newsletter



THE OUTLOOK FOR 2018

For commercial property consultants the New Year can sometimes be disappointing, as investors, developers and occupiers in the business community are slow to put plans into action, even if they have a New Year's resolution to invest/develop/relocate etc.

This January has been noticeably different though, with very clear signs from the start that owners and occupiers alike have been keen to move quickly with plans and as a result, we have had the busiest January that we can remember.

10 years on from the start of the economic crisis that had such profound consequences for the global economy, some commercial property sectors are still readjusting and it is no more apparent than in the office sector. Whilst take-up across the south-east was only 4% down on the 10 year average, the

10 year analysis period coincides with a very challenging time for the economy and across the region there were only 4 deals greater than 50,000 sq ft and this highlights the problem with the market for large office buildings.

There has been little in the way of speculative office development in recent years and in some locations this has meant there is a lack of supply that in normal market conditions would be seen as a significant issue. Allied with a lack of demand though, this is giving rise to a precarious balance and it is likely that during 2018 the market will tip more in the favour of landlords. Deals on larger buildings won't be easy to achieve, but as supply reduces, landlords will be able to push back a little in what is at the moment, a tenant led sector.

In stark contrast, the industrial sector is flying and during 2017 we almost

completely exhausted our stock of buildings in the face of very strong demand. Rents for the best units in our patch are now well above £10 per sq ft and 2018 is likely to see a number of significant new developments being planned for delivery in 2019. All other things being equal, by that time the market will be red-hot and pre-letting larger units will be the order of the day. We currently have occupier relocation projects in High Wycombe that need almost 100,000 sq ft for starters!

We have never been more optimistic about our business, given the many new projects we are involved with and the many large long-term investment and development projects that are now in the planning stage. Despite some obvious uncertainties in the national and global economy, the business community and developers/investors alike seem determined to progress plans with all speed.

Recent Deals

1



St John's Place High Wycombe
16,000 sq ft Leasehold

2



Space Business Centre Aylesbury
7,023 sq ft, Freehold sale

3



Latimer House Amersham
22,313 sq ft Freehold sale

4



Swan Walk Thame
- £1.1m investment sale

5



Lincolns Inn Office Village High Wycombe
£3.5m investment sale

New Instructions



Suites 1&2 Gregories Court,
Beaconsfield

- 3,031 sq ft of office space
- Ground and first floor open plan accommodation
- 13 car parking spaces
- Current lease expires February 2020



Unit E2, Watlington Industrial Estate, Watlington

Warehouse building, 2,328 sq ft with a small office and WC.

- Minimum eaves height 4.85m
- Car parking
- 200 amp 3 phase electricity



22 Queen Square, High Wycombe
Investment for sale. 1,610 sq ft freehold

- Situated in High Wycombe Town Centre
- Ground floor retail unit let on a 5 year lease
- First floor sold on a long lease
- Second floor 2 bedroom flat vacant to let/sell

Team News

12 Days of Christmas

Congratulations to Andy Gibbs of Charters Estate Agents, Winchester for being our winner in our 12 Days of Christmas digital campaign. Andy won a festive hamper and a donation of £500 to a charity of his choice. Andy chose the Macmillan Cancer Charity after they looked after his father.



Newly Appointed Facilities Manager

Adam Pyne has recently joined our Head Office in High Wycombe as a Facilities Manager, as we seek to grow this important aspect of the business for the benefit of both our landlord and occupier clients. Adam has come from overseeing Bucks New Uni over 4 sites and was responsible for the management and coordination of outsourced FM services. Adam also represented England playing Squash as a County and England Junior and Premier Division player and is a qualified England Squash coach.

Jessica Minards Joins The Team

February sees more changes at Head Office, High Wycombe, with Jessica Minards joining as Admin Assistant to the team.

New Instructions



Oxford House, Aylesbury
High quality offices with exceptional on-site facilities

- Four storey office building within its own grounds
- Recently refurbished
- Office suites available from 3,749 sq ft
- Excellent onsite car parking for up to 500 cars
- On site gym and tennis courts



Units 30, 32, 34, Celtic Court,
Buckingham

- Units offering workshop/warehouse and office accommodation
- Each unit just over 2,000 sq ft of space
- Recently refurbished to a high standard
- Each unit has 7 car parking spaces
- Secure site and security shutters



MEES too

We wrote an article last year on the issue of 'MEES' or Minimum Energy Efficiency Standards and with less than 2 months to go until these new rules come into force on 1st April 2018, this is an opportune time to revisit this important topic, which will have huge implications for landlords of both commercial and residential property.

For those not already aware, the rules will prohibit any new leases being granted or the renewal of leases with existing tenants where the property has an EPC rating of less than 'E', so any 'F' or 'G' rated properties will be affected. The rules will not affect existing tenancies until 2020 (for residential) and 2023 for commercial. There are some exemptions and landlords are urged to act now to ensure that, where eligible, they are properly registered with the Department for Business, Energy and Industrial Strategy.

The implications are already being felt with almost a fifth of all commercial property in England and Wales understood to be 'sub-standard' once the new rules come in. There is further speculation that in the future the Government will seek to extend the rules to 'D' and 'E' rated buildings, although nothing

has been confirmed as yet. We have already started to see signs of landlords off-loading buildings that will not comply when the new rules come in and buyers are urged to take care when considering purchasing any 'F' or 'G' rated buildings. A 'bargain' may end being a liability that cannot be let without significant expenditure! In some cases, however, the improvements needed may be as simple as switching to LED lighting.

In most cases a 'recommendations report' will accompany the EPC certificate and this will give an indication of some of the improvements that could be made. Plenty of companies that specialise in EPC's, such as www.vitaldirect.co.uk can also produce tailored reports outlining the improvements needed to get your building compliant.

Whilst many landlords will bemoan the new rules and the potential costs of improvements, they should also consider the benefits, particularly the longer-term cost savings associated with having a more energy efficient building. This should also help retain and attract tenants.

The message is clear - act now to ensure you do not get caught out. The clock is ticking!

Rent Arrears

Despite the recent positive headlines about better than expected UK GDP growth, it's hard to ignore some of the stories of big retail names running into difficulties and Toys R Us, New Look and Jamie's Italian are just a few of the well-known high street brands that have sought to close branches and/or renegotiate terms with landlords.

We live in uncertain times and being well informed on your legal options when a commercial tenant stops paying their rent is one of the most important bits of advice a landlord can take. Below is a summary of the main options available to a landlord when a tenant fails to pay on time and a 'polite reminder' has not done the trick:

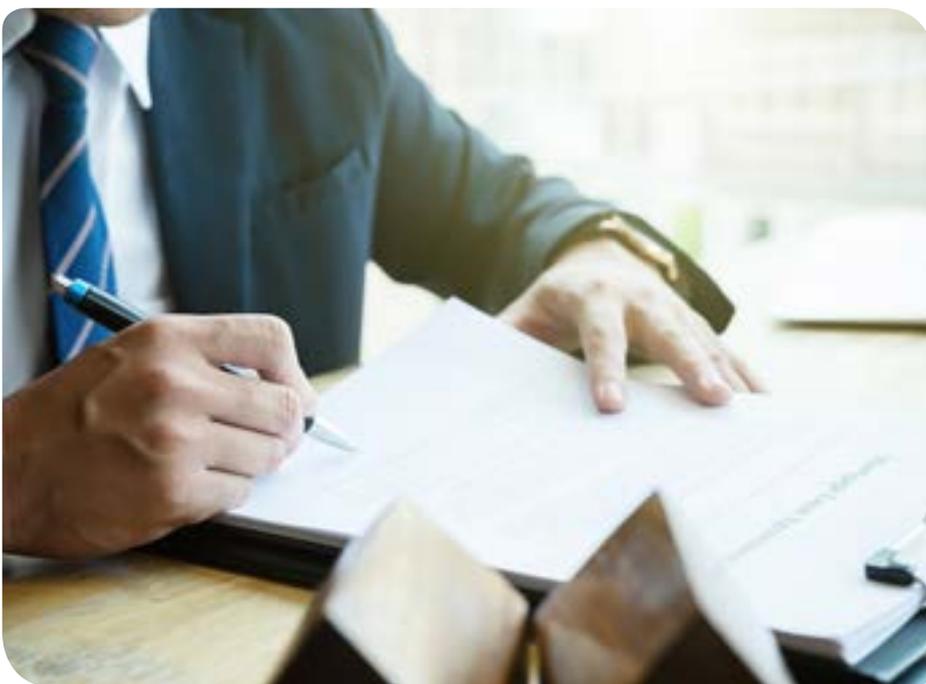
Interest on late payments - most modern commercial leases allow a landlord to charge tenants interest at a specified rate on rent and other late payments. In some instances, the penalty of this additional interest charge is sufficient to encourage the tenant to pay, but for more serious breaches, this can be ineffective.

Commercial Rent Arrears Recovery (CRAR) - This is a relatively new method of recovery introduced in 2014 to replace the landlord's 'distress' for rent. Notice is required and there are restrictions, but this approach allows enforcement officers acting for the landlord to remove goods from a tenant's premises to the value of the arrears

owed. The goods are then sold to reimburse the landlord and cover their costs.

Lease forfeiture - Perhaps the most severe of the options is lease forfeiture, which effectively terminates the lease and possession of the premises reverts to the landlord. There are, of course, strict procedures to be followed and tenants normally have rights to ask a court to reinstate the lease as if it had not been forfeited, but this is normally conditional upon all the rent arrears and costs owed being paid in advance.

Chandler Garvey has a thriving property management department and an exceptional record of arrears recovery for our clients. This is made possible with a strong understanding of the methods of recovering arrears and an experienced credit control team. It is rare that the methods above need to be used, but knowing when and how to use them is key in protecting the value of our clients' assets.



Trio of deals for Columbia Threadneedle Investments

The office market in High Wycombe has received a significant boost, with a trio of lettings undertaken by Chandler Garvey on behalf of Columbia Threadneedle, jointly with Bray Fox Smith.

Mint Velvet has taken 16,000 sq ft in St John's Place, Easton Street, on the edge of the town centre within a 26,000 sq ft office building that has been fully refurbished to a very high standard.

This is the largest letting in the town centre for some years and reflects the growing attractiveness of High Wycombe as a business location. The town centre has an excellent 850,000 sq ft shopping centre and a direct train service to London Marylebone with the fastest journey time of just 23 minutes.

A mile or so out of the town centre, on the Peregrine Business Park, 2 lettings totalling 9,000 sq ft have been completed to Sambro and Cranbox.

The Peregrine Business Park offers refurbished office accommodation aimed at medium-sized businesses or regional HQ functions, set in landscaped grounds with easy access to the A40.

"These lettings are a much-needed boost for the High Wycombe office market, within a regional office sector that is still showing signs of distress even though the economic recession ended some years ago. The way in which businesses use office space has changed significantly in recent years and has led to a structural change within the sector that we are still coming to terms with. High Wycombe is proving to be a good business location, however, with the benefit of excellent town centre facilities and great road and rail connectivity".

Michael Garvey

New Instructions



Unit 11, Manor Courtyard, High Wycombe. Office within the heart of a new regeneration area within High Wycombe

- 1,151 sq ft office with open plan accommodation
- New WC, shower and kitchen
- Cat 5 cabling
- 5 car parking spaces



Carnegie House, Farnham Common

- 2nd floor office space
- Multiple occupancy building
- 2 car parking spaces
- Long leasehold for sale of 250 years from 2009



King George V House, Amersham
To let – Modern ground floor open plan offices

- 5,020 sq ft of space
- 15 on site car spaces
- Full gas fired central heating
- Trunking within main and perimeter office areas
- Kitchen/breakout area
- Post room/storage

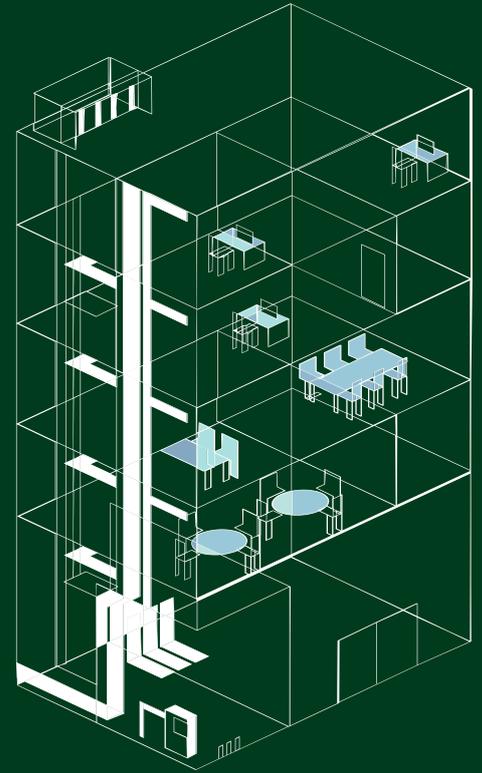
Facilities Management

The sharp growth in the Facilities Management industry in recent years has raised the profile of the work that goes into keeping the built environment around us functioning and the sector is now understood to be worth in excess of £121bn to the UK economy (Mintel, 2016)

As a firm, Chandler Garvey has seen significant recent growth in demand from new and existing clients for a 'full management' service to ensure that their buildings are maintained to the highest standards and provide a safe place for tenants, staff and visitors to do business. We have recently been joined by Adam Pyne who has taken up a full-time Facilities Manager (FM) role based in our High Wycombe head office to help us deliver this service and we envisage further growth during 2018.

Often, it is health and safety and concerns over fire risks that are at the top of our client's list when they approach us with FM instructions and it is our in-depth knowledge of the relevant legislation and risk management that is key to delivering a high quality service and compliant buildings. Our understanding of heating, ventilation and air conditioning (HVAC) and mechanical and electrical (M&E) systems is also crucial and we work with a team of highly qualified and experienced contractors to deliver the service and ensure that reactive and urgent works are responded to promptly and at a competitive cost.

There are, of course, financial benefits for landlords of properly managed buildings; as they will attract and retain good quality tenants, who recognise the importance of proactive maintenance and a safe working environment.



If we can assist with any aspect of managing your property, whether it be rent collection, service charge management or facilities management, please do not hesitate to get in touch on 01494 446612 or email facilities@chandlergarvey.com

New Home for TVAA

Chandler Garvey is an active supporter of many local charities and recently worked with Thames Valley Air Ambulance (TVAA) to assist them with the acquisition of 7,000sq ft of new office space in Stokenchurch, an important component of TVAA's new delivery strategy.

Amanda McLean, CEO explains, "Thanks to the generous support TVAA receive from the public, we are now in a position to move to a new operating model. We will be able to assume responsibility for clinical governance and the delivery of advanced critical care across the Thames Valley."

Dr Syed Masud, Medical Director, said, "TVAA are delighted to have been able to reach this point. We are confident that this future model will allow us to continue to enhance the critical care service to meet the needs of the public that we serve".



THAMES VALLEY
AIR AMBULANCE

Locations

Amersham

St Mary's Court
The Broadway
Amersham
Buckinghamshire
HP7 0UT
Phone: +44 (0)1494 723999

Aylesbury

Midshires Business Park
Smeaton Close
Aylesbury
Buckinghamshire
HP19 8HL
Phone: +44 (0)1296 398383

High Wycombe

4 Paul's Row
High Wycombe
Buckinghamshire
HP11 2HQ
Phone: +44 (0)1494 446612

Marlow

Portland Place
Portland Gardens
Marlow
Buckinghamshire
SL7 2LR
Phone: +44 (0)1628 902488

Slough

268 Bath Road
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