



# e-newsletter

September 2006

WELCOME TO OUR E-NEWSLETTER COVERING THE COMMERCIAL PROPERTY SECTOR IN SURREY AND THE SOUTH-WEST M25 AREA. FOR ADVICE AND ANY INFORMATION RELATING TO THIS NEWSLETTER PLEASE CALL HURST WARNE ON 01372 360190 - REFERENCE NEWSLETTER

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## MARKET ACTIVITY

Over the past few months there has been a steady level of activity within the office market around the region. Whilst the number of enquires has been fairly flat, we are at last starting to see transactions move from the under offer stage to completion. This has been happening for some time on the smaller offices but is also now starting to occur on larger buildings (10,000 sq ft plus). Indeed, if the current trend continues in towns such as Redhill, Reigate, Epsom, Leatherhead and Guildford there will be a dearth of modern office buildings available to lease. The problem will be especially exacerbated as there are relatively few new schemes under construction or in the planning stages.

Industrial property has also followed the same trend as offices and we have recently seen a good amount of take-up. Again we are likely to find a shortage of supply during 2007 and onwards.

## LAST MONTH'S FEATURED PROPERTIES

The two featured properties in the June Newsletter, Eldridge House, Windsor Street, Chertsey and Phase 2 Barwell Business Park, Chessington are now under offer and let respectively. Eldridge House, a Grade II listed office building in Chertsey totalling some 2,450 sq ft was being offered on a freehold basis. Terms have now been agreed and the proposed purchaser is shortly to submit a planning application for change of use to residential.

Units 1 to 4, Phase 2 Barwell Business Park, Chessington comprises a new warehouse and industrial premises totalling 39,000 sq ft. The units were taken by a printing company, Unwin Brothers on new 15 year leases at a rental level of £10 per sq ft gross internal. In a separate transaction, Trade Skills Centre took Unit 5 comprising a total of 5,573 sq ft at a rental of £11.25 per sq ft.

## INVESTMENT TRANSACTIONS

Since our last e-Newsletter we have completed investment transactions over £10,000,000. On behalf of a private investor Hurst Warne have sold Westminster House and Priory House in Randalls Way, Leatherhead for a total of £7,800,000 reflecting a 6% net initial yield. The office buildings let to Westminster Healthcare and Priory Healthcare are Grade A buildings of 9,771 sq ft and 10,663 sq ft respectively currently let at a total rent of £495,718 per annum exclusive. The purchaser is an investment trust based in London.

Hurst Warne have also sold 1 Trinity Street in Bristol for £1,300,000 reflecting a net initial yield of 5%. The building comprises a period property over 5 floors totalling 4,392 sq ft let at a passing rental of £70,000 per annum exclusive. The achieved figure emphasises the very strong demand for well let investment properties in prime positions.

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[www.hurstwarne.co.uk](http://www.hurstwarne.co.uk)  
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## PARAGON HOUSE • GUILDFORD ROAD • LEATHERHEAD SURREY KT22 9JH



High quality self contained office building.  
 7,881 sq ft (732 sq m)

FOR FURTHER INFORMATION ON THIS PROPERTY PLEASE CONTACT HURST WARNE OR VISIT OUR WEBSITE [www.hurstwarne.co.uk](http://www.hurstwarne.co.uk)

## Surrey and the S.W. M25 Rent Facts and Figures

Office	Industrial	Retail
Grade A Specification	Grade A Specification	Prime Pitch (Zone A)
Addlestone - £26.00	£ 8.50	£ 28
Epsom - £24.00	£ 9.00	£115
Esher - £24.00	£ 7.80	£ 45
Chertsey - £24.00	£ 8.50	£ 25
Guildford - £25.50	£10.00	£230
Leatherhead - £24.00	£10.00	£ 40
Redhill - £23.50	£ 9.00	£ 85
Reigate - £22.00	£ 9.00	£ 50
Walton - £23.00	£ 8.25	£ 55
Weybridge - £28.00	£ 9.00	£ 65
Woking - £22.50	£ 9.00	£115

All figures per sq ft per annum

HURST WARNE PROVIDES ADVICE FROM EXTREMELY EXPERIENCED PERSONNEL IN ACQUISITIONS, SALES, LETTINGS, LEASE RENEWALS, RENT REVIEWS, RATING, MANAGEMENT AND BUILDING SURVEYS OF COMMERCIAL PROPERTIES.

[www.hurstwarne.co.uk](http://www.hurstwarne.co.uk) Email: [enquiries@hurstwarne.co.uk](mailto:enquiries@hurstwarne.co.uk)

## LANDLORD & TENANT DILAPIDATIONS

Dilapidations – the concern of every tenant (and landlord) at the expiration of the lease.

Outgoing tenants are often shocked to receive a large bill for repairs from their landlords at lease expiry. Many have either not put sufficient sums aside to cover these dilapidations or have made no allowance at all.

We are frequently told by occupiers “well the premises are in a better condition now than when we took occupation of the premises”. This is totally irrelevant. If you have a conventional fully repairing and insuring lease and did not agree a Schedule of Condition at the outset you are fully liable for all dilapidations.

A Schedule of Condition comprises photographic and written evidence of the premises at the time of the commencement of the lease and ensures that the tenant does not have to “yield up” the premises in any better condition than evidenced by the Schedule of Condition.

Tenants also often argue that they have improved the building by installing meeting rooms, kitchens etc. But these “improvements” are not necessarily ones that either the landlord or incoming tenant wants, and an outgoing tenant will need to remove and make good.

Dilapidations is a very specialised subject and professional advice taken early on could save thousands of pounds at a later date. One other thing to remember at lease expiry is that if the landlord is planning to demolish or substantially alter the building then he cannot claim money for repair works. The tenant can commission a Section 18 Valuation. This puts a value on the building in its current state of repair and on the building if restored. The difference between the two acts as a cap on how much the tenant will have to pay.

Remember, take advice early on, this may save you £££££'s in the future. For further information contact Maurice Johnson (maurice@hurstwarne.co.uk)

## DEVELOPMENT - OPTIONS

### How do they work?

It can be a struggle for developers to find development opportunities and some come with problems relating to Title, history of use, and more commonly an issue with planning. Timing is the major part of a successful development and a developer may need to protect the land from other interested parties – an option may be the answer. There are various “options” which can be explained as follows:

### Call Option

This gives a person a right to buy the land/buildings during a specified period – although it does not oblige him to do so. He can, therefore, decide not to proceed for any reason. If the call option is exercised it creates a binding contract on the seller to sell and the developer to buy on the terms that were agreed in the Option Agreement.

### Pre-emption Agreement

This gives the developer a right to buy – but only if the seller decides to sell within a specified time. It states that if the seller decides to sell he must offer to the developer first.

### Lock Out Agreement

This buys a developer a bit of time. This prevents the seller from dealing with another party for a limited time and does not bind him to sell to the developer. At the end of the lock out he can deal with the land as he sees fit.

### Conditional Contract

This means that the seller and developer are bound respectively to buy and sell the land at a fixed price provided that the conditions are met. A conditional contract allows a developer to walk away only if the condition is not satisfied.

## AMH PROPERTY MANAGEMENT

Based in Fleet, Hampshire, AMH Property Management provides commercial and residential property management covering single properties and property portfolios. AMH is a jointly owned company – managing properties throughout London and the south-west. For further information please contact Nick Smith (nick@hurstwarne.co.uk)



## EPSOM TRADE PARK • BLENHEIM ROAD • LONGMEAD INDUSTRIAL ESTATE • EPSOM • SURREY KT19 9AN



Units from 3,600 sq ft to 35,000 sq ft available on a design and build basis. Suitable for trade counter / light industrial / warehouse uses.

FOR FURTHER INFORMATION ON THIS PROPERTY PLEASE CONTACT HURST WARNE OR VISIT OUR WEBSITE [www.hurstwarne.co.uk](http://www.hurstwarne.co.uk)

## RECENT HURST WARNE SUCCESSES - See our website for other further successes

Hurst Warne have been extremely active throughout the early Summer period with several transactions being concluded on:

- Yamamouchi House, Pyrford Road, West Byfleet, - 12,000 sq ft office building.
- Units 1 to 4, Phase 2 Barwell Business Park, Chessington – 39,000 sq ft light industrial building.
- Unit 5, Phase 2 Barwell Business Park, Chessington – 5,730 sq ft industrial building.
- Brook House, Guildford Street, Chertsey – 2,485 sq ft office building.
- 1st floor, Ace of Spades, Hook Rise North, Surbiton – 6,000 sq ft restaurant premises.
- Letting of 5 office suites – Dorking High Street.
- 101A High Street, Esher - 1,594 sq ft office building
- Basingstoke & Coleshill - acquisition of 2 office suites

Rent reviews, lease renewals and professional services on buildings in Basingstoke, Carlow, Chertsey, Chessington, Dorking, Esher, Godalming, Guildford, Leatherhead, Southampton, Thames Ditton, Tolworth, Weybridge & Woking.

## CLIENT REQUIREMENTS

1. Hurst Warne is acting on behalf of a local company seeking circa 40,000 sq ft of warehouse/industrial accommodation in the West Midlands.
2. Seeking on behalf of a leading company in the automated gate sector seeking 4,000 sq ft of offices in the south-west M25 area.
3. Acting on behalf of a national retailer Hurst Warne is seeking premises each of 3,000 sq ft in both the West End & Knightsbridge areas of London.
4. Hurst Warne are acting on behalf of a company who require 2,500 sq ft of office accommodation in Bromley.
5. A nationally based company are seeking via Hurst Warne 20,000 sq ft of industrial premises in Hertfordshire.

## BUSINESS RATES

Hurst Warne have successfully concluded rating appeals on the Woodgate office development in Guildford. Acting on behalf of eight out of the nine owners, reductions were achieved of between 26 - 32% on the 2005 assessments. This was the second substantial reduction achieved by Hurst Warne on the development following similar successful appeals under the 2000 rating list. Numerous successful appeals have been completed by Hurst Warne over the past months on commercial premises throughout the UK. For business rate enquires contact Nick Smith (nick@hurstwarne.co.uk)

PLEASE CALL OR VISIT OUR WEBSITE FOR A SELECTION OF CURRENT LEASEHOLD/FREEHOLD COMMERCIAL PROPERTIES FOR INVESTMENT



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