

e-newsletter

September 2008

WELCOME TO OUR LATEST E-NEWSLETTER COVERING THE COMMERCIAL PROPERTY SECTOR IN SURREY, THE SOUTH WEST M25 AREA AND HAMPSHIRE AND BERKSHIRE.

FOR ADVICE AND ANY INFORMATION RELATING TO THIS NEWSLETTER PLEASE CALL HURST WARNE, REF - NEWSLETTER.

TOPICS

- REDHILL OFFICE UPDATE
- EPC - ENERGY PERFORMANCE CERTIFICATES
- MARKET ACTIVITY
- ENHANCED CAPITAL ALLOWANCES
- GREEN LEASES
- FEATURE PROPERTIES
- RECENT HURST WARNE SUCCESSES

REDHILL OFFICE UPDATE

Hurst Warne opened their latest office in Redhill in April. Despite the much discussed credit crunch, the commercial property market is continuing to perform strongly in the area and availability of office space is at its lowest level for many years in the Redhill and Reigate area.

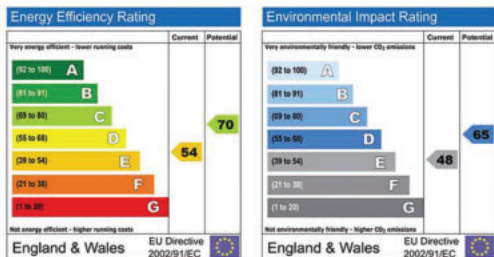
Hurst Warne has been appointed by Peer Group, the owners of Berkley House and Knowles House, in Redhill High Street to advise on the marketing of various retail and office suites. There are currently two vacant retail units at 39 and 41 High Street and 3,700 sq ft offices for immediate occupation with another 7-8,000 sq ft coming up in the next few months. In response to market demand, Peer is offering very flexible office suites from as little as 300 sq ft on fully inclusive annual licences, to enable early occupation.

ENERGY PERFORMANCE CERTIFICATES

Under the EU Energy Performance of Buildings Directive (EPBD), the UK Government stipulated that with effect from 1 October 2008, all commercial property in the UK has to have an Energy Performance Certificate (EPC) prior to sale or lease.

An Energy Performance Certificate is intended to give an estimate of the energy usage and CO2 emissions of a building and is based upon a mass rating system. Purchasers or tenants can then compare one commercial building to another of a similar type when assessing which is more suitable prior to a purchase or lease.

The most energy efficient buildings would be given an A status whilst the least energy efficient would be given a G status.



Essentially the report would be produced on the building's size, construction materials, heating output, air conditioning output, service runs of the building etc which will detail the building's energy performance.

If you would like further information or a quote for an Energy Performance Certificate, please contact Nic Pocknall in Leatherhead 01372 360190 nic@hurstwarne.co.uk or download the EPC formal quote form from our website www.hurstwarne.co.uk/epc

MARKET ACTIVITY

In our last newsletter, we asked the question "Are we in recession?". We think that there is no doubt that this is now the case with the housing market at a virtual standstill and commentators suggesting a further 10% decrease in values for the rest of 2008 and up to 15% decrease in 2009.

CONTINUED OVERLEAF

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www.hurstwarne.co.uk

alternatively call Hurst Warne Leatherhead on: **01372 360 190**
or email: newsletter@hurstwarne.co.uk

AURIGA, GUILDFORD ROAD, LEATHERHEAD
NEW OFFICE BUILDING UNDER CONSTRUCTION,
AVAILABLE SUMMER 2009 – 17,700 SQ FT – TO LET



For more information contact **NICK SMITH** in Leatherhead
or **VISIT OUR WEBSITE www.hurstwarne.co.uk**

RENT FACTS AND FIGURES

Town	Office	Industrial	Retail
	Grade A Specification	Grade A Specification	Prime Pitch (Zone A)
Addlestone	£ 26.00	£ 8.50	£ 28.00
Aldershot	£ 16.00	£ 8.50	£ 55.00
Camberley	£ 23.00	£ 9.50	£ 80.00
Chertsey	£ 24.00	£ 9.00	£ 25.00
Chessington	£ 20.00	£ 10.50	-
Cobham	£ 24.00	£ 9.00	£ 80.00
Dorking	£ 18.00	£ 10.00	£ 50.00
Epsom	£ 24.00	£ 10.00	£ 115.00
Esher	£ 24.00	£ 8.00	£ 55.00
Farnham	£ 21.00	£ 9.50	£ 105.00
Farnborough	£ 23.00	£ 9.50	£ 85.00
Fleet	£ 20.00	£ 9.50	£ 67.00
Guildford	£ 26.00	£ 10.00	£ 230.00
Hook	£ 19.50	£ 8.50	-
Leatherhead	£ 26.00	£ 10.50	£ 45.00
Redhill	£ 27.00	£ 10.00	£ 75.00
Reigate	£ 27.00	£ 9.00	£ 75.00
Walton	£ 22.00	£ 8.25	£ 55.00
Weybridge	£ 29.00	£ 10.00	£ 80.00
Woking	£ 25.00	£ 9.00	£ 115.00

All figures per sq ft per annum

HURST WARNE PROVIDE 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 Email: enquiries@hurstwarne.co.uk

Whilst the commercial property market tends to mirror the residential market, albeit after a lead-in period, commercial property market values have not yet seen the decrease in values experienced by the residential market.

Whilst yields for commercial property asset classes have increased, the main problem has been the lack of investment sales which has left the market in a period of stagnation. For example, from January to August 2007 there were £43.2 bn worth of investments concluded. From January until August 2008, there have been £15bn of investment transactions recorded. This equates to well over 50% reduction in transactions concluded so far this year. We believe that in the second half of the year, this reduction will be even more marked as transactions continue to dry up.

On a more positive note however, we are still seeing good occupier demand mainly in the office and industrial sector, although transactional levels are we believe, some 50% lower than equivalent transactions for 2007.

The major problem experienced by most companies is the lack of bank funding available which has resulted in many companies putting on hold their decision to relocate.

Conversely we have spoken to many of our space planning and fit-out partners who suggest that their businesses are extremely busy at present remodelling or upgrading clients' existing premises.

As before, we still believe that accommodation at good locations within the region will still sell or let and it will be down to the experience and market knowledge of the agent to conclude the transactions on behalf of clients.

It is therefore essential for clients to obtain advice from experienced personnel who have knowledge of recessionary markets and who are able to advise accordingly.

For further information on how Hurst Warne can assist, please contact:

Leatherhead Maurice Johnson - maurice@hurstwarne.co.uk
Redhill Peter Connolly - peter.c@hurstwarne.co.uk
Fleet Peter Richards - peter@hurstwarne.co.uk

GREEN LEASES

With the rising concern over sustainability, there has been a recent move towards Green Leases.

Basically, Green Leases are standard commercial property leases with a number of clauses with the aim of reducing energy and water consumption and waste production.

The clauses often include both landlord and tenant obligations to meet environmental targets and responsibilities for services, repairs, and management systems to monitor various arrangements. Some of the clauses will be voluntary and others legally binding.

In order that the Green Leases are successful, both parties will need to enter into an agreement where there is a reward or penalty for abiding to terms of the lease. Examples are rent abatement or increases where a landlord or tenant has successfully/failed to meet agreed performance standards. Other options, include for example the installation of a building management system to monitor and measure occupier energy performance for the building.

The implementation of recycling systems and the monitoring of recycling would be another tenant obligation.

There are a variety of other issues that are in the consultation stage at this point in time but we believe that the implementation of Green Leases will become the norm in the foreseeable future.

For further information please contact Maurice Johnson in Leatherhead on 01372 360190 maurice@hurstwarne.co.uk

ENHANCED CAPITAL ALLOWANCES

To continue a theme of sustainability, there are changes in the budget this year to capital allowances. In particular, enhanced capital allowances enable businesses that invest in energy efficient plant and machinery and ones that reduce water use or water quality, to write off 100% of the cost for that part of machinery in the accounting period in which the expenditure is concerned. This list includes lighting, heating, ventilation, air conditioning, insulation, boilers and efficient VCs. A full list can be found on www.eca.gov.uk.

For further information please contact Nic Pocknall in Leatherhead on 01372 360190 nic@hurstwarne.co.uk

ANOTHER PROPERTY MANAGEMENT INSTRUCTION

Hurst Warne have added Westmead House in Farnborough to their growing property management portfolio which now extends to over 450,000 sq ft.

Westmead House is a six storey landmark office building of 41,000 sq ft which is owned by local developer Wilky Property Holdings plc. The building is currently let to 15 tenants. Wilky Property are undertaking a phased refurbishment on a floor by floor basis of the vacant parts. Hurst Warne are already instructed to let the available office space which offers 320 sq ft to 7,000 sq ft.

FLEET MILL, BUILDING A, ANCELLS BUSINESS PARK, FLEET PRIME OFFICES – 6,168 TO 12,354 SQ FT – TO LET



For more information contact **PETER RICHARDS** in Fleet or **VISIT OUR WEBSITE** www.hurstwarne.co.uk

QUICK DEALS CAN HAPPEN !

It is not uncommon for a property transaction to be a protracted and somewhat challenging affair with deals taking far too long. However over recent months Hurst Warne have achieved some good success with a number of quick deals.

- **Office acquisitions** on behalf of The Royal British Legion in Ashford, Epsom, Eastbourne, Chatham, Dartford, Maidstone, Folkestone, and Burgess Hill.
- **Chantrey Court, Weybridge**, 8,530 sq ft office building let to 3 tenants on a building with a challenging lease structure.
- **River View, The Meadows Business Park, Camberley**, 26,000 sq ft office letting negotiated and completed within 3 weeks.
- **Zenith House, Ancells Business Park, Fleet** 4,905 sq ft of prime office space let to Melayway Glass Assemblies Ltd. Terms agreed and let within 5 weeks.
- **Marlborough House, Hartley Wintney** 1,851 sq ft of offices let to Byron Electrical Installations Ltd who signed the lease within 2 weeks of looking at the building.
- **12 – 14 Wellington Street Aldershot** 3,560 sq ft of retail space let to Brighthouse within 5 weeks.
- **Bridge Street, Leatherhead**. Retail and office lettings.
- **Bridge House, Fleet**, 8,500 sq ft of town centre offices let to Rocketuk.com Ltd who took occupation 4 weeks after their first inspection.
- **Ashcombe House, Leatherhead**. 4,000 sq ft office letting.

Rent reviews, lease renewals and valuations in Tonbridge, Sanderstead, Burpham, Guildford, Leatherhead, Ripley, Horsham, West Byfleet, Fleet, Surbiton, Cranleigh, in all sectors.

For further recent successes please see the 'Done Deals' section of our website.

WEALD COURT, TONBRIDGE ROAD, HILDENBOROUGH, TONBRIDGE HIGH QUALITY OFFICES – 7,080 SQ FT – TO LET



For more information contact **PETER CONNOLLY** in Redhill or **VISIT OUR WEBSITE** www.hurstwarne.co.uk

Our Leatherhead, Fleet & Redhill regional offices cover Kent, Surrey, Hampshire, Berkshire & the South West M25

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