

COMMERCIAL JOURNAL

ISSUE 1 | 2017-18

From **Carter Jonas**

SEGRO

Chief executive **David Sleath**, discusses the future of industrial property

Grenfell Tower

What might lie at the root of this tragedy? We ask the question

British Land

Diversity is now a business necessity. **Chris Grigg**, chief executive, looks at the facts

THE NEXT GENERATION

Our graduates discuss why they chose property as their future



Changing Policies

New pressures on valuers that could cost you

Generation Z

Do you know their work space demands?

Local Authorities

Investment is on the rise. Should there be cause for concern?

A NOTE FROM...



Scott Harkness
HEAD OF COMMERCIAL

“It was a year ago when we originally started thinking about what we wanted to achieve from this publication. Company magazines can often be very corporate, but clichéd as it sounds, that’s not really ‘us’. So we decided to think about the taboo, yet important subjects we have previously shied away from discussing. Equality, gender restrictions, social class limitations, the terrible Grenfell disaster. We decided we had to tackle each of these sensitive subjects, knowing we would learn a lot along the way. Then we started reflecting on who motivates us, both in our industry and outside of it. The brilliant David Sleath of SEGRO was top of mind, as was the social enterprise Debate Mate. Both inspirational, but for very different reasons. Next we wondered how we could really

add value. What was happening in our world that might require specific advice? We settled on the changes in the rules for Red Book valuations and EPC certificates. Two racy subjects? Let’s be honest, no, but essential for our clients to understand? Absolutely. Finally one last thought dawned on us. At Carter Jonas we are not only professionals, we are also people. Now that may sound like an odd statement, but I think it is a fact which often gets forgotten in the corporate world. So we have also introduced you to some of our people along the way, including our very colourful graduates.

So in short, here I present the first edition of our Carter Jonas *Commercial Journal*. As Peter mentions below, we had great fun producing this publication, we hope you enjoy reading it.”



Peter Bill
**CONSULTING EDITOR OF
COMMERCIAL JOURNAL**

“WELCOME TO A DIFFERENT WAY OF LOOKING AT CARTER JONAS: THROUGH THE EYES OF BOTH SENIOR AND JUNIOR STAFF IN THE 170-STRONG COMMERCIAL DIVISION. INTERVIEWING CARTER JONAS PEOPLE AND THE CHIEF EXECUTIVES OF BRITISH LAND AND SEGRO WAS A PLEASURE. I HOPE YOU FIND THEIR VIEWS AS INFORMATIVE AND ENTERTAINING AS I DID.”

ISSUE #1 | 2017-18*Editorial*

Peter Bill
Carter Jonas property specialists

Marketing & Production

Marketing Manager, Kate Valentine

Art & Design

Head of Graphic Design, Laura Gale

Thank you to our content contributors

Benedict Sarhanganian, Enayah Bramajee, Scarlett McCabe, Jessica Dix, Debate Mate; Chris Grigg, British Land; David Sleath, SEGRO

Photography

Aurélien Langlais

Thank you to all that contributed external photography

Debate Mate, Completely Retail and Leisure Marketplace, SEGRO

CONTACTS*Commercial Property Agency*

Bath, Philip Marshall
+44 (0)1225 747260
Cambridge, Will Mooney
+44 (0)1223 368771
Leeds, Chris Hartnell
+44 (0)1132 425155
London, Greg Carter
+44 (0)2075 183200
Oxford, Jon Silversides
+44 (0)1865 511444

Architecture & Building Consultancy

Richard Love
+44 (0)2075 183200

Valuations

Dudley Holme-Turner
+44 (0)2075 183200

Property Management

Graham Pepper
+44 (0)2075 183200

Consultancy and Strategy

Alexandra Houghton
+44 (0)2075 183200

Industrial

Andrew Smith
+44 (0)2075 183200


International

Frédéric Schneider
+44 (0)2075 183200

Carter Jonas

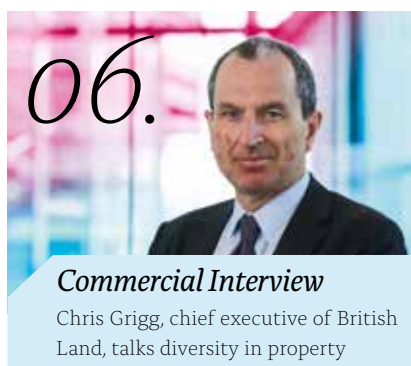
Carter Jonas LLP, One Chapel Place,
London W1G 0BG
020 7518 3200
info@carterjonas.co.uk
carterjonas.co.uk

To keep up to date with all our news, follow us on twitter:

 @CarterJonas

Contents

On the cover



Commercial Interview

Chris Grigg, chief executive of British Land, talks diversity in property

10. Commercial Interview

Warehouses are now sexy. David Sleath, chief executive of SEGRO, explains why

14. Commercial Future

Generation Z have just arrived, and their office demands are very different from the millennials

20. Commercial People

Meet a few of our very colourful graduates



Commercial Questions

We consider the question of the moment. Grenfell Tower. How could this tragedy have happened?

32. Commercial Spotlight: The Public Sector

Advice and potential warnings for councils looking to invest

36. Commercial Concern

Pick your valuer carefully. New mandatory rules present loopholes that you need to know about

The rest

04. COMMERCIAL NEWS

What's certain and uncertain in our future?

08. COMMERCIAL INSPIRATION

Meet Debate Mate. Their impressive youths are coaching FTSE 100 chief executives on communication

28. COMMERCIAL SPOTLIGHT: THE PUBLIC SECTOR

Lil Houghton covers advice for councils, Cycle to MIPIM and supporting women in property

34. COMMERCIAL REGIONAL FOCUS

Leeds has big ambitions. We speculate as to what the city's future could look like

38. COMMERCIAL CHANGE

A new EPC policy is on the horizon which could make your building unlettable by 2018

40. COMMERCIAL EVENT

It's deals, deals, deals at Completely Retail and Leisure Marketplace.

42. COMMERCIAL RESEARCH

Is the future steady? See our predictions for the market



CERTAIN AND UNCERTAIN FUTURES

By Peter Bill

“THIS MEANS WAREHOUSES ARE SEXY, JUST AS THEY WERE IN THE 1930s”

INDUSTRIAL

Convoys of nine or ten driverless trucks will swoop into urban warehouses. Their contents will be mechanically extracted and sorted by bar-code reading robots. These packages will be stuffed into flotillas of electric vans and delivered to home addresses within a day of ordering. This means sheds are now sexy, just as they were in the 1930s when Britain's first big industrial estates were built by companies like Slough Estates. David Sleath is the chief executive of re-named SEGRO, the FTSE 100 company that dominates the sector. David's vision (page 10) of the mid-term future includes driverless trucks and electric vans. In the nearer term he suggests multi-storey sheds sitting alongside multi-storey housing will arise. Why? Because land values are rising for the right sites in urban locations. Segro has one, perhaps two, London authorities keen to give the multi-storey flats and warehouse concept a go. The era of taller model warehouses is about to begin.



PRIVATE & PUBLIC DEVELOPMENT

The strength and direction of the currents affecting development are well understood by Carter Jonas. Watch out for the need for energy certificates from April 2018 (p 38). See how HS2 will transform Leeds (p 34). Be aware of new rules that will add more pressure on valuers from February 1st (p 36) Understand how the terrible fire at Grenfell Tower will impact public sector procurement (p 26). See how public sector property investment and development is being reshaped (p 32). Into these familiar currents, a fresh stream is surging. Build to Rent finally grew up in 2017 with the full-blooded entrance of

“BUILD TO RENT FINALLY GREW UP IN 2017”

Blue Chip UK funds such as L&G, M&G and Hermes and US Giant Greystar. Labour leader Jeremy Corbyn scared investors with talk of rent controls in September. Relax. Large-scale institution-backed Build to Rent (BTR) developments that offer up to 30% of their units to councils at 80% of market rent are here to stay. The British Property Federation say the current pipeline of 95,000 homes will lead to around 15,000 new BTR homes being completed each year.

Burns Night falls on Thursday January 25th 2018. Easter Sunday comes early, on 1st April. The Venerable Bede is celebrated on May 25th. These things are certain. Predicting which economic and political winds that may rock property is a fool's game. Guessing how long-term currents are reshaping the office, industrial, retail, private development and the public sector is a little easier. The views below are my own. But they draw inspiration from the Carter Jonas experts and the chief executives of British Land and Segro featured on later pages.

ABOUT PETER

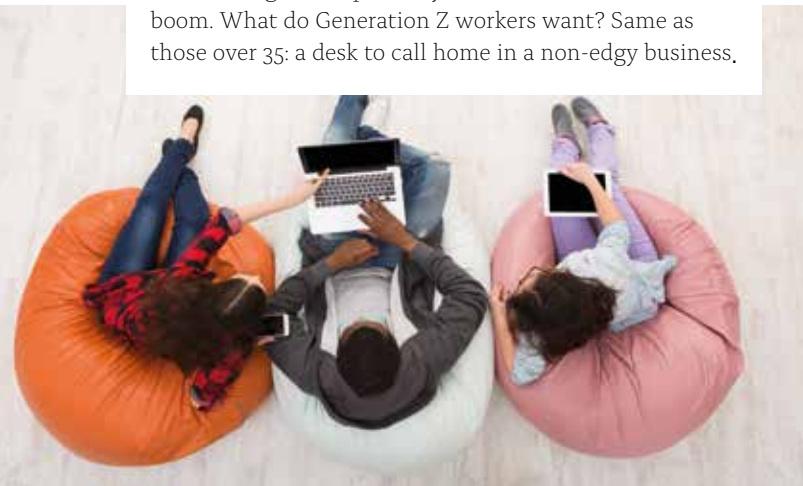
Peter Bill is a journalist and author of Planet Property. He edited Estates Gazette between 1998 and 2011 and Building magazine between 1990-97. From 2007 to 2015 Peter wrote a weekly column on real estate for City pages of the London Evening Standard.

“BANG. FLEXIBLE OFFICE SPACE IS NOW MAINSTREAM”



OFFICES

WeWork is a unicorn standing under a magic money tree in Silicon Valley. Imagine how Mark Dixon, boss of IWG, must feel. The company formerly known as Regus has revenues of £2.2bn a year and operates in 3000 locations worldwide. The Stock Exchange values IWG at £2bn. WeWork is valued by investors at \$20bn. A value based upon hope (expressed by IWG as well) that 30% of all office space will in the medium term be let on rent-a-desk per month basis, rather than leased on a square foot per decade. British Land boss Chris Grigg (p 06) has launched Storey, a similar concept. Bang. Flexible office space is now mainstream. But beware of making space too edgy. A worldwide survey (p 14) of attitudes among 22-year-olds, Generation Z, found them more conservative than 23-34-year-old Millennials. A cadre indulged this past 20 years, thanks to the Tech boom. What do Generation Z workers want? Same as those over 35: a desk to call home in a non-edgy business,



RETAIL

Owners of the secondary shopping centres built in the 1960s to 1980s in secondary towns face a grim choice. Change or die. A small number are now worth little more than the land they stand on. Internet shopping has finally hit retail's weakest point. As Bill Gates said; "We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction." Many owners are taking action; increasing the amount of leisure space; adding indoor sports activities; nibbling off bits of the centre and selling the land for housing. Those further up the retail chain have been shifting the shops/cafés mix to much more of the latter over the past decade. The next decade? A mosey round the Completely Retail event at Old Billingsgate Market in late September was heartening (p 40). The hunt for space by the big value chains continues unabated. The number of nascent food chains would have pleased the producers of Dragon's Den. There was lots of talk of High Street revival.



“INTERNET SHOPPING HAS FINALLY HIT RETAIL'S WEAKEST POINT”





*Commercial
Interview*

“FIRST, WE
RECOGNISED
**WE HAD
A PROBLEM**”

Diversity pays, in many ways, including improving the bottom line, says *Chris Grigg*, chief executive of British Land (BL), who wants agents BL employs to adopt the creed.

Trying to broaden your company's culture? "Start where you are. Use what you have. Do what you can." A phrase uttered by Arthur Ashe, the first black tennis player to win Wimbledon, in 1975. The quiet American had been asked how he achieved his goals. Today's diversity goal? Pushing the number of women in your firm to 50%; Aim for national average of 13% BAME (Black, Asian and Minority Ethnic) employees; Match the 2% average for LGBT (Lesbian, Gay, Bisexual and Transsexual) staff. Kick off the game with a meeting. Write the Ashe maximum on flip chart. Discuss. Prepare for kickback.

This will come from the back of the room. "All this Political Correctness is humbug. Our culture may be a bit male. But it simply mirrors the sector. Lord help us if we start having quotas for females and minority groups. It will lead to resentment among staff and have clients wondering what has got into our heads." Some, maybe, but not British Land, Intu, SEGRO, Grosvenor or Lend Lease. All five have signed up to the National Equality Standard, a quota-free programme designed in 2014 by consultants EY to import practices that instil the view that striving for diversity makes business sense.

British Land chief executive Chris Grigg set out to change the pale/male culture among his 580 employees. "First, we recognised we had a problem. Then I tried - from the top - to set out a simple business case, rather than a 'do the right thing' case for promoting diversity," says Grigg who had joined BL from Barclay's in 2009. "I picked 'be more like our customers', and 'mitigate group think' as the two important things to concentrate upon. Second, we tried to hire and promote role models at BL. After that, we really tried to 'work it' from the whole company perspective.

"I got some great advice from women, in particular at British Land, about what would and would not work," says Grigg. "I think it also helped that people in the business knew I was serious about it." British Land is the major funder of

Pathways to Property, an initiative set up in 2012 by the Reading Real Estate Foundation to encourage young people from more diverse backgrounds to take up careers in property. Students receive talks in school and can attend a summer school where they are supported by mentors, and through work experience. Bursaries, scholarships and internships are also on offer.

Any firm with more than 250 staff is now required by law to publish gender pay gaps. But should firms voluntarily embrace diversity? Isn't their business, their business, so to speak? "It is absolutely their call," concedes Grigg, adding a big BUT: "However, we too have a choice. Over time, we want to work with the best agencies and that takes us back to the business case above. Finally, if we don't 'call it out' then we risk ourselves being seen as 'tokenists!' In other words, agents working for British Land will have to prove they are pushing towards equality goals, when they pitch for instructions.

"Promoting open environments where employees can be themselves also encourages happier, stronger and more productive teams. So much so that the majority of initiatives in this space at British Land have been generated bottom up; from Pride (our LGBT group) and Women's Committee to mentoring programmes and the recent introduction of equal pay for employees choosing to take shared parental leave. Britain's second biggest property company has already reached the diversity goal in terms of gender. Half the employees are now women. In 2015 Grigg was placed 11th in the Financial Times "Top Ally" list, of CEO's who promote and support diversity among Britain's biggest companies.

"At British Land we asked staff to complete a diversity survey. Over 90% were happy to complete the survey - a very high number. I'm convinced we wouldn't have got to that sort of proposition even a few years ago. Momentum is key and so is

the commitment of our people. Over 130 are members of our Pride group. Comments from Ruth Hunt, CEO of Stonewall, really resonate with me; It's not who we are, it's how we are that counts. Getting people to think differently and inclusively is how we will allow different ideas to flourish. That way, diversity becomes an outcome, not a target."

“AGENTS WORKING FOR BRITISH LAND WILL HAVE TO PROVE THEY ARE PUSHING TOWARDS EQUALITY GOALS”

Still not convinced? EY say companies with women on their management boards outperformed those with male only boards by 26%. Companies with one or more women on the board deliver higher than average returns on equity, lower gearing, better average growth and higher price/book value multiples. Companies in the top quartile for executive board diversity achieve returns on capital 53% higher, on average, than those in the bottom quartile. Profit margins at the most diverse companies were 14% higher on average. Diversity seems to pay in so many ways.

/ Chris Grigg is chief executive of British Land, having been appointed to the board in January 2009. Chris has more than 30 years' experience in the real estate and financial industries in a range of leadership roles. Until November 2008, Chris was chief executive of Barclays Commercial Bank, having joined Barclays in 2005. Prior to that, Chris spent 20 years at Goldman Sachs. He is Non-executive director of BAE Systems plc, a member of the board of the British Property Federation and a member of the executive board of the European Public Real Estate Association.

“DEBATE MATE PROVIDES ‘SAFE SPACE’ FOR DIFFICULT ISSUES TO BE AIRED”

Inarticulacy is as big a barrier to employment diversity as the social disadvantage of not being born either pale, male or a member of the comfortably-off classes. We talked to Debate Mate, a social enterprise not only looking to make a difference in schools, but also in the boardroom.

Commercial Inspiration

Imagine two scenes. Scene 1: A 22-year-old real estate graduate of West Indian origin with a 2.1 from Reading shuffles into a job interview, fails to make eye contact and mumbles answers to clear questions. They don't get the job, however much the firm wants to increase diversity. Scene 2: the same person walks into the room, grasps the interviewer's hand and engages in a spirited debate about the pressures facing valuers. Hired.

Between November 2016 and March 2017 more than 5,000 UK students in 250 primary and secondary schools in areas of high child poverty took part in after-school debate clubs run by

volunteer university students under the supervision of Debate Mate, a social enterprise founded in 2007 by barrister Margaret McCabe. Debate Mate “isn't really about debating at all,” says chief executive McCabe. “Instead it is a skills and employability programme. We teach what are known as key 21st century skills: critical and creative thinking, leadership, problem-solving and entrepreneurship, while developing core confidence and self-esteem.”

But will these articulate youngsters face a warm welcome? One of the trickiest issues facing companies' is 'diversity'. A catch-all phrase that embraces the notions championed by



Kelvin, aged 14, is a student in Year 9. He has been on the Debate Mate programme for three years. Here he is debating if performance related pay should be introduced for teachers in the UK. This debate was part of the London Launch event for the Debate Mate Programme, held at the Royal Geographical Society in London.

British Land chief executive Chris Grigg in this issue. Should we work towards half our staff being women? What resentments will surface amongst male employees? How do we deal with that? Should we try and up the percentage of non-white staff – or will that spark talk of tokenism? Read Chris Grigg's article for some answers. Maybe also look to Debate Mate?

Debate Mate provides a 'safe space' for difficult issues to be aired. Debate Mate counts law firm, Slaughter & May, Deloitte, the Dorchester hotel group, the BBC and Harrods among its clients, providing each one with bespoke communications training

“EVEN PREMIER LEAGUE COACHES HAVE BEEN TAUGHT TO DEVELOP THEIR COMMUNICATION ON AND OFF THE PITCH”

programmes. Even Premier League coaches have been taught to develop their communication on and off the pitch. One technique is to put a motion and ask those for and those against to divide – then ask representatives from

both sides to argue the opposite of what they believe.

“What we are teaching is the ability to present a logical rather than an emotional argument, and the agility to debate the point from either point of view,” says Benedict Sarhangian, Executive Programme Director at Debate Mate. A couple of trainers from Debate Mate are yours for £2,500 for half a day. They will be skilled in showing you how to ‘listen to hear’ rather than ‘listen to respond.’ We put rigour into the building up of arguments and try and make people be logical and have their arguments supported by facts not by opinion.”

Commercial Interview

“THE FORCES MAKING WAREHOUSES SEXIER ARE URBAN POPULATION GROWTH AND THE **HUGE INCREASE IN ON-LINE RETAIL”**”

We caught up with *David Sleath*, chief executive of SEGRO. SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial property. The company controls one of the world’s biggest portfolios of so-called ‘mega sheds.

You need to be fit to run a FTSE 100 company, feels SEGRO chief executive David Sleath, who has lost 10kg since early 2016. “I’m now 56. At the beginning of last year, I began to feel that I did not have enough energy. Since then I’ve been eating more healthily. I’ve cut down on the number of business dinners. I go to the gym regularly now. This summer I took part in the property industry triathlon. To my great satisfaction I not only finished, but beat my 27-year-old daughter, Becky!”

Getting fit also prepped Sleath for doing two jobs at once in the year to June 2017. He was president of the British Property Federation for a

year. “David was a highly respected President,” says chief executive Melanie Leech. “He was a huge support to me personally - always positive, clear-minded and offering immense wisdom, insight and good advice. I never heard him raise his voice or appear upset – and yet more often than not his quiet persuasion won the day. He is a true gentleman of the industry.”

Sleath has been running SEGRO for seven years now. He took over from the late Ian Coull in April 2011, after five years as finance director. The trained accountant had joined sixteen months before Slough Estates changed its name to SEGRO in Spring 2007. In 1920



“IF COUNCILS ARE GOING TO GIVE PLANNING FOR MULTI-STOREY FLATS, WHY SHOULD THEY NOT DO THE SAME FOR MULTI-STOREY WAREHOUSES?”

£7.3 billion

SEGRO Portfolio value in 2017, up from £4.6 billion in 2012



£2.1 billion

Borrowings in 2017, down from £2.4 billion in 2012



66.6%

Two thirds of SEGRO's 68 million sq ft portfolio is located in the UK



£350 million

An estimate of what SEGRO's annual investment programme will be worth next year, it's currently billed at £300 million



40%

Percentage of SEGRO's portfolio which are big boxes over 100,000 sq ft



founder Sir Noel Mobbs was virtually gifted the 580-acres outside Slough for buying the war surplus stock stacked on the land. Today 17% of the value of the £7.3bn industrial property company lies on that land, along with the main office of the 285-strong business.

When Sleath presented his maiden set of results in 2012 the portfolio was valued at £4.6 billion. At the 2012 AGM, shareholders were treated to tea and biscuits at the TUC offices in Holborn, rather than the traditional heavy lunch at Claridges. Sleath admitted the company had "underperformed over the past decade", promising, "we have a clear strategy to transform performance for the future" In June 2017 gross assets stood at £7.3 billion. Borrowings were down from £2.4 billion to £2.1 billion.

Sheds have become a hot topic since 2012, thanks to the rise of internet shopping and falling delivery times, driven down by Amazon. Developers are building a network of 'last-mile' sheds all over Britain, with SEGRO at the forefront. But the word "shed" is definitely not sexy at SEGRO. Nowhere does the four-letter word appear in the 176-page 2016 annual report. The word 'warehouse' can be found on 34 different pages. "One of my colleagues describes what gets built these days as robots with cladding," says Sleath.

Just over two-thirds of the 68 million square foot portfolio lies in the UK, the remainder on the continent. "The forces making warehouses sexier are urban population growth and the huge increase in on-line retail. Forces that are shrinking the availability of industrial land. The customer now wants it delivered at best tomorrow and preferably tonight. You have got to have intermediate 'last-mile' stations close to the consumer. "Inevitably people are wondering how well we can intensify the usage on that land."

Amazon is dreaming about storing stuff in balloons. A UK developer is promoting plans to build a 2 million square foot underground warehouse near Heathrow - after digging out 3 million tonnes of gravel over the past 15 years. For Sleath, the solution is to look up. "Rents are now getting close to making the economics of multi-storey warehouses work," he says. "We've seen rises of 5% per annum in London over the last two years. In places like Park Royal the average is £14 - £15 per sq. ft."

Sleath describes the sites SEGRO is seeking for these urban warehouses. A description worth noting. For the company has already said its 2017 investment programme, billed at £300m, will more likely end up at £350m to £400m. "At the current rate of progress, we will be at the £350 million rate again next year," says Sleath. The ideal site will be between 5-10 acres to allow for a 100 000 sq. ft warehouse. "They are nearly always former industrial sites" says Sleath, "like the one we have at Hayes, a former Nestlé coffee factory."

Urban Warehouses have sexed up the image of the industrial sector. But plain big boxes from 100,000 sq. ft. upwards make up 40% of SEGRO's portfolio - and get 25 mentions in the annual report. The Midlands 'golden triangle' bounded by the M1, M6 and M42 motorways is being mined for financial gold. SEGRO has a joint venture with Roxhill on the 120-acre Rugby Gateway site, bang next to Junction 1 of the M6. DHL and H&M are customers. Plenty of space left for more big boxes.

SEGRO and Roxhill have even more space next to Junction J24 of the M1. The 700-acre East Midlands Gateway park has permission for 6 million sq. ft. The development incorporates a 50-acre Strategic Rail Freight Interchange. This will include a rail freight terminal,

Industrial units which Carter Jonas specialists have advised on in the last 12 months:



Photon Park, Normanton



Hawke Ridge Business Park, Wiltshire



Oxford Industrial Park, Oxfordshire

capable of handling up to sixteen 775m freight trains per day, container storage and HGV parking for hundreds of big trucks. More diggers than you can count were busy on the infrastructure works in late summer 2017.

Back in London, homes are adding spice to the urban warehouse market. At the 30-acre Hayes site, Barratt has been selected as partner to build up to 1400 homes next door to SEGRO's 230 000 sq. ft. of warehousing. "We are keen to do that," says Sleath, meaning taking the planning risk on new homes. Those acting for sellers need to know urban warehouses need a lot more than space for lorries and vans. "Operations are 24-hour; you need double the parking space for staff to cope with shift changes."

SEGRO inherited one two-storey warehouse near Heathrow when it acquired Brixton in 2009, which took a very long time to let. The company is building two on the continent, one in Munich, one in Paris. But getting permission from UK councils may not be easy. "It will require a planning push to make it a level playing field," admits Sleath. "But if councils are going to give planning for multi-storey flats, why should they not do the same for multi-storey warehouses?"

Planners need not fear homeowners will be disturbed by White Van Man. "Battery technology will become a major factor in last mile delivery over the next decade," says Sleath, who points to government plans to have

all-electric vehicles by 2040. By then the warehousing sector will be seeing a second big change. "Driverless technology is here today. What you will probably see is a platoon of lorries, with just one driver in the front truck." Gulp.

David was appointed Chief Executive of SEGRO in April 2011, having served as Finance Director since 2006. He is a Board member of the European Public Real Estate Association, and Board member of the British Property Federation. His previous roles include Senior Independent Director and Audit Committee Chairman of Bunzl plc. He has also held a number of senior finance roles, including Finance Director of Wagon plc and partner at Arthur Andersen, where he worked for 17 years.

*Commercial
Future*

“NOBODY OVER
THIRTY CAN
RISE FROM
A BEANBAG
**WITH DIGNITY
INTACT**”





A new trend has been emerging in the office sector in recent years. *Peter Bill* considers why it is essential to listen to the emerging ‘Generation Z’ and ultimately, create offices which are fit for adults. *Greg Carter*, partner in the London Office Agency Team at Carter Jonas, considers Peter’s thoughts based on his recent experience.

“ PETER SAYS...

Prepare for a Damascene moment, that is, if you believe bean-bags and ping pong tables are essential requirements in a modern office. Mine came on July 17th 2017 whilst reading an article in the FT by Lucy Kellaway, who has now left the paper to become a teacher. A person who certainly understands the minds of the young, proven by the results below of a report on Generation Z featured later. But first, a precis of her article.

“This summer, 12,000 Apple employees will start to move into this great disc of a building, which has been eight years coming and is said to have cost \$5bn — making it the world’s most expensive office. Apple Park is Steve Jobs’ last, posthumous hurrah; as a vanity project it is roughly on a par with Nicolae Ceausescu’s People’s Palace in Bucharest.

“I am dancing a jig. Over the past two decades, three bad things have been happening with office design, and Apple Park puts all of them right. First we have lost confidence in offices altogether as nomadic workers huddle in cafés and in their own bedrooms. Jobs’ edifice is a hymn to the importance of offices in general.

“The second bad thing is the confusion between home and work. Fashionable office designers delight in making work spaces look like the hideous apartments of imaginary hipsters — Airbnb’s office in San Francisco is filled with spaces that look like funky sitting rooms, kitchens and even a “nerd cave”.

“For the past two decades’ office spaces have been built as if for primary school children. Google has been a world leader in infantilising its workforce with AstroTurf croquet lawns

and slides. This pernicious trend started in Silicon Valley and has spread. Apple Park is made for grown-ups.”

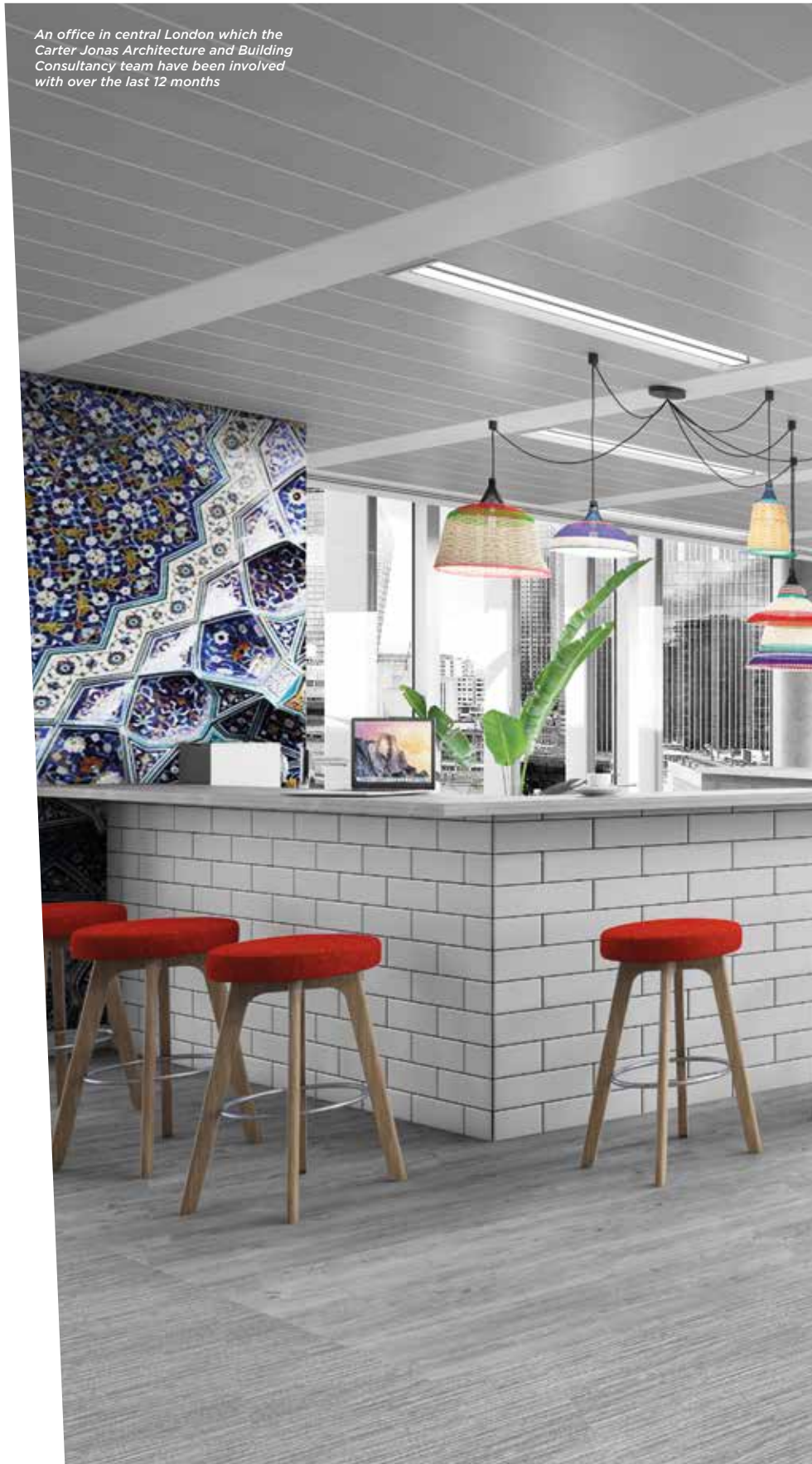
Thank you Lucy.

“CAUTION IS CLEARLY SHAPING THE EXPECTATIONS OF A GENERATION THAT DOES NOT FEEL AS ENTITLED AS MILLENNIALS WHO HAVE SURFED THE TECH BOOM”

Three ‘F’s have shaped offices since 1800, when the East India Company built London’s first purpose built block on Leadenhall Street, now site of the Lloyd’s Building: Function, Financing and Fashion. What occupiers get up to in the space and how much they are prepared to pay in rent are eternal forces. Fashion, however, fluctuates, moulded as much by the forces of worker supply and demand as by time itself.

Imagine a world where the supply of young Tech workers was twice the level of demand. Would occupiers lure workers with bean-bags, ping pong tables and break out spaces filled with weird orange furniture and over intimate ‘conversation’ pods? No. They would be crammed into 60 sq. ft. hot desk spaces, a little like 19th century mail clerks or 20th century typists were lined up in typing pools. OK, a bit harsh. But nobody over thirty can rise from a beanbag with dignity intact. Ping-pong tables are an irritating distraction.

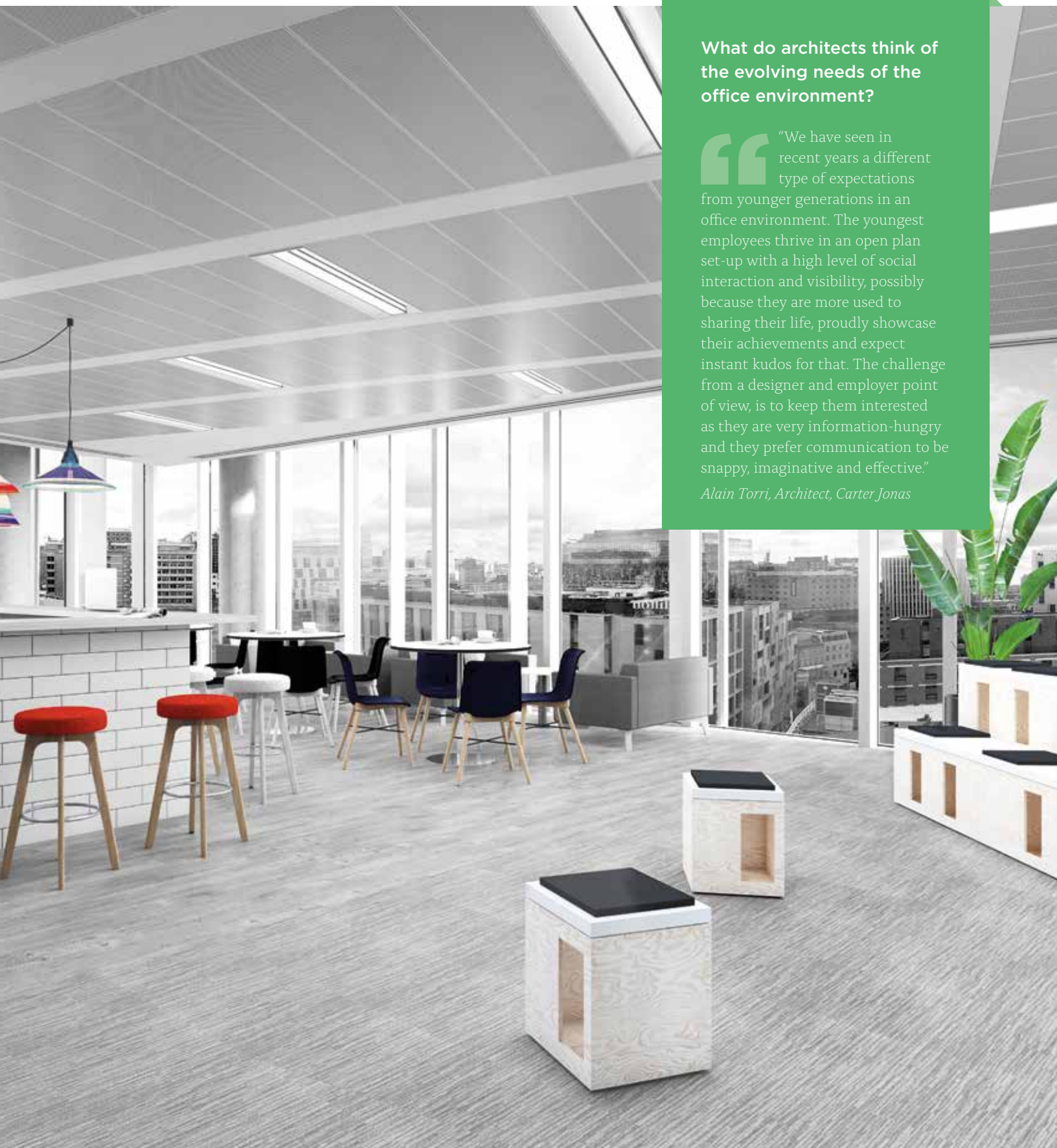
An office in central London which the Carter Jonas Architecture and Building Consultancy team have been involved with over the last 12 months



What do architects think of the evolving needs of the office environment?

“We have seen in recent years a different type of expectations from younger generations in an office environment. The youngest employees thrive in an open plan set-up with a high level of social interaction and visibility, possibly because they are more used to sharing their life, proudly showcase their achievements and expect instant kudos for that. The challenge from a designer and employer point of view, is to keep them interested as they are very information-hungry and they prefer communication to be snappy, imaginative and effective.”

Alain Torri, Architect, Carter Jonas





Carter Jonas:
St James House, Bath

Weird orange furniture is generally uncomfortable. The next cadre of recruits want their own desk, corporate stability, and the ability to talk to a stable cast of those working on tasks of common interest it seems.

“THE NEXT CADRE OF RECRUITS WANT THEIR OWN DESK AND CORPORATE STABILITY”

A view that chimes with the findings of a major report. “Young staff want peace and quiet at work, not free snacks,” was one headline over the findings of a worldwide study of 4,000 under 34-year olds published in 2016 by HR consultants Randstad and Morar Consulting. Half were ‘Millennials’, aged 23-34. The other half were ‘Generation

Z’, those born after 1995, so now just starting work. A group more conservative than the preceding generation.

“Ping-pong tables and beer fridges may have been flashy recruitment tools for Millennials, but gen z’-ers won’t be sold as easily on flimsy perks,” says the report, which asked the same questions in 10 countries. “They need an environment where they can be independent, competitive and even territorial. Around 35% of gen z’-ers would rather share socks than office space.” Why do they sound like 50-year-olds?

“The workplace Generation Z seeks has been largely shaped by their jaded upbringing among a recessionary economy and mounting student loans,” says the report. Caution is clearly shaping the expectations of a generation that does not feel as entitled as Millennials who have surfed the Tech boom.

GENERATION Z: What do you really want from a working environment?

“When I enter the working world I want to find the company and environment that is right for me, where I am happy to spend nine hours a day. Any company can use materialistic incentives to attempt to ‘buy’ employees loyalty.”

Sam Pritchard, 21, Student at the University of Lincoln

“In my opinion, having a permanent desk area is essential. The open plan office is important as it makes your colleagues and supervisors feel more approachable. Aside from that, I’m not worried about what the break-out spaces look like, a ‘fun’ area is nowhere near the top of my list.”

Catherine Sinclair, 21, Part I Architectural Assistant

“When I come to choose an employer, I will be looking for a company which has really thought about my needs. A gym membership or healthcare is far more appealing than any gimmicks. The design of office space can absolutely be different, but not for the sake of it. Expecting an x-box or slide to be important to me feels patronising.”

Georgie Dawson, 21, Student at Nottingham Trent University



Carter Jonas:
One Station Square, Cambridge



**“FOLLOWING
THE PERCEIVED
TREND FOR
THE SAKE OF
IT IS DESTINED
TO END IN
MISERY”**

“ GREG SAYS... Hot-desking started to become popular 10 years ago, but has evolved dramatically since. For tenants with peripatetic staff it remains a perfectly valid option. However, for employers who have office based staff who need to regularly interact, giving each person their own desk, or at the very least, designated team zones, works better for both the employer and the member of staff. It's no secret that staff need to feel settled and comfortable.

Over the last decade the concept of hot-desking has transformed into agile workplaces, and the focus has shifted to providing the most suitable environment for workers to complete the task in hand, be it cognitive or collaborative. The key to making the modern office work is a clear understanding of the business needs and an acknowledgement of the

changing dynamic of the workforce which drives it. Following the perceived trend for the sake of it is destined to end in misery.

Trends continue to change. I have seen a considerable shift in the industry, the more extreme or 'fun' office interiors are certainly falling out of fashion. Our clients are more interested in staff being able to work closely together in a quiet productive environment where they have their own space, but can easily make eye contact and talk to each other either across the desk, or in nearby break out spaces. For example, we recently met with a tenant whose office space currently includes a slide linking the ground and the basement floor. The general feeling about the installation of the slide now, is one of regret; its only contribution today is simply gathering dust.

/ Greg Carter is a partner in the London Office Agency Team at Carter Jonas.

Commercial People

“THE
UNIFYING
APPEAL IS
‘I LIKE TO
GET OUT
AND ABOUT
AND MEET
PEOPLE.’”

Real estate attracts high-calibre entrants, as the lives of the five Carter Jonas graduates demonstrates. The unifying appeal is “I like to get out and about and meet people.” The three men and two women featured here have one further thing in common; agile minds and outgoing personalities. Beyond that lie differing backgrounds. *Hugo Hodgson* comes from a political family. *Izzy Vyvyan* is from the Dales and rowed for Cambridge. *Emilia Atkinson* lived in France till the age of 15 and came to building surveying via an administrative role. *Tom Vecchione's* father is an agent. The son has a competitive streak. *Lewis Ali* was told at school in Cardiff to get a job as an electrician. Now he's the top billing graduate at Carter Jonas.



HUGO HODGSON



“Politics was not for Hugo”

While showing an investment client a building for sale in Leicester in 2016, Hugo Hodgson spotted a similar property nearby that was not on the market. Would the client buy the pair if Carter Jonas could arrange an off-market deal for the second? Dear reader, the investor bought both. “My parents always taught me to be open-minded” says Hugo. His father, Robin, and mother, Fiona, are both working peers. Each ennobled separately for political services. Politics was not for Hugo, his two older brothers are both accountants. The political gene surfaced in sister Poppy, 27, a political journalist. Hugo chose geography at Oxford Brookes, with half an eye on becoming a residential agent. Answering the phone in a lettings office during term holidays put paid to that idea. So it was back to Brookes for a masters in commercial real estate, obtained in 2015. “I’d previously met a few people on the real estate course and realised the sector ticked all the boxes for me.

You get to do different things every day.” Hugo joined Carter Jonas in the autumn of 2015. “My oldest brother’s girlfriend worked in our Wandsworth office. She saw on the Intranet that graduates were being sought. After an informal chat I went through a half-day assessment. A couple of weeks later I was told the job was mine. What followed was six months with the investment team, six in the development department and six gaining experience in public sector work. So, does that early deal in Leicester mean Hugo would like to specialise as an investment surveyor? Not necessarily. By late 2017 he was halfway through his six-month stint with the valuation department and busy organising a Dragon Boat race for fellow graduates to raise money for LandAid. “When I was at college everyone said you should go for investment and steer away from valuation, because it’s boring”. Well, no it’s not, at least not here, not under Dudley (Holme-Turner). There never seems to be a dull moment.

IZZY VYVYAN

"Izzy was in the women's eight that made history and took on Oxford on the Thames"



"I like the agency side of the business" says Isabella Vyvyan, 26, who works in the newly-occupied Cambridge office near the station. Here, more than 70 staff from the agency, development and rural departments occupy one level. "We used to be on three separate floors, in the old place.

It's really great that we are now all together, as it opens up the opportunity to work across all teams," says Isabella, who joined Carter Jonas in 2016, after completing a three-year degree course in real estate at the Department of Land Economy, in the very same City.

"I like the agency side because you get out and about and meet really interesting people." Does London beckon? A place where most Cambridge graduates gravitate. "I am from the Dales and prefer smaller cities," says the 26-year-old rowing blue, whose mother Amelia used to run the music and arts festival in their local village of Grassington.

Brother George, 24, is newly employed by Natural England. "He is a bit of a hippy," confesses Izzy, as she is known to all. Prior to Cambridge, Izzy started out on a European Studies course in Newcastle, before swapping

to politics. In-between times there was sport. "At a Fresher Fair I was asked to walk under a rope strung six foot from the ground. At dead-on six foot, I had to duck. They said, 'congratulations, you've made the rowing team!'" A dissertation on the rise and fall of the British National Party did not enamour her to chosen subject. "I did not want to go into politics." Father, Charles, a developer and clearly patient Dad, said why not try property? So, it was off to Cambridge in 2013. The Land Economy course has a reputation for being a bit academic? "I enjoyed the course, especially the human geography. Studying how human activity affects the growth and decline of cities gives you a deeper understanding of real estate." A thesis examining the usefulness of enterprise zones in stimulating investment in Planet Leeds came to the conclusion that government intervention was less than effective. In her spare time Izzy enjoyed rowing on the Cam. In 2014 she was selected for the University women's team. That year was the last time the Cambridge team raced Oxford at Henley. They lost. In 2015 Izzy was in the women's eight that made history and took on Oxford on the Thames on the same day as the men's race. The result? Don't ask.

"Tom's negotiating flair may have been inherited from his father"

Tom Vecchione joined the commercial valuation team at Carter Jonas in Oxford as a graduate in September 2015, after studying at Oxford Brookes. But the 24-year old clearly has the negotiating skills of a letting agent. In the summer of 2016 Tom and fellow graduate Clare Fleet were charged with organising a summer party for 200 clients on St John's college sportsground in north Oxford. "The catering company's initial quote was way over the top. We managed to get them to cut it in half by various means." Tom's negotiating flair may have been inherited from father Christian, who owns Witney-based commercial property consultants, Benedicts. His mother, Sue, has just made a meritorious mid-career move: from running a college IT department to studying nursing. Older brother Luke, 26, works for a residential lettings company in Oxford. Sister Beth, 22, is a social worker. Like father, like son? "I wanted to be an architect," says Tom, whose surname is derived from his



TOM VECCHIONE

Naples-born great-grandfather. "But at the last minute I changed my mind, as I didn't fancy the seven-year training period." Tom's attraction to Carter Jonas was more than just the fact they had an Oxford office. "I applied for a few graduate roles online. The process at Carter Jonas was a bit more personal than many. They wanted to know more about you, rather than asking you questions you have already answered in your finals. They want to know what you're like and what you like." Tom likes numbers. He has been working on portfolio valuations for University College, Oxford City Council and Warwick District Council. In 2015 Tom and six other Carter Jonas graduates entered The Times Graduate Challenge. The team of seven found themselves in a malodorous scout hut erecting a gazebo among a variety of other exercises, trying not to shout at each other. They were competing against nine other teams, from all

sectors of British industry. Part two saw the septet split into three groups and hitchhike between Carter Jonas' northernmost office in Kendal and head office in Chapel Place, just off Oxford Street. The Times Graduate Challenge is aimed to test and improve leadership skills whilst raising money for charity. Tom's team raised £1,600 raised in pledges, matched by £1,600 from Carter Jonas. The result? The Carter Jonas Seven raised more cash than any of the other nine teams. What did Tom learn about leadership on the course? "Make sure the whole team is working well, don't get pulled into one specific area and lose focus on the rest."

“None of them really believe I can speak French”

Emilia Atkinson gained more experience than most property degree holders before being recruited to the Carter Jonas graduate programme in the summer of 2016 to train as a building surveyor. The 26-year old studied Property Management & Investment at the University of West England between 2009 and 2012. “Reading and Oxford Brookes were a bit close to home” says Emilia, whose family live in Peasemore, near Newbury. Between three and 15, Emilia lived in the South of France. Her father, Chris, worked for Texas Instruments on a technology park near Antibes. “After the degree at UWE, I knew I didn’t want to work in London and wasn’t sure if I wanted a graduate role. So I took a job at Bristol lettings agency, Sarah Kenny. I really enjoyed myself. Those two years provided experience on how to deal with people. The job made me more confident and made me realise I wanted to get into

the commercial side of property.” Why? “After A-levels I was looking for a business course. They all seemed too general. Property however looked like a good way to gain both business and professional knowledge. I didn’t really understand the difference between commercial and residential property at first. But later came to enjoy studying the commercial side.” Emilia joined the Bath office in 2014 as an administrator, supporting the 30-strong team. She clearly impressed. In the summer of 2016 her boss, building surveyor, Tom Lowe mentioned Carter Jonas was looking to hire a graduate to train up as a building surveyor. Would you be interested? “I said yes.”

Now Emilia is back at college. This time part time, doing a one-day-per week, 2-year masters in building surveying at UWE. The other four days are spent keeping an eye on various refurbishment projects in and around Bath. “The contractors that I used to speak to on the phone as an administrator have been really encouraging to me in my new role, saying well done. The staff in our office have all been great. Except for one thing: none of them really believe I can speak French.” Every other weekend Emilia goes home to Peasemore, not just to see her father, who now works for IT company Synopsys, or her mother, Denise, a special needs teaching assistant. “I go to see Apollo as well.” Apollo is a 32-year-old, 14-hand horse. “We go for a plod round the village.”

EMILIA ATKINSON



Carter Jonas graduates are given billing credits, unlike at many firms, where fee income is usually credited to senior members of the team. Lewis is the top billing graduate in the Carter Jonas commercial department. Not bad for a 25-year-old who joined the firm in April 2015, passing his Assessment of Professional Competence (APC) exams in June 2017 to gain full RICS membership. "I always wanted to work with buildings. At my comprehensive in Penarth I was drawn to the subject." Today Lewis works as a building surveyor in the Chapel Place office, across from the shimmering flank of the Oxford Street Debenhams. Lewis travels east, to Woolwich, one day a week. He is on secondment to Greenwich council works department. More than once he travelled to Brighton to help draft a planned maintenance schedule for Roedean, Britain's top girls school. "We had to survey the whole estate and put together a programme. Fascinating job." Lewis endured two weeks of less than fascinating work experience with an electrician while at school. "When I was 17 and started looking at university courses my careers advisor suggested interior design or architecture," says Lewis. Neither appealed. But working on buildings still fascinated. "I didn't want to be office-based." So, it was off to Nottingham Trent between 2010 and 2014 to gain a first-class honours degree in building surveying. His time including one year out, working at building surveyors, the Watts Group. Here, he met Richard Love, now Head of Architecture and Building Surveying at Carter Jonas. After graduating he joined Watts in 2014. But only for a year. In 2015 Lewis joined Richard at Carter Jonas. Give it time and Lewis may return to Cardiff, where he grew up alongside two brothers and where his parents Steve and Sheila still live.

"I always wanted to work with buildings"

LEWIS ALI

Father Steve has been a ship-broker in the docks all his working life. Sheila used to work for an estate agent. Where Steve works, up to 45 different races of seamen once congregated, in what was known as Tiger Bay. In the 100 years up to the 1920s coal was king in Wales and millions of tons were exported around the world. Lewis' great-grandfather on his Dad's side sailed into Cardiff from Yemen. Hence the Ali surname. "I'd like to progress to Associate at Carter Jonas" says Lewis. "I also have a hankering to work abroad. But, after that, it might be nice to set up Carter Jonas Cardiff."



“FAILURE TO PROPERLY CONSIDER THE DETAILING WILL ALWAYS RESULT IN FUTURE PROBLEMS”

Communities Secretary, Sajid Javid, has ordered re-examination of the Building Regulations, following the Grenfell Tower fire. Review chair, Dame Judith Hackitt is due to report by Spring 2018. Carter Jonas Head of Architecture and Building Consultancy, *Richard Love*, says that “procurement issues and cost savings” may lie at the root of this tragedy.



Commercial Questions

“The Grenfell tower inquiry team will need to delve more deeply than the remit suggests in order to fully understand the chain of events that led to the Grenfell tower cladding turning the 22-storey block into a blazing inferno on the night of June 14th. Dame Judith Hackitt is charged with examining three facets. One - how the regulatory system failed and how it could be improved? An obvious

question, with some obvious answers. Two - ‘international regulation and enforcement issues’. Clearly worth a few trips to find out how other jurisdictions manage. Three - ‘related compliance and enforcement issues’. I’m not quite sure if that phrase has been left deliberately vague. But it could provide an entry for Dame Judith’s team to examine the force that will, in time, warp whatever rules are put in place to



Editorial credit:
Thabo Jaiyesimi / Shutterstock.com

prevent a future conflagration - that force being money and a re-think of construction costs.

"I've been a Building Surveyor for over 15 years now. As building surveyors we spend our lives engaged in refurbishment and maintenance projects, such as the one at Grenfell Tower. The challenges of interfacing an existing building with a new design – whether that is an extension

and alteration or a replacement cladding system – are all too familiar. In our client's eyes, success hinges on delivering that interface without unwarranted costs. Savings can be spent on other improvements is the rationale. Two related questions tend to come up long before works starts. The first often arises after the tenders are received: What do you do when a project is over budget?

"Because of the bespoke nature of projects like the re-fit and refurbishment of the Grenfell Tower, estimating costs before the contractor's prices are obtained can be tricky. It is common for tender prices to come in over budget. Tenderers are often asked to produce bespoke designs to loose performance specifications. There is little information on the base building. It is no wonder that tender prices can vary widely. The scarcer the information, the higher the price. Much has been made of the decision to replace the originally specified zinc-coated product with an aluminium faced product to save money. For the reasons given, this is a common occurrence. The evaluation is simple enough. Does the substitute material have sufficient fire rating, thermal performance, weight etc.? However, the external cladding panel is just one part of a whole system, and what interests me is how we, as an industry, approach getting this right.

"Some of the other details which would have needed readdressing as part of this substitution of a product would include fire breaks within the cavity and between the original structure and the cladding. The way the cladding interfaced with the windows and the effects on automated ventilation systems. Is there flexibility to accommodate other penetrations through walls - now and in the future - and what about ease of future

maintenance? Which brings us to the second money question: what part does value engineering play in reducing building safety? All too often in Value Engineering exercises, the need to stick to a programme and 'show progress' can mean that carefully considered design information gets replaced with a hastily prepared contractor-led solution, proved by means of manufacturers specification and examples from previous projects. Failure to properly consider the detailing will always result in future problems, sometimes these will be more tragic than others.

"In order to Value Engineer properly, the modification to the design has to be properly considered from a performance perspective, as well as a cost one and sometimes the haste of the value engineering process means this gets overlooked. I have no doubt that the detailing I referred to previously such as the cavity protection and window interfaces will have been surveyed, reviewed and specified in the original tender by the project architect. What I am intrigued to know is how this information was developed when a different system was introduced, and was the same level of diligence applied in order to properly consider that 'system performance'? If so, how did the flame spread so quickly across the cladding with the necessary cavity fire barriers in place, and how did the fire get outside to the insulation component of the cladding in the first place, if this area was properly detailed?"

/ Richard Love has over 15 years of building surveying experience working with a variety of clients across the UK. His specialisms include: priority strategic procurement advice, advising on refurbishment and maintenance management approaches and project management.




**Commercial
Spotlight:**
The Public Sector

*Say hello to Alexandra Houghton, or 'Lil' as everyone at Carter Jonas calls the partner in charge of **Consultancy and Strategy**. Peter Bill looks at what makes this world class triathlete tick when it comes to mentoring other women in the firm. Then Lil provides her views on how councils can benefit from a **property audit under the One Public Estate***



"I HOPE MY
EXAMPLE TO
YOUNGER WOMEN
IN THE COMPANY
CAN ENCOURAGE
THEM TO
PROGRESS"



*“A PROPERTY
AUDIT CAN BE ONE
OF THE GREATEST
OPPORTUNITIES FOR
DRIVING EFFICIENCY
FROM THE OPERATIONAL
ESTATE”*

Lil Houghton is an athlete, mother, board member, partner and public sector specialist. An inspiration to men and women of the property world alike, we put the serious subjects aside briefly to find out a little more about her. Property is a people business after all.

Alexandra Houghton is in her late thirties. The head of Consultancy & Strategy at Carter Jonas guesses she will save £250,000 on Virgin Active gym membership fees after winning a competition in The Times in 2002 offering free lifetime membership. Boy, does she take advantage. "I swim three or four five times a week in the Virgin Mayfair or Strand pools. I aim for 100 lengths, or around two and a half kilometres. Takes about 45 minutes. Usually before work. Sometimes I can sneak a swim in before an out of town client meeting."

Trying to work out if you can match that pace? Don't fret. You are comparing your fitness level with a woman who represented Great Britain three times in the world triathlon championships. Alexandra, known by all as Lil, came 11th in the women's 30-35 age group in Beijing in 2011. She then competed in New Zealand in 2012 and London in 2013. Cycle rides from London to Cannes for MIPIM, rather than using EasyJet, have been regular occurrences. Most alongside EG deputy editor Sam McClary.

"Numerous Cycle to MIPIMs means I've really gotten to know Lil and am proud to call her one of my best friends," says McClary. "Doing events like that you get to see the real person behind

the suit. Lil is the most honest, warm, smart and, of course appropriately inappropriately humoured person I know," says the journalist, who has been known to run up the side of Table Mountain in Cape Town and cycle down the length of Britain for charity. "I blame Lil entirely for getting me into all things cycling and triathlon.

"We were famous among the Cycle to MIPIM crew for our infamous Bedroom Diaries, a roughly filmed debrief of the days riding, which saw us go from entirely professional to insane messes," says McClary, who has also competed many times alongside her friend in the annual property triathlon. In Spring 2015 Houghton did something at that year's event she is unlikely to repeat: Swim the 2.2km Dorney Lake while six months pregnant with first child Eddie, now a lively two-year-old. She came third overall.

In early 2014 Houghton moved from Deloitte to Carter Jonas, after 11 years. In late 2014 came two bits of good news. "I found out I'd made partner, one day before I found out I was pregnant." More good news came after the swim. In June 2015 she joined the six-strong commercial board of Carter Jonas, chaired by Scott Harkness. The commercial division has grown from 65 staff to over 150 staff over the past five years. Today this board supervises operations in five commercial 'hubs'; London, Bath, Cambridge, Leeds and Oxford.

Houghton's work is currently "100% public and third sector". After studying geography at Leeds and doing an MA in property and law at the Cass Business School, she joined Drivers Jonas in 2002, which was taken over by Deloitte in 2010. Carter Jonas does much public sector work, lately completing a

review of all Buckinghamshire County Council property under a Location Asset Strategy Review (LASR). Something Houghton feels can help other councils, including those seeking grants under the One Public Estate (OPE) programme.

“HOUGHTON ALSO FEELS THAT CRITICISM OF COUNCILS BUYING INVESTMENT PROPERTY IS MISPLACED”

"An audit can be one of the greatest opportunities for driving efficiency from the operational estate," she says on page 32. "Consolidating services can offer a meaningful and sustainable reduction in the size of the council portfolio." Houghton also feels that criticism of councils buying investment property is misplaced. "I think one should look at this in context. Even if public sector were to double this year it would still make up only circa 5% of total funds invested," she says on page 33.

Between swimming and working with clients comes collaborating with Carter Jonas staff. Houghton helped set up a company diversity network. "I hope my example to younger women in the company can encourage them to progress." Her example has won Houghton a shortlisted place on the RICS Young Surveyor of the Year Awards. No, Houghton has not lied about her age. The category is "Mentor of the Year". Clearly a woman you can talk to, if you can catch her.

Commercial Spotlight: The Public Sector

Christmas comes early for councils who have convinced government to hand over grants and loans to kick-start projects designed to gather public employees together under the One Public Estate (OPE) policy.

December 8th is "D" day. Grants of up to £500,000 will be ladled from an £9m pot to winning OPE applications. Since 2013 the initiative has aided 350 projects in 255 local authority areas and helped deliver £27.6m in capital receipts and £20m in cost savings. The target is to raise £615m and cut costs by £158m by March 2021.

The entry price councils pay is an obligation to prove revenue savings, capital receipts, new residential units and number of jobs. In Houghton's view, council's should run a complete property audit before entering into OPE initiatives. That's where Carter Jonas can help. Carter Jonas has a Location Asset Strategy Review (LASR) team to help with both the property audit and OPE applications. Head of public sector focused Consultancy & Strategy Alexandra Houghton says the audit also has wider benefits. "With the central government Revenue Support Grant being phased out, councils are now looking to be financially self-sufficient, part of this is investigating new ways of finding income."

One way is to borrow cheaply from the Treasury and invest in income producing commercial property.

COUNCIL PROPERTY TEAMS HAVE A CHALLENGING MANDATE

The other is to look to what you have. "Council property teams have a challenging mandate," says Houghton. "Given the determination to search for commercial investments, are their eyes being taken off the operational service property portfolio? Resource is often directed towards these 'quick win' opportunities. In some circumstances greater financial gain and service can be made from the existing stock."

Searching for such savings is not easy, she warns. "The complex nature of local authority services can represent a significant hurdle. Success only occurs when either the property team properly understands the business operation, or the business operation fully understands property. In a reactive local authority scenario, it can often fall to the operational service teams to understand property dynamics. This can cause difficulties and frustrations in the change implementation process." Houghton quotes an example:

"A council may be deciding which services should locate to a retail unit which has become available within a newly proposed town centre scheme. Will the library move from its old location into the new scheme? The old library may have shared space with a children's centre. Should they move into the new scheme too, or is the new

location in the wrong catchment area? If the move is to be viable, what will be the future of the existing site? Or is this all too difficult and we'll just let the unit to a local coffee shop as it is so much easier?"

"Forming a detailed understanding of the service needs and property supply is a monumental task," she warns. "But an audit can be one of the greatest opportunities for driving efficiency from the operational estate. Consolidating services can offer a meaningful and sustainable reduction in the size of the Council portfolio." Not just for the council. "The audit should also embrace the service need of other organisations including, the NHS, police, central government, district and parish authorities.

"Geography and convenience are not at the core of the OPE ethos," cautions Houghton. "In some circumstances, when considering a new OPE project, councils will benefit from looking inwards to their operational estate rather than outwards. Carrying out a full property audit can also assist in faster decision making when regeneration and development projects are being conceived. This helps ensure Council services are at the front of the queue and have the opportunity to select the right location for them rather than taking what is left."

COUNCILS BUYING PROPERTY FACE CONFLICTING NEEDS

Councils able to borrow money at 2.4% interest fixed for 10 years are being tempted to buy commercial property yielding double or more the interest rate.

Councils able to borrow money at 2.4% interest fixed for 10 years are being tempted to buy commercial property yielding double or more the interest rate. In the year to March 2017 Public Works Lending Board loans jumped 20% to £3.6bn. How much was borrowed to buy real estate is hard to say. The Board “does not require information on the purpose for the loan.” But a rough tot up of the investment purchases made by local authorities shows nearly £700m of deals were done in the first half of 2017 alone.

Significant deals include Surrey County Council’s acquisition of Malvern Shopping Park in Worcestershire for £74m. The biggest ticket deal so far was in 2016, when Spelthorne Council paid £350m for BP’s R&D establishment in Sunbury. What is driving this trend? The prime motivation appears to be the need to tap new revenue streams to supplant government regional support grants, which will be turned off in 2020. But a separate consideration can be supporting a shopping centre within the council’s bailiwick.

Alarm bells have been rung by Liberal Party leader, Sir Vince Cable,

make up only circa 5% of total funds invested.

Mike Prosser of the Carter Jonas Investment & Asset Management Team says “I believe it is a trend which is set to continue, given the arbitrage currently available between commercial property yields and the cost of public borrowing. It is also unlikely that the direction of travel of government funding will be reversed any time soon. Where local authorities acquire appropriate assets which are defensive in nature and whose value could be realised relatively quickly, there should not be an issue over investing in the sector.”

Councils buying property face conflicting needs, says Houghton. “There is voter pressure to invest in



Carter Jonas are advising Hertfordshire County Council on the procurement of a new strategic development partner

by the Chartered Institute of Public Finance and property fund manager Lord Oakeshott. “English councils punting on property is an accident waiting to happen.” Alexandra Houghton thinks the concern overdone. “In my view, whilst it is prudent to note these concerns, I think one should look at this in context. Even if public sector investment in commercial property were to double this year it would still

local schemes, particularly retail centres. There is financial pressure to invest elsewhere for long term income. Some form of regulation on lending will likely be instigated. I don’t believe this would be detrimental, as it might well steer councils away from some of the higher risk assets. But if councils are truly seeking to build an investment portfolio they should be free to seek assets outside their own boundaries.”

Commercial
Regional
Focus

“IMAGINE LEEDS AND THE SURROUNDING CITY REGION IN 2036”

Predicting the future is like peering into fog. But Leeds City Region has published a route map showing how the shape of the City and surrounding region could look in 2036. Head of Northern Agency, *Chris Hartnell*, takes a look.



Predicting where Leeds property values will be in 2020 takes an element of guesswork. But it's what we do at Carter Jonas. Guessing which locations will prove profitable in 2036 in the Leeds City Region of 1.9m may sound a wild exercise. But some guesswork has been removed. In 2016, a 20-year plan was published by the Leeds City Region Enterprise Partnership. The 96-page report identifies growth spots in ten council areas, which are, Leeds, Bradford, Barnsley, Wakefield, York, Harrogate, Kirklees, Craven, Calderdale and Selby. Here we have the biggest regional economies outside London, worth £62 billion, 5% of England's output.

Summer 2017 saw clarity on HS2, stated to fully open by 2033. The Leeds High Speed terminus will be conjoined with the existing station. To the south, over the River Aire, lies 185 hectares of under-developed land. The Enterprise Partnership suggests extraordinary growth. "The regeneration of the South Bank area will be the biggest change the city has seen in more than a hundred years. We aim to double the size of Leeds city centre by transforming South Bank into a distinctive European destination." There will of course be ups and downs - and periods of stalled growth over the next 18 years. But certainty over the HS2 station brings the certainty of a long term rise in values and economic output for the City Region.

TODAY'S PICTURE

The Leeds office market has always been strong in the financial & professional services sectors. The next decade will see a strengthening of the city's regional dominance in the new technology sector. Leeds is already home to around 3,500 digital and IT companies, with a workforce of 45,000, around 10% of all jobs in the city. The swift growth of companies such as Sky Betting & Gaming has laid

firm footings. Bruntwood's conversion of the 12-storey City House to provide 120 000 sq. ft. of new workspace re-branded Platform is a good example of development designed to meet this growth in demand. The office has been designed to provide a platform where businesses of all shapes and sizes can connect physically and digitally. London is not the only city with a firm plan to maximise on opportunities.

Furthermore the largest ever commercial letting in Leeds has just been announced with HM Revenue & Customs (HMRC) and NHS Digital taking a 378,000 sq ft Government HUB at Wellington Place, Leeds. This move will provide jobs for 6,000 Civil Servants and can hopefully provide a catalyst for further new development to focus on the South Bank.

While Permitted Development Rights remain, the conversion of secondary offices to residential will continue, particularly in Leeds, York and Harrogate. In all three cities residential capital values are higher than the commercial existing use. In Leeds we have just moved offices to Bond Court, into a space four times larger than our old offices in Carlton Tower. Shortages of good quality, Grade A space will remain, as long as build costs and rental levels make new office development prohibitive. I expect a continued squeeze in supply in smaller towns in particular for much the same reasons. SME's will find office and commercial space hard to find however this will result in rental growth in towns such as Harrogate and York in particular.

The trend for large warehousing space known as the big box revolution is beginning to diminish despite Amazons recent completion of a brand new 1 million sq ft warehouse at I-Port, Doncaster. The sector will continue to be dominated by the online retailing sector with the likes of Amazon leading the way with far greater importance placed on 'last-mile' delivery hubs as customers' demand next day, or even

same day deliveries. The 142-hectare Leeds Enterprise zone at Junction 4 of the M1 is one obvious growth point. There is room for another 4m sq. ft. of distribution space in the zone minutes from the city centre.

TOMORROW'S WORLD

Imagine Leeds and the surrounding City Region in 2036. HS2 has been open three years. The combined station is now handling double the number of passengers than it was in 2018, over 60 million, as many as Gatwick Airport. Promises to double the size of the city centre and build over 4,000 homes on the South Bank have been nearly fulfilled. Two local IT start-ups have turned into global 'unicorns' and employ 5000 staff between them. The sector has matured along with the staff. Bean-bags and table tennis tables at work have long gone, replaced by adult desk slots of no more than 50 sq. ft. per person.

Over 90% of all vehicles on the roads are electric, including lorries. Many cars and most trucks are effectively driverless. Ten HGV vehicles in quiet convoys, nine with no driver have become routine. Hard to imagine the roaring M62 falling virtually silent isn't it? Great for noise-blighted property prices. In-town retail is now 75% food and 25% shops. The care sector is in decline as the population of baby-boomers decreases. Sheds have become "robots with cladding." The world now hums rather than roars. One final prediction. An unknown, unknown, will also have come along by 2036 to surprise everyone.

/ Chris joined Carter Jonas in 2009 as part of the Leeds Commercial Agency team, providing disposal advice to landlords and office search and lease negotiation advice to tenants across Yorkshire and the North of England. Chris has acted on behalf of a number of key clients during his time at Carter Jonas, including Vp plc, DWP, Hitachi Rail, Schindler Group, Munchkin and CEG. Chris was promoted to Head of Agency in the North in November 2016.



Commercial Concern

“WE SPOTTED LOOPHOLES THAT OTHERS MIGHT BE TEMPTED TO JUMP THROUGH”

Valuers are used to having others disagree with their opinion. But today, the profession is under pressure like never before. Head of Valuations *Dudley Holme-Turner* explains why.

Choose your valuer carefully. Today professionals are under pressure as never before. Performance driven fund managers push hard to maintain values and so risk distorting the market. The principle of a free market valuation faces a burden imposed by those who wish to use the Red Book as a base to regulate the property cycle. From January 1st 2018 valuers will have to abide by rules on conflicts of interest, rules that are less than clear.

Let's take the last point first. Carter Jonas spent a day examining and discussing the conflict, published by the RICS in May 2017. The 12-pages of rules are mandatory for RICS members and RICS regulated firms. Drawn up following long-held concerns that, the larger the firm, the more danger there is of a client not being given impartial advice.

A RICS regulated firm:

- Must not have a contractual relationship with both the seller and buyer under any circumstances: what's called the "dual agency" ban
- Must not act for buyers and sellers of property owned by parties holding an interest in the agent: the so-called "related firms" ban
- Must warn potential clients if they are already acting for clients seeking similar stock: the "multiple introductions" caution
- Must set up a barrier between dealmakers and those providing planning or valuation advice: the so called "incremental advice" rules.

“TO US, THE RULES SEEM OPEN TO INTERPRETATION AND QUESTION”

Carter Jonas is rarely conflicted, by way of our size. But, to us, the rules seem open to interpretation and question. The more we looked during our day long gathering, the more we spotted loopholes that others might be tempted to jump through. My view is the RICS will need to clarify and tighten the guidance.

My second concern is the plan by the Property Industry Alliance (PIA) group

to 'smooth' the property cycle by the introduction of the "Adjusted Market Value." Put simply, this means, "never mind what the valuer is asserting, knock 15% off the value of the asset, as history tells us the market is 15% above its long-term average." It will make a mockery of the principle of Market Value, based on transactions prevalent at the time.

This is a serious suggestion put forward after several years of research by an eminent group of industry figures. The rationale is sound. The methodology is not in question. I can see lending banks may take heed an AMV warning, when calculating loan-to-value ratios. But cutting LTV ratios is surely a simpler and easier way when it comes to lending?

Also, who gives the warning? That's not been made explicit. Unless it's the Bank of England nobody will care. The Old Lady of Threadneedle Street could wave a red flag, sector by sector, region by region, quarter by quarter. Fine. The Bank did not acquit itself well in the run up to the great crash of 2007-9 when values fell by 45%.

The group that put together the AMV model made retrospective calculations for the decade leading up to June 2007. The AMV brake should have been applied in 2004. What did the Bank of England say that year? "Commercial property lending provides little cause for immediate concern." In May 2007 the Bank warned of "potential vulnerabilities."

Beyond these uses for AMV, I worry. The PIA is "exploring how the methodologies could be used in practice." My view is that they need to be very careful. We do not see borrowers taking kindly to interference.

Particularly where they have recently purchased a property and, effectively, being told they have over-paid for it by a significant percentage.

It is also likely to be an issue for those who are trying to secure deals in an already competitive market. One ignored issue is that only 40-45% of the £54bn of loan originations in 2016 came from UK Banks and Institutions. Which overseas lenders are going to heed the Bank of England?

“MY VIEW IS THE RICS WILL NEED TO CLARIFY AND TIGHTEN THE GUIDANCE”

My final concern is the monthly, quarterly and annual valuations undertaken by fund valuers. While not all, some are severely out of kilter with actual values. This is due principally to valuers being pressurised by funds and institutions not to lower their asset values unduly, when the market is declining - and to push for increases when the market is prospering.

As in banking, performance-related remuneration increases pressure amongst a few to warp the numbers. Over time this has led to a significant disengagement of fund valuations and, therefore, also the revered IPD Index, because of the unrealistic and compounded adjustments made over time. As I said at the start, choose your valuer carefully.

/ Dudley is a Valuer and LPA Receiver with over 20 years' experience of working across London and the South East. As head of Valuations at Carter Jonas, Dudley manages a 33-strong team based across the UK. His previous roles at Lambert Smith Hampton, DTZ and Cushman & Wakefield were focusing primarily on the commercial sector, however he is also a specialist in development and strategic land appraisals on residential and mixed use schemes.



Commercial
Change

“A BUILDING THAT CANNOT BE LET HAS NO VALUE”

From 1st April 2018, any landlord with a building covered by an EPC certificate that falls into the gas-guzzling F & G categories will be unable to grant a new tenancy or extend an existing lease. Head of Commercial Property Management *Graham Pepper* says be prepared.

You know how it is as a commercial landlord: the deal is almost done, the tenant has agreed terms, the lease is about to be signed. Almost time to celebrate. At the 11th hour the tenant's solicitor throws a legal spanner in the works and soon a new spanner marked EPC becomes available for throwing. The topic of Energy Performance Certificates (EPC's) is about to get a lot less boring. Landlords have known for years that the day would come when an EPC listing below an E would cause issues for a building.

The day in question is Sunday April 1st 2018. Afterwards any landlord with a building falling into the gas-guzzling F & G categories will be unable to grant a new tenancy or extend an existing lease. There are penalties for non-compliance, fines that could rise to £150,000. Realistically, compliance is likely to be semi-voluntary. Five years later, on Saturday April 1st 2023 the EPC

rules will tighten further. From that day “landlords must not continue letting a non-domestic property which is already let” if it falls in the F & G bands.

There is a well-established industry in supplying EPC's since they came into being in 2008 amid rising tide of concern about global warming. All responsible landlords had long ago taken steps to comply with the legislation. Many have gone far further than required. Energy efficiency is now a selling point for the best landlords, just as much as it is for the best manufacturers of fridges or washing machines. But the rules for commercial building are a lot more complex than they are for white goods.

Delve into the Simplified Building Energy Model (SBEM) rules to see how you reach your MEES – the Minimum Energy Efficiency Standard. Rating an office block or shed is anything but simple. Please hire an expert.

THE TIMELINE

2018

From April 1st 2018 displaying the energy efficiency certificate for every commercial building becomes law. Any landlord with a building falling into the gas-guzzling F & G categories will be unable to grant a new tenancy or extend an existing lease

2023

From April 1st 2023 landlords must not continue letting a non-domestic property which is already let if it falls in the F&G bands

THE DEFINITIONS

EPC

Energy Performance Certificates (EPC's) provide a record of the energy efficiency rating of a building. The building is assessed on a scale from A (most efficient) to G (least efficient)

SBEM

Simplified Building Energy Model (SBEM) is the National Calculation Method (NCM) for the Energy Performance of Buildings Directive (EPBD)

MEES

The Minimum Energy Efficiency Standard (MEES) is a guide to the minimum energy efficiency standard for commercial buildings

The government says 60% of today's non-domestic buildings will still exist in 2050, representing around 40-45% of the total commercial floor space. Plenty of non-certified gas-guzzlers remain. Many smaller-scale landlords are in danger of being caught out, if not in 2018, then in 2023.

At Carter Jonas, the property management business has worked with many landlords over the past decade to produce energy plans. Each client will have their own priorities. The general process involves an initial portfolio survey, followed by the production of an energy efficiency plan and costed investment projects to ensure the stock reaches the required standard. Landlords should consider whether the costs can be recovered through the service charge, or whether they are non-recoverable, or whether they can form part of a terminal dilapidations claim.

“ENERGY EFFICIENCY IS NOW A SELLING POINT FOR THE BEST LANDLORDS”

Some landlords can relax. A fair number of properties are exempt from the regulations. These include; listed buildings, industrial sites, non-residential agricultural buildings with low energy demands and tenancies of less than 6 months (with no renewal rights) – and those with leases of over 99 years. There is a so-called 'Golden Rule' that exempts buildings where no pay-back from energy savings could be achieved in seven years.

Owners who fail to appreciate the danger of falling foul of the EPC regulations would be wise not to hope the rules will be observed in the breach. The EPC regulations are to be policed by local authority trading standards

offices. They can serve a penalty notice on the landlord imposing financial penalties. The authority may publish details of the breach. The landlord may ask for a review of the penalty notice, and go to a Tribunal if refused.

I'm not convinced Trading Standards has the manpower or budget to effectively police the EPC system. The fines and appeals system doesn't look set to be tested often. A more effective police force is at the ready. Tenant's solicitors will raise EPC issues you might want to ignore. The second force, this one armed with real guns, are valuers. Valuers are recommended to use the following standard wording to qualify their valuations:

“The existing EPC certificate that has been provided indicates that this property may not meet the minimum acceptable energy performance standard for the purposes of this Act. Unless the property qualifies as exempt, capital expenditure may be required in order to upgrade the property to an acceptable EPC rating standard. Failure to do this may result in renting this property being unlawful, with an associated impact on marketability and value.”

In April 2023 a commercial building with an F or G EPC certificate may only be as valuable as the land it stands upon. Therefore in my view, we have to conclude that a building that cannot be let has no value.

/ Graham has over 26 years of property and asset management experience. During that time, Graham has been involved in investment strategy, rent reviews, valuation and agency as well as his core skill of property and asset management. The portfolio of properties on which Graham has worked have been spread throughout the UK and represented every sector. Graham has been Head of Commercial Property Management at Carter Jonas for four years. He has previously work at Dohertybaines as Head of Property Asset Management, and Fletcher King as Head of Property Asset Management.

Commercial
Event

“ONCE IT WAS ABOUT TRADING
**COD AND
HERRINGS.**

AT THIS EVENT IT IS ABOUT
trading space”

Forget fish, it's retail space on sale at Old Billingsgate Market these days. *Peter Bill* sniffs around the Completely Retail and Leisure Marketplace on a glorious late September day, when 1,800 folk came along to do deals, gossip and, after 4pm, imbibe.



COMPLETELY RETAIL marketplace

“The weather gods have been onside again” said Dom Millar, organiser of the 11th Completely Retail and Leisure Marketplace in London which was taking place on a halcyon September day at Old Billingsgate Market. I was chatting to the MD of the Completely Group on the mezzanine floor of the Victorian fish market, listening to the buzz from 1,800 delegates doing deals below. “When the bar opens at 4pm, many will flood out on to the terrace for drinks. The weather is perfect. It seems to be every year, I don’t know why. Anyway, the view across the river to The Shard, fantastic.” An electric blue carpet had been laid on Victorian flagstones in preparation. This is a no-nonsense, no frills, one-day event. Grey-walled booths, no fancy stands, no fancy lunches. Hot dogs from Dog & Bone and Indian wraps from Zabardarst were provided free on the mezzanine from noon. The smell was enticing. Said providers were clearly happy to offer nourishment in return for the chance of doing a deal to take space in retail locations across the land. No drinks, beyond beer, were on offer. Hold off until 4pm was the unstated message.

The rules of engagement are clear for the event, which is repeated in Amsterdam, Dublin and Stockholm, then again in April in London. Only agents, landlords and retailers allowed. Retailers come for free. About one third of each cadre attends. Agents and landlord pay for space enough to hold one round table and no more than six chairs, plus a standard branding board no bigger than a tray. What more do you need to hold a series of pre-planned meetings? Cocktail tables and perch-upon stools for unplanned meetings populate the aisles. Weaving through the throng was not easy. At 11.00am on September 26th there was hardly a seat to be had in the entire house. Subway,

Lidl, Aldi, Asda and Co-op booths were artfully dispersed between landlords such as British Land, Intu, Legal & General, Peel and The Crown Estate.

The football-pitched sized covered market feels familiar, if oddly old-fashioned. Billingsgate was designed by Horace Jones in 1873, the City of London architect of Smithfield and Leadenhall markets and of course Tower Bridge. The smell of fish is absent. But the smell of commerce lingers under the vaulted wood and wired-glass roof. Billingsgate has the atmosphere of a place where deals are done. Once it was about trading cod and herrings. At this event it is about trading space. The mezzanine has a ‘soapbox’ room, where those looking for space can try and convince retailers to do a deal. I just missed a pitch from “Chuku’s ‘the world’s first Nigerian Tapas restaurant.’ But I did catch a slim earnest Irishman called Julian Shovlin make the case for iSmash. He wants another 40 locations of 300-350 sq. ft. to set up phone and tablet repair booths. “We have venture capital money” said Julian. “I think there is potential for 120 outlets.” It was hard not to disagree.

Downstairs Carter Jonas was making a softer pitch to a stylish but unidentified man, who seemed interested in the regeneration proposals for Great Yarmouth, which partner, Steve Norris, displayed. Steve, and colleagues Kate Lea and Katya Samokhvalova, were heads down over a well-handled illustration of what the future shape of the Norfolk seaside town might look like. Meanwhile I was talking to Carter Jonas partner Will Mooney, who was fronting the booth. “We’ve been coming since 2015. You’ve got every household name you’d like to get hold of, all here on the one day. It’s great. Property is still a people business. Retail is the fastest moving part of the



business. Retailers don’t want to miss a site that their competitor might snap up.” Carter Jonas had a nine-strong team circling the event. The mood this year? “It feels like it is 10% down on the April edition,” said Mooney with admirable frankness. “Some of those who took big booths in April have taken smaller space this time around. But that’s the craziness of the property world in September for you. It’s still busy, as you can see.”

/ Completely Retail and Leisure Marketplace London takes place in April and September. Find out more at: crmarketplace.com

Our national Retail, Leisure and Hotels team operate throughout the UK. Brands we have worked with in the last 12 months include:

Co-op / Costa / Starbucks / McDonalds / Tesco / Cineworld / White Stuff / Greene King / Travelodge Hotels Limited / Molton Brown / Pizza Hut / Gap Kids / O’Callagan Hotels / Betty’s and Taylors / Rick Stein / Gonville Hotel / Cancer Research UK / Samsung

Commercial
Research

THE MARKETS

Commercial Edge is the flagship annual report series collated by the property specialists at Carter Jonas. The Commercial Edge six-month update is released every September, just in time for the property world to awake from the August slum. Here, we present a snippet of the research focusing on the rents and yields of the core Carter Jonas specialist cities. To view the full reports visit carterjonas.co.uk/insights

Office: Rent (psf) & Yield
 Industrial: Rent (psf) & Yield
 Retail: Rent (ZA psf) & Yield
 Year-end 2018 outlook ↑ ↔ ↓

1. OXFORD

Office	rent	£30.00	↑
	yield	5.50%	↔
Industrial	rent	£10.00	↑
	yield	5.50%	↔
Retail	rent	£300.00	↑
	yield	4.00%	↔

Market insight by: Jon Silversides, partner

2. BATH

Office	rent	£23.50	↑
	yield	4.75%	↔
Industrial	rent	£11.00	↔
	yield	5.00%	↔
Retail	rent	£205.00	↔
	yield	4.50%	↔

Market insight by: Philip Marshall, partner

3

4

1

5

2

3. LEEDS

Office	rent	£30.00	↔
	yield	5.25%	↔
Industrial	rent	£6.25	↑
	yield	5.00%	↔
Retail	rent	£250.00	↔
	yield	4.75%	↔

Market insight by: Chris Hartnell, associate partner

4. CAMBRIDGE

Office	rent	£38.00	↑
	yield	4.75%	↔
Industrial	rent	£13.00	↑
	yield	5.75%	↑
Retail	rent	£290.00	↔
	yield	4.25%	↔

Market insight by: Will Mooney, partner

5. LONDON

CITY

Office	rent	£67.50	↓
	yield	4.25%	↔
Industrial	rent	£13.50	↑
	yield	4.50%	↔
Retail	rent	£300.00	↑
	yield	4.00%	↔

WEST END

Office	rent	£115.00	↓
	yield	3.50%	↔
Industrial	rent	£16.00	↑
	yield	4.50%	↔
Retail	rent	£2,250.00	↑
	yield	2.25%	↔

Market Insight by: Michael Pain, partner

/// To view the rent and yield information for a range of UK cities, visit carterjonas.co.uk/insights and download our Commercial Edge Update reports.

Source: Carter Jonas

Office: Estimated prime rents, based on a NIA basis for a typical Grade A/refitted prime located office space (excluding rents payable on upper and ground floors in tower buildings in Central London)

Industrial: Estimated prime rents, based on 10,000 sq ft (GIA), brand new unit in prime location, with 45-50% site cover and 10% office content, and a lease of 5-10 years

Retail: Estimated prime rents, based on Zona A rental cost for a standard A1 use retail unit

BEHIND THE RESEARCH

Research is a game which almost every company plays, but not all play it well. What sets the good research aside from the bad? Or the great aside from the good? We caught up with *Andrew Heard*, commercial research analyst at Carter Jonas, to find out his views.



“There are two schools of thought in the real estate research world; ‘Market reporting’

in the form of hard data and analysis, or genuine ‘thought leadership.’ Andrew Heard, 34, is the new commercial research analyst at Carter Jonas, joining from Cushman & Wakefield in September 2017. What does Andrew think after three years at one of the largest real estate firms on the globe?

“In the real estate industry there are many interpretations of the term ‘research.’ In this day and age the ability to provide an off-the-shelf suite of data-based intelligence is certainly becoming a necessity. Meanwhile there is a growing requirement for thought leadership which is a little harder to get right. Thought leadership productions require researchers to look beyond the here and now, challenging market realities and taking on board the thoughts of leading experts, says Andrew who’s first job after university was as a member of the EG research team, between 2007 and 2010. “At the same time it is essential that researchers remain engaged with the ‘road-runners’, deal makers and most importantly clients in their individual businesses ensuring outputs are digestible, pro-active, timely and where possible tailorable by geography or industry. Achieving the right balance is not always easy. In my experience the most successful projects come when the research department is closely aligned to those ‘doing the business’ as it were, working together as one entity and challenging market perceptions and realities where appropriate.”



CLOUDS

WE KNOW WHERE TO FIND THE SILVER BITS

When the forecasts get gloomy, our team of extraordinary people can draw on years of expertise to provide enlightening wisdom.

Silver linings are as sure as rain, when you know where to look.

carterjonas.co.uk/commercialjournal

Follow us on Twitter,
LinkedIn and Instagram



Carter Jonas