

# CAMPAIGN

Property Agents Independent Newsletter  
Issue 3 | April 2016

## “UK ECONOMY IMPROVING”



**PAI president Mark Tillson (pictured above) welcomed more than 200 members and guests to the 51st annual cocktail party at the RAC Club in November.**

In his welcome speech he began with politicians.

*“Whilst I cannot recall, in the past two years, any public political procrastinations pertaining to the green shoots of recovery from that aforementioned agglomeration of aspiring officers of state, I think this evening we would agree the UK economy is in a better place than at any time since the end of 2007, that’s eight years ago. But we are not out of the woods yet,”* he observed.

He noted that PAI comprises 26 member firms covering the length and breadth of the British Isles, and furthermore, are located in more than 40 towns and cities.

Mark also gave a snapshot of what the organisation gets up to during the year, as well as the inter-firm deals between members, joint agency instructions and referrals, and the opportunity for the entire membership to meet twice a year.

He particularly thanked Fergus Laird of Naylor’s in Newcastle for leading the strategy of upgrading the PAI website, Andrew Hardwick of Williams Gunter Hardwick in Bristol for chairing the marketing group responsible for producing two PAI newsletters each year, Tim Bradford of Banks Long in Lincoln for chairing the investment panel group which meets four times a year, and Robert Lane of Lane Walker in Sheffield for organising the annual cocktail party.



1. From left: Fergus Laird of Naylor’s, Steven Wood of Telereal Trillium, and Philip Steadman and Angus White of Naylor’s.
2. From left: Clare Cochrane, Alan Treloar and Joanne Harwood of Vickery Holman.
3. From left: Caroline McKillen of McConnell Chartered Surveyors, Sean Sullivan of Lambert Smith Hampton, Martin Dolan and Lorraine Bridges from TUI, Francis Murphy (private guest) and Bobby Clark of William Clark & Sons.
4. From left: Chris Hennessy of Matthews & Goodman and Chris Ridge of London Clancy

## COCKTAIL PARTY SOUND BITES

“ We have property interests all over the country. PAI gives us national representation and local expertise. ”

**Tony Marsden, Hartshead (guest of Lane Walker)**

“ Their interconnectivity with other firms assisted us because it gives them superior knowledge of what’s going on outside, within the broader market. ”

**Gary Thompson, The Crown Estate (guest of McConnell Chartered Surveyors)**

“ I like dealing with independent agents who have their own practices. They seem more savvy about the advice they provide. I think the effort they put in is greater than the larger practices. ”

**Stuart Goldstein, Square Metre Properties (guest of Naylor’s)**

“ PAI members are specialists in their different areas. Introductions effected to others have resulted in business in different areas of the country. It isn’t a London agents’ thing. Outside of London is where the benefits come. ”

**Martin Mortimer, the Royal Borough of Kensington & Chelsea (guest of Banks Long & Co)**

“ The benefits to us firstly are that it gives us access to lots of agents throughout the country with local knowledge rather than the nationals with local offices. You are getting advice from senior directors with 30+ years’ experience. We have projects elsewhere in the country and they can introduce us to appropriate other local agents which for us is invaluable to the projects. It is all about local knowledge and that is PAI. ”

**Phil Eves, Buccleuch (guest of Naylor’s)**

“ The benefits to us of being involved with the PAI are around raising awareness of available tax relief and tax planning opportunities. We have worked with a number of PAI member firms and have been able to secure tax relief for them that they were not expecting. ”

**Paul Farey, Director, AECOM**

## PAI REELS IN UK-WIDE INSTRUCTION FROM ANGLING DIRECT



We're fishing in a bigger pond.....

**Angling Direct**  
Specialists about your fishing

is expanding its branch network in trade park locations throughout the UK

3,000 sq ft GIA  
Restricted A1 user  
Good quality covenant

See over for list of target towns or contact Andrew Bastin FIOCA  
andrew@bastincommercial.co.uk

**Bastin Commercial**  
Property Consultants

**PAI member firm Bastin Commercial, based in East Anglia, has been appointed by Angling Direct to deliver a branch expansion plan which will see its portfolio increase from 11 outlets to 35 in the next five years.**

Angling Direct is firmly established as one of the leading fishing tackle companies in the country. Its business is promoted through mail order, internet and local branch outlets, and the UK-wide property expertise provided by PAI was seen as a major consideration in awarding their instruction.

Andrew Bastin said: “The client is based in Norfolk, has good presence in the East of England, and was therefore keen to use a local agent with national contacts to help secure the planned expansion. While the phased rollout covers the whole of the country, an immediate priority was Reading and we were able to call on Jim London of PAI member London Clancy, in whose patch the location falls, for contacts, help, and advice in narrowing down our short-list to the preferred options.

Beyond the Reading requirement, priority target towns for 2016 include Hemel Hempstead, Kettering, Letchworth, Milton Keynes and Northampton, so we'll be calling on the skills of our PAI colleagues in those areas to satisfy that need.”

# A GLOBAL LOOK AT ECONOMY



**PAI members were treated to a cautiously optimistic global economic outlook at their annual partner's conference in November by a senior economist at RICS.**

Jeffrey Matsu gave members an insight into a RICS UK commercial property survey which showed a strong occupier market pointing to a further acceleration in rental growth into 2016. Rents and capital values are expected to rise even more firmly, with key occupier and investment market indicators remaining firm, albeit a little less so than in Quarter 2.

The survey also showed that lack of stock continues to be an important factor driving rental growth with the conversion of commercial space to residential having a particularly significant impact in London. Investment enquiries were remaining strong as was foreign interest in the market, pointing to further increases in capital values although growth momentum was likely to slow.

Following on from the Permitted Development Rights article in the last PAI newsletter, the study showed how this issue was impacting differently on London and the South East, and elsewhere.

Almost 40% of London respondents said it was having a moderate or substantial effect on them while a smaller 25% said it was having no effect at all. This compared to almost 50% in the South East who said it was having a

moderate effect, almost 40% saying a substantial effect and almost 20% saying no effect at all. Elsewhere, less than 10% said it was having a substantial effect, over 30% said moderate and almost 60% said no effect at all.

Following the state visit to the UK in October by the Chinese President, Jeffrey also presented IMF/Bank of England statistics which showed the republic's trade links with European, American and other Asian regions, which revealed that most of the UK's trade with China is through Europe rather than directly.

Jeffrey's presentation also used IMF figures which showed:

- A gradual recovery to world GDP, with risks to the downside
- Regional GDP growth will gather pace in 2016
- Global activity indicators affected by uneven demand, weak investment and China trade spillovers
- Global headline inflation affected by commodity prices, terms of trade and currency effects
- Monetary policy expectations remaining accommodative, with limited and gradual lift-off

Finally, when it came to prospects for inflation, Jeffrey said the Bank of England continually underestimated inflation. At the same time, the RICS survey showed the scaling back of interest rate expectations was a key support for the commercial property market.

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## PERMITTED DEVELOPMENT RIGHTS UPDATE

**Since we commented on the pros and cons of Permitted Development Rights in the last newsletter, the temporary measures have become permanent. While these measures extend way beyond presumed consent for change of use from offices to residential, this is the provision that is changing the land use mix of our city centres.**

The improvement in office investment values since the announcement of the extension of this policy by the Minister of State for Housing and Planning Brandon Lewis in October has reduced the marginal benefit of pursuing conversion to residential use.

Nevertheless, office occupier demand remains fragile while residential demand is surging, both from owner-occupiers and within the private rented sector so with the possible peaking of office investment values, PDR is going to have a continuing impact on the UK's city centres for some time to come.

**Andrew Hardwick, Williams Gunter Hardwick**



## DEDMAN GRAY SAILING A GOOD COURSE

**PAI members Dedman Gray have sold Bridgemarsh Marina at Althorne in Essex - a rare opportunity to purchase a freehold marina.**

Established in 1927, it is one of the few marinas in the UK to own the freehold of the river which extends up to the main high water. It extends to 17 acres, with 180 berths, saltings and a carp and eel fishing lake. The asking price was £1.6 million and the purchaser was self-represented.

Managing director Mike Gray said: *"With the number of investors, landlords and developers attending, together with the sale prices achieved, this proved to be one of the best auction sales in Essex for more than eight years. Yet again it is proved that for the right property, a sale by auction really does bring out the best in buyers and the competitive bidding delivers not only a top sale price but a quick sale within preset timescales."*

Dedman Gray have also negotiated the sale of Primrose Lodge, a 20-room care home and former hotel on a generous plot just outside Watford Town Centre, for £1.5 million. This follows a number of successful care home transactions during the course of 2105 and has presented Dedman Gray's "Care team" with a number of new enquires from established care home operators with funds available to acquire further established or new-build opportunities.



The firm has also recently held its largest auction for 12 years, with almost half of the lots achieving sale prices £30,000 to £40,000 more than the sellers expected and with one lot selling for over £1 million on the day.

Dedman Gray have been holding regional property auctions for more than 35 years and have become the leading auctioneers in Essex. The room at the Holiday Inn at Southend Airport was full on the day, with many interested buyers from all over the county.



## BSM AND NAYLORS HELP A CLIENT GO NORTH

**A substantial warehouse investment acquisition has been concluded by Barker Storey Matthews' Huntingdon office working with Naylor's in Newcastle.**

BSM circulated a client requirement for a single-let industrial investment for clients around the PAI investment panel network and several opportunities were forthcoming including a warehouse investment in Durham let to Jacques Vert, the women's clothing company. The building comprises 97,308 sq ft on a site extending to 6.7 acres and is let on a 10-year lease at £285,000 per annum.

Naylor's were not selling the building, which was being offered by another Newcastle agent, but introduced it to BSM who in turn put it to their client.

The client, a private property company who had never invested this far north before, flew up to Newcastle to

inspect the building and met with the Naylor's team who provided an in-depth report on the north-east industrial market. The client was impressed with what he saw and instructed BSM and Naylor's to bid for the property on his behalf. A price of £3 million was eventually agreed, representing a net initial yield of just under 9%.

Alan Matthews of BSM said: *"This is a great example of two PAI member firms working together to provide a national investment service for our client. Our client had invested quite heavily in the Cambridgeshire region over a number of years with ourselves but had never ventured further north."*

Fergus Laird of Naylor's added: *"We aided BSM's client in Newcastle and took him to see the property. We explained what is happening in the north-east market which gave the client sufficient confidence to acquire the building. This is a great result for all parties concerned."*



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## CHANGING THE WAY WE MEASURE

**PAI member Aecom has produced a useful guide to the International Property Measurement Standards (IPMS) introduced on January 1st, in part to replace RICS Code of Measurement Practice.**

Initially they will affect the measurement of offices but will eventually extend to other uses. The rationale is to harmonise the measurement of premises in the global market.

The acceptance and use of a new global standard will not happen overnight particularly as all the comparable evidence will still be expressed in terms of Net Internal Area. Nevertheless IPMS are set to become a growing part of the international property market.

AECOM's "Changing the way we measure" guide is available to download from [www.aecom.com/content/wp-content/uploads/2016/01/FINAL\\_AECOM-Practice-note\\_RICS-property-management-January-2016.pdf](http://www.aecom.com/content/wp-content/uploads/2016/01/FINAL_AECOM-Practice-note_RICS-property-management-January-2016.pdf)

## STOP PRESS/DEALS DONE

PAI member Naylor's investment team has acquired a significant retail parade on Gosforth High Street, Newcastle, which was recently placed on the market with an asking price of £3.2 million.



The investment, which was acquired on behalf of the Halcyon Group, comprises eight retail units and occupies a prominent location at the junction of High Street and Ivy Road, between Gosforth's two main car parks. The retail parade has one vacant unit of 468 sq ft which Naylor's retail agency department has been appointed to let.

The retail parade is let to several businesses including The Gym Ltd who account for 47% of the property's income and have recently signed a new 15-year lease. Other tenants include Subway, Saks hairdressers and St Oswald's Hospice as well as Bradley Hall and Andrew Craig Estate Agents.

Fergus Laird, head of investment at Naylor's who acted on behalf of Halcyon said: "Gosforth High Street is one of Newcastle's most affluent suburbs. We were aware of this opportunity coming to the market and were very keen to secure a deal for our client given the strength of the location and the strong tenant mix, particularly The Gym Ltd who have recently floated on the stock exchange."

*Our client has an excellent track record in acquiring commercial investments and as a cash buyer was able to complete the purchase quickly."*

The property was sold by Metcalf Harland on behalf of administrators, the asking price reflecting a net initial yield of 7.81% with a revisionary yield of 9.01%.

**Portsmouth City Council has purchased a Waitrose supermarket in Crewkerne, Somerset, for £13 million from a group of private investors advised by PAI member Matthews & Goodman. The transaction reflects a net initial yield of 5.0%, net of purchase costs. The occupational term runs to at least September 2028 at a current rental of £699,248 per annum which will increase to over £791,000 in September 2018.**

The property provides a total of 31,694 sq ft together with 272 car parking spaces. It was purpose built for Waitrose in 2008 and is the dominant food store in Crewkerne which has an extensive catchment population from outlying settlements across south Somerset. Portsmouth City Council was advised by GVA.



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### Property Agents Independent

PAI is a network of individual commercial surveying practices spread throughout the United Kingdom, offering local advice to a broad range of clients.

The organisation, which has been in existence for over 50 years, comprises some of the best experts in property consultancy that the UK has to offer without the need to employ agents which may be solely based in the larger cities or have a limited regional network.

PAI offers the ability to find property and get the right advice from the right expert! Whether you need advice on contaminated land, specialist tax advice or need to raise significant capital as well as integrating valuation landlord and tenant and high quality development advice, the network offered by PAI can help.

### Our Services

Members of PAI offer a comprehensive range of services and advice relating to all aspects of commercial property. A number of members can also offer advice in respect of agricultural as well as residential property and all firms have acquired a solid reputation based on their professionalism and comprehensive knowledge of their market.

