

OCCUPIER AND INVESTMENT MARKETS MOVE IN OPPOSITE DIRECTIONS

**Michael
Rogers**

Commercial Property Advisers
Chartered Surveyors
Property Management

in Greater London and the Southern M25



RedCentral, Redhill – Just 11,000 sq ft remains available to let.



39 London Road, Reigate – 35,700 sq ft speculative development by Scarborough.

As the office investment market in the south east has slowed down over the summer months, the occupier market has paradoxically enjoyed stronger take up and rental growth than for some years.

After four years of unprecedented yield compression and transaction levels in the south east office investment market, there has been a marked cooling off period over the summer months. Debt backed buyers have largely withdrawn from the market in response to rising interest rates and withdrawal of facilities from many lenders and the retail funds have also slowed their rate of acquisition.

This cooling off is in spite of strong activity in the leasing and owner occupier markets throughout the south east of England, and particularly in Michael Rogers' patch around the Southern M25.

In Surrey, where Grade A office rents were around the £21 per sq ft level 5 years ago in 2002, stronger take up and lack of new development activity has pushed rental levels back up to over £25 per sq ft in key towns such as Redhill, Reigate and Leatherhead. Across these three towns where the total stock of offices is in excess of 3 million sq ft, the only new Grade A space now available is in RedCentral, Redhill where only one floor of 11,000 sq ft is now available.

Developers are anxiously looking for opportunities in these towns, but with limited success. The notable exception is at 39 London Road, Reigate where Scarborough Properties will shortly commence the speculative development of a 35,700 sq ft office building.

Michael Rogers is retained as leasing agent on both RedCentral and 39 London Road

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18-20 Hill Rise, Richmond – Lettings at up to £32.50 per sq ft.



St John's House, Sevenoaks – Quoting rent £25 per sq ft.

The leasing market is just as strong in West London. In Richmond there is now a serious lack of quality office stock and rents have risen strongly in 2007. Headline rents have moved from £20 per sq ft in 2002 to over £30 per sq ft this year.

Michael Rogers acted on behalf of Endurance Land on their purchase of 18-20 Hill Rise, Richmond. Endurance undertook a refurbishment of the 4 upper floors which were let shortly after completion on a floor by floor basis. The top rent achieved was £32.50 per sq ft. Michael Rogers subsequently sold the freehold investment for Endurance at a price of £2.675 million, showing a yield of 5.45%.

In Kent, rental levels are now back to where they were in the boom period of the early 1990's. In Bromley, where Michael Rogers is very active, we have recently completed a letting at £24 per sq ft which is the highest level achieved since 1989. In Sevenoaks, Tubs Hill House, which was acquired by Michael Rogers on behalf of Cube Real Estate last year has seen over 10,000 sq ft of space let during the past year at rents of up to £17.50 per sq ft, an increase of over 6% in one year. Quoting rents in the town are now up to £25 per sq ft. Top rents five years ago in Sevenoaks were just £21 per sq ft, but now Michael Rogers is offering St John's House, Suffolk Way on behalf of Windsor Fairlawn at £25 per sq ft. Windsor Fairlawn bought the 10,000 sq ft building earlier in the year and have just completed a high quality refurbishment of the building.

Please contact **Mike Lewis** on 01732 740000 for Bromley and Sevenoaks offices.

David Smith on 01737 230700 for Surrey offices.

Niall Christian on 020 8322 7788 for West London offices.

RETIREMENT IS A GROWTH AREA

Michael Rogers, working with its joint venture partner Workpl@ce, has acted on behalf of Just Retirement on the acquisition of the 15,600 sq ft Roebuck House, Reigate. This brings the total occupied by Just Retirement in Reigate to over 40,000 sq ft which represents rapid growth for a company which was only formed three years ago and listed on the AIM market earlier this year.

Roebuck House has been acquired on a sublease expiring in March 2015 with a tenants break option in 2010. A rent of £19 per sq ft was agreed for the building which was constructed in 1990.

Michael Rogers Workpl@ce advised on the space planning of the building and has been responsible for the fitout including an upgrade of the comfort cooling system.

RENT REVIEW ADVICE SAVES CLIENT £300K

Michael Rogers has concluded rent review negotiations on behalf of tenant AES Electric Ltd which will save our client £300,000 over the next 5 years.

AES occupies a 17,500 sq ft office building in Richmond on a lease which provided for a rent review in December 2005. The review was belatedly implemented by the landlord several months after the due date; the landlord proposing a 16.5% increase in rent backdated to the due date.

The proposed increase was to a level of £25 per sq ft and was supported by evidence at this level on recent lettings in the area. However, after protracted negotiations, Michael Rogers was able to agree a much smaller increase of just 1.75% to £21.65 per sq ft, £60,000 per annum below the landlord's proposal.

Key to this success was the interpretation of the rent review clause in the lease which stated that the assumed term of the lease was to be 20 years. Michael Rogers was able to demonstrate that this would be a significantly longer term than the evidence being created and that such a lease term would be reflected in a discounted rent.

In addition, Michael Rogers was also able to argue that the evidence presented by the landlord was also subject to discount to reflect the level of rent free and other incentives offered to tenants.



Kew Foot Road, Richmond. Successful rent review on behalf of the tenant.

OWNER OCUPIER MARKET STORMS AHEAD IN RICHMOND

Acting on behalf of Obsidian Developments, Michael Rogers has enjoyed great success over the summer months at The Old Printworks located in Dunstable Road just outside Richmond Town Centre.

Six of the eight virtual Freehold units have now been completed, and sales have completed on five at prices of £450 per sq ft. The two units under construction are also under offer.

The success of the Printworks scheme follows successful schemes at St Margaret's, Twickenham Green and Victoria Villa's in Richmond.

Looking to the future, Michael Rogers is working on two more schemes at Pump Alley, Brentford and Broadway Court, Wimbledon where planning consent is being sought for small unit schemes of between 500 and 1,500 sq ft. Both should be available for occupation in late 2008.



The Old Printworks, Richmond. Virtual freehold sales at £450 per sq ft.

Please contact **Niall Christian** or **Chris Bulmer** on 020 8332 7788 for more information.
Gordon Matthews is dealing with the Kew Foot Road rent review.

Contact us...

OVERVIEW OF MICHAEL ROGERS

Several readers have suggested we publish an overview of our business, so here it is!

Michael Rogers now operates from offices in Richmond, Reigate, Sevenoaks and Central London. We have a staff of 23 comprising 17 fee earners and 6 support staff.

Our teams are:

Office agency – a team of four experienced office agents covering all the offices. Mike Lewis, David Smith and Niall Christian are all Partners and Chris Bulmer supports Niall in Richmond.

Industrial agency – Roger Duke provides industrial agency advice across the patch.

Corporate agency – Peter Connolly acts on behalf of a variety of office occupiers, acquiring additional accommodation, contributing to strategic property reviews and solving problems from service charge disputes to lease re-negotiations. He also works for occupiers on joint ventures with institutional landlords.

Investment and Development – Andrew Whitehouse provides investment advice in the higher value markets under the Michael Rogers Whitehouse banner. Jeremy Smith acts on behalf of investors and developers across the south east patch.

Rent Reviews, Lease Renewals and Valuations – An enormously experienced team comprising Gordon Matthews, Nigel Amos, Richard Robson and Roger Miller advise a wide variety of institutional, private and occupational clients on all aspects of professional work.

Residential Surveys and Valuations – Another experienced team lead by Christopher Martin provide a wide range of survey and valuation services for private and institutional clients, as well as specialist advice on compulsory purchase.

Property Management – John Hamling, Janet Killingbeck and Tanya Brook are now responsible for the management of a portfolio of office and industrial properties with a value approaching £100 million. The properties are located across the south-east.

Compulsory Purchase and Public Sector - Richard Robson acts on behalf of Local Authorities, County Councils and private individuals in connection with compulsory acquisition matters and settlement of compensation claims. He also provides strategic valuation and property advice to public sector organisations.

In addition, we retain specialist Town Planning and Business Rates consultants and run a joint venture with Workpl@ce to provide office planning and fitout services.

Full details of all our services are available at www.michaelrogers.co.uk. Contact details of all our people are opposite.

If you would like to discuss any issues arising from Property Matters or any other commercial property requirements please contact:

Office Agency:

David Smith	01737 230700
Mike Lewis	01732 740000
Niall Christian	020 8332 7788
Chris Bulmer	020 8332 7788

Industrial Agency:

Roger Duke	01732 740000
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Investment & Development:

Andrew Whitehouse	020 7629 6669
Peter Connolly	020 7629 6669
Jeremy Smith	020 8322 7788
Tom Gosling	020 7629 6669

Valuation, Rent Review, Lease Renewal and Survey:

Nigel Amos	01737 230700
Gordon Matthews	01737 230700
Roger Miller	01732 740000
Christopher Martin	01732 740000
Richard Robson	01732 740000

Property Management:

John Hamling	01737 230776
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or visit www.michaelrogers.co.uk