

WINTER 2007

Southampton – the promised land



There are now around 14 major commercial development sites in Southampton and the City is enjoying a revival as a regional centre for business.

More than six of these schemes include significant new office developments, whilst at least three new hotels are also being planned. Some of these schemes have been in the pipeline for many years but, when completed, will bring high-quality office supply and hotels with state-

of-the-art conference and meeting facilities to the City centre.

Southampton certainly has a lot to offer businesses, residents and visitors alike. It is the largest City in the South East region, with a population of 221,200. About 4.4 million people live within the one hour travel time catchment area.

The City has all the facilities you would expect of a leading commercial centre, including a modern airport with flights to over 46 destinations.

At your service

The past year has seen several of our competitors taken over by national practices, which has led to a change of focus in many of these firms.

London Clancy is now the only privately-owned Commercial Property Consultants, with three dedicated offices in Southampton, Basingstoke and Camberley, serving the M27 and

M3 markets.

Joint MD, Mark Clancy, comments, "London Clancy has purposely remained as a privately-owned company in order to continue to be able to offer clients its personal service, with first-hand expertise and local knowledge, which is second to none."

It has a world-famous port and excellent road (M3/M27) and rail links. It also has first-class facilities for culture, education, health, leisure and retail.

According to Southampton City Council, the City has "more significant city centre development opportunities than probably any other UK city and can be matched by few in Europe."

Continued overleaf >>

New appointments – Southampton

We are delighted to announce two recent appointments at our Southampton office, with Ian Aiken joining as a Business Space Agent and Aileen Gayton as Agency Administrator.



Ian Aiken.

Ian is an experienced negotiator, having been based in the Southampton and Portsmouth areas for the last five years, and will be working alongside Nicola Brennan in the Agency team at Southampton.

The new appointments are in response to increasing levels of business at our Southampton office.

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Basingstoke industrial boom

The future for the industrial and warehouse sector looks good in North Hants.



Sun House, Camberley

An opportunity in prime office space.



For further information about London Clancy and its services, plus a list of properties and up-to-date news articles, please see www.londonclancy.com or telephone one of the offices on the back of this newsletter.



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Construction has started on the new headquarters for Carnival UK, which owns Cunard and P&O. The five-storey HQ is being built on the western area of the five-hectare West Quay Phase 3 site. Development Securities is working in partnership with Southampton City Council and Miller UK to deliver the prestigious project. There are plans to build another phase later, to provide office space, homes, a hotel and retail units.

Chris Ridge says, "The decision by Carnival to locate its HQ in Southampton is a real coup for the City, which may act as a catalyst for other businesses to follow. Most of the large office moves in recent years have been local businesses relocating within the City rather than relocations from outside the region.

"There is a great deal of potential locked up in a dozen or so development opportunities. Interestingly, many are mixed-use schemes incorporating residential, hotels and offices, which may mean they get built earlier than otherwise would be the case.

"For offices, much will depend on the strength of the market over the coming year, particularly as there are still

significant office vacancies at Charlotte Place and now the Skandia building in Commercial Road is available too.

"It is rumoured that Terrace Hill,

developers of the high-profile site Mayflower Plaza, will be moving forward with their planning application in the new year."

Offices

Scheme	Size	Possible Timescale
West Quay 3	150,000 sq ft	Under construction – prelet
Ocean Village	Up to 140,000 sq ft	2009 – Planning application stage
East Park Terrace	85,000 sq ft	2008/9 – Planning approved
New College	79,000 sq ft	2008/9 – Planning approved
Mayflower Plaza	100,000 sq ft	2010 + – Planning to be submitted
Central Station	To be determined	2012 +
Adanac Park, Nursling	800,000 sq ft	2008 + - Planning submitted

Hotels

Scheme	Size/Type/Operator	Possible Timescale
Ocean Village Marina	225 beds; 4*; Millenium Hotels	Under construction
East Park Terrace	200 beds	Planning approved
Mayflower Plaza	100 beds + to be determined	To be determined

Basingstoke industrial boom

By James Clay, London Clancy

The industrial market has enjoyed a successful Q2 and Q3 in Basingstoke.

The 10,000 to 50,000 sq ft sector has been the busiest and most sustained. As a result, rents are moving up strongly on new and good secondhand properties.

Berry Bros & Rudd Ltd has taken Gateway House on Kingsland Business Park at £7.79 per sq ft. The 49,035 sq ft, fully-fitted, high-bay warehouse was previously the UK HQ of Antalix Ltd. After refurbishment, the adjacent 15,000 sq ft office building will be available early in 2008.

Antalix has, in turn, taken a prelet at £8.55 per sq ft on 22,639 sq ft at Horizon. This is Brixton's new industrial and warehouse development

which reached practical completion in August. With one third of Phase 1 let, Brixton is confident of securing further lettings soon. Construction of Phase 2, providing 45,000 sq ft, will commence shortly.

Elsewhere on Kingsland, Urban Logistics has leased Unit 3 Onslow Close, a 10,236 sq ft warehouse, and there is strong interest in 25,457 sq ft at Unit 3 Stewart Road. Impact House, a prominent, older-style industrial building of 15,956 sq ft has been let until March 2010 to Netfold Ltd t/a Amtrak for £7.50 per sq ft.

The European Cryogenics Division of Sumitomo Heavy Industries has combined two local operations and taken a lease on Units 3 & 4



Hamilton Close. The asking rent was £7.30 per sq ft for the 14,000 sq ft production facility at Houndmills, owned by Strathclyde Pension Fund Superannuation Fund.

The plethora of transactions over a six-month period totals some 130,000 sq ft and is well ahead of the average annual take up of industrial space for this part of North Hampshire. The future for the industrial and warehouse sector looks assured and strong.

Energy Performance – Commercial buildings

It is estimated that buildings account for at least 40% of the UK's CO₂ emissions. As part of the Energy Performance of Buildings Regulations 2007, Energy Performance Certificates (EPCs) are being phased in for commercial property from 6 April 2008.

In addition, Display Energy Certificates (DECs) will be introduced for public buildings over 1,000m² and, later, there will be the first inspection of air conditioning systems. The table opposite sets out the proposed deadlines.

These regulations are likely to have a significant impact on the commercial property sector, as there are few exemptions from the definition of commercial buildings. The EPC will show the amount of carbon used by the energy demand of a building on a scale of A-G. The calculation of the energy use is based on the asset rating of the structure of the building. It will be accompanied by a recommendations report, which sets out ways in which the energy efficiency of the building

can be improved and it will be valid for 10 years.

The provision of an EPC will be the responsibility of:-

- The contractor, which must provide it to the owner of a new-build property.
- The seller, by making it available to any prospective purchaser.
- The prospective landlord, by making it available to a prospective occupier.

Concerns have been raised that energy certification will lead to capital and rental value differentiation as a result of the relative energy efficiency of properties.

It is important for investors to develop their strategic thinking in response to this. It could affect all types of transactions from sales and lettings to rent reviews and rating appeals.

For further information contact James Gibb on 01276 682055.

Deadline	Required Action
6 April 2008	EPCs required on the construction, sale or rent of commercial buildings over 10,000m ²
1 July 2008	EPCs required on the construction, sale or rent of commercial buildings over 2,500m ²
1 October 2008	EPCs required on the sale or rent of all remaining commercial buildings DECs required for all public buildings over 1,000 m ²
4 January 2009	First inspection of all existing air-conditioning systems over 250kW must have occurred by this date*
4 January 2011	First inspection of all existing air-conditioning systems over 12kW must have occurred by this date*

*Note – a system first put into service on or after 1 January 2008 must have a first inspection within five years of it first being put into service.

Sun House, Pembroke Broadway, Camberley

Sun House, the former local headquarters of Sun Microsystems, is available on the market through London Clancy.

Constructed in the 1980s, the building comprises a total of just over 28,000 sq ft of office floor space, available to lease either as a whole or on a floor-by-floor basis.

Alternatively, the property is also available to purchase, freehold, with vacant possession.

Sun House is in a prime commercial location, right next to Camberley train station and just a short distance from The Atrium –



Camberley's new shopping, leisure and residential development.

For further information, contact Jonathan Laurence at Camberley – telephone 01276 682055.

Crowning glory

Dickson House, a new generation NHS Super Surgery, has opened at the Basingstoke Crown Heights development.

London Clancy, acting on behalf of the Basingstoke Property Company, sold the 37,000 sq ft unit to Assura Property, the specialist primary healthcare investor, for around £3.5m.

Crown Heights is a major mixed-use scheme in the heart of Basingstoke with 288 residential apartments. There are units still available for café, restaurant and retail use, ranging from 1,290 to 5,031 sq ft.

For further information contact Keith Harpley on 01256 462222 or email keithharpley@londonclancy.co.uk





Investment market update

By Jim London.



Much has been made recently of the 'Credit Crunch' and we certainly have seen an adjustment in commercial property yields in the last few weeks.

Although we have experienced several interest rate rises recently, the commercial property investment market has really been adjusting for quite some time.

Indeed September's all-property return of -1% was the first negative return since November 2000 as yields

across all commercial property sectors softened (Estates Gazette 13 October, 2007).

The general consensus seems to be that prime yields have moved 25-50 basis points since the summer and this will be reflected in valuations carried out during the autumn and winter quarters.

However, each sector will be affected differently and matters will be a lot clearer once deals have been reported and market evidence provided. We might well see prime properties holding up better, with secondary ones moving out further, so differences between the two will widen.

Much will depend upon whether rental levels hold out though. At the moment in Basingstoke we are experiencing an improving climate, where office supply levels are decreasing and industrial rental levels are improving. Deals are being transacted.

Many investor clients are now taking a view that they would like to "wait and see" how the market is reacting. They anticipate more properties being offered to the market during the autumn and winter months. This should result in a stabilization in the market during 2008.

The next few months might prove to be a good time to buy.



Mark Clancy.

Rated highly

London Clancy's Rating department secured a reduction of almost 22% recently in the rating assessments of the Prisma Park Office scheme in Basingstoke.

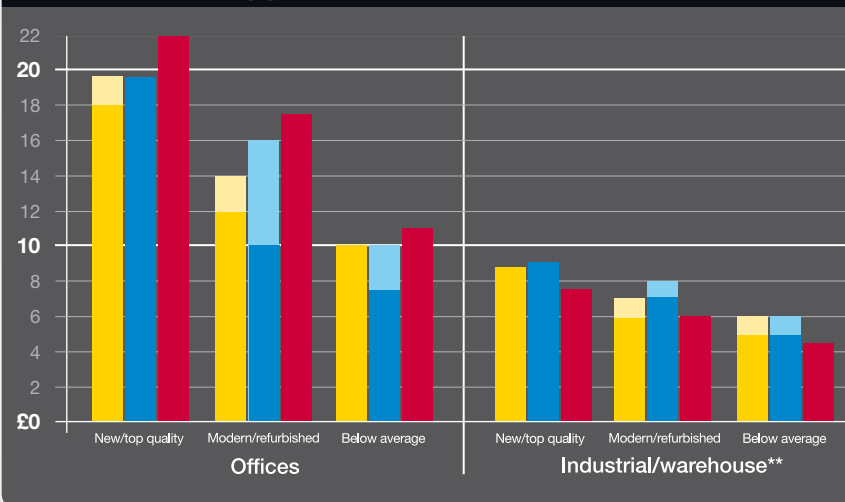
Amid growing concern in the

industry about valuations and rates assessments, this is particularly good news. Mark Clancy, Head of the department, said, "It is becoming more difficult to challenge successfully commercial property rateable values given the increasing accuracy of the Valuation Officer's market and property information. Securing this reduction in the correct

levels of value at Prisma Park will ensure it maintains its competitive edge and marketability."

This success is the latest in a number of successful appeals in the town on behalf of clients such as Macmillan, Alberto Culver, CORGI and Linde.

Market Data – Approximate Business Rents *



Key
 Basingstoke £ per sq ft Price range
 Camberley £ per sq ft Price range
 Southampton £ per sq ft Price range

* units over 5,000 sq ft approx.
 ** with approx. 10% office content.



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