



North London Property Alliance

Quarterly Briefing Issue 1 • October 2008

I am delighted to write an introduction to a brand new quarterly property briefing issued by the North London Property Alliance. This is published by North London Business and compiled with the support of Strettons to include the following:

- We will canvas market sentiment views from commercial property agents active in the area with two aims;
 - a so that readers can judge the strength or weakness of the market
 - b we will create an ongoing index of market sentiment, hopefully starting at a low so that we are all encouraged by seeing positive growth going forward!
- Each issue will include a focus on one borough including comment from borough planning department and details of significant schemes.
- There will be general North London market news with information on significant transactions, with input from all active firms of commercial agents.
- A prominent personality column
- A forthcoming events calendar
- In the future we will include a “hot tips” section and a guess the auction price competition.
- We will provide trend statistics on enquiries, demand etc from the North London Property Portal run by North London Business.

The briefing will be circulated to developers, agents, public sector contacts and inward investors.

I hope that all people with an interest in commercial property will find this of use, whether you are an investor looking to become involved in the region, an occupier looking to locate here, a developer, an architect, planner or surveyor, or a fellow agent.

Benjamin Tobin BSc FRICS
Strettons Chartered Surveyors, Vice Chairman North London Property Alliance



What is North London Property Alliance?

NLPA is a sector specific division of North London Business established to:

- Work in partnership with local property professionals, developers and landowners.
- Present a clear, credible and independent voice to represent and develop the interest of the sector.
- Intervene to assist in the elimination of log jams in the development process.
- Encourage property owners to work together to increase levels of inward investment through the coordinated provision of location advice.
- Work with North London Business to help analyse and interpret trans statistical data arising from investment in the area.

NLPA Quarterly Agents Property Confidence Survey

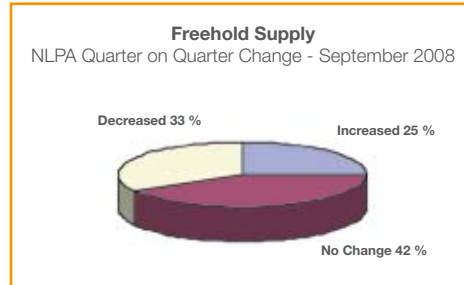
In summary confidence has fallen over the quarter and is expected to remain negative for the next twelve months or so. On the other hand, there are expectations of increased market activity in the next 18 – 24 months and the supply of freehold space is relatively low. The expectation is that once banks return to lending from the historically rare desert, demand for freeholds will start to move.

“The North London property market has changed a lot in 12 months” was one of the more definitive statements that this first survey of active North London commercial property agents picked up. Not all the feedback is negative but the reality is that even over the last quarter, our world has changed significantly. It is fair to say that most agents are reasonably active in chasing transactions, with most firms recognising that the boom years are now over but that there is occupier activity out there ready to be serviced.

Jonathan Joseph, Chairman of the North London Property Alliance asked Ben Tobin, Vice Chairman of NLPA and Director of Strettons, his views of the current commercial property market. To form an unbiased view Strettons have asked other firms of active agents about their opinion of key property indicators including: supply, demand, rent and price, together with their assessment of future prospects. The resulting composite view shows the balance of opinion across the whole North London area and will form the basis of an index, going forward.

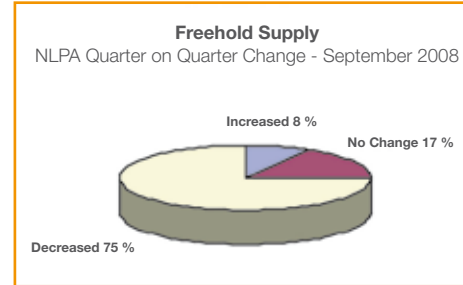
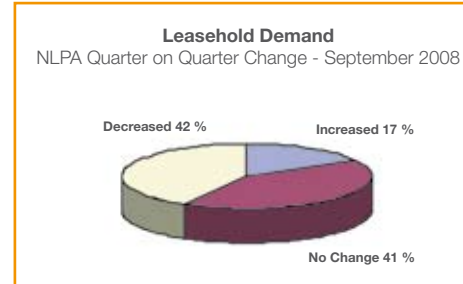
The supply of leasehold accommodation in the office, retail and industrial sectors has increased but office and industrial freehold supply has declined with no real change in the retail sector although at the time of writing the indications are that administrations/receiverships are on the increase and this is likely to widen the supply, especially in the retail sector and particularly for A2 uses. With

the exception of the leasehold industrial sector, where the balance of opinion shows a slight increase, demand is down.



The apparent supply and demand imbalance impacts more starkly by the decline in freehold prices. The much commented lack of bank funding goes some way to explain the reduction in prices. That being said, prices achieved over the past few years have been extraordinarily high. A sale of a 2,500 ft2 (NIA) unit to Galldris Construction at Pavilions, Innova Park, Enfield was, according to Peter Higgins of Glenny, at £270 per ft2.

Rents, generally, did not see the same annual growth rate as freehold prices in recent years thus, together with the less negative balance of

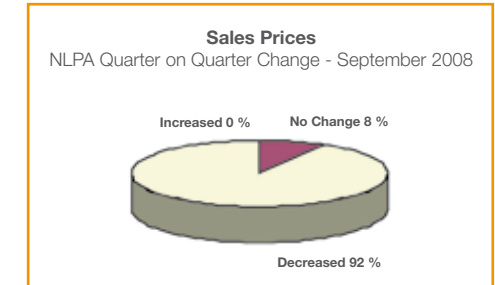
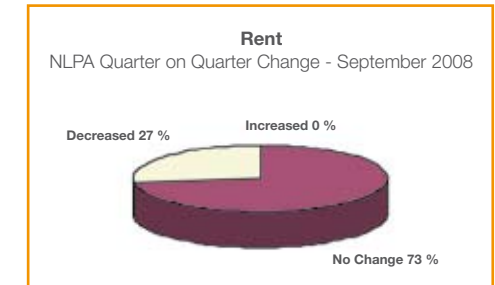


opinion for leasehold demand, do not show the same proportionate reduction.

The letting by Cliff Bonnett of SBH Page & Read of 8000 ft2 office accommodation at Kingmaker House, Barnet to Buyagift.com at £14.50 per ft2 and Gilmartin Ley's letting of 5,000 ft2 in Southbury Road to Reed Employment at £10 per ft2 are two of several office lettings that demonstrate activity continues in this sector.

The industrial sector is a similar picture to the office sector albeit that non-economic factors are now impacting on transactions. The removal of business rate relief for vacant industrial property after six months, announced in the 2007 budget, is now having an effect on the rents achieved for

secondary quality industrial accommodation, as landlords agree lower rents to mitigate their potential rates liabilities. This issue did not affect the Strettons letting circa 1.75 acres of hardstanding at Phoenix Wharf, Edmonton at nearly £3 per ft2.



Confidence in the industrial sector can be demonstrated by the imminent launch by Bowyer Bryce of Canmore Development's Voltage industrial scheme in Enfield. Completion is expected in May 2009 and quoting rents are likely to be £8.95 per ft2.

In the main, agents expect the property market to deteriorate over the next 12 months but most expect a recovery in late 2009 and early 2010.



Waltham Forest - A View from Gordon Glenday, the Council's New Head of Spatial Planning

As someone who has lived in Waltham Forest for over twenty years, I have always believed it to be the best value for money place to live in London. A friend of mine who was looking to relocate within London asked me what it was like to live in Waltham Forest. Rather than just tell him about it, I took him on a tour. He was genuinely amazed at what I was able to show him.

Despite being sandwiched between the beautiful open spaces of Epping Forest and the reservoirs of the Lee Valley, he soon saw how Waltham Forest is equally accessible to the City and the West End. A quick look in an estate agents window showed him that house prices are amongst the most affordable in London, with a whole range of quality homes available throughout the borough – whether they be smart one bed flats or gloriously original detached Victorian family homes.

There's also plenty to do. Having enjoyed a morning being caught up in Walthamstow's bustling street market (the longest in Europe) we enjoyed a stroll around the wonderful Walthamstow Village and enjoyed a delicious lunch in one of its quaint independent restaurants. Refreshed, we headed off to the world famous William Morris Museum before finishing the day at the tranquil Queen Elizabeth I Hunting Lodge in the almost rural atmosphere of Chingford.

Despite this, I had to confess to him that there were still many things to do to make Waltham Forest even better – especially in the eyes of those who don't really know the place. Too many parts of the borough just don't look their best and just need a bit of TLC to bring out their hidden treasures. I also felt that some of the new developments coming forward lacked the "wow" factor that people want to see in the borough. So when the opportunity came to get

directly involved in shaping the borough, I jumped at the chance. Since starting here as Head of Spatial Planning three months ago, I am really excited at the plans that are now coming forward.

As a key player in the East London "renaissance", Waltham Forest is well placed to take advantage of the opportunities that are coming its way. Canary Wharf and Stratford City are on the doorstep, offering local people some superb job and leisure opportunities. As an Olympic borough, Waltham Forest will be in the world's shop window over the next four years. The planned major investment in the public realm and the overall fabric of the borough's streets will make sure that Waltham Forest is presented to the world as a place worthy of holding the Olympics. Confidence in the area is set to boom and the spin-off benefits of better streets and neighbourhoods will be felt by residents and businesses alike. We'll be working with developers to make sure that all new development will use the best, most sustainable materials and be of the highest quality of design. We want to be able to show future generations how well we planned and designed developments in Waltham Forest at the start of the 21st Century.

And as for my friend who came on the tour? Well he is now happily living in the brilliant two bed flat he bought in Walthamstow (instead of the more expensive studio apartment he nearly bought in another neighbouring borough!). He's delighted with his move and is now in the process of showing off Waltham Forest's attributes to other would-be residents who are looking for a great place to live both now and in years to come.

**Gordon Glenday, Head of Spatial Planning,
London Borough of Waltham Forest**

Judith Carlson talks about Regenerating the London Borough of Waltham Forest

- Waltham Forest Council has set out an ambitious vision to regenerate the Borough and take advantage of the now established tide of regeneration in North and East London.

- Three key areas of the Borough are being targeted for development at Walthamstow Town Centre, Blackhorse Lane and the Northern Olympic Fringe. The Council has identified sites with capacity for over 10,000 new homes to be built by 2026. Around 50% of the new homes will be provided in the now established regeneration areas of Walthamstow Town Centre and Blackhorse Lane. Both have already benefited from significant investment by Central Government and the London Development Agency to help secure delivery of government housing targets. In consultation with the local community and businesses, the Council has approved two interim planning frameworks which are set to provide new homes and jobs on a number of key sites mostly clustered around the existing transport hubs at Walthamstow Central, Blackhorse Road and St James. Several major sites are already in the development pipeline.

- The Council's regeneration service is playing a lead role in implementation by assembling sites for new homes and investing in transport infrastructure and the public realm. Councillor Terry Wheeler, Lead Member for Enterprise and Investment commented: *"These are flagship projects for Waltham Forest. They present an unrivalled opportunity to create a new sense of place in previously neglected areas and create a brighter future for our residents and businesses"*.

- Borough-wide programmes such as Building Schools for the Future (BSF) will help revitalise neighbourhoods thereby attracting and retaining more families throughout the borough. The programme will rebuild or refurbish every secondary

school in Waltham Forest with a significant increase in capacity to cater for our growing population. 11 primary and secondary schools have already been rebuilt.

The Olympics has provided us with an unprecedented opportunity for regeneration and we have responded with a series of initiatives including careers advice, training and job brokerage services for local people. Job opportunities in construction can be accessed via our construction skills training centre at Cathall Road.

The Council recently adopted 'Our Place in London' the Waltham Forest Sustainable Community Strategy. This document is based on an innovative and best practice approach to place shaping with extensive input from local people and businesses. It sets out three key principles:

Manage population growth and change: this includes improving housing quality and choice, creating a more economically balanced population to increase local spending power and generating jobs.

Create wealth and opportunity for all residents: includes ensuring our young people have the skills to achieve their ambitions and compete in a global economy, achieving full employment and making the most of regeneration opportunities.

Retain more wealth in the borough: this includes creating vibrant town centres with an attractive leisure and cultural offer, improving the quality of our public space and community safety.

These principles and priorities will inform our emerging Local Development Framework and help ensure the borough has a bright future.

**Judith Carlson, Regeneration Manager
London Borough of Waltham Forest**



Creating an Environment that Encourages Investment – a Developer Perspective

Lee Valley Estates will be well known to most people in the property and development world. We are a company that takes a real pride in our regeneration activity in North London.

As an organisation we have a number of key development sites in major opportunity areas in the Upper Lee Valley. Our most significant investment is the Hale Village scheme, which is seen as the catalyst for the regeneration of Tottenham Hale, a potential gateway to the 2012 Olympics.

Regeneration in the Lee Valley has historically been associated with reversing the decline of industrial areas, attracting EU and Central Government grant aid for infrastructure to encourage private sector investment. The latest grant regime is designed to stimulate housing growth.

The most common approach to regeneration is the overused and much abused term “partnership”. The public sector approach to partnership is focused on vision and strategy, whilst the private sector, by its very nature, will focus on delivery. Lee Valley Estates have been involved in a number of partnerships in Waltham Forest promoting a more commercial approach to regeneration designed to ensure the sustainability of projects.

In the past, at Tottenham Hale, the area had a succession of plans and strategies that have promised much and delivered very little. Thanks to tremendous support from Haringey at the very highest level, Lee Valley Estates’ plans for Hale Village received final consent from Haringey Council in May 2007, but since then the ongoing process has been lengthy, and at times, arduous.

In drawing up the plans we had to consult almost 40 separate policy statements, some of which were inconsistent and conflicting. The planning system appears to be in a continuous state of transition

despite the fact that we are continually promised that the system will be improved and simplified.

The pace and quality of regeneration at Tottenham Hale has had to be inhibited by the credit crunch, but a lack of joined up thinking has also produced serious challenges. In particular urban design has been used in isolation on many occasions, mistakenly perceived as the catalyst for investment. The urban centre masterplan for the area had no commercial appraisal and infrastructure costs were planned to be covered by grant aid and Section 106 contributions from housing development.

The reality is that property values have declined more rapidly in regeneration areas. One example is that open market apartments at Tottenham Hale have dropped 15 - 20% in value in the past six months and all available information indicates it will continue to do so for at least the next 12 months.

The current local planning policies take no account of the economic downturn, the collapse of the housing market, the credit crunch and rising inflation with its impact on construction costs. The consequences of unrealistic expectations of what can be delivered amid these financial constraints could blight regeneration for the foreseeable future as more and more developments are mothballed. Many flagship developments have already been stopped or postponed in the area.

Lee Valley Estates and its partners are committed to the delivery of a high quality new urban village at Tottenham Hale. However, the process has been extremely challenging and has led to significant delays.

As the lead developer and largest single investor at Tottenham Hale we are committed to the creation of a mixed and balanced community, but Hale Village has, above all, to be a commercial proposition; if it

does not work commercially it won’t succeed in any other terms. We simply will not be able to sustain the finances in the current climate.

With the present economic conditions it is difficult to imagine how we will convince investment partners to support a new venture in the absence of a greater level of realism and commitment from the public sector partners; hopefully it will be forthcoming. Hale Village is an exciting, area-changing regeneration. It must not be allowed to fail. We owe it to the community to succeed.

Michael Polledri
Group Chairman, Lee Valley Estates

Forthcoming Events

Property Linx – the North London Property Forum. Focus on Hackney, also presentation by Jackie Sadek (BURA, CBRE)

Date & Time: 23rd October 2008, 6pm

Venue: Plaisterers Hall, London Wall, EC2Y

Contact: Maria Taylor
on 020 8885 9206 or e-mail
maria.taylor@northlondonbusiness.com

NLPA Discussion – Sustainable Property Development. Presentations Bill Addis (Buro Happold), Andy Street (SLR Consulting)

Date & Time: 4th November 2008, 5.45pm

Venue: New London Architecture,
Store Street, WC1E

Contact: Marcus Bertapelli
on 020 8885 9215 or e-mail
marcus.bertapelli@northlondonbusiness.com

Personality Column Jonathan Joseph

Name: Jonathan Joseph
Company: Joseph and Partners
Position: Owner of Joseph and Partners,
Chair of NLPA

About Your Company: Joseph Partners is a property consultancy specialising in the area of complex urban regeneration. The company has a significant track record over many years, having been involved in regeneration projects in Glasgow, Edinburgh, Central London, Barnet and Enfield.

Born: Johannesburg, South Africa

First Job: As a development manager of a shopping centre and residential complex being built in the middle of a very lively part of Johannesburg. I learned all kinds of things the hard way, including the fact that dividing walls take up square footage.

Philosophy: There is nothing that cannot be achieved with a combination of grim determination and a smile.

Favourite Development or Building: Whiteley’s, the shopping centre in Bayswater. It is was derelict hulk of a department store and it is now a treasure.

Gadgets: I am gadget averse apart from my Blackberry which has been grafted on to my ear.

Guru: My first boss, Manfred Gorvy, now the Chairman of Hanover Acceptances Ltd.

Most Overused Word or Phrase at the Moment: Others: To be fair • Me: Bloody hell!

What Talent Would You Most Like to Have: Propelling a gondola in Venice.

Favourite Alternative Profession: Lawyer

Most Influential Book: The Great Gatsby.

Tip to Property Professionals: To be a generalist.



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