

Thames Gateway Kent Business Breakfast

Commercial Property
Market Overview

8th December 2015

Martyn Saunders



BILFINGER



gva.co.uk

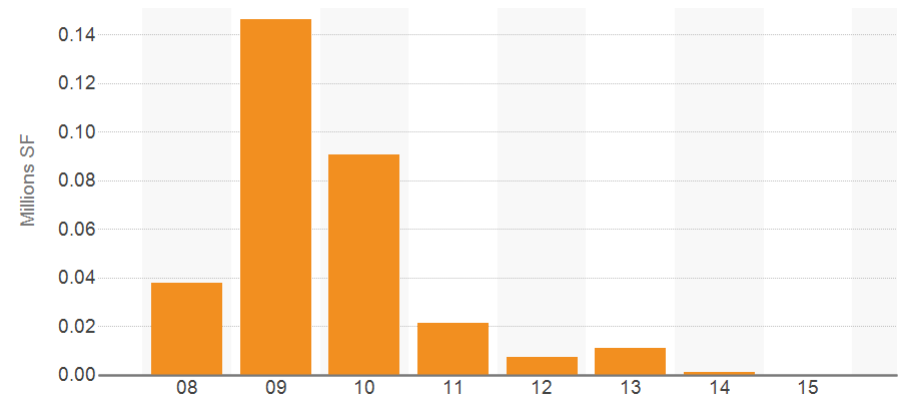
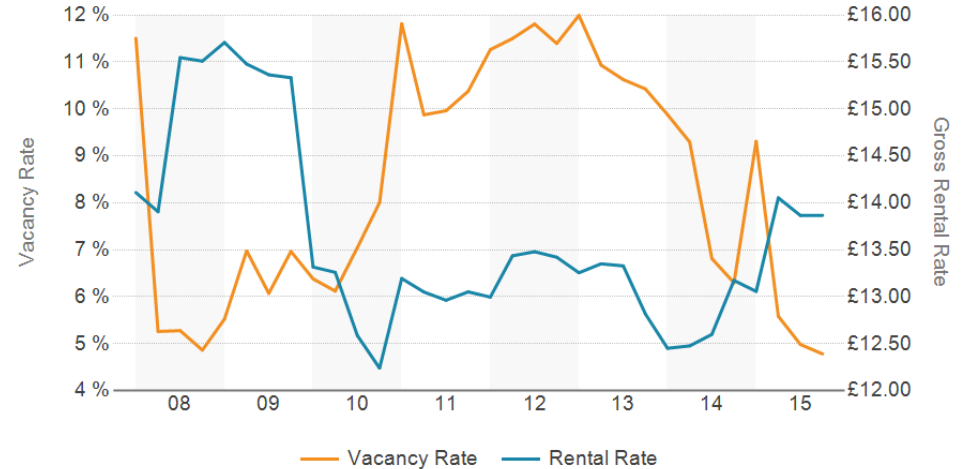
Corridor Wide Trends - Office

Positive Recent Trends

- Over 5mn sqft of office space
- Increase in demand and take up
- Falling vacancy – sub 5%
- Strengthening rents to £14/sqft
- Decrease in letting times

Is the market stalling?

- Vacant periods increasing in 2015
- Stalling rents
- Loss of capacity
- Weak pipeline – 7,000sqft under construction
- Increasing land costs and uncertain yields



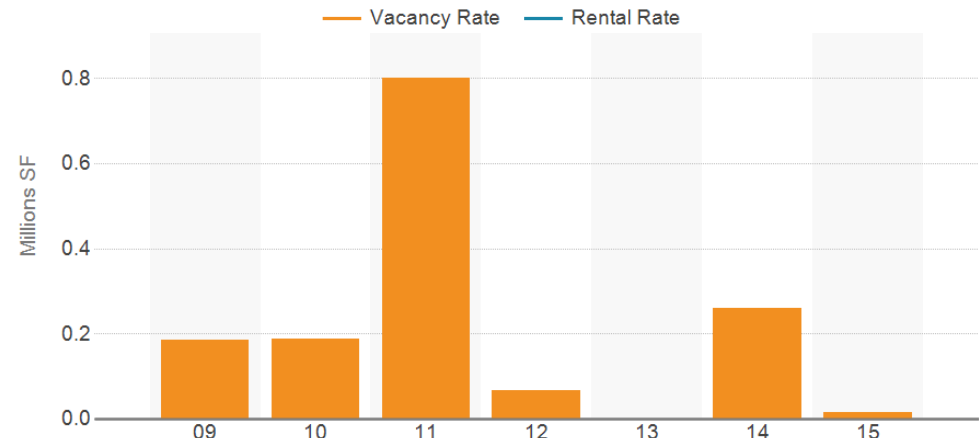
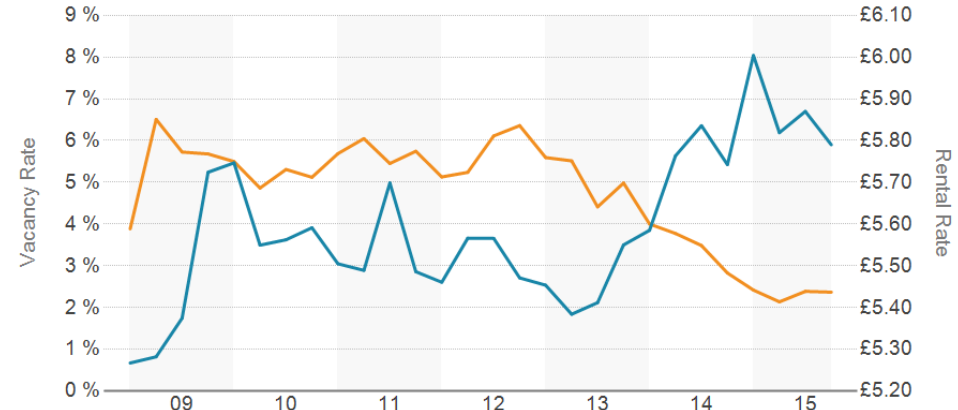
Corridor Wide Trends - Industrial

Significant scale and strength

- 23mn sqft of floorspace
- Increased demand and take up
- Critically low vacancy rate
- Increasing rents c.£6 per sqft
- Falling yields – c.6.5%

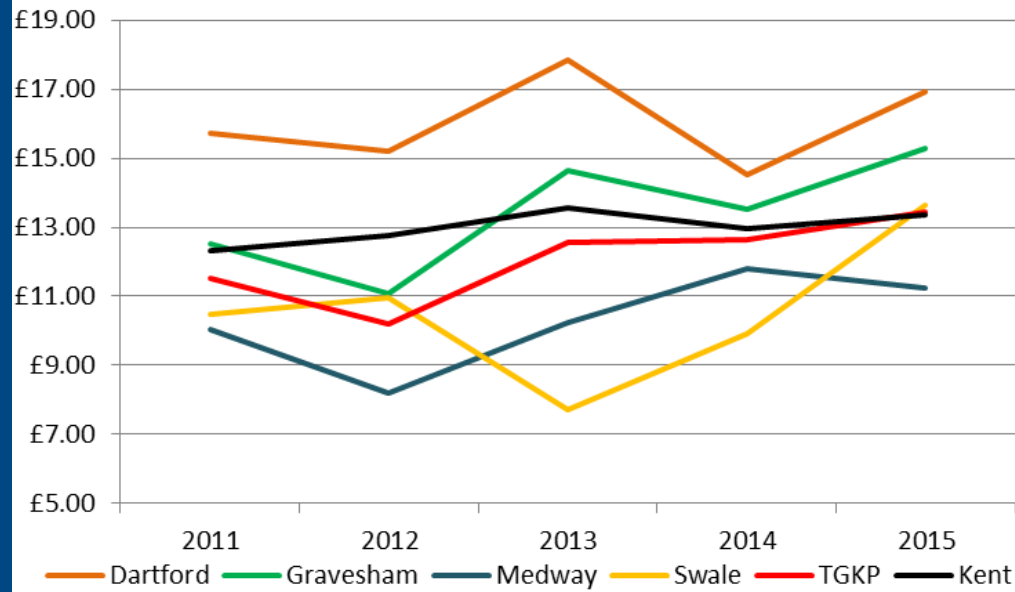
Recent slowing of momentum

- Rents fallen slightly
- Slight increase in vacancy
- Downturn in supply pipeline
- Small increase in letting time

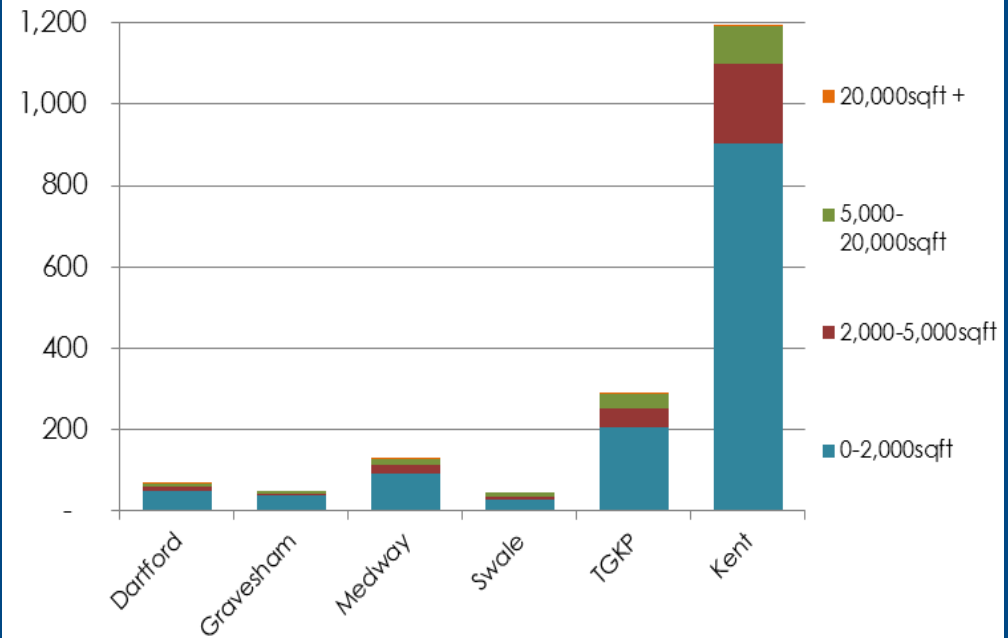


Differentiated Market Performance for Offices

Rents per square foot

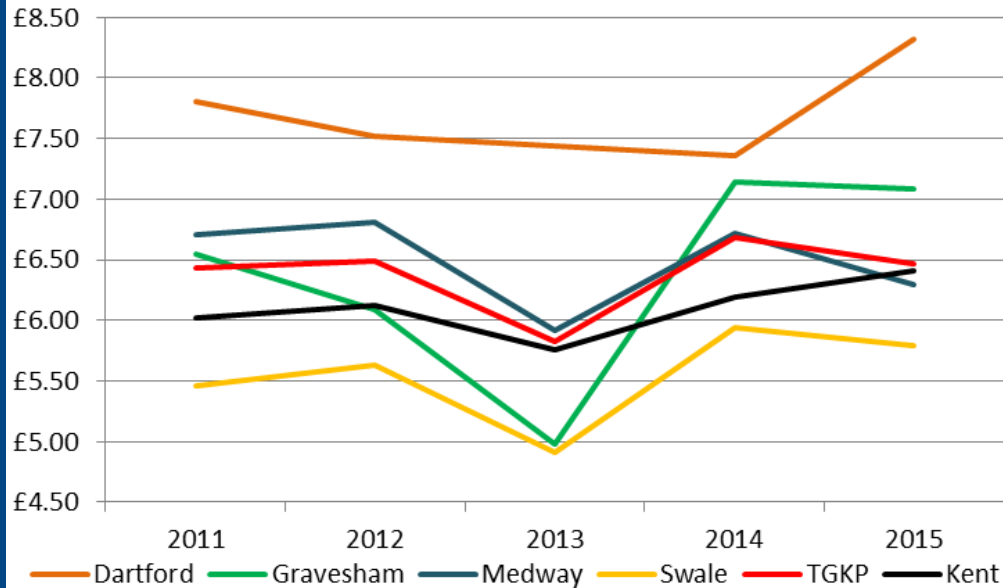


Deals by sizeband

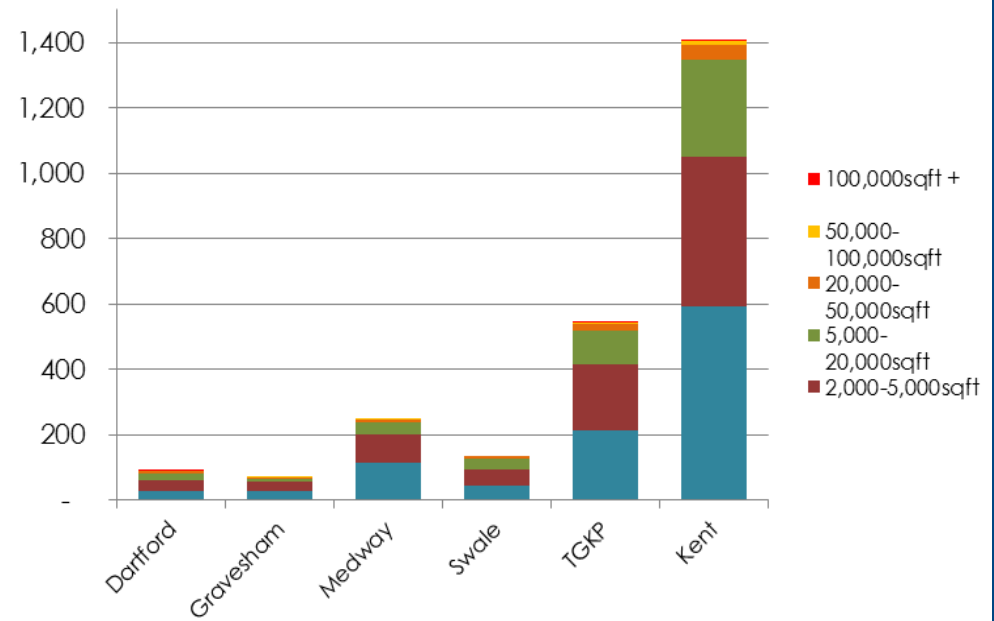


Differentiated Market Performance for Industrial

Rents per square foot



Deals by sizeband



What about the future?

Key drivers of future markets

- Economic recovery and restructuring
- New infrastructure
 - Port enhancement
 - Thames Crossing
- London 'squeeze'
- North Kent Innovation Zone
- London Paramount
- Ebbsfleet

Space to Grow

- Key existing sites with capacity
 - Crossways
 - Questor
 - Medway City Estate
 - Gillingham Business Park
 - G Park / Eurolink
 - Kent Science Park
- Major allocations and opportunities for future floorspace
 - Dartford – c. 8mn sqft
 - Gravesham – c.2.2mn sqft
 - Medway – 8.3mn sqft
 - Swale – 3.6mn sqft

Challenges and Risks

Choice

- Significant potential supply
- Alignment between demand and supply
- Oversupplying similar product?
- High Speed access

Orientation of office

- Gearing towards SMEs?
- Size of units
- Town centre opportunities
- Flexibility and connectivity

Delivery

- Complexity of brownfield sites
- Values still low
- The Ebbsfleet conundrum
- Role for interim activity

Competition and Loss

- Conflicting demands
- Unplanned/unmanaged losses
- Role of permitted development
- Other Kent opportunities
 - Manston & Discovery Park
 - Ashford
 - M20 Junction 8

Questions?

