all

NEWS AND VIEWS FROM **ALLSOP**
SPRING/SUMMER 2020

Hello,

As I write this introduction, it is now nearly seven weeks into lockdown. Interestingly, whenever over the last four years I write an opening for ALL Magazine, there always seems to be an external pressure whether an election, referendum, Brexit and now something so serious that everyone's lives have been turned literally upside down.

However, in a crisis, many, many people step up and show that British Bulldog spirit – as we have seen across our society from front line NHS workers, carers and essential workers.

Outside of the fantastic work that has been done across the hospitals, care homes, charities and transport networks, all businesses have had to adapt to survive. As individuals, we have had to change and get used to our new environments. In an industry which many of us were initially attracted to because we didn't want to be chained to a desk and the wish to socially interact and meet people and inspect property, this has been a real journey of adjustment and change.

As we have adapted, we are now going into the second phase of this crisis where we are all thinking of how are we going to get back to a new normal, what business is out there to do, in what format and how are we going to re-build?

Life and business will be very different – no doubt about it – I am sure we will all take out the best bits of home-working that has been forced upon us and implement some of it into our new way of working and daily routines.

Talking of adaptation and I don't like to single out specific departments in a multi-faceted business streamed company that Allsop is, … but on this occasion I have … The two auction teams, Residential and Commercial adapted in the space of a week from going from ballroom auctions to potentially plausible multi channel auctions and then finally purely online auctions. The speed and professionalism of the teams and indeed the support from our clients, together with the quick reaction of the bidders and purchasers, was truly remarkable to raise over £61 million in a week. It was a huge team effort and particular thanks to Alex Pugh, Head of Business Systems at Allsop and his team for the support, not only at the auctions but to the whole business as we continue to work from home. The investment in IT over the years has certainly paid off.

This purely online edition of ALL explores a number of relevant topics including 'Protecting the asset and the lender's security' from our Receivership Team; our Office Leasing Team looking at what a return to the office might look like; Lease Consultancy's comment on negotiating short lease extensions at double rents; Coronavirus Rate Relief, exploring the hybrid method of selling via private treaty with an auction backstop and of course an in depth view on how online auctions work.

Allsop are here to support you as you have supported us. It is going to be a strange new 'Normal' as we ALL try to rebuild our businesses. Let's try to do this "Together".

Keep well, Scott

Scott Tyler FRICS
Senior Partner

Contents

Online auctions help keep the property market functioning

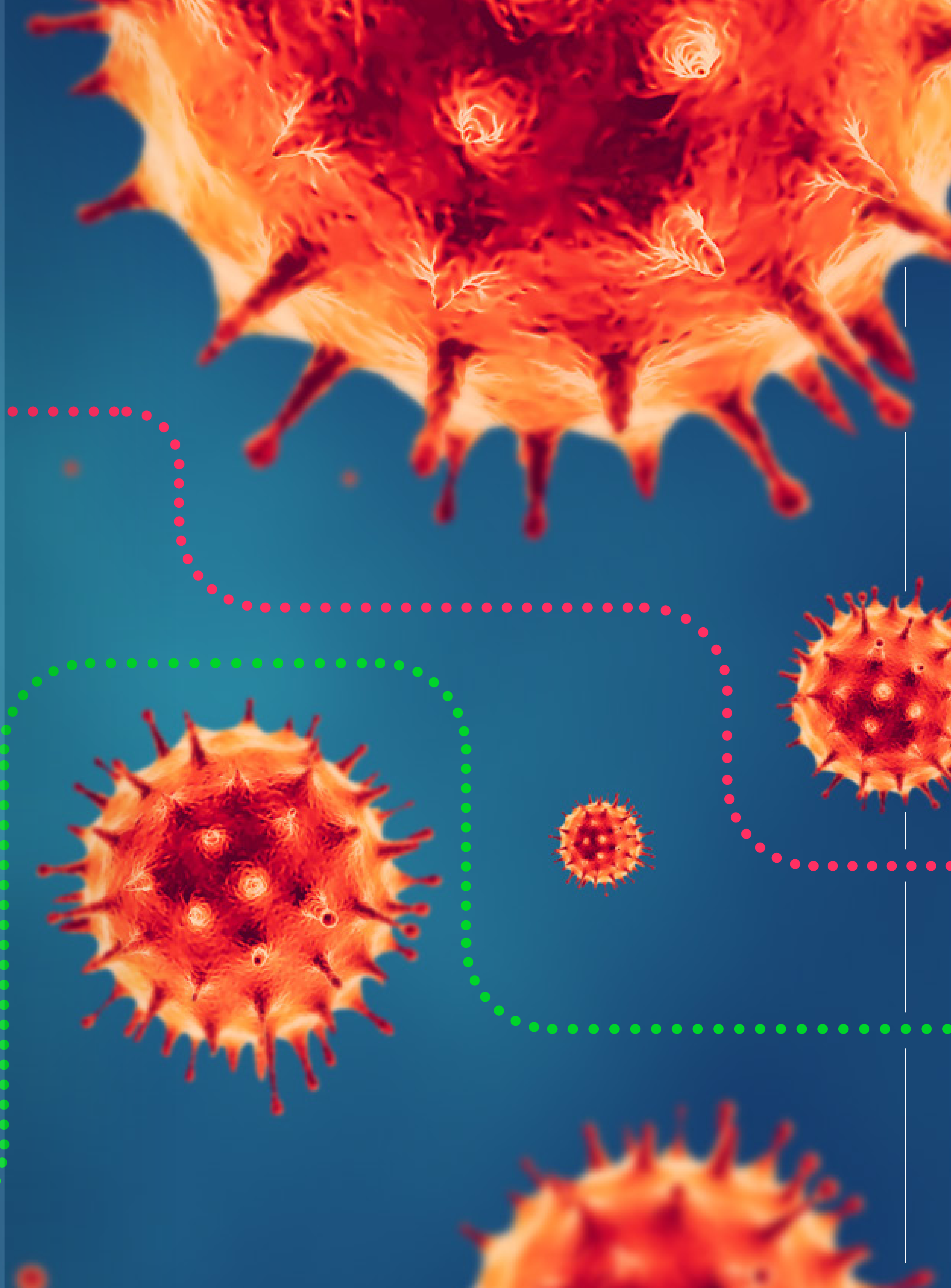
SELLER

BUYER

2020 had started with such optimism. There was finally closure on Brexit. We had a new prime minister with a strong majority. Buyers actually queued to get into our February auction. The ballroom of The Intercontinental Hotel had to be extended to accommodate the crowd. The sale raised a total of more than £45m as bidders fought more aggressively than we had seen in years. Confidence in property, so wobbly for several years previously, much to the relief of many, had thankfully been restored. Nobody could have anticipated what was to come next.

I've experienced many challenges to keeping our auctions operating over the years - storms of biblical proportions, picketing by pressure groups, postal or transport strikes in the UK, angry protesters in Ireland, the threat of imminent closure due to overcrowding in both countries, even having to learn Spanish hastily to sell in Madrid. But nothing comes close to what we are now facing with the outbreak of COVID-19. The word *unprecedented* has never been more widely used.

Shortly after the success of our February sale, I was asked what we would do if Coronavirus prohibited public gatherings at a ballroom auction. It seemed more of a theoretical question at the time. The virus was spreading beyond China but had not reached pandemic status. If we could not open the doors to the public, then livestreaming the auctioneers from the room would work. After all, we do that anyway.

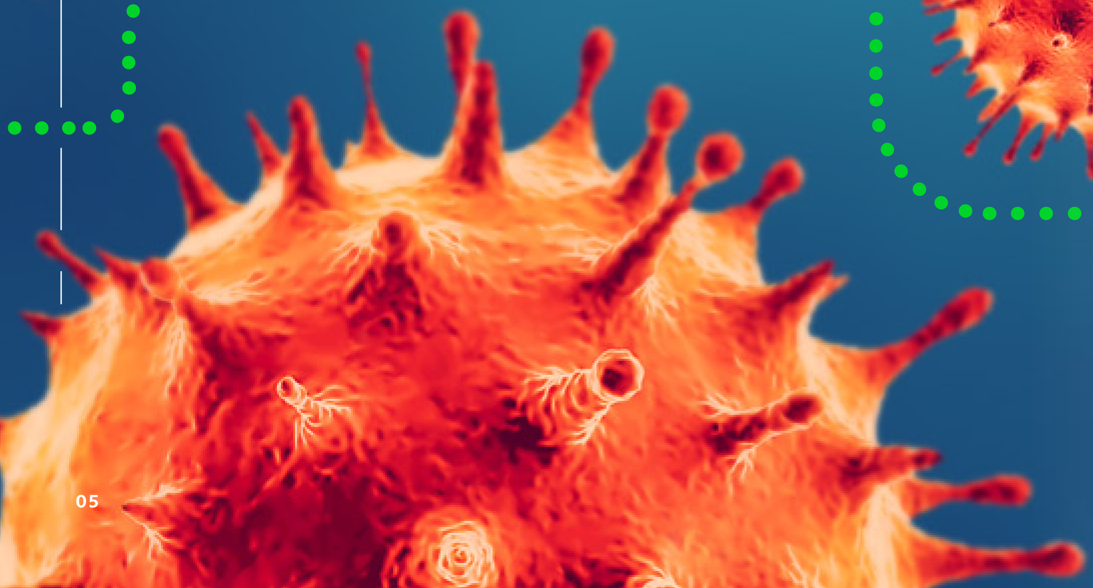


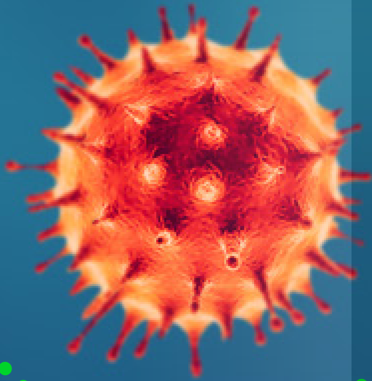
Bids could be made online, by phone or by proxy. We would still hold a multi-channel auction. We just wouldn't have the fourth (and most popular) channel, namely physical bidding in the room. Interesting debate, but surely academic?

And so we set to work building our 30th and 31st March commercial and residential catalogues. We went live with a 285-lot residential catalogue on Friday 13th March. Two days earlier the World Health Organisation had declared Coronavirus as a pandemic. We were not in lockdown at this point but the escalation of the crisis around the world was becoming ever more frightening. The following weekend, the commercial and residential auction partners agreed that the safety of our buyers and colleagues was the primary driver in decision making. That ruled out a closed door physical sale. We could not expect our staff and partners to gather in a room with auctioneers to receive online, proxy and phone bids. An exclusively online auction was the only safe option. To allow more time to inform clients and buyers, the commercial sale was moved to 31st March and the residential sale to 2nd and 3rd April. Two days after we had agreed our strategy, the prime minister announced lockdown.

Allsop has extensive experience of this method having held multiple sales online in Ireland (following physical in room protests) and three sales online in the UK. With all eyes now focussed on three online auction days in one week, the big question was whether this would actually work in the most challenging of situations.

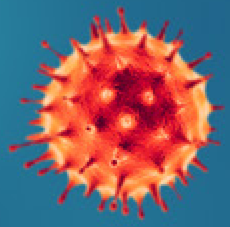
The teams set about ensuring that all interested parties were given full guidance on the bidding process. Pre-registration is necessary for anti-money laundering purposes in any event. Allsop also required pre-payment of deposits and buyers' fees before bidding status was approved. Purchase and sale contracts were modified to safeguard enforceability. Physical viewings were replaced with virtual tours and internal photographs. Lots with no bidder registrations were considered for withdrawal and remarketing. Memoranda were signed electronically by Allsop on behalf of buyers and sellers to evidence the binding





> **"auctions have proved to be a method of transacting that will remain resilient in the online space"**

AUCTION



contracts formed on the fall of the virtual hammer.

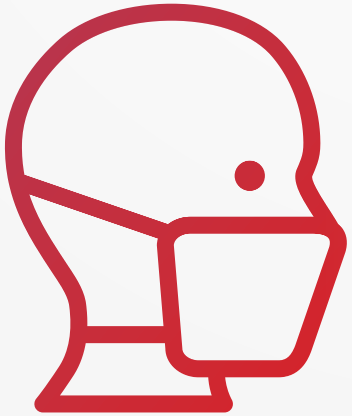
The results were better than expected. The commercial sale has so far raised over £31m with 81% of lots sold. The two day residential sale stands at £30m with 80% sold.

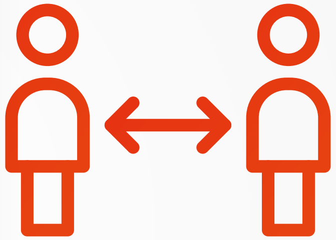
A £61m receipt achieved through the collaboration of two experienced teams both working from home is hugely encouraging. Auctions are still working despite the stagnation now stifling the private treaty market. The government's advice is not to move home unless it's essential. Estate agency branches are closed. Zoopla reports that the number of new property sales agreed in the UK has fallen by 70%. Yet auctions have proved to be a method of transacting that will remain resilient in the online space.

As an auctioneer, I will always prefer the atmosphere of the room and the excitement of live combat. I have no doubt that prices can be enhanced more effectively by a skilled auctioneer in a live environment. For the time being, online is a vitally important and efficient substitute. In the face of all of the restrictions we are currently facing, online sales are likely to be the only truly functioning market place for trading commercial and residential property in the months ahead.

ALL BACK TO WORK

As we all look forward to the end of the COVID-19 lockdown, companies across the country will be evaluating how their office can safely accommodate staff and retain an element of social distancing if required.





But what does this look like and how can landlords and occupiers create a safe but productive environment? We look at some of the most important areas for consideration.

Establish a frequent and effective dialogue with tenants and develop an agreed protocol

There has never been a more important time for landlords, building managers and tenants to work together and a regular dialogue between each party will be needed to address issues such as how communal space in multi-occupancy buildings might need to be changed or lifts shared, in the near future. It will be important to understand the likely number of individuals returning to work and how working patterns may need to be adapted to allow for social distancing. Protocols to ensure the safety and wellbeing of all those using the building should consider the use of PPE – the type required, availability and where this will need to be used, signage, timelines and building communication.

Ensure the building is work-ready

A thorough clean of the building is recommended ahead of the opening of the property. It is advised that cleaners follow disinfecting guidelines and use government approved cleaning products. Particular attention should be paid to high-usage parts of the building, including canteens, kitchens, lifts, reception and entrance areas. For those buildings that have been shut down during the lockdown, we recommend conducting an inspection of the core infrastructure, including mechanical and water systems. It is advisable that the building is allowed to fully operate whilst still empty ahead of a re-opening to ensure the building is operating correctly.

Re-evaluate and update company working policies and practices

Company guidelines and working practices of occupiers may need to be updated for a post-lockdown environment. Occupiers might wish to consider how the current climate might change working from home practices, working patterns and timings, hot desking, visitor policies, use of kitchen areas, staff travel and events.

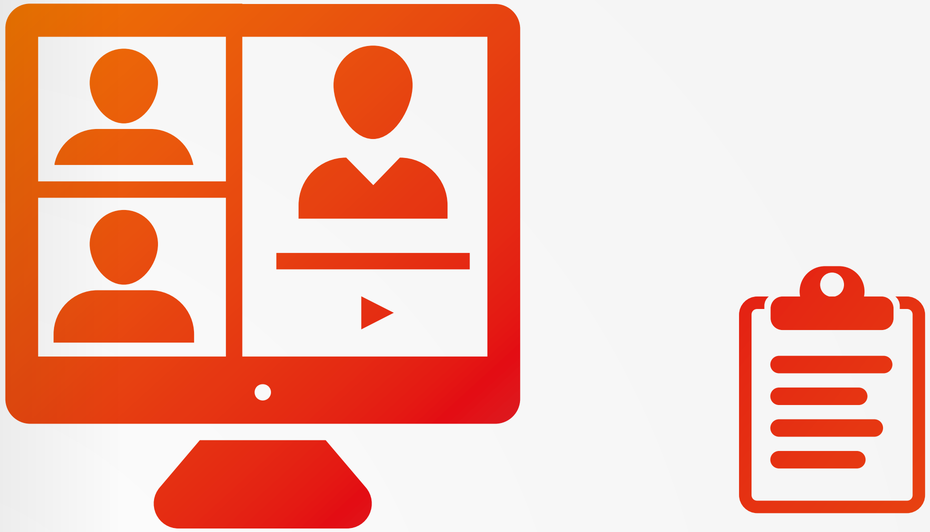
Best practice communication for occupiers

Again, for the workforce of occupiers, returning to work may feel like a daunting experience and many maybe concerned about their health and that of loved ones. Managing and communicating this return is critical and will need to be sensitive. Occupiers might want to consider developing and implementing a change management strategy that communicates the transition and updated company policies. This strategy should consider, frequent communication to keep all updated on any changes in practices and procedures, the use of a number of different channels to get your message across such as employee portals, emails and visual displays in the workplace and explaining the 'why' to any policy changes.

Contingency planning in a post-pandemic world

The spread of COVID-19 has highlighted the importance of a business contingency plan to address pandemics, including the recovery of the existing virus, future proofing against any second waves or peaks and any future pandemics. This should include an operational emergency protocol that can swiftly be put in place and the identification of an emergency team that covers essential functions of the business. It should also consider business stakeholders, required communication and a response plan for pre-crisis, during and recovery. Notably, contingency planning should include business modelling and an assessment of the financial implications to the business for a number of different scenarios and the funding needed to address each scenario.

In the wake of COVID-19 many businesses across the country have been adapting and implementing contingency plans for a scenario few thought would take place. In a post-pandemic world, businesses will seek to become better prepared and flexible to protect both their staff and business.



"returning to work may feel like a daunting experience"

CORONAVIRUS RATES RELIEF

The government has introduced a number of measures to give support to businesses through the period of disruption caused by COVID-19. In this article we will set out the measures taken and how they will apply to businesses in England.

Business Rates Relief

The main relief granted by the government is a 12 month exemption from rates on most occupied retail, leisure and hospitality properties for the 12 months commencing on 1 April 2020.

There is no Rateable Value limit on the relief and ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties.

Which properties will benefit from Business Rates Relief?

Set out below are the broad categories of occupied properties which are being granted the rates relief, at the time of writing in early April:

- Shops, restaurants, cafés, drinking establishments, cinemas and live music venues
- Estate agents, lettings agencies and bingo halls
- Properties used for assembly and leisure
- Hotels, guest and boarding premises and self-catering accommodation
- Privately run nurseries which are on Ofsted's EYR and provide care and education for children up to 5 years old.

Detailed guidance has been issued to assist the identification of qualifying properties within these broad categories. The ultimate decision however, as to whether to grant the relief, is made by the local council.

There are various exclusions to the above which include banks and building societies, medical services (eg dentists, vets) and professional services (eg. accountants, financial advisors) as well as generally properties that are not reasonably accessible to visiting members of the public.

To qualify for the relief the property should be wholly or mainly being used for the above qualifying purposes. This is a test on the use of the property rather than occupation. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

To qualify for the relief the property must be occupied although the government have made it clear that properties which have closed temporarily due to the government's advice on COVID-19 should be treated as occupied for the purposes of this relief.

Retail, Hospitality and Leisure Grant fund

The government has also introduced the Retail, Hospitality and Leisure Grant (RHLG). This will give additional assistance to some of the businesses in the retail, leisure and hospitality sectors who qualified for the 12 months rates exemption.

Qualifying properties in these sectors with a Rateable Value LESS than £51,000 will also be eligible for a grant of up to £25,000. There are various detailed qualifying criteria.

Small Business Grant Fund

In order for the government to reach smaller companies in other sectors, a grant has been drawn up to assist small businesses. Qualifying ratepayers will be eligible for a grant of £10,000.

Which properties will not get relief

Although significant rates relief is being given to those in the retail, leisure and hospitality sectors, many ratepayers will not receive any relief. These include those ratepayers of:

- Empty properties – which were empty prior to COVID-19
- Other properties which cannot realistically be occupied but receive no relief e.g. colleges, universities and office occupiers

As a result a landlord paying rates on an empty shop is not being granted any relief from business rates. Many sectors are aggrieved at not being granted any relief and believe the challenges they are facing are comparable to those in the retail, leisure and hospitality sectors.

Rates appeals

There are many instances where the impact of the COVID-19 and the government measures taken to limit the impact will warrant rates appeals seeking a temporary rates reduction. This may enable some relief from rates for those ratepayers who do not qualify for the 12 months rates holiday.

"advice sought early on will ensure the best possible outcome"

An appeal could be warranted for example on an office in a location where the main tube station has shut and all the local shops, cafés and restaurants have closed.

There will be many situations where a 'Material Change in Circumstances' appeal is potentially warranted although these need to be considered on an individual basis due to the complex rules relating to such appeals. These appeals are time sensitive and would require immediate professional rating advice and action whilst the property is being affected.

Empty property

It seems owners of empty property have drawn the short straw, being completely excluded from government support. There are however certain existing provisions in the rating regulations which could in certain circumstances enable a claim to be made for rate relief. At the time of writing, local and central Government have not published any guidance for those affected – but these are rapidly changing circumstances and seeking professional advice early on could prove critical later down the line.

Redevelopment schemes

For those property owners who are in the midst of a redevelopment scheme and are still paying rates bills, there is legal argument that no rates are payable – even if you have had to 'down tools' due to COVID-19.

If the property in its current state is not capable of occupation and a scheme of works has started, challenges could be made to both the local council and the Valuation Office, using current case law and regulations. This would likely result in additional reliefs or exemptions, and the property being taken out of the rating list from the start of refurbishment - meaning significant backdated refunds for the property owners.

It is recommended that advice should be sought immediately for those developments affected by COVID-19.

2020/21 rates bills

In summary, although the government has acted quickly to provide the above schemes to assist businesses it is up to local councils to deliver them. Many of the rates bills for 2020/21 were already issued prior to the new measures being announced. Due to this, it is imperative to seek advice on your rate bills as there is no certainty these will be accurate. It is not unusual to see incorrect dates, erroneous liability amounts and wrongly applied reliefs (or, no relief applied at all, in many cases).

As ever, the earlier you can seek advice, the better. Although appeals and relief claims can normally be backdated, advice sought early on will ensure the best possible outcome is secured.

WHAT IS TRANSACTING IN THE COMMERCIAL MARKET?

After over a month of lockdown in the UK, and with business levels having reduced, the focus is shifting towards the question of when and how the restrictions on movement might be released and how the property market will fair going forward after the crisis.

There have been very few larger property transactions in the last month but a surprisingly high number of mid-sized and smaller transactions across both the private treaty and auction markets in certain sectors, but the pattern which has emerged has very much split the market into two clear elements. There is a tier of properties which are selling well and a clear difference with those which are not.

There is a first tier of assets which are selling well, often at pre COVID-19 pricing and are in heavy demand providing a level of transactional volume. Our transactional teams at Allsop have been very busy having focussed efforts in these areas with a good degree of success both by private treaty and auction. Secondly are those assets which are property investments with an uncertain future, considered high risk, lacking sustainability of occupation or use, difficult and in some instances requiring considerable experience and skill to value and in which the market for some assets is either seeking heavily discounted prices or effectively refusing to trade.

The first tier are property assets with the characteristics of sustainable occupation and cashflow which have sold well in the post COVID-19 market. These are assets which continue to have occupational demand, uses which are trading well in the current environment and units with strong occupier credentials.

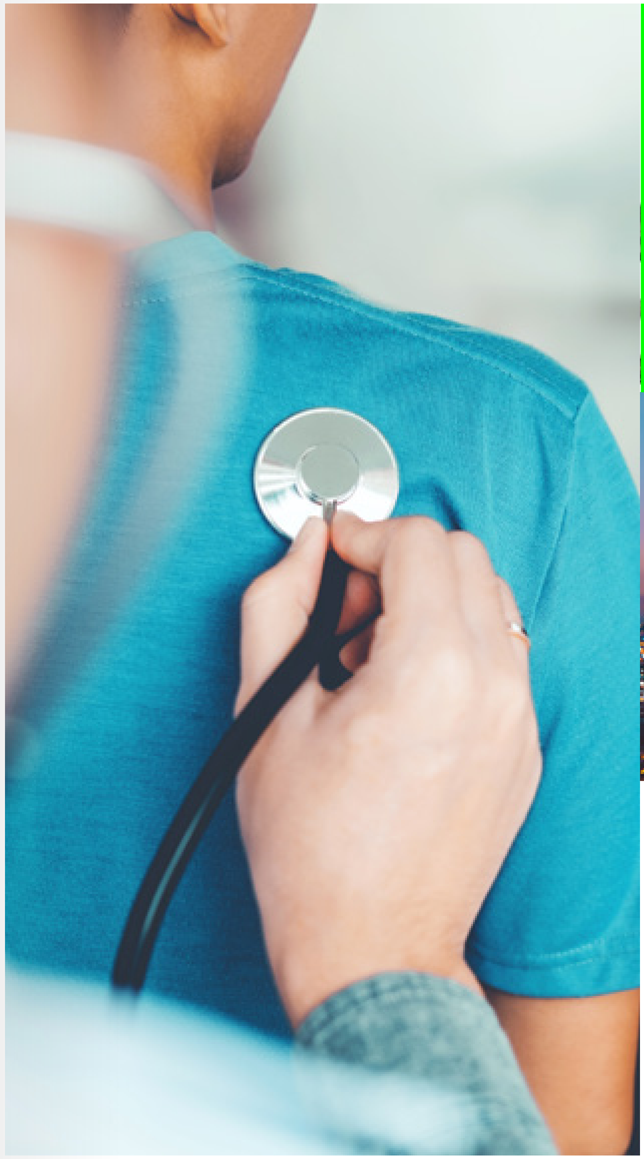
- Retail uses such as supermarkets, convenience stores, discount / variety stores and pharmacies.
- Alternatives such as doctors' surgeries and convenience led petrol filling stations.
- Offices let to strong covenants which will continue to need accommodation such as government departments and banks or administrative centres, NHS uses.
- Well let out of town offices.
- Well located distribution units, in demand due to the increase in last mile delivery
- Light industrial / warehouse units in the suburbs.
- All of the above with long tenant leases of 10 years plus and / or strong tenants covenants
- Rack rented properties with RPI or fixed increases.
- All of the above with strong redevelopment / residential potential.

Due to the focus of the market on this first tier, pricing in some instances has remained strong and held firm at pre crisis levels.

A good example has been the sale of 640 – 656 High Road Tottenham N17 which was sold in late April by Allsop for £7m reflecting 4.75% NIY.

The property comprises 19,992 sq ft of freehold office accommodation across three storeys. Built in 1973, the building is currently a Job Centre and is entirely let to The Secretary of State for Housing, Communities and Local Government with eight years unexpired on the lease at a current rent of £354,858 pa. The building also has PD

"there is a first tier of assets which are selling well, often at pre COVID-19 pricing"



approval for a residential conversion of the upper parts. The property offered at £6.5m received huge interest from multiple parties.

The second tier are those assets which were considered secondary before the crisis, but now lack sustainable occupation or use, with perhaps short income and questionable tenant covenants, non-payment of rent and a level of vacancy.

These properties are subject to thin transactional volumes or just not trading and will bear lasting damage from this crisis.

- High Street secondary pitch retail units where rental values were gently falling but now having closed will have dropped significantly.
- Properties let to retailers and leisure operators which have not paid the March quarter rent demanded and may not survive.
- Shopping centres in decline, dominated by or within another centre's catchment, part vacant and with no obvious alternative uses.
- Secondary leisure properties, hotels, restaurants, gyms, public houses let to covenants which may not continue past the crisis.

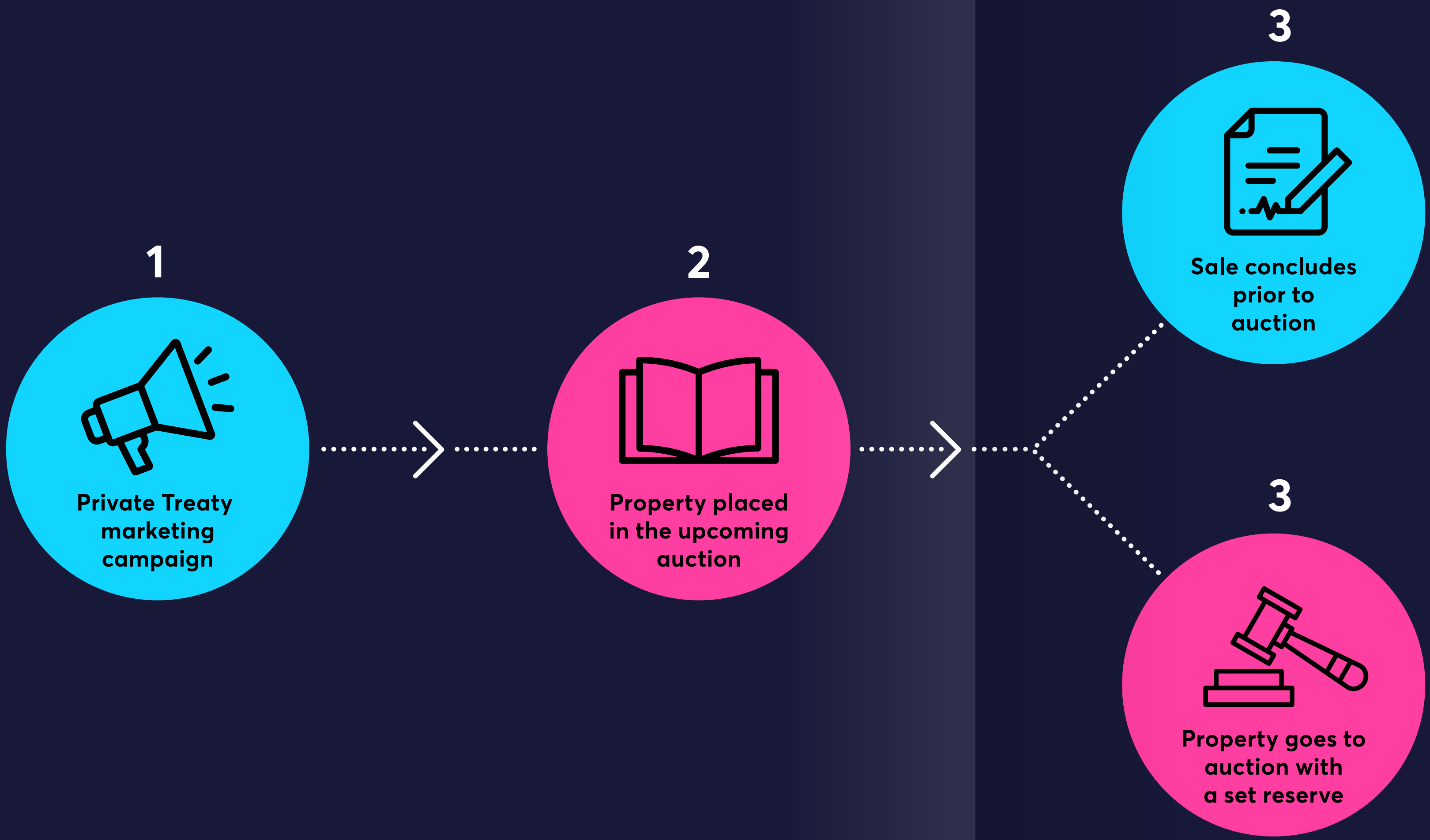
There of course is probably some middle ground of properties which will bounce back fairly quickly in the post COVID-19 world such as well located retail parks, short let office or light industrial property, and business centres all with good fundamentals.

There is however a strong case for the material uncertainty clause currently being used by the valuation community to be lifted for the first tier and this is starting to happen. The clause will likely remain in place for the second tier for some time to come and until there is a level of trading in this market which is not the case at present.

With regards to those properties at the more difficult, bottom of the second tier, there will be a level of heavily discounted pricing which will be attractive to the market and which will kick start transactions again. However, we are a long way off that point and there needs to be a readjustment of understanding of such assets and a change of mind-set which will come with time and when the valuation community has the courage to make the necessary mark downs.

INVESTORS LOOKING FOR SPEED CAN OPT FOR HYBRID

As soon as it is deemed safe enough for business to return to an element of normality, and those transactions which may have been paused prior to the lockdown are once again moved forwards, buyers and sellers will be eager to ensure these take place at speed.



However, despite the best intentions of all parties, hurdles to a quick transaction exist; lawyers will have to dust down their files, banks will be invited to get involved again and valuations reviewed. During this process, time will be taken to ascertain whether the tenant covenant is anything like as strong as it was pre-lock down, particularly in the retail sector. At this point, a re-negotiation on pricing may start.

However, a Hybrid sales approach – one that combines the best of both the private treaty offering and auctions is increasingly being seen as an alternative and effective route to market for the disposal of assets in such a climate. This approach includes a longer marketing period to a wider but targeted database as part of the private treaty campaign, backed up with the certainty of sale at auction, on an auction contract.

This Hybrid method can enable the quick and effective sale of assets typically valued between £2m - £10m and usually includes a five-week marketing campaign where queries are answered, surveys and inspections can take place (subject to lockdown) and interest gauged from market feedback.

At this point, the auction process kicks in – details of the asset are included in the auction brochure, a full legal pack will become available online and the standard auction contract (which all lawyers accept) becomes available to buyers. The vendor then has the option of agreeing a sale prior or to run the investment at the next auction.

"After three days on the market and having received over 100 enquiries, a price of £7m was agreed"

Tottenham Job Centre with Tottenham's new stadium nearby

The Hybrid approach removes many of the complications that arise during private treaty negotiations and there is no reason why a sale cannot take place within 24 hours of a price being agreed. This was the case with the sale of a Job Centre office investment in Tottenham, which we sold at the end of April in the heart of the lockdown. The investment offers eight years of income, let to the Government. This, combined with its location – close to Tottenham's new stadium, was always going to generate significant interest among potential buyers. After three days on the market and having received over 100 enquiries, a price of £7m was agreed (well in excess of the guide price) and an exchange on an auction contract took place within 24 hours, just as the auction brochure was being published. Since the lockdown was in place and surveys and inspections were not possible as a result, then the certainty of an auction contract was always going to prove vital.

During the three years this Hybrid approach has been in place, it has proved effective for vendors disposing of assets across all property sectors. This includes secondary shopping centres in Dudley (£4m) and Rotherham (£3.6m), industrial investments in Warrington (£7m) and Ipswich (£1.6m) and office assets in Eastleigh (£2m).

As more investors seek to raise money to ease cash-flow issues or quarterly bank repayments need satisfying, we are seeing this Hybrid method become an increasingly popular method of disposal.

Receivership and COVID-19

Protecting the asset and security

THREE QUESTIONS: Can Receivers still be appointed? What are the benefits and can they sell in this current climate?

The COVID-19 crisis and the government's emergency legislation has caused much confusion in the property industry and this includes receivership. The mixed messages in the media have not helped and we have received a large number of calls and e-mails from lenders who want to know whether they can still appoint in the current climate. The answer is "Yes" and if you are asking the question then you probably should be.

Nothing in the recent legislation prevents Receivers being appointed or would have the effect of ending a receivership. Appointments can be accepted and processed from anywhere. The property is insured on the Receiver's block policy immediately and property management, such as security, counts as essential work and therefore a property can be secured straight away. In essence, it means that an appointment over a property during this time of uncertainty protects the lender's asset and security. This is particularly important if there is a vacant property or a development site.

"in these uncertain times protecting the asset and the lender's security is key"

If the borrower was already under financial pressure prior to COVID-19 then the property may not be adequately insured or secured and the asset may not be protected. This is a real problem for developers and building sites where the contractors are no longer allowed to be working on site, leaving it insecure. Receivers can undertake essential works, monitor the site and make sure that it remains watertight.

The other question that we are being asked and we have been discussing at great length is 'Can we sell a property in receivership in the current climate?' Along with protecting the asset, a sale strategy is normally the ultimate goal of receivership to recover the debt for the lender. To date there has been nothing in any government legislation or guidance to prevent a sale from taking place. The Land Registry is maintaining its service so, as Receivers, if we have entered into a sale contract then there is no reason to prevent or delay it from taking place. Something we have done successfully over the past few weeks.

With regards to marketing and agreeing a sale, as Receivers we are dealing with this on a case by case basis. A Receiver is entitled to sell at the time of their choosing and must obtain the best price in the current market: Bell V Long (2008). This means that if it is possible to sell the property and, in particular, if a sale now can recover the debt in full, as Receivers we are of the opinion that we have an obligation to do so. This is particularly so, given the uncertainty in the property market and with the large disparity in opinion as to how long the current situation will continue and what the long term affects on the property market will be. Therefore, as long as it can be seen that clear thought has been given as to whether this is the correct strategy, a property has been marketed and sold transparently then why take the risk and hold a property incurring additional costs rather than sell now? What is plan B? Would a hold strategy actually put the lender and borrower in a worse position? As can be seen from the recent Allsop auction results, there is a market and although it may be slightly harder to obtain there is also opportunity to obtain funding. We saw this prior to the April auction when 3 receivership lots entered in to the Residential Auction were refinanced two days before. As stated previously, a sale strategy may only work for certain assets and it requires careful consideration on an individual property basis but should at all times be considered.

In these unprecedented and uncertain times protecting the asset and therefore the lenders' security is key and receivership is still a way to do this.

Don’t feel cornered by your tenants

Landlords currently under pressure to agree short lease extensions may feel that they have no negotiating levers. The Coronavirus Act 2020 gives tenants confidence that they cannot be evicted, so why should they negotiate at all? One good reason is that the landlord can double rent instead of evicting them. In many situations it will not be appropriate to double the rent but there may be situations where it is helpful to know that these two pieces of often overlooked legislation are available to you. They are just as effective now as they were 300 years ago: the Landlord and Tenant Act 1730 and the Distress for Rent Act 1737.

Where a tenant's lease is 'outside the Act' (that is outside the LTA 1954) but they stay in occupation after the end of their lease a landlord can charge a 'rate of double the yearly value of the lands' until the tenant leaves or signs a new lease. That may put an interesting angle on the conversation you have with a tenant who wants a short extension.

Under the current Coronavirus restrictions it is sometimes hard for tenants to vacate their premises. It is also hard for them to search for and commit to new premises. We are finding that many tenants want a short extension to their lease. This may be entirely reasonable and mutually beneficial to both landlord and tenant. However some landlords may feel disadvantaged by tenants using the situation to extend leases unfairly.

"one good reason is that the landlord can double rent instead of evicting them"

In such instances a landlord may want to use 'double value' to encourage tenants to move, or extract some compensation from those tenants who wilfully stay (not by mistake or because they have a reasonable claim of title to the property). All the landlord has to do is demand vacant possession in writing and be willing to demonstrate the rental value in court if necessary.

Double value isn't just doubling the monthly rent; it is double the value that a willing tenant would pay for the premises during the period of trespass as assessed by the courts.

The situation is slightly different if a tenant has already given an undertaking to vacate a premises (by serving a break notice say) but then stays in occupation anyway. For this another piece of legislation is useful: the Distress for Rent Act 1737. It does not require an expensive argument over rental value: instead, the landlord is automatically entitled to double the passing rent as soon as the lease ends. In this case the landlord must treat the tenant as a trespasser i.e. not accept rent at the old rate.

It strikes us that double rent may be preferable to gaining vacant possession in many cases at the moment.

These are not tools for the faint hearted but they have a place in an asset manager's armoury.

Learning about sustainable income from the investment front line

***The front line* has taken on a new meaning in the last few months, and whilst those essential workers are hard at work at the forefront of keeping the country healthy, the Private Investor community remain keen to buy assets and gain income.**

The auction market has been active, despite volumes falling and £65m was transacted in our March and April auctions, as we quickly migrated to fully online platforms for both commercial and residential sales.

For the Private Investor community, who have invested for income, this economic phase of lockdown has hit their incomes in two ways – their rental income and from dividends, with some 45% of UK companies cutting or halting their dividend payments in early April.

Rent collection rates across the commercial sector for the March quarter have been challenged and as this is written predictions for June vary widely, although the unwinding of lockdown should bring some relief.

Investors such as charitable foundations have cash reserves, and these buyers are becoming more prominent in our sector, with a very clear focus on buying sustainable income.

Sustainability in this respect has focussed their minds on the basic human needs of health and convenience, alongside the traditional grade A covenant and long leases that are always popular but have become rarer commodities for the Private Investor to access.

Health can be interpreted in many ways, but for the Private Investor with a budget under say £5m, it means pharmacies, small GP practices, opticians and dentists that may or may not be on the High Street.

Pharmacies have, from the very first scenes of this pandemic become ever more the focus of community life, in a way that traditional shops tempting our discretionary spend simply cannot be when times are tough. To some they provide a lifeline and have a reliable, repeat customer base ranging from young families to the elderly who need their regular prescriptions which underwrites the business model. In easier times they will quickly morph into high street shops selling high margin cosmetic goods, toiletries and off the shelf medication.

Licencing is another key factor - the number of pharmacies and doctors' surgeries within an area is regulated by the NHS and this tight governance means the creation of new licences or re-location of existing ones to new premises is strictly controlled. From a Landlord's perspective, this limitation of supply helps provide stability and perhaps the prospect of mid to long term rental growth.

Our recent auction results reflect this demand, with some of the strongest yields on the day in the pre and post lockdown sales being paid for Boots' pharmacies.

Lot 1 in February 2020 in Morden, sold at 3.8% NIY. Post lockdown, in the March 31st sale Lot 1, in Halstead, Essex and Lot 2 in Worcester Park, Surrey were both let to Boots and sold at 4.4% NIY and 4.1% NIY respectively, showing little sign of weakness in these instances of High Street sales.

Looking away from the health sector and the high street, convenience stores both stand alone and as part of petrol stations, remain highly desirable despite the motor industry undergoing evolution.

We have witnessed the continued trend of grocery shopping being increasingly carried out on a top-up/when required basis and during the lockdown this sector has proved to have the inbuilt resilience of being a basic human need.

These assets combine key features that appeal to the private investor: prominent roadside frontage - we all believe that we will keep driving, an inelastic demand for fuel whether carbon based or not, and convenience shopping.

If the electric car is the future, the increase in duration of 'pit-stop' for re-charging as opposed to re-fuelling will result in longer customer dwell times and could present further opportunities. Whatever the fuel of the future, with an improved convenience store offering, drivers are highly likely to add to their bill be it through the addition of a coffee or that evening's supper.

We have sold £18.58m of roadside and in town convenience stores this year to date with one highlight being a petrol station and store in Temple Cloud, Somerset, which sold for £1.28m after intense competition. With the lease guaranteed by an established, +£90m net worth company, this gave a meagre 5.25% yield to the buyer, but with security of income until 2034 along with annual rental fixed increases of 2.5%.

The increase in duration of 'pit-stop' for re-charging as opposed to re-fuelling will result in longer customer dwell times and could present further opportunities

"the Private Investor community remains keen to buy assets and gain income"

Since lockdown the stand alone Convenience store sector has seen yield compression in the light of this intense demand, as we have achieved prices of 5.2% NIY for shorter income where break clauses are as early as 2024 - one example being Lot 8 in the May sale a former pub, now a stand alone Co Op, which sold prior at £810,000. Clearly the buyer is happy to look way beyond this early break clause, gaining comfort in this busy sector, where the rent payments have been uninterrupted.

Few other sectors can show this level of demand in these straightened times and who can doubt the instinct of the Private Investor to protect their ability to derive income?

Ending no-fault evictions - will it impact on value?

Over the past few weeks, I have been asked whether ending no-fault evictions will impact on value by a number of investors. Truthfully, until the market reacts, we can't be sure. But what are the issues surrounding no-fault evictions?

In the Queen's Speech in December, the government made clear its intention to abolish section 21 of the Housing Act 1988, ending no-fault evictions of residential tenants in England and Wales. It's notable also that the Government has announced a three month temporary ban on evictions during the COVID-19 crisis as part of the emergency legislation. On the surface the proposal for permanent legislation seems quite a drastic step and a return to the long-ago days of protected tenancies and lifetime security for tenants. In fact, it isn't going to be as severe as that.

Under the current s21, a residential landlord does not have to give any reason to end a tenancy, provided the appropriate notice is served. This offers a practical way for landlords to manage a portfolio and handle things like rent arrears and anti-social behaviour, without having to prove matters in a court on the mandatory grounds permitted under section 8 of the Act. Frustrated landlords have, for many years, found the court process to evict tenants in breach of the terms of their tenancy cumbersome, particularly when it is possible for savvy tenants to employ tactics such as reducing arrears prior to a hearing to a level that would not trigger their mandatory eviction.

The government has the laudable aim of giving renters greater stability. It also recognised that something must be offered to landlords in return, so it is expected there will be provisions for landlords to gain possession in the event of wishing to sell the property or move into it themselves. Lenders are also likely to be protected if they wish to sell with vacant possession. There are also promises that revised section 8 rules will allow for speedier decisions on evictions and quicker access to courts. Quite how, we are yet to discover.

How will all of this affect valuations?

It is easy to argue that little will change, yet one can be pessimistic about the loss in landlords' flexibility. Currently, many valuers discount from vacant possession value for the existence of a residential tenancy. The size of the discount is bigger the greater the security the tenant has. So, for example, a regulated tenancy (with lifetime security and a fair rent) may attract a discount of between 15%-20% from vacant value. An assured tenancy where a market rent is payable (but the tenant nevertheless has lifetime protection) may be at a slightly lower discount.

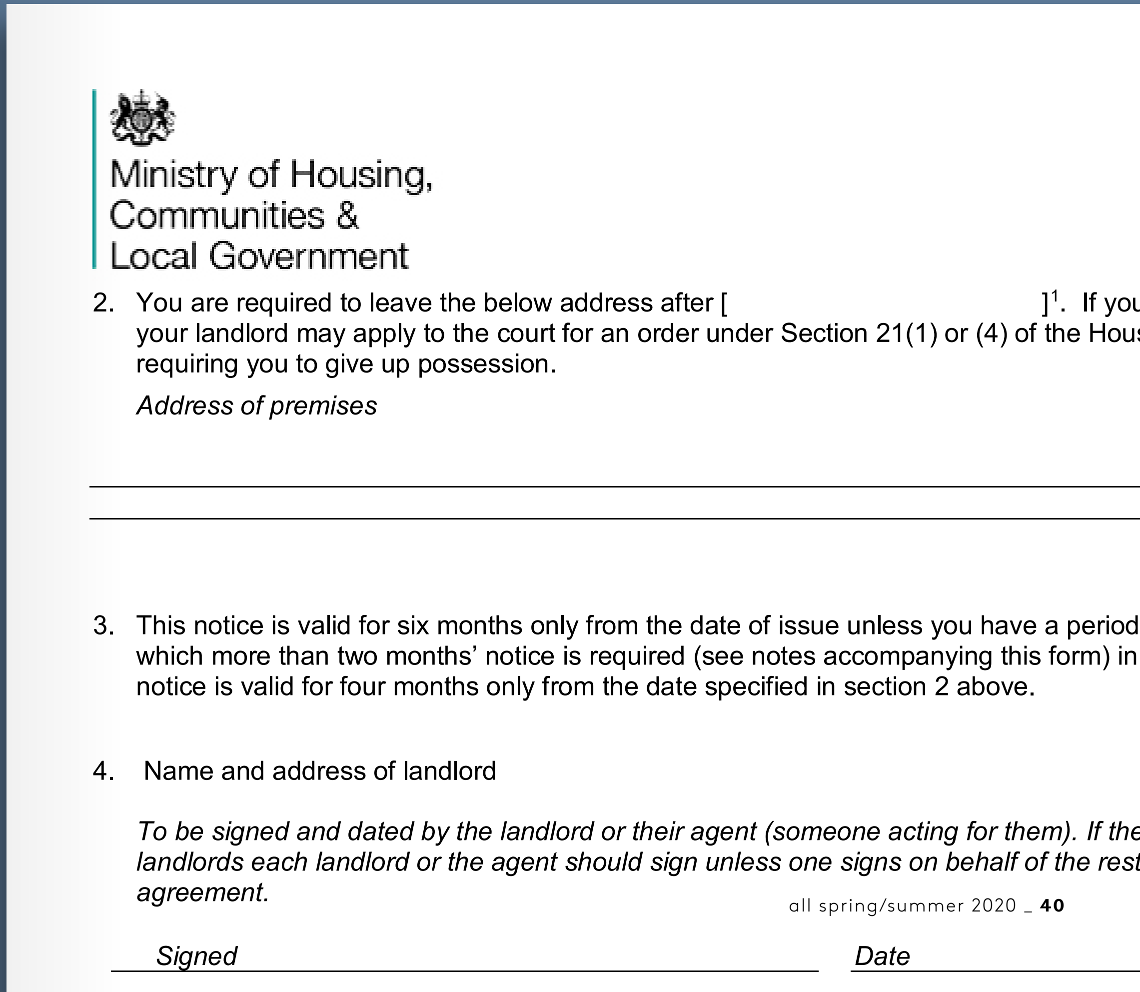
But with shorthold (AST) tenancies - which is what the new rules will apply to - it is increasingly the case that properties are valued by reference to yield, rather than a discount to vacant value, though much depends on the type of property. A buy-to-let landlord may still expect a discount to vacant value rather than an application of a yield. However assets owned by professional landlords for investment at scale are now primarily valued by gross yield or on net operating income, only with a final check to vacant value. Buyers who acquire for break-up value would still be able to secure vacant value under the proposed new regime. It's a fact also that tenants who hitherto leave of their own accord will still leave of their own accord. With all of that in mind, I'm much more sanguine about the case for valuations being unaffected.

What can we learn from Scottish tenancy law?

This area of law is not new in the UK; Scotland took the lead in 2017 with the introduction of a new type of tenancy - the Private Residential Tenancy, which has similar effects as the proposals for England and Wales. Statistics suggest there has not been any noticeable reduction in the number of landlords, whilst rental growth has continued at a similar pace. The Scottish experience appears to have balanced the needs of the landlord with the rights of the tenant. Reasons for this may include a strengthened ability to recover possession in the case of rent arrears and a special Housing Court to speed the process.

Provided the government picks up on the Scottish experience, I cannot see that a ground shift is needed in the approach to valuation. Lenders are likely to have their position secured if vacant sale makes sense for them. Professional landlords, although no doubt frustrated by the removal of flexibility, will recognise that longer-term tenants prove the sustainability of income and reduce voids. Granted, some individual private landlords may exit the market, dismayed that this proposed legislation follows previous interventions that have made the life of a landlord more difficult. But, if they need a home back to live in or to sell at a higher vacant value, they can. Let's see what the detail brings.

"under the current s21, a residential landlord does **not** have to give any reason to end a tenancy"



Ministry of Housing, Communities & Local Government

2. You are required to leave the below address after [ ][1]. If you your landlord may apply to the court for an order under Section 21(1) or (4) of the Hous requiring you to give up possession.

Address of premises

3. This notice is valid for six months only from the date of issue unless you have a period which more than two months' notice is required (see notes accompanying this form) in notice is valid for four months only from the date specified in section 2 above.

4. Name and address of landlord

To be signed and dated by the landlord or their agent (someone acting for them). If the landlords each landlord or the agent should sign unless one signs on behalf of the rest agreement.

Signed *Date*

East

Aldgate: London's new Shoreditch

One of the greatest success stories of the last 15 years in London has been the shift East of its centre of gravity. Major corporations are choosing to Headquarter in Aldgate highlighted by BT signing 320,000 sq ft to tap into the young generation of talent who predominantly live out east and benefit from the excellent connectivity.

Shoreditch, adjacent to the City of London to the North, was one of the first areas to benefit from regeneration. But, what about Whitechapel and Aldgate also located on the City's doorstep to the East? Around 15 years ago or so, Aldgate's commercial market was dominated by the cheque clearing operations of the major banks, housed in large, solid, old, but unloved buildings.

This has now all changed. Attracted by large floor plates of well-designed new schemes, a high-speed fibre optic network and competitive rents, a new wave of creative industry occupiers have arrived in Aldgate.

Kickstarting Aldgate's regeneration was Berkeley Homes' purchase of the Goodman's Fields development site. This nine-acre mixed-use scheme, offering residential, offices, hotel, student accommodation and retail is now in the final phases of its 15-year development, serving as a lynchpin to the area's transformation. Consulting on several key buildings in Aldgate from the beginning, Allsop has got to know the market's unique dynamics.

Aldgate floor plate sizes hard to beat

Aldgate, compared to its neighbouring competitor, Shoreditch, has considerably more buildings with large floor plates in excess of 15,000 sq ft such as the Relay Building above Aldgate East station which is home to international disrupters Blockchain and the leading code educational school, General Assembly. This scale is difficult to find anywhere in London. These large floor plates are particularly popular with tech companies, which prefer being on one floor. Relatively high occupancy costs in Shoreditch, which are set to soar further when rates are to be revalued, are also helping push tenants towards an Aldgate address.

More people are living out East rather than West generally but the boundary of Tower Hamlets and the City meeting in Aldgate has seen a healthy convergence of residential,

"consulting on several key buildings in Aldgate from the beginning, Allsop has got to know the market's unique dynamics"

offices, student and hotel schemes which bring a large amount of diverse amenities not seen in the City Core.

Many buildings in Aldgate offer the high ceiling heights and character demanded by occupiers to attract today's young talent. An example is 9 Prescot Street, a fabulous 100,000 sq ft, 1930s building, which is about to be refurbished by CLS Holdings PLC. One of its outstanding features are 4.5m ceiling heights. A similar development is Ibex House, a 200,000 sq ft, 1930's Art Deco building, which has been purchased by Dukelease and Henderson Park. Both projects provide their investors with the opportunity to create highly attractive, cool and desirable buildings that will command higher rents.

Recent deals confirming Aldgate's new-found status include BT acquiring 320,000 sq ft at 1 Braham Street in readiness for the move from its Holborn HQ. Part of the attraction was the fibre optic network and the preference of tech staff to live in trendy east London, making staff recruitment and retention easier.

With good buildings offering large floor plates in short supply, demand is pushing eastwards. Attracting this wave of top-notch tenants are buildings such as the 26,448 sq ft, seven storey, Wool + Tailor building in Alie Street, which only has a few floors remaining and Department W, an 80,000 sq ft building which borders Whitechapel, and offers 22,000 sq ft floor plates and four-metre ceilings. The office element of c 55,000 sq ft has recently been let to Queen Mary University on a 15 year term.

Aldgate, from rents lower than £40 per sq ft a few years ago is now achieving £60 per sq ft for its best buildings and catching up fast with its older and more established sister, Shoreditch.

Anthony Dixon _ Residential Development
James Salmon _ Commercial Investment

Residential above commercial in 2020 - industrial?

Mixed use property has been about for decades. London is littered with rows of Victorian or Edwardian properties with commercial ground floor premises that have residential property above, historically making up the majority of our high streets.

These types of properties were originally built to serve the local community with the residential above intended for the owner occupiers of the commercial premises below. It is now more common for the upper parts to be sold off or let out for residential occupation while the ground floor premises is leased to a national or local trader.

Historically there has been a certain stigma around residential above commercial. Lenders have routinely seen it as a riskier prospect than other types of residential property, the key reason being the potential of the commercial occupiers to cause nuisance which may impact upon the re-sale value of the residential element.

Anthony Dixon _ Residential Development
James Salmon _ Commercial Investment

"living above commercial premises is now a regular occurrence all over cities around the country, none more so than in our capital"

Is this stigma out dated?

Living above commercial premises is now a regular occurrence all over cities around the country, none more so than in our capital. Mixed use assets have developed with the times with modern schemes being designed specifically to incorporate the specified commercial use at ground floor level, with consideration of the residential occupiers above.

Over the last decade or so our capital has seen a number of small industries either pushed out of town or relocated, as landowners seek to maximise the value of the their land. Most noticeably industrial land, often benefitting from large surface areas and single-storey buildings, has felt the consequences of the pressure from the housing market and subsequently land has been released for other uses at a far greater rate than anticipated.

Industrial Land

The Mayor of London published the draft London Plan in December 2017. It is no surprise that this proposes to substantially scale back on the release of industrial land, arguably required to keep our cities operational. A large number of industrial occupiers have capitalised on the sale of land to residential developers, these have been businesses that have been able to re-locate outside London without significant impact to their sustainability. However those businesses that depend on being operational within our capital are still constrained by the lack of industrial supply.

It's reported that between 2016 and 2021 an increase in parcel deliveries of 60% is predicted. Subsequently London will require space to process these last mile deliveries. It is therefore important through innovative planning and design that an element of industrial space is re-provided within large scale developments, whether these are intensified industrial schemes or mixed use schemes.

Mixing industrial and residential

The draft London plan presents opportunities for industrial development which allows housing development on Strategic Industrial Land (SIL) and Locally Significant Industrial Sites (LSISs) as long as there's no net loss. Some seem to argue that this makes no sense and it is fundamentally irrational to mix any form of industrial use with residential, however is this not an outdated mindset? How different is a modern industrial use to living above a large Sainsbury's and Argos who receive large deliveries on a daily basis?

It should however be noted that Jenrick's recent letter to Sadiq instructs him to take a more proportionate stance within the London plan and remove the 'no net loss' requirement and leave it to the Boroughs themselves to decide on the optimal use whilst ensuring sufficient industrial land is available.

We need a mixed use concept buy-in

It's clear that for mixed-use developments on industrial sites to succeed, there needs to be a shift in the public perception of industrial uses / users. Through advances in technology, the industrial sector has become greener and faster paced. With this, its impact on the immediate area has lessened making the sector more compatible with alternative uses.

Parties involved in the design need to buy into the mixed use concept with no compromise on either the residential or industrial component for the scheme to be a success. However one thing is for sure, those Councils that are forward thinking and are working to solve their housing shortage while protecting their industrial space, will be considering these schemes and planning officers will be scrutinising the design. Greater work will be required by the developer and their professional team to provide planners, councillors and surrounding residents comfort that the scheme is going to work. Often it is likely to be significantly better for surrounding residents and businesses than what currently exists on site. These modern schemes incorporate comprehensive noise mitigation methods and implement detailed design strategies overcoming separate access issues ensuring that the quality of living or working for residents and tenants is not impacted.

Deal structure need careful consideration

However while the planning and design is important, it will remain a pipe dream unless the land owners' and investors' priorities are taken into account. The former often focuses on speculative development one-off payments and capital receipts while the latter places greater weight on a guaranteed long term income stream. Therefore careful thought has to be given to the structure of deals to satisfy all parties involved, whether this be through pricing, joint venture agreements or commercial rental guarantees. It is however clear, that while industrial and residential or 'beds and sheds' have been discussed for several years we are now starting to see these schemes on a more regular basis and the education of all involved will continue as the market grows in response to the continued demand for both asset classes in the years to come.

How can Build to Rent meet affordable housing needs?

Over the past five years, Build to Rent (BTR) has emerged as a sector within its own right. During this time, key investors and operators have been working with local authorities to adopt acceptable provisions of affordable housing where required

The proportion of affordable housing required and the rental level permitted within schemes can vary significantly between locality and local authority

The National Planning Policy Framework (NPPF), associated Planning Practice Guidance (PPG) and the Draft London Plan have all produced specific BTR commentary to help local authorities and participants within the industry understand the nuances and requirements of what is still considered a relatively new sector.

Whilst overarching guidance, such as those mentioned above, all support the provision of Discounted Market Rent as the affordable component within BTR developments where appropriate, discrepancies remain at a local level. Each authority adopts its own stance when it comes to local development policies, with some still not acknowledging BTR as a unique type of residential development. As a result, the proportion of affordable housing required and the rental level permitted within schemes can vary significantly between locality and local authority.

What is Discounted Market Rent (DMR)?

Discounted Market Rent, also known as Affordable Private Rent, is a type of intermediate affordable housing, intended to meet the needs of middle-income households that cannot afford local market prices. DMR units are rented at a level typically at least 20% below local market rents; however, the level of discount can vary. Importantly for BTR, DMR units do not have to be owned or managed by a registered provider of affordable housing.

“we are starting to see more regional authorities now requesting the on-site provision of DMR units within BTR schemes”

On or off-site?

Whilst BTR generally supports the on-site provision of affordable housing, we find that contributions in regional locations have, to date, predominantly been off-site payments agreed through s106 agreements or have not been required at all. There are several reasons for this, but development viability in regional locations can be more of a challenge and local authorities also acknowledge the contribution to regeneration that BTR can bring. This said, we are starting to see more regional authorities now requesting the on-site provision of DMR units within BTR schemes as a greater number of developments come forward, therefore adopting policy more akin to that of London.

Current policy - inconsistent and ever changing

On a national level, the benchmark provision for affordable housing within BTR schemes is 20% of all units. DMR units are likely to be assumed at a discount of 20% or more of market rent.

In contrast in London, for those wishing to pursue the fast-track route through planning which does not require the submission of a viability assessment, Policy H13 of the Draft London Plan specifies a requirement of 35% affordable housing and provides guidelines on rental thresholds acceptable for this route.

Whilst discrepancies between policy at a regional and London level are somewhat expected, discrepancies are also evident between London-specific policies. For example, the Affordable Housing and Viability Supplementary Planning Guidance (2017) appears to contradict the Draft London Plan by stating that the fast-track route ‘is not appropriate’ for BTR schemes. As the aim of SPG is to provide guidance on the application of policies in the London Plan, this contradiction confuses the planning and development process for developers.

In regard to resident eligibility for DMR in London, there are additional variations from borough to borough and development to development. Typically however, applicants must either live in or work within the borough the scheme is located and earn a household income within a certain range. Rental caps set out in the Mayor’s Annual Monitoring Report are then applied.

What does the future hold?

Despite locational discrepancies and inconsistent guidance and application, BTR is one of the country’s more successful housing sectors. However, in early 2019, the Mayor of London inserted a suggested amendment to the Draft London Plan, which proposed that London boroughs could require a proportion of affordable housing within BTR schemes as low-cost rent (social rent or London Affordable Rent).

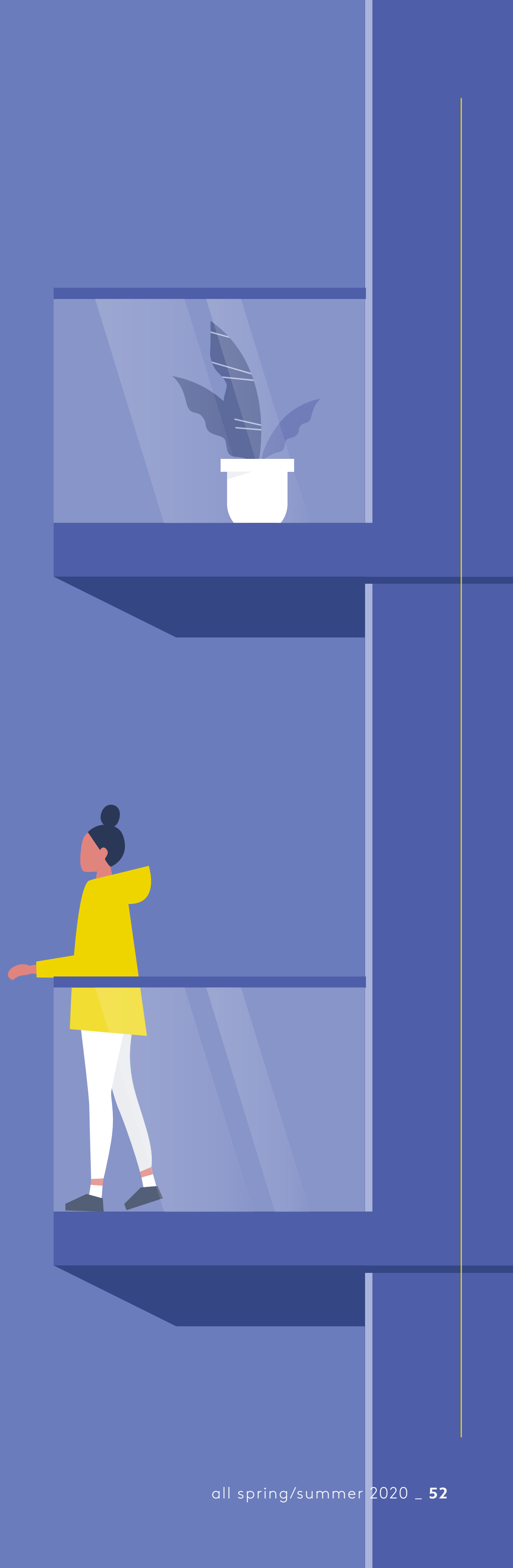
The main issue associated with this proposed change is that such low-cost affordable rental products must be managed by a registered provider. Most institutional BTR investors are not RP’s, meaning the affordable element would need to be owned / managed by a third party. Split management significantly dilutes the management efficiencies and liquidity of an asset, consequently negatively affecting the development’s investment value and overall viability.

Furthermore, providing the affordable and private units in separate blocks contradicts the ethos of BTR. The sector promotes tenure-blind, mixed-communities where private and affordable units share the same, equal access to amenity and professional management.

Moving forward

Local authorities have an important role to play. Using national and regional policy as a guide, we would encourage councils to acknowledge BTR as a unique sector and publish local policies that encourage development in line with their requirements.

All housing tenures have a part to play in providing the wide range of housing required to meet ambitious national delivery targets. The BTR sector positively contributes by satisfying a gap in the middle of the market for those who want good quality rental accommodation at market or discounted rents. Therefore, interaction with the industry to find affordable housing policy solutions is vital to ensure appropriate provision is delivered for local residents, without deterring development.



GREENING OUR BUILDINGS

Until recently, climate change was seen by many as an existential threat, but little was being done to tackle it. Climate change felt like a problem too big, too abstract and too distant for any action to have a meaningful impact. But this is starting to change. 'Green Awareness' is on the rise and has never been higher on the global agenda. Undoubtedly, this trend will continue to permeate, even coming to the forefront when we are choosing where we live.

So, what is a green building? Ultimately, it is a building where environmentally responsible and resource-efficient structures and processes have been put in place throughout its lifecycle.

For property managers, a green building is about creating a good quality of life for residents whilst ensuring sustainable practices are accessible, whether this is recycling services on site, sensors for communal lighting, or paperless tenancy applications and correspondence.

Build in sustainable practices

Being involved at an early stage of the development, to ensure sustainable practices are built into the fabric of the building, is key. As such, the infrastructure (and capacity for expansion) for items such as electrical vehicle charging points, waste management and segregation, recycling, photovoltaic panels, cycle storage, wind turbines, PIR sensors, water buttresses and energy strategies, is critical for ensuring schemes have efficient management strategies.

Smart buildings and the Internet of Things (IoT) will again ensure great strides are made in harnessing

Post completion, it is essential the management team understands every facet of the building

“green awareness’ is on the rise and has never been higher on the global agenda”

operational efficiency. Allsop is already analysing the thermal efficiency for its most recent instruction at The Keel in Liverpool. The building has been operational for four years and, if data is available to properly assess the thermal efficiency of the building and calculate energy usage, we should be able to improve the green credentials of the site and also save our client and customers significant money.

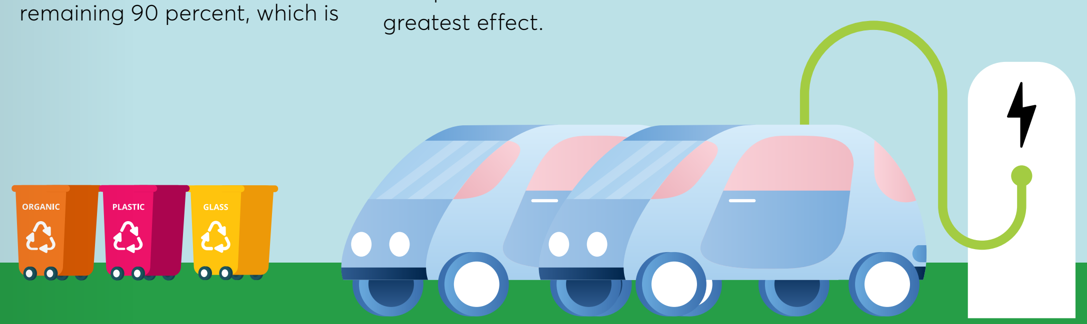
Management impact

Green buildings are sometimes referred to as icebergs by property managers: if we imagine the construction phase of a building is visible above the surface and reflects 10 percent of its lifecycle, then the remaining 90 percent, which is below the surface, is controlled by the impact of management. This really drives home the importance of both the mobilisation stage and the critical handover period between the construction team and manager.

It is this collaboration that enables managers to steer strategies for the site, introduce new and innovative solutions, such as Amber Energy’s genuinely green tariff, and ensures a much more detailed knowledge of the building’s pathology than simply turning up at completion for a handover. Post completion, it is essential the management team understands every facet of the building and can use the specification to its greatest effect.

Of course, there are significant environmental benefits to this approach but the wider financial impact on the asset should never be underestimated.

The general public is increasingly aware of how their day-to-day decisions influence the environment. Already, we can see this affecting shopping habits - the food we buy, the clothes we wear, the cars we drive. It is, therefore, no great leap to imagining that, soon, green awareness will impact where we decide to live. Build to rent developments are ideally placed to take advantage of this trend and this is becoming an increasingly important message and USP for our customers.



#trending

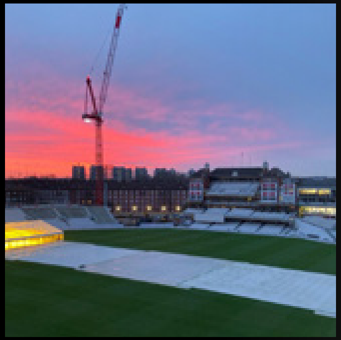
if its happening, its here

Due to the ongoing Coronavirus outbreak, there will obviously be no get togethers for all of us at Allsop for the foreseeable future. However, we would just like to say to everyone, stay safe, and stay in touch with each other - we are all one big team!

Charity

LandAid Sleep Out

Allsop legends brave freezing temperatures at The Oval in support of the LandAid Sleep Out. Vicky Bingham, Rebekah Donaldson, Ciaran McGivney, Oliver Turney & Alex Ward who raised over £850.



Charity

Movember

Our West End Business team and Adam from our Residential Investment Team grew a range of stunning 'taches' for the Movember campaign. The ladies also raised funds by running cycling and swimming. The teams raised over £6,500

Allsop show off cooking skills at Winter Night Shelter

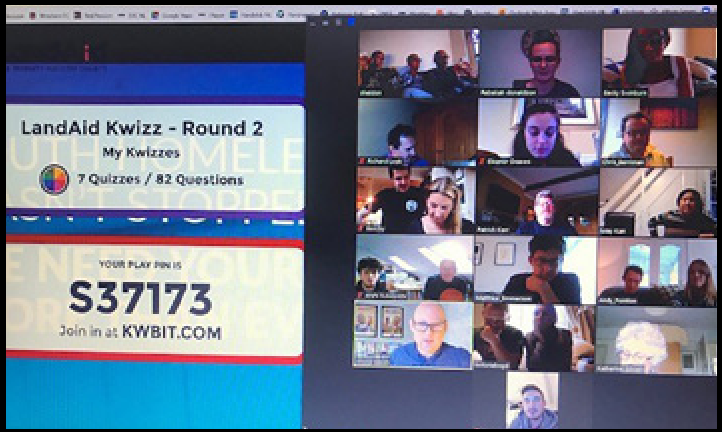
From November to March over 30 Allsop volunteers cooked for and chatted to the homeless at the Hinde Street Church night shelter.

As part of our commitment to inclusivity, Allsop host Freehold networking event for over 100 guests.

#trending

if its happening, its here

Charity



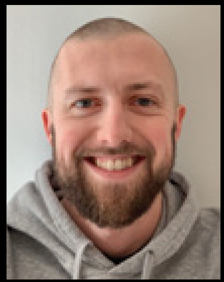
Allsop Charity Quiz Night

Our First Online Quiz Night was great fun and raised over £165 in support of LandAid's COVID-19 Emergency Fund. QuizMaster Andrew 'Wellsy' Wells made sure our brains were challenged and no cheating happened.

Maasai Academy to build Infants' Class

African charity, Redtribe, has announced that our latest donation will allow them to build an infants' class, giving even more children access to education.

Charity



Hair Dare!

Jack Robson, dared by the Leeds team to shave his head for charity, did just that and raised just under £1,500 for the NHS. He's keeping the beard.

Congratulations

APC Success

Congratulations to Olivia Bentley, Oliver Turney and Niamh Fleming

Lockdown Babies

Congratulations to Rebecca Smith on the birth of her son Rafael and to Emily Norman and her son Oscar.

Award win for Allsop Letting & Management

Allsop has been awarded first place in the 2019 HomeViews National Build To Rent Awards for professional letting and management of Moorfield's Trilogy in Manchester.

Congratulations

Gergo Petrovics

Joe Lydon

Congratulations to Allsop apprentices Gergo Petrovics and Joe Lydon, who have just passed their UCEM BSc Real Estate Management degree. We are super proud of them.

Sport

West End and City teams at Flight Club

No cheating, just honest fun. Apparently.

Photo courtesy of Nick Pemberton who also didn't cheat.

Commercial Deals

National Investment

Project Key, UK Wide
SOLD FOR £22.8M 5.6% NIY
Portfolio of six hotels let to Travelodge for a further 19 years with uncapped RPI linked reviews
Alternative

National Investment

300 Capability Green, Luton LU1
ACQUIRED FOR £62M 6.26% NIY
Premier Business Park Investment let to BAE Systems for c.10 years
Office Investment

National Investment

20 Chapel Street, Liverpool L3
ACQUIRED FOR £40M 6.30% NIY
Prime Grade A Office totalling 155,772 sq ft let to tenants including Liverpool FC, Ernst & Young, Barclays and Mason Owens
Office Investment

National Investment

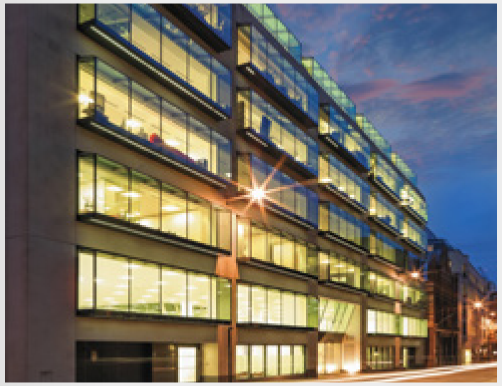
640 – 656 High Road, Tottenham N17
SOLD FOR £7M 4.75% NIY
19,992 sq ft Job Centre. Freehold office let to The Secretary of State for Housing, Communities and Local Government
Office Investment

City Investment

The Epworth,
25 City Road,
London EC1
SOLD FOR C. £73M
4.96% NIY
Cap Val £1,177 per sq ft
On behalf of a UK Investment Manager

A landmark 1930s Art Deco newly developed property long let to two tenants with a WAULT of over 13 years
Office Investment

City Investment



10 Old Bailey, London EC4
ACQUIRED FOR C. £61M
4.65% NIY/Cap Val £816 per sq ft
On behalf of a UK Investment Manager

Multi-let, highly reversionary core City of London investment, comprising c. 74,600 sq ft of Grade A office accommodation
Office Investment

City Investment

90 Chancery Lane, London WC2A
ACQUIRED FOR C. £34M
4.4% NIY/Cap Val £1,017 per sq ft
On behalf of a Far Eastern Investor

Freehold multi-let office investment property located in the heart of Midtown
Office Investment

Commercial Deals

West End Investment

94-96 Wigmore Street, London W1
SOLD FOR £17.40M £1,475 per sq ft
Freehold vacant office, retail and residential building totalling 11,796 sq ft
Vacant Redevelopment Opportunity

West End Investment

Spencer House, 23 Sheen Road, London TW9
SOLD FOR £18.75M 5.96% NIY/£684 per sq ft
Freehold multi-let office building totalling 27,417 sq ft on a 0.5 acres island site
Office Investment

West End Investment

45 Maddox Street, London W1
ACQUIRED FOR £9.80M
3.01% NIY/£2,159 per sq ft
Freehold multi-let office and retail building totalling 4,540 sq ft
Office and Retail Investment

West End Investment

94-96 Queensway, London W2
SOLD FOR £11.8M 4.4% NIY
Freehold multi-let retail and leisure investment sold on behalf of Aviva Investors
Retail Leisure Investment

Auction

58 London Road, Morden, Surrey, SM4
SOLD FOR £665,000 3.97% NIY
Well located freehold pharmacy let to Boots UK Limited until 2025
Alternative

Auction

Lower Filling Station, Temple Cloud BS39
SOLD FOR £1.28M 5.21% NIY
Petrol filling station and convenience store let to Bestway Retail Limited until 2034)
Alternative

Auction

B&M, Rhyd-Y-Blew, Ebbw Vale
SOLD FOR £3,475,000 7.46% NIY
Modern freehold retail warehouse let to B&M Retail Limited until 2031 with RPI linked reviews
Retail Warehouse

Auction

Trinity Court, Peartree Lane, Warrington WA3
SOLD FOR £2.28M 6.9% NIY
Multi-let industrial estate comprising 22 units across 5 buildings. Total rents £167,358pa
Industrial

Commercial Deals

City Office Leasing

Wool + Tailor, London E1
DISPOSAL 17,797 SQ FT on behalf of
Maurice Investments
Let to Sliide App, Red Snapper Recruitment, HLM Architects & Ingleton Wood

City Office Leasing

ARNOLD, London EC2
DISPOSAL OF 9,133 SQ FT on behalf of
The Property Trust Group
Let to MCC GLC

City Office Leasing

Dept W, 69-89 Mile End Road, London E1
DISPOSAL OF 55,380 SQ FT on behalf of
Schroder UK Real Estate Fund.
Redeveloped office let to Queen Mary University

City Office Leasing

Republic, London E14
DISPOSAL 4,057 SQ FT on behalf of
Trilogy & LaSalle IM
Let to Global Banking School Limited

West End Office Leasing

65 Curzon Street, London, W1
DISPOSAL OF 40,249 SQ FT
on behalf of a Private Investor
Entire building let to Business Cube

West End Office Leasing

20 Red Lion Street, London, WC1
DISPOSAL OF 14,600 SQ FT on behalf of
Mayfair Capital
Pre-Letting of Lower Ground to 2nd floors to Work.Life

West End Office Leasing

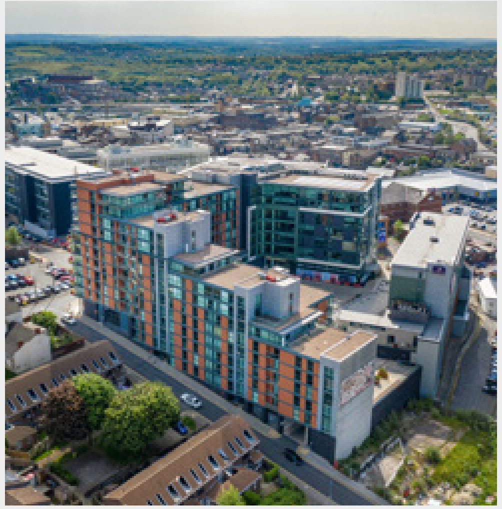
Jamestown Wharf, London, NW1
ACQUISITION OF 23,681 SQ FT on behalf of
a confidential occupier
2nd & 3rd floors successfully acquired on a lease to expire in 2028

Residential Deals

Build to Rent

Manox, Manchester
A family housing led BTR development with 295 private and 115 affordable houses and apartments over 16 acres. Designated amenity hub at the heart of the scheme. We advised our developer client on the forward funding sale. Currently under offer with works due to commence Autumn 2020.

Residential Investments



Gateway Plaza, Barnsley
129 long leasehold apartments let on ASTs. Gross yield 8.1%
SOLD FOR IN EXCESS OF £10.5M

Residential Investments

Oak & Paragon Portfolio, Horsham & Cambridge
50 houses and flats let on ASTs. Blended gross yield 5.5%
SOLD FOR IN EXCESS OF £14M

Residential Investments

Myrdle Court, Whitechapel, E1
Freehold block of 28 apartments fully let on ASTs. Gross yield 4.75%
SOLD FOR IN EXCESS OF £10M

Residential Developments

Church Fenton, Tadcaster
Former army barracks with a lapsed planning for 140 dwellings
EXCHANGED £4M

Residential Developments

Kirkstall Road, Leeds
Residential development opportunity with outline planning for 272 apartments
SOLD £3.56M

Residential Developments

Oughtibridge Mill, Sheffield
Residential development opportunity with outline planning for 320 dwellings
SOLD £22M

Residential Developments

Clapham Road, London, SW9
Existing Europcar garage with planning to provide 32 residential units above
SOLD £8.7M

Residential Deals

Student

City View, Jesmond, Newcastle
123 newly refurbished high specification bed spaces
SOLD £8M

Residential Auctions

Chelsea, London SW10
Freehold semi-detached part stucco fronted building with planning
SOLD £3.9M

Student

Boatmans Court & Bowran House, Preston
114 bed spaces located adjacent to the University of Central Lancaster
SOLD £5.5M

Residential Auctions

St John's Wood, London, NW8
Head leasehold reversionary ground rent investment
SOLD £950,000

Residential Auctions

High Wycombe, Buckinghamshire
Freehold student block providing 42 en-suite bedrooms across eight apartments
SOLD £2.1M

Residential Auctions

Hindhead, Surrey
Freehold detached former care home
SOLD £1.38M

Residential Auctions

Wimbledon, London, SW19
Freehold semi-detached period building with planning
SOLD £2M

Residential Auctions

Exeter, Devon
Freehold end of terrace building arranged to provide nine self-contained flats
SOLD £800,000

allsop.co.uk

Contacts

Head office
33 Wigmore Street,
London W1U 1BZ
+44 (0)20 7437 6977

City office
2 Copthall Avenue,
London EC2R 7DA
+44 (0)20 7588 4433

Leeds office
8th Floor, Platform,
New Station Street,
Leeds LS1 4JB
+44 (0)113 236 6677

Brighton office
Princes House,
53–54 Queens Road,
Brighton BN1 3XB
+44 (0)1273 322 013

Services

Asset Management
Auctions
Build to Rent
Business Rates
Development Agency & Advisory
Investment (Sales & Acquisition)
Lease Consultancy
Letting and Management
Office Leasing (Central London)
Receivership
Student Housing
Valuations