

# Office Performance

Office sector take-up across the South East has slowed over the last year with uncertainty weighing on business decision making. While Kent's town centre office market has seen a number of key lettings over the last year, it continues to struggle with a shortage of quality new space. Activity remains biased towards local business growth, and smaller floorspace lettings, driven largely by the supply available. Evidence from the wider M25 office market demonstrates burgeoning requirements from larger companies, particularly in knowledge intensive business sectors, both local and more widely. Such activity has been limited by a shortage of the prime town centre space favoured by some sectors of the knowledge industry. This shortage has contained rental growth in some locations. The average Caxtons' prime office rent grew by 4% over the 12 months to June 2019, reaching an average of £182m<sup>2</sup> (£16.90ft<sup>2</sup>). Those centres able to offer new accommodation such as Canterbury, Ashford and Maidstone are seeing greater activity. This is illustrated by Golding Homes taking 2,201m<sup>2</sup> (23,690ft<sup>2</sup>) at County Gate One in Maidstone on a 20-year lease.

The potential to broaden the occupier base where there is the offer of quality new space is evidenced at Connect 38 in Ashford. The development, completed last year, saw the arrival of PageSuite, providing cloud based publishing solutions taking 557m<sup>2</sup> (6,000ft<sup>2</sup>), while Tarkett, Hollis and Towergate took a further 1,022m<sup>2</sup> (11,000ft<sup>2</sup>) between them. Similarly, infrastructure company VooServers with global operations, moved to a newly completed headquarters at Vinters Business Park in Maidstone.

The ongoing expansion of agile working and freelancing has brought further serviced office space provision to the county. In July, Helix Property announced their acquisition of Kestrel House and Knightrider House, both located close to Maidstone West station, with plans for BizSpace to provide

# 85%

Increase in the Gravesend prime office rent over last three years

Caxtons



**Dragon Coworking, Rochester, Chatham.**

1,995m<sup>2</sup> (21,500ft<sup>2</sup>) of flexible office space following a £1.1m refurbishment programme.

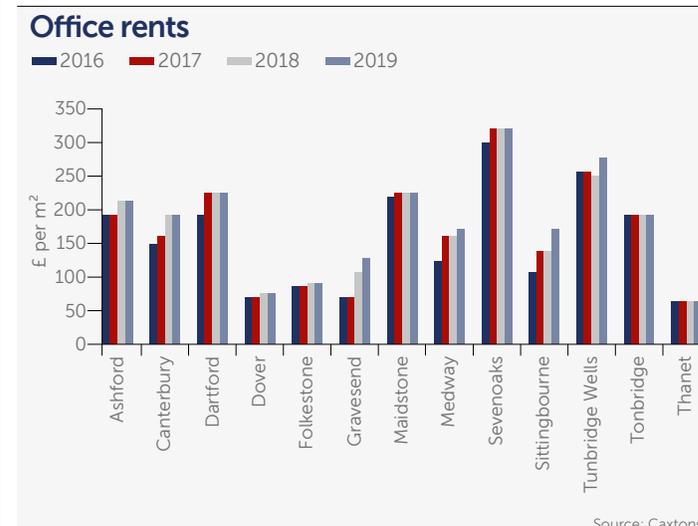
A number of higher rental value towns in the county have seen little activity due to the dearth of town centre supply, constraining rental growth. These include Sevenoaks and Tunbridge Wells, in demand by smaller occupiers. Such locations remain popular for a range of occupiers from the creative industries to the finance sector. In March, First Title Insurance took 549m<sup>2</sup> (5,909ft<sup>2</sup>) at ECA Court, South Park, Sevenoaks.

Despite the supply shortages across Kent, there is relatively little town centre office space coming forward in the short term. Longer term, U+I is part-funding the purchase of the 4.86 ha (12 acre) Newtown Works site in Ashford, with Quinn Estates. The scheme submitted for planning consideration in

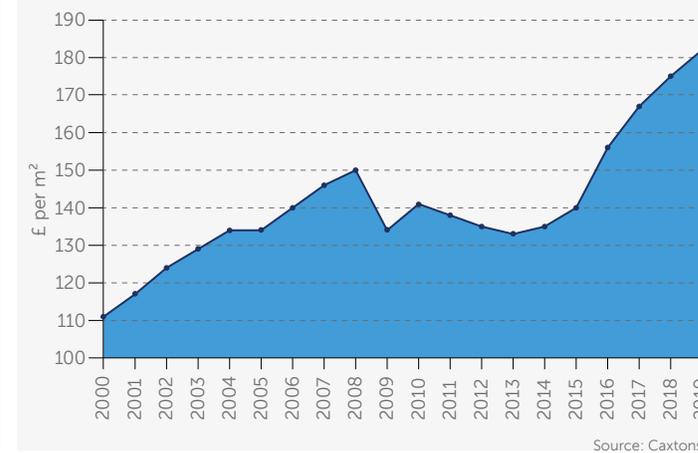
# 35%

Increase in the average prime Kent office rent over last five years

Caxtons



## Kent average prime office rent



Lettings						
Location	Landlord/Vendor	Tenant	Floorspace ft <sup>2</sup>	Rent (pa)	Lease term	Agent
County Gate One, Stacey's Street, Maidstone	Private	Golding Homes	23,690	£24.55 psf	20 years	Martine Waghorn/ GVA
Wellington Gate, Tunbridge Wells	Hermes Investments	Inter Quest Group Ltd	4,000	£110,000 pax £27.50 psf	10 year FRI. review/break at 5th	Broadlands Commercial Property Agents Ltd
Suite 1, Grnd Floor, 10 Conqueror Court, Staplehurst Rd, Sittingbourne	London & County	We Care Physiotherapy Ltd	1,041	£18,738	5 years	Harrisons/Caxtons
9, Waterside Court, Dartford	DLC	I-Cube	5,256	£21.15 psf	5 years	Altus Group

Sales						
Location	Landlord/Vendor	Purchaser	Floorspace ft <sup>2</sup>	Capital value	Agent	
Kestrel and Knightrider Houses, Maidstone	Kestrel-Milroy Holdings Knightrider-Private	Helix Property	22,470	£4.15m	Martine Waghorn	
Lonsdale Gate, Lonsdale Gdns, Tunbridge Wells	Threadneedle	Penshurst (special ventures Ltd)	9,600	£3.05m	Durlings	
Apollo House, Chapel Place, Ramsgate	Gen 2 Property	Meir Goldberg	6,950	£730,000	Harrisons	
171 Beaver Road, Ashford	Addaction	AAA Premier Group Ltd	1,931	£401,000 Freehold sale	BTF	

October with plans for a mixed-use space, including TV/film studio and production floorspace. The growth of such creative jobs will be aided by a commitment, announced in January, by the Department for Culture, Media and Sport, to develop the Thames Estuary Production Corridor as the world's largest creative corridor. This includes an award of £4.3m funding into a £6.7m programme to the University of Kent and the establishment of Estuary Works, which will provide creative workspaces for creative and digital businesses in clusters like Margate and Chatham Dockyard. Plans for the provision of creative space in Ramsgate are also being investigated in a project by Locate in Kent, Arts Council England and Heritage Lab. This will add to the county's innovation space which also includes the evolving Coachworks scheme near the Ashford International station. Further information on page 33.

Elsewhere in the county, Quinn Estates received planning consent in April for a mixed-use scheme at Eddington Park, Herne Bay, to include 3,793m<sup>2</sup> (40,828ft<sup>2</sup>) of office space. The same developer has plans at Bardell Wharf in Rochester,

which will include the creation of a new commercial quarter with 1,858m<sup>2</sup> (20,000ft<sup>2</sup>) of new space.

While investment activity has been relatively slow, local authorities remain active, with a number of new assets purchased over the last 12 months, including Connect 38 in Ashford. The 7,432m<sup>2</sup> GIA (80,000ft<sup>2</sup>) building was sold by Quinn Estates and George Wilson Holdings to Folkestone and Hythe District Council in March for £17m.

Heather Court, a 2,903m<sup>2</sup> (31,254ft<sup>2</sup>) office on Maidstone Road, Sidcup is currently being marketed with the benefit of a residential planning consent, while the 1,390m<sup>2</sup> (14,963ft<sup>2</sup>) Progressive House, on the same road was sold for residential use. However, generally the loss of office stock to residential use through Permitted Development rights has slowed, driven by a diminishing supply of obvious conversion targets and office stock shortages in many towns raising rental expectations.



Kestrel House, Maidstone.

PHOTO: MARTINE WAGHORN