

# Office Performance

The latter months of 2019 saw a little more confidence in the town centre office market across the South East, buoyed by greater political certainty and an uptick in economic confidence. The wider M25 office market demonstrated burgeoning requirements from companies in knowledge intensive business sectors in particular. Kent saw similarly positive demand, although activity remained biased towards local business growth, and smaller floorspace lettings.

However, the pandemic crisis inevitably impacted on activity across the county, with both uncertainty and lockdown delays driving a sharp downturn in take up since March. Given the dearth of rental evidence at the time of writing, the Caxtons' prime office rent series is presented up to Q1 2020. Despite a number of lettings in the second half of 2019, there was limited evidence of rental growth and as a result, the



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**Proposal for new five storey office complex in Pembroke Road Sevenoaks.**

# 5.3%

**Average annualised growth in the Kent prime office rent over the last 5 years**

Caxtons

average prime rent at Q1 2020 remained stable at £182m<sup>2</sup> (£16.90ft<sup>2</sup>). This translates to an annualised average growth rate of 5.3% over the last five years.

The latter months of 2019 included a number of key lettings. 60 London Road, Sevenoaks, saw two sublets in September. Building maintenance company Hemlow, took 464m<sup>2</sup> (5,000ft<sup>2</sup>) at a rent of £296 per m<sup>2</sup> (27.50 per ft<sup>2</sup>) while HR consultancy, Credence Background Screening, took 650m<sup>2</sup> (7,000ft<sup>2</sup>) at a rent of £269 per m<sup>2</sup> (£25.00 per ft<sup>2</sup>).

In October, Tunbridge Wells saw the AA take 267m<sup>2</sup> (2,881ft<sup>2</sup>) at Century Place, Lamberts Road, at a rent of £248 per m<sup>2</sup> (£23.00 per ft<sup>2</sup>). In the same month, the fin tech company, FIS Global Trading, took 465m<sup>2</sup> (5,000ft<sup>2</sup>) at a rent of £387 per m<sup>2</sup> (£36.00 per ft<sup>2</sup>) at Mount Pleasant House, Lonsdale Gardens. Meanwhile, in Ashford, 780m<sup>2</sup> (8,400ft<sup>2</sup>) was let at Kent House, Station Road, Ashford at £172 per m<sup>2</sup> (£16.00 per ft<sup>2</sup>) in early March prior to the lockdown.

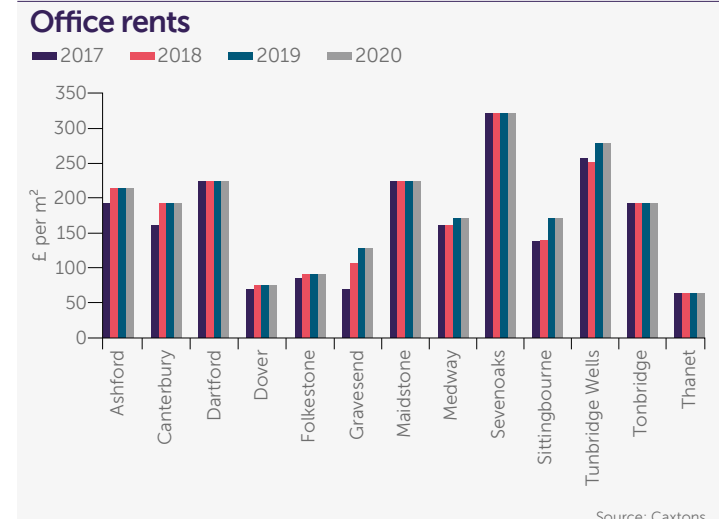
Maidstone saw a steady spate of small floorplate take-up prior to lockdown, but few larger lettings. East of the county, the high tech engineering and R&D company Phoenix Photonics, took £210m<sup>2</sup> (2,263ft<sup>2</sup>) of office and engineering space at Sarre Business Centre, Canterbury Road, Sarre in November.

Even prior to the pandemic, there was little new town centre office space coming forward. However, in April, Quinn Estates and U+I received planning consent for a £250m mixed-use film studio development on a former 5.1ha (12.6 acre) railway works. The new Ashford International Studios, located next to the International Station and located in the Thames Estuary Production Corridor which has a vision to develop a world-class hub for cultural and creative production, will provide a 18,580m<sup>2</sup> (200,000ft<sup>2</sup>) film studio complex, with 8,361m<sup>2</sup> (90,000ft<sup>2</sup>) of business space in the

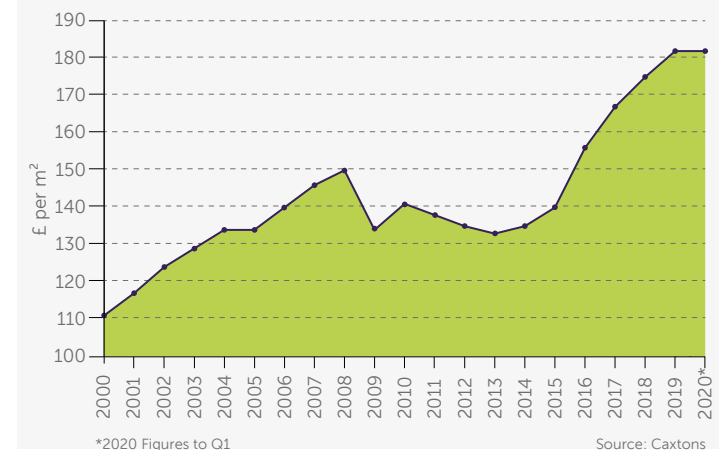
# 30%

**Increase in the average prime Kent office rent over the last 5 years**

Caxtons



## Kent average prime office rent



Lettings								
Date	Location	Landlord	Tenant	Floorspace ft <sup>2</sup>	Rent (pa)	Lease term	Agent	
Mar '20	Suites 101c, 103, 104, 105, 106A, 106B, 107A, 107B & Suite 3. Kent House, Station Road, Ashford	The Kent & Templar House LP	NHS	8,400	£16psf	10 years with tenant break option	Smith Woolley & Avison Young	
Dec '19	Wallside House, 12 Mount Ephraim Road, Tunbridge Wells	Fairview Investments Ltd	Buss Murton Law LLP	7,544	£160,000 pax	10 yrs	Durlings	
June '20	2nd Floor, County Gate 1, Maidstone	Golding Homes	MTK Wireless	7,295	£178,000	13 years, 6 months, 6 yr break	Sibley Pares	
June '20	Part ground floor, The Old Court House, Ashford	CXK Ltd	Dynamic rentals Europe Ltd	3,000	£40,000	6 years FRI lease 3 yr review and break	Stafford Perkins	

Sales						
Date	Location	Vendor	Purchaser	Floorspace ft <sup>2</sup>	Capital value	Agent
Dec '19	Whatman House, St Leonards Road, Maidstone	Golding Homes	Chandler Garage Holdings	27,078	£6m	Sibley Pares
Aug '20	Tenacre Court, Ashford Road, Harrietsham, Maidstone	Bam Nutall	Mulberry Tree Holdings Ltd	20,888	£2.3m	Caxtons
Jan '20	Riverside House, Temple Wharf, Roman Way, Rochester	Redrow Homes	KPL Ventures Ltd	1,324	£195,000	Harrisons



Tarkett offices, Connect 38, Ashford.

CREDIT: QUINNESTATES

Grade II Listed former engine sheds. The Media village will be geared towards SMEs and supporting industries with educational links.

The Thames Estuary Production Corridor will be further supported by £6.5million of funding, part of which will be used to redevelop vacant and underused buildings for creative use. Pilot projects in the county include the delivery of the Docking Station, in the Grade II-listed former Police Section House in Chatham's Historic Dockyard.

In September, Yellow Tree Capital received consent for a new five story office and residential scheme on Pembroke Road, Sevenoaks. Meanwhile, Maidstone Borough Council is considering the development of a new four-storey civic centre with Kent County Council, on the site of the former Royal Mail sorting office next to Maidstone East Railway Station. In July, planning approval was secured for a start-up business hub at Pier Works, as part of Clifton Slipways, Gravesend.

The county saw relatively few investment sales even prior to the pandemic crisis. In October, the 891m<sup>2</sup> (9,600ft<sup>2</sup>) Mount Pleasant House, Lonsdale Gardens was sold by Threadneedle to Peshurst for £3.05m. In January, the 811m<sup>2</sup> (8,729ft<sup>2</sup>) New Marlborough House, comprising office and warehouse space in Rochester, was sold by Havenhill for £1.15m. First Point, formerly Whatman House, was purchased by a subsidiary of Group1Auto for circa £6m.

Over the last two years, there has been a depletion of suitable office to residential conversion stock. However, the county has seen a couple of transactions over the last 12 months. In December, Oak Hill House, the Fidelity International HQ, comprising a 9.290m<sup>2</sup> (100,000ft<sup>2</sup>) office/ data centre campus set in 6.5ha (16 acres) of parkland was purchased by Berkeley Homes. The site includes three office buildings and a listed mansion house all of which are proposed for conversion to housing, in addition to new build housing planned as part of a wider scheme.