

# The knowledge



*Commercial business space insight from AMRO Commercial LLP*

Issue WINTER 2010

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Welcome to AMRO Commercials business space insight feature 'The Knowledge'. For the Winter 2010 edition we look ahead towards some of the major property events that will impact on our clients this year. Our regular Market Watch focuses on the market place for investors and occupiers of commercial business space and we introduce news of a new and exciting Co Investor vehicle for private property investors.

The business rates revaluation is a key event for all occupiers of commercial property, this hot topic takes our spotlight feature in this edition.

We hope you find the winter issue informative and helpful. We wish all our clients good business for 2010.

## Amro Commercial LLP

### Market Watch

2009 was a particularly frustrating year for investors in commercial property. It should have been a good year for acquisitive investors but opportunities were scarce. Sellers we're in the main reluctant and the continuation of the short debt supply kept many investors dormant. During the final quarter of 2009 some of the fundamental market forces started to change and 2009 ended with an increase in transactions and improved pricing.

The market in general has latched on to this rise in fortunes and we anticipate an increased number investments coming to the market during the first half of 2010. If you're looking to invest this year you should still find good long term value and perhaps more opportunities than last year.

Those sellers amongst you can expect better prices achievable than in the last 18 months. A shred of optimism is filtering into lenders but gone are the days of unsustainable debt to equity ratios. Investors still need lots of cash and those fortunate to have it will pick up opportunities.

The occupational (leasing) market will remain slow this year. Businesses are still more likely to remain in occupation than invest in new premises. We do not think rents will fall any further but occupiers buying or leasing vacant space should be able to negotiate fantastic terms, especially for long term commitments.

### Owner Occupier

**Our owner occupier clients should be looking at their new rates liability effective from 1 April 2010. See the special spotlight feature and as always contact us if you are in any doubt.**

Business owners seriously considering buying or developing property for their own business occupation should be focusing on opportunities while the market is still offering value. If you have not considered the arguments to lease or buy visit our website and read our 'Guide to becoming an Owner Occupier'.

- You need to be able to afford in the region of 50% of the purchase price and the associated costs of purchase.
- Know your businesses future property needs. If you are going to rapidly expand in the next few years make sure the property can grow with you.
- You will need good legal, tax and property advice to make the most of becoming an owner occupier.

Owning your business premises should be a positive development for your business and if set up properly, a sound investment for the beneficiaries.

## Spotlight Feature - Business Rates Revaluation 2010

**Interesting times ahead for rating surveyors.** From 1<sup>st</sup> April 2010 the new rating list for England and Wales comes into effect. The new Rateable Value sets the basis for which occupiers rate liabilities are calculated. The new list has been available since October 1<sup>st</sup> 2009 to allow rate payers to make early preparations.

The level of all rateable values is based on rental evidence as at 1 April 2008. This is interesting as the valuation date was set amidst uncertain economic times when rental evidence was conflicting. Our early tests are demonstrating scenarios where there are huge differences between our key rental evidence and the rental tones adopted by the Valuation Office. Rate payers must look at their rates liability in this new dawn and prepare to appeal.

Consult the services of a reputable firm of chartered surveyors experienced in making appeals on behalf of occupiers. As always the process is slow but the sooner an appeal is made the closer the rate payer is to hopefully reducing its liability. Also, bear in mind that 31<sup>st</sup> March 2010 is the last opportunity businesses will have to appeal against the current 2005 list. We will gladly provide prospective clients with our informative, no obligation rating audit, the first step towards reducing this property tax.

## Private Investors

Our Market Watch mentioned that 2010 will still provide cash rich buyers with good value investment opportunities. Even though the markets have been tough for the best part of 2 years we have seen a rise in private investors entering the market. Our private investor clients acquire assets in the £1 - £10m range of course with exceptions below and above this range. We continue to grow existing client relationships and we are always excited to forge new ones.

**This year we are involved with a new Co-Investor vehicle for private investors,** Direct Property Investors. DPI is not an innovative idea but it focuses on strong core fundamentals, aims to deliver high returns by acquiring assets outside of peak market conditions and has been set up for private investors. The vehicle is managed by a company that invests its own cash into each DPI project. The entry level will be circa £150,000 with no set upper scale but limited to the size of the investment. If you want to hear more about current DPI projects and becoming a DPI co investor then contact our investment partner James Huckerby on 020 8866 8297 or email jamesh@amrocommercial.co.uk .

**If you want to here more about our services then get in touch.**

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