



Exclusive article by Peter Bill; only available to clients of MüAM

Peter Bill is the UK's foremost real estate journalist relating to planet property. Peter is a former editor of Estates Gazette, as well as a regular contributor to several other publications and newspapers, and has written a number of widely acclaimed and referenced books.

The sincerest form of flattery

There is no shame in imitation. Especially if those you bow to, being superior players, reveal their game plan. By that I mean the documents and drawings necessary to win a planning application. Thinking of buying offices that needs upgrading? It would be impertinent of me to suggest where. It would be patronising of me to offer financial advice. I've never bought an office block in my life. I have no clue as to which city to start. Except to say that starting in a place with more than its fair share of brand-new offices is not a good place. Waiting for new-build prices to fall is one option. But the bigger game today is more about finding on-pitch gems dulled by time, with good bones, plus the potential to up the floor space. Off-pitch is going to become a very cold place for reasons to be explained.

Found something? OK. For the sake of this exercise, lets imagine it's a 30-year-old gas-guzzler containing 33,000 sq. ft., which could be stripped to the bone and refilled with 40,000 sq. ft. of lettable space designed to meet Energy Performance Rating (EPC) grade 'B'. Now, seek from the public planning registers an application which feels closest in shape, size, and location to your targeted investment. As in all things British, there is an unspoken hierarchy. Ignore fly-by-night applicants. Seek out applications assembled by a blue-chip developer. Where they have decided to put their money tells you where might be best to put *your* money. Next, who do they have on the development team? They tend to choose very carefully. See who they think are the best architects, engineers, planners. Ask around. Imitate.

The bigger game

As Sun Tsu says in the Art of War, 'In the midst of chaos there is opportunity.' Three deep and sudden shifts are changing the battlefield in the office market. The pandemic and the ensuing work from home movement has lowered overall demand. It's not coming back. The only thing preventing acceptance of this truth by landlords are unexpired leases. They are going to expire. The shift to more energy efficient buildings solidifies after every 'world on fire' weather report. Tear down and doubling the GIA with a new build is seen as the work of the devil now. 'Retrofit' and add 25% to the GIA if you are lucky is what the planners like now. Relatively little new stock is going to be built.



40 Highborn Viaduct - before & after

Retrofit will slowly become the bigger game. Played on a huge field, one, already littered with casualties, with thousands more to come. There are at least 24,000 offices across England that have yet to obtain an Energy Performance Certificate 'C' rating. The deadline is 2027.

After that new leases won't hold legal water. The number of offices that will need to meet the EPC 'B' rating by 2030 is put at 63,000. Many hope the EPC

timings will be fudged, given the scale of the problem. More than likely. But what new tenants are going to want D or E grade space when C or B is available at same price?

Refurbishment has been around forever, of course. But what's happening now is that blocks that would normally be torn down as a matter of course are being retrofitted. Surprisingly new blocks for that matter. Nuveen Real Estate unveiled plans earlier this month to strip a plain jane 15-year-old block at 40 Holborn Viaduct to its steel skeleton. Plans for the 10-storey block by architect Eric Parry add two floors, endless balconies, upping space from 20,579 sq. m. to 24,108 sq. m. Cast list: QS Arcadis, Structural Engineer, AKTII, services consultant WSP and façade engineer, Arup.



A full application has yet to be filed. But if you are looking in the City for something similar, browse the application by Barings Real Estate for 25 Moorgate, which was approved in April. The 21-year-old block containing 10,440 sq. m. of floorspace is gaining an extra 700 sq. m. by reconfiguring the roof. Copious drawings by architect Morrow & Lorraine, plus a full cast list available. The Section 106 deed shows the tithes the City demands in return for permission, including £34,996.50 for the Corporation's affordable housing pot.

Look north

Up north? Evershed House in Manchester built in 2001 for the lawyers of the same name. Now owned by Credit Suisse. The canal side offices at 70 Bridgewater Street are being gutted, the atrium filled, two floors added, and everything wrapped in nice new cladding at a total cost of £28m. The documentation from architects OMI is first-class. Spend an hour or so browsing the drawings and noting the players if you are thinking of doing anything like the same thing. And yes, the uplift in floorspace is there to be found.

The Midlands? Look at the planning documents for 134 Edmund Street, Birmingham, an 83,000 sq. ft. block in the heart of Birmingham's CBD. Approval was granted 12 months ago to Britain's bluest-chip developer Grosvenor, owned by the Duke of Westminster. Best start with the 64-page Design and Access statement. Prepared by architect Buckley Grey Yeoman with the assistance of structural engineers, Waterman, acoustic consultant, KP Acoustic and services engineer Amber Management. Tellingly, the floorspace barely changes, up a mere 63 sq. m. to 11,354 sq. m. If Grosvenor has one fault, it is spending inordinate amounts of time vetting those who get to be on their development team. Let their research be your guide.

Most of the above applications follow a similar pattern. Copy and the planners won't get unsettled. Peruse the plans. See who had to be consulted. See who raised objections. Navigating local authority planning applications is not that difficult. A competent 15-year-old could soon be pinging you over 140-page environmental impact statements, complex rights of light calculations, dozens of drawings and every single letter of objection received for schemes within an objector's stone's throw of your targeted investment. Don't feel guilty. DIY research is fine at the scoping stage. It is amazing what you can find. You can always begin to pinch the consultants later.

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