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COMMERCIAL PROPERTY UPDATE

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New branding brings Atisreal increased firepower

ATISREAL'S Sheffield office is looking forward to a prosperous year ahead under their new branding, following the Fuller Peiser acquisition towards the end of last year.

Atisreal is continental Europe's leading provider of integrated property services with 13 offices in the UK and the acquisition came as part of the Atisreal's strategy for international expansion and their desire to become a top-five player in the UK. Recognised for their strengths in the industrial and logistics sector, the Sheffield team brings a wealth of experience to Atisreal, which is renowned for its capabilities in the professional services arena.

The Sheffield office has over 30 years of experience advising businesses across Yorkshire and by joining up with Atisreal it is now able to offer clients a wider spread of expertise and range of services, both in the UK and on a pan-European basis.

Andrew Halstead, Head of Atisreal Sheffield office says: "The announcement of the acquisition was well received by our Sheffield office, it is great news for everyone concerned and has given us more firepower in the market. We enjoy good success here in Sheffield, having transacted just under 2 million square feet of commercial property and 43 acres of land for our clients last year alone, and our specialist

Planning and Rating teams will benefit Atisreal clients throughout the North of England.

"The merger with Atisreal has enabled us to offer a broader range of services to our clients and the resource pool we share with Leeds, especially in terms of their Investment strength, is a clear benefit. There are many synergies between Atisreal and the former Fuller Peiser that support Atisreal's strategy of growing our investment, agency and regional capabilities and the two companies are highly complementary, with shared values, objectives and service standards. Now together and operating under one banner, we are able to offer our clients a broader range of professional expertise from a strengthened regional network.

"Since joining Atisreal it has already become clear that we will need to expand some of our teams in Sheffield in order to deal with the increased workload and we are currently seeking to recruit in a number of areas. It looks as though 2007 is going to be a very busy year!"

*Sheffield head of office
Andrew Halstead with
the Atisreal team*



Bright outlook as rent rises tipped for highest in UK

THE outlook for the office market in Sheffield is set to boom according to the findings of the Lambert Smith Hampton (LSH) 'Weather Map' report. Rents in Sheffield are predicted to rise by 18.9 per cent, the highest increase in the UK.

Current prime office rents in the city are £18.50 per sq ft, however this is set to increase to £22 per sq ft in 2007, and as a result Sheffield shows the highest office market rental growth out of the 35 cities in the UK surveyed.

The LSH 'Weather Map' is published every six months and delivers a comprehensive assessment of what is happening in the UK commercial property rental markets. It provides information and predictions for 35 local markets and is based on data from the company's own 30 offices throughout the UK and Ireland.

LSH predicts that new and emerging centres, including Sheffield and Doncaster, will grow in importance, due to the continuing strength of the logistics sector's demand for distribution space, which is driving up land prices in well-established distribution locations, as well as planning restrictions and the shortage and high cost of labour.

The report highlights that rents in the industrial sector in Sheffield will grow by 4.8%, well above the UK average. The retail market also has a fair outlook, with a 3.9% growth predicted seeing

rents rise from £255 per sq ft to £265 over the next 12 months.

Across the UK as a whole, the report identifies the following key trends:

Office market – the office market is set to remain the leading sector led by economic growth and strong employment growth in the Financial and Business Services sector. Occupier demand has picked up in the region and there is currently a shortage of Grade A space, reflected by limited new development activity. However, city centre office refurbishments are helping to plug this gap and developer interest is returning as the sector booms. Sheffield will see the highest UK rental increases in this sector.

Retail market – the slowdown in the consumer economy has limited growth and Sheffield's retail rental market is however set to see above average growth. The recent interest rate rise will continue to keep consumer spending in check and the retail market is predicted to experience some challenges over the coming years. Internet sales have seen a five-fold increase since 2002 reaching a £49bn high and this is expected to double over this decade. This, combined with pressure from the expanding supermarket market will continue to impact on the high street retailer.

Industrial market – the industrial sector will see an uplift across the UK, with Sheffield experiencing an above

average rental growth of 4.8% to a new 2007 high of around £5.50 per sq ft. Consumer spending continues to account for almost three quarters of total UK output and the shift to distribution is therefore set to continue unabated. The logistics sector will grow its £19billion value by an estimated 2.5%, with retail accounting for over half of this. This will be a positive year for the industrial commercial property sector.

Guy Gilfillan, head of LSH's Sheffield office, says: "The outlook is very bright across all sectors in Sheffield. The office market is set to see some of the fastest UK growth and the quality of the new developments coming onto the market is finally enabling the city to challenge its Leeds and Manchester neighbours as a top class business destination.

"In the distribution sector, two of the UK's largest ever industrial deals were in the region and this is a sign of things to come. Big sheds and distribution units of 20,000 – 50,000 sq ft are still in great demand and South Yorkshire is in a strong position to offer the development land, access to a workforce and easy transportation links to the ports and throughout the rest of the UK.

"Although much of the interest is from retailers, the success of the Advanced Manufacturing Park is proving that there is growing demand from the revitalised manufacturing sector."

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