

equates to all the commercial floor space we have applied for and could be built out in the first phase, but it depends on securing an operator," says Whittaker. "If not, then it will probably take 15 years to build out all the offices."

Peel L&P has entered into a planning performance agreement with Medway council, which means the application will be heard on 7 March. If favourable, Peel could be on site by Easter 2013.

Flow, a £22.5m, 60,000 sq ft office development in Staines, is due for completion in 2013



ASSET MANAGERS DRIVE INVESTMENT MARKET

Despite the economic downturn – or more accurately, because of it – Surrey's towns have seen a flurry of significant activity recently. Highly liquid developer/investors have been snapping up bargains in the county, which is driving activity in an otherwise inert market.

Rockspring Property Investment Managers and Exton Estates are speculatively developing a £22.5m, 60,000 sq ft office scheme, branded Flow, at the Causeway site in Staines on behalf of a county council pension fund. It purchased the site from Hammerson for £5.2m late last year.

The four-floor building is due for completion in spring 2013. This follows a 105,000 sq ft scheme in Weybridge called Velocity that the partners are due to deliver this autumn.

A month earlier, Rockspring purchased Mole Business Park in Leatherhead from Hermes for more than £31m. The park includes three office blocks and industrial space totalling 245,000 sq ft. The company also recently bought Kings House and

Conquest House in Kingston as part of a portfolio with St Martin's Estates.

Rockspring PIM partner Neal Shegog says: "In terms of development, we saw an opportunity to engage in first-class locations in the M25, at a time when the supply line was diminished and funding was absent, allowing us to buy mothballed schemes and sites very cheaply."

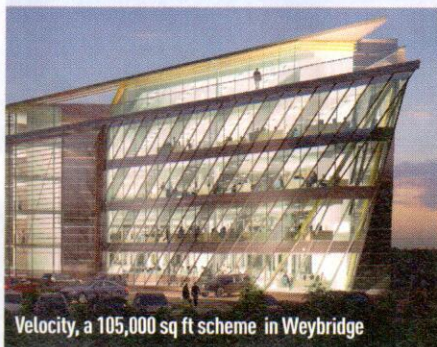
Shegog maintains that the penchant for prime stock often left the field open for Rockspring's secondary purchases. This lack of competition had another benefit. Building costs on Velocity and Flow were about 15% cheaper than Rockspring's conservative estimates, further bolstering the bottom line.

Similarly, investment manager Wainbridge Capital acquired Sunley House and the iconic No 1 Croydon last year, both in Croydon town centre, at initial yields of 10.7% and 9% respectively.

Wainbridge principal Robert Rackind says: "We felt that a prudent strategy would be to find well-located assets that were broken, and which could be fixed and offered for economical rents."

Rackind suggests that a couple more deals are in the pipeline, where investors will buy cheaply. "Buying offices in Croydon below replacement value is key," he adds.

Shegog anticipates more competition in future, with improving occupier demand encouraging other developers to "dust-off projects", but adds: "We anticipate values softening in the next few months, giving us opportunities to buy later in the year."



Velocity, a 105,000 sq ft scheme in Weybridge

Stanhope and Schroders' 1.5m sq ft of offices at Ruskin Square require prelets. Terrace Hill will not spec-build its 230,000 sq ft Chroma scheme and neither will Menta progress its 71,000 sq ft office building on Cherry Orchard Road without advance lettings.

A decision on Guildhouse and Rosepride's 55-storey, Piers Gough-designed 255,000 sq ft office tower at 1 Lansdown Road was due to be made as *Estates Gazette* went to press. However, in the current economic climate, it is unlikely that any movement will be seen this year.

As Knight Frank partner Will Foster says: "Delivery means prelets, high rents and long leases."