

CELEBRATING
50
FIFTY YEARS

KALMARs

AUTUMN QUARTERLY
MARKET REVIEW 2018

SOUTH LONDON'S LEADING AGENTS

KALMARs SERVING THE SOUTH LONDON COMMERCIAL AND RESIDENTIAL MARKET FOR 3 GENERATIONS

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Q3 2018 AT A GLANCE

With excellent transport links and ever-increasing dining/leisure amenities the Southbank and South London in general is becoming a location of choice, now not only attracting occupiers based on better value than areas North of The Thames.



STRONG DEMAND
for hotels



concern over
BREXIT



HIGH DEMAND
for nursery space



CHALLENGING
market for high value
residential sales

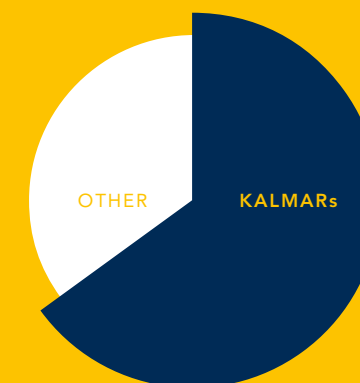


RISE
in office rents



Very strong demand for
INDUSTRIAL INVESTMENTS

**KALMARs MONOPOLISE THE
SOUTHBANK OFFICE SALES MARKET**



In September there were 20 offices* available for sale in SE1, 13 of these through KALMARs, 4 times more than any other agent.

*Through CoStar

— **MAJOR DEAL** —

55%

**NOW UNDER OFFER
THROUGH KALMARs**

New Pier Wharf, 1-3 Odessa Street, London with 53 apartments over 55% is now under offer, 4 months before completion. Demonstrating that correctly priced quality residential is selling.

2018 THIRD QUARTER



The property market could currently be described as a normal market i.e. there is rough parity between supply and demand, requiring comprehensive and professional marketing to maximize prices/rents. However, the property market is multi-faceted and, like the proverbial curate's egg, maybe described as good in parts.

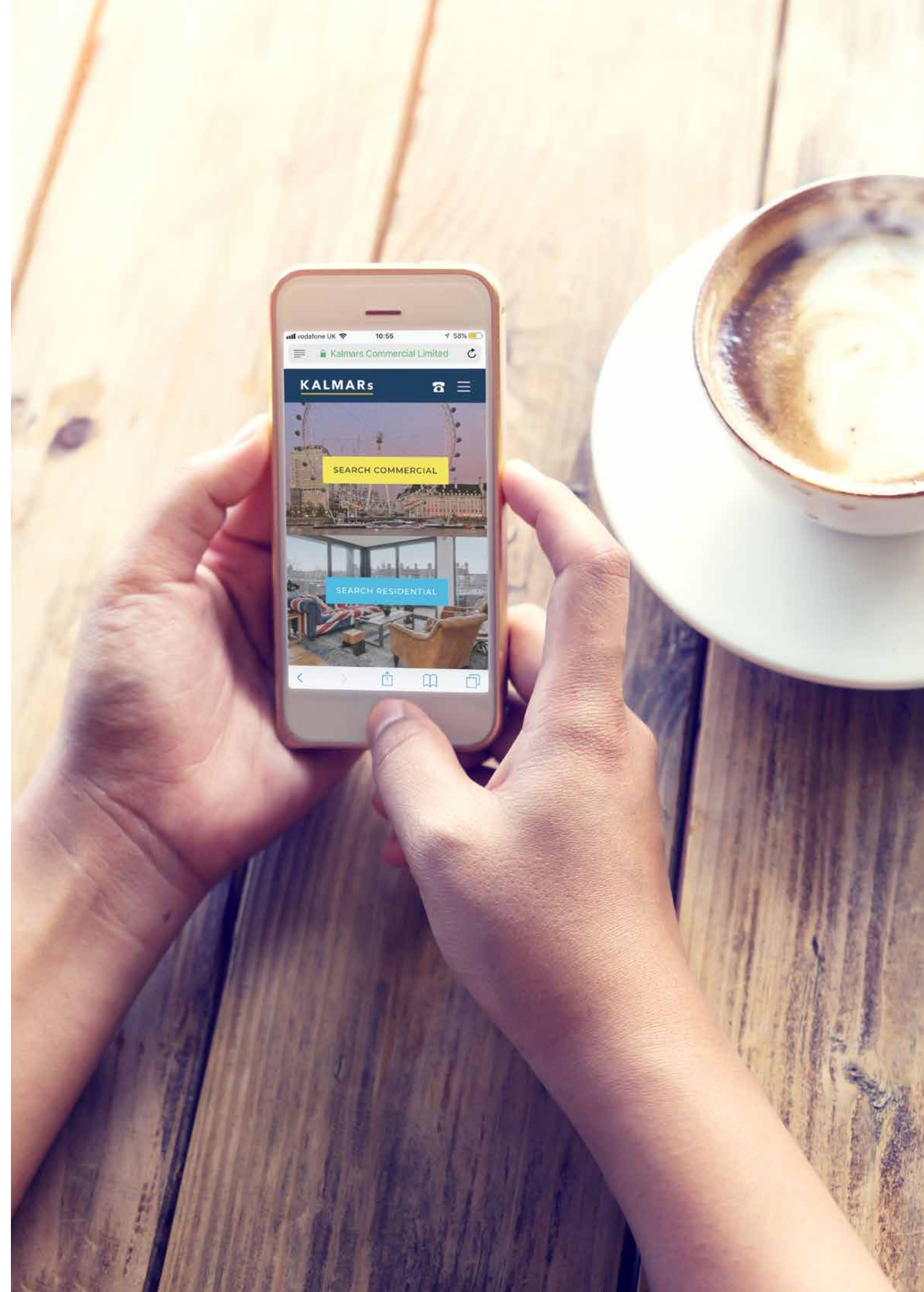
On the plus side there is a very keen demand for hotel sites, industrial investments and industrial rents have risen significantly, whereas high price residential sales are slow. Examples include two hotel sites we are marketing being under offer with capital values well in excess of £20m; we recently advised clients who bought an industrial investment of 27,000 sq ft at a yield of 3%; and a recent survey we did for clients demonstrated asking and achieved average industrial rents around Peckham of £23 psf, perhaps surprisingly just behind office rents of £25 psf.

Although the upper end of the residential market is challenging, in a riverside development we are marketing in Rotherhithe over 55% of the 53 apartments have been reserved, 4 months before completion, principally to London buyers, demonstrating that properly priced quality space is selling.

Although 'help-to-buy' remains a significant driver in London most of these sales were agreed prior to this being offered. At the upper end a house we are marketing has just been agreed at £2.75m in advance of the fit out being completed, both illustrating that the residential market is not dead.

Looking to the future, and I know we are all bored of it, Brexit remains the major concern and the government's inability to give any clarity is a major concern in many areas including to the large number of EU people living in London requiring space, for example the Mondrian's hotel employs 80% EU staff, and businesses are generally concerned about making decisions. However, we have been pleasantly surprised that in spite of the political and fiscal problems that the market has suffered, London generally remains resilient. We are therefore optimistic that strengths of London market will ride out these problems and South London in particular will continue to prosper.

Richard Kalmar
Managing Director KALMARs



Strong SE1 office sales market

Asking price £ per sq ft has increased by 2%

Popular with investors and tenants

SE1 CENTRAL OFFICE MARKET

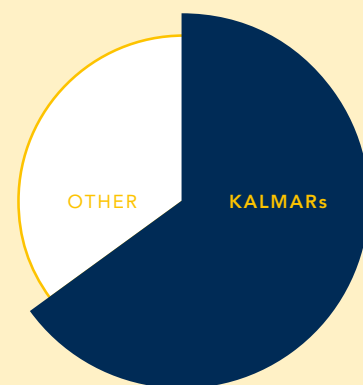
OFFICES FOR SALE IN SE1

Within the last quarter the asking price £ per square foot has increased by 2% from £51.73 to £53.90.

The total sq ft of available space in the SE1 area has fallen by 14%. The quarter has been particularly buoyant considering it was the holiday period. The statistics highlight there is a strong demand for centralised office space and investors and tenants are moving to the area.

With excellent transport links and plenty of local amenities we find a lot of tenants move over from trendy Shoreditch and Clerkenwell, where rents have become unaffordable for small companies.

KALMARs MONOPOLISE THE SOUTHBANK OFFICE SALES MARKET



In September there were 20 offices* available for sale in SE1, 13 of these through KALMARs, 4 times more than any other agent.

*Through CoStar

ASKING RENT PER SQ FT

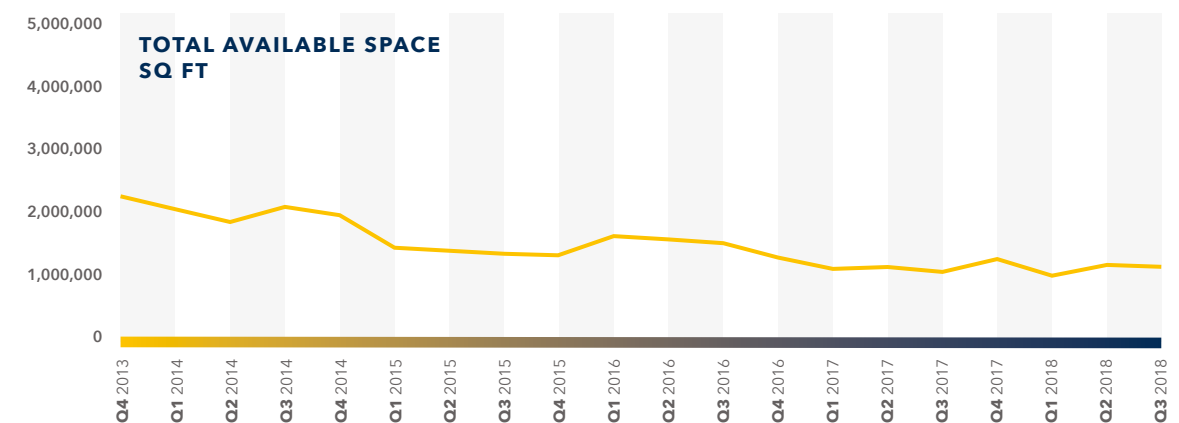
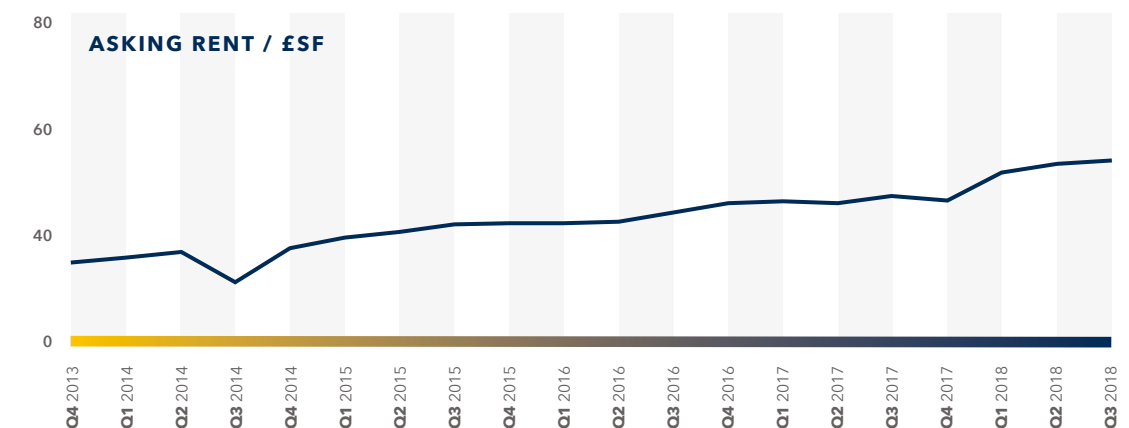
£ **53.90**

DEALS DONE

51

ACHIEVED RENT PER SQ FT

£ **48.84**



CURRENT VENTURES



151-153 BERMONDSEY STREET SE1
£170,000 pa



10a MALTINGS PLACE SE1
£76,500 pa



Asking price per sq ft
INCREASED



67-71 TANNER STREET, BERMONDSEY SE1
£20,000,000 for the freehold | £50 per sqft

“

The last quarter was particularly buoyant considering it was over the holiday period and Brexit is looming

Asking rents £ per sq ft
have gone down

Total available
sq ft has increased

Uncertainty
with Brexit

SOUTH LONDON OFFICE MARKET

The market was fairly subdued in the last quarter mainly due to the time of year. It has been the holiday time and a lot of people are simply not looking to rent or buy office space in the holidays.

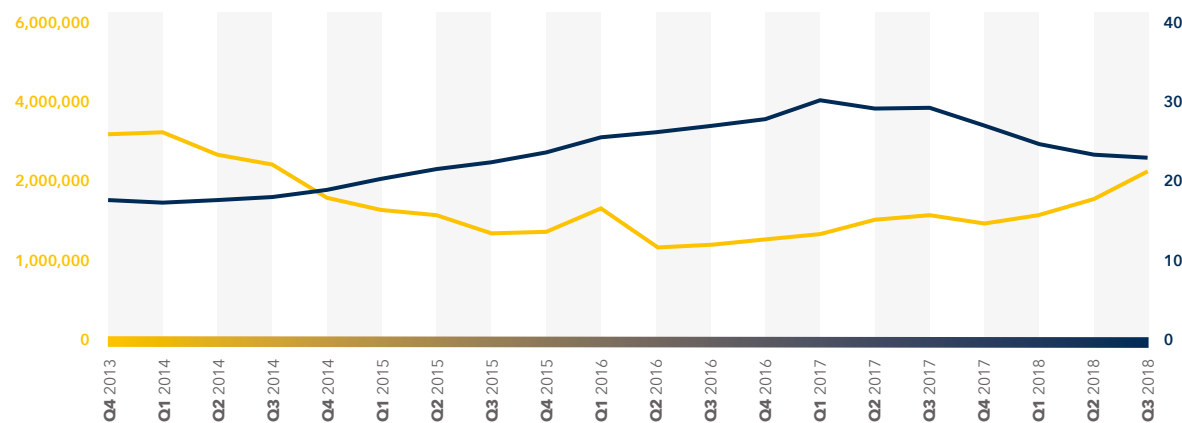
Brexit still remains a key factor with investors and tenants. There will be a lot of new built

stock coming to market in the nearby future in South London. It seems uncertainty remains a key factor.

This is highlighted in the 9% decrease in asking rent £ per sq ft since last quarter and a 1% increase in total available sq ft since last quarter in South London office.

TOTAL AVAILABLE SPACE SQ FT

ASKING RENT £/SF



Asking rent £ per sq ft
has increased 3%

Total available sq ft for
retail has increased 4%

The retail
market is steady

SOUTH LONDON RETAIL MARKET

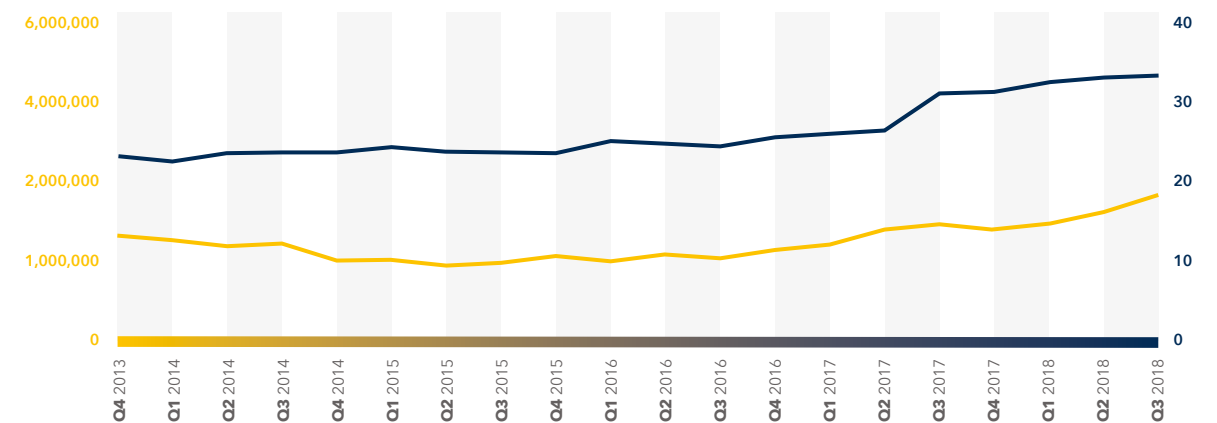
In the South London retail market last quarter the asking price per sq ft has increased by 3% to £33.70 per sq ft.

The total available sq ft has also increased by 4% to 1,894,112 sq ft.

Nurseries are always popular and are in high demand. Shops and restaurants however are not achieving their asking prices and prospective tenants and buyers are withdrawing their offers or renegotiating for a lower price. The market is steady and active but at the right price.

TOTAL AVAILABLE SPACE SQ FT

ASKING RENT £/SF



2-3 LONDON ROAD, ST GEORGE'S CIRCUS SE1
£95,000 pa



TAVERN QUAY, ROPE STREET, LONDON SE1



374 WALWORTH ROAD, LONDON SE17



RENAISSANCE, LOAMPIT VALE, LEWISHAM SE13
POA



64 TYERS STREET, VAUXHALL SE11



RESTAURANT, BANNING ST, GREENWICH SE10
£32,000 pa

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South London is
attracting larger,
more established
businesses in
greater numbers

KALMARs



Demand for larger scale properties

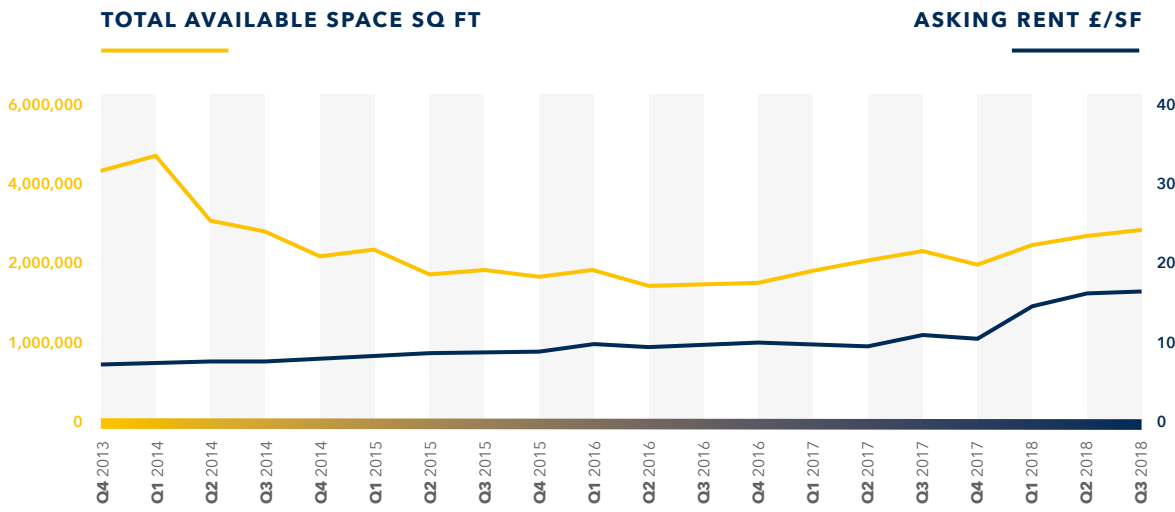
Consumer confidence impact due to Brexit

Uncertainty in the future

SOUTH LONDON INDUSTRIAL

Demand for larger scale properties remains high. We put this down to many businesses of this size having to move as their current premises closer to central London have been purchased by developers in turn pushing rents higher.

However, moving forward we expect the uncertainty around Brexit to impact rents and availability.



Sales in Southwark down by 9%

Apartments still a popular choice

Southbank has the highest prices

SOUTH LONDON RESIDENTIAL SALES

Property sales within Southwark have been mainly flats/apartments at an average price of approximately £550,000. The average terraced house cost £850,000 with semi-detached properties achieving north of £1.2m. The average price of a home within Southwark is estimated at £625,000 and is fetching more than its neighboring boroughs, Lewisham & Greenwich both averaging at approximately £465,000.

We have seen the highest average prices on the river with the most attractive prices being found within the Rotherhithe area, around £500,000.

Generally, sold prices in Southwark were down 9% over the last year compared to the previous year, but have seen a rise of 8% upward from the same point at 2015.

CURRENT ASKING PRICES

AVERAGE SE1: £1,357,987 AVERAGE SE16: £559,073 AVERAGE SE17: £580,492 AVERAGE SE8: £472,146					
PROPERTY TYPE	1 BED	2 BEDS	3 BEDS	4 BEDS	5 BEDS
HOUSES					
SE1	£580,995	£940,377	£1,614,176	£1,048,571	£1,987,500
SE16	£318,500	£461,034	£839,629	£871,904	£802,000
SE17	-	£777,000	£820,000	£1,050,000	-
SE8	-	£433,800	£673,985	£735,432	-
APARTMENTS					
SE1	£745,270	£1,327,920	£2,568,532	£4,680,900	£2,400,000
SE16	£420,241	£568,000	£674,091	-	-
SE17	£484,241	£589,463	£688,262	£470,000	£499,950
SE8	£370,044	£490,414	£568,643	£480,000	-

*Information from Zoopla, correct from 11th September 2018

TO LET

2 HATCHAM ROAD SE15
POA

TO LET

96-108 ORMSIDE STREET SE15
£40,000 pa

FOR SALE

ARCHES AT 10-12 HAMPTON STREET SE17
POA

FOR SALE

MILL LOFTS, COUNTY STREET SE1
£1,650,000 for the freehold

FOR SALE

EMBA STREET SE16
£475,000

FOR SALE

167 TOWER BRIDGE ROAD SE17
£700,000 for the freehold

Less media emphasis on lettings market

Owner occupiers emotionally attached to property

Gym/swimming pool popular with tenants

SOUTH LONDON RESIDENTIAL LETTINGS

There has been a lot of scrutiny of the current sales market but the rental market has been subject to less analysis.

Understanding the lettings market within the Southwark area is essential, but renters' requirements can differ to the owners' expectations.

As tenants are not investing in the area and do not anticipate living there long term, they tend to be more flexible in terms of location than purchasers. Key factors tend to be convenience of transport and local facilities rather than schools or a long standing neighborhood community.

CURRENT RENTAL PRICES £S PCM

AVERAGE SE1: £2,829 AVERAGE SE16: £1,843 AVERAGE SE17: £2,088 AVERAGE SE8: £1,514

PROPERTY TYPE	1 BED	2 BEDS	3 BEDS	4 BEDS	5 BEDS
HOUSES					
SE1	£1,400	£3,306	£2,710	£3,851	£3,868
SE16	£910	£1,701	£2,449	£3,180	£3,389
SE17	£1,647	£1,863	£2,990	£3,166	£3,402
SE8	£764	£1,658	£2,001	£2,793	£3,207
APARTMENTS					
SE1	£2,070	£3,037	£4,024	£4,128	£3,946
SE16	£1,336	£1,943	£2,374	-	-
SE17	£1,593	£1,982	£2,478	£2,604	£2,600
SE8	£1,068	£1,695	£2,268	£2,287	£3,207

*Information from Zoopla, correct from 11th September 2018

South East London continues to enjoy innovative New Homes

Economic instability remains a factor

Help-to-buy is driving the market

DEVELOPMENT & NEW HOMES

New Homes marketing prices have remained relatively stable but we only see a slight downward movement in net prices.

The current economic climate means buyers are value driven whilst also benefiting from a variety of nicely finished products to choose from.

KALMARs have been successful on a variety of new build residential schemes with waterside living remains to be a strong lure.

Typically values of waterside properties are 20-25% higher than those without the view.

Brexit, increased stamp duty and financial penalties on second home properties have proved challenging for higher value residential property.



TO LET
GRICE WHARF, ROTHERHITHE STREET SE16
£675 per week



TO LET
MILL LOFTS, COUNTY STREET SE1
£1200 per week



LET
ELIZA HOUSE, GLASSHILL STREET SE1



FOR SALE
NEW PIER WHARF, 1-3 ODESSA STREET SE16
One bed flat £475,000



FOR SALE
DESIGN HOUSE, LONG LANE SE1
From £850k for a one bed



FOR SALE
TESSA APARTMENTS, EAST DULWICH GROVE SE22
From £600k for a one bed

PROPERTY MARKET MOVES INTO THE IT ERA, BUT HUMAN SKILLS AND EXPERIENCE ARE STILL ESSENTIAL



The investment in the new mobile-friendly, secure and fast website that has remained one step ahead of Google's ranking algorithms has afforded the KALMARs brand a wider online presence for keywords previously unattainable.

Furthermore, Sebastian and our SEO partner Reload Digital have collaborated to develop an extensive keyword list (in excess of 500 tightly aligned search phrases) that forms the direction of Search Engine Optimisation activity to further increase online presence in an ever-increasingly competitive online landscape.

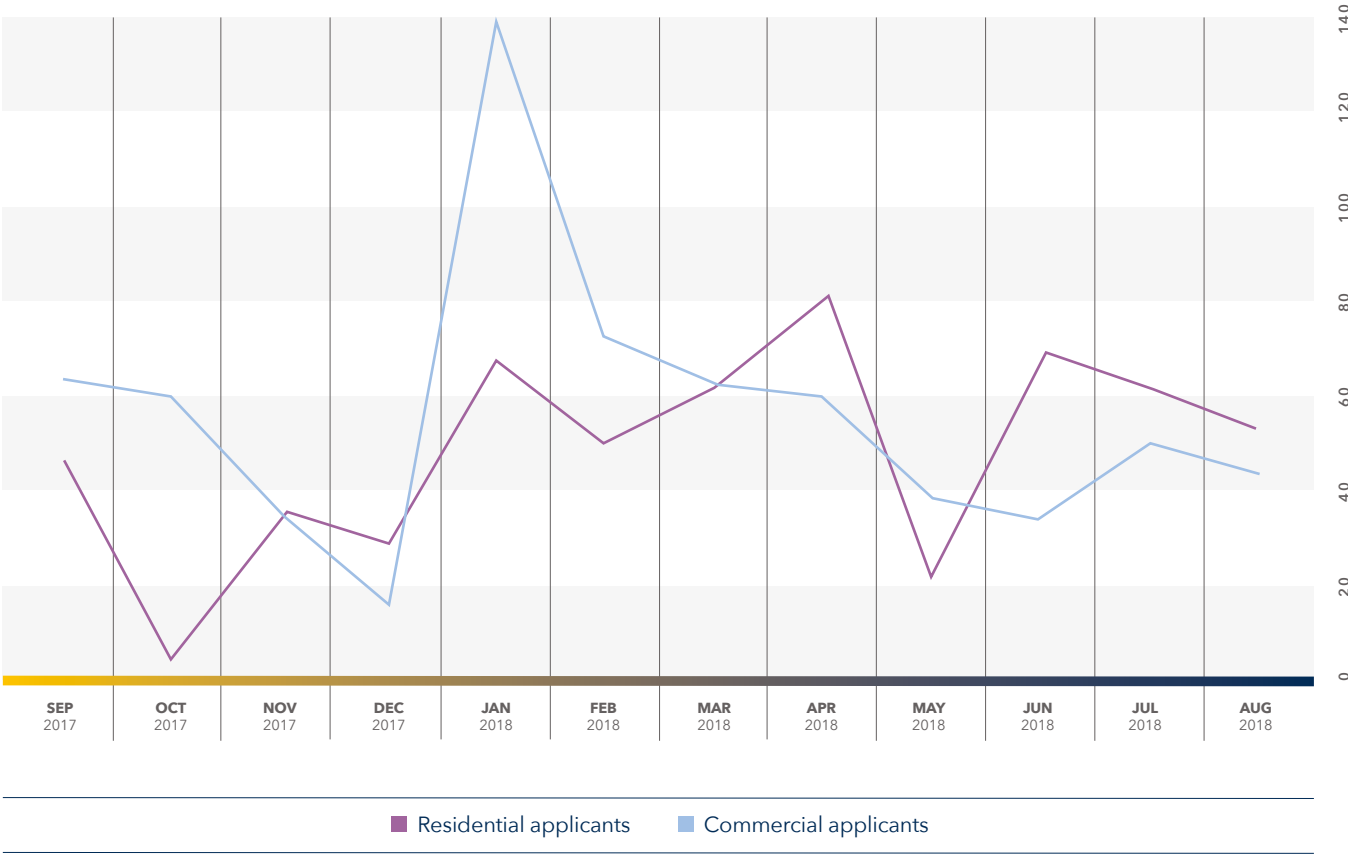
With Google rewarding sites offering excellent user experiences that keep people coming back, and the future of SEO firmly focused on satisfying search intent, KALMARs and Reload are utilizing session recording software and usability analysis tools to really understand our customers behaviour patterns to constantly inform and improve the online property search & enquiry experience.

An increasingly important part of winning business is search engine optimization. In particular to ensure that companies are high up the Google ranking algorithms with a wide online presence for keywords.

At KALMARs we collaborate at great depth with specialist Reload Digital, finessing our keyword list to ensure that a good online presence and ever increasingly competitive landscape.

Understanding how Google rewards sites offering excellent user experience to keep users coming back and satisfying search intent weighed against "difficulty" is essential and session recording software with sophisticated usability analytic tools that really understand customers' behaviour pattern and constantly inform and approve the online property search and enquiry experience are essential.

WE ARE KALMARs



OUR APPLICANT NUMBERS

KALMARs' principal objective is to provide a professional service with quick results whilst maintaining complete integrity. Our expertise includes development, office, industrial, retail and residential sales and letting agency.



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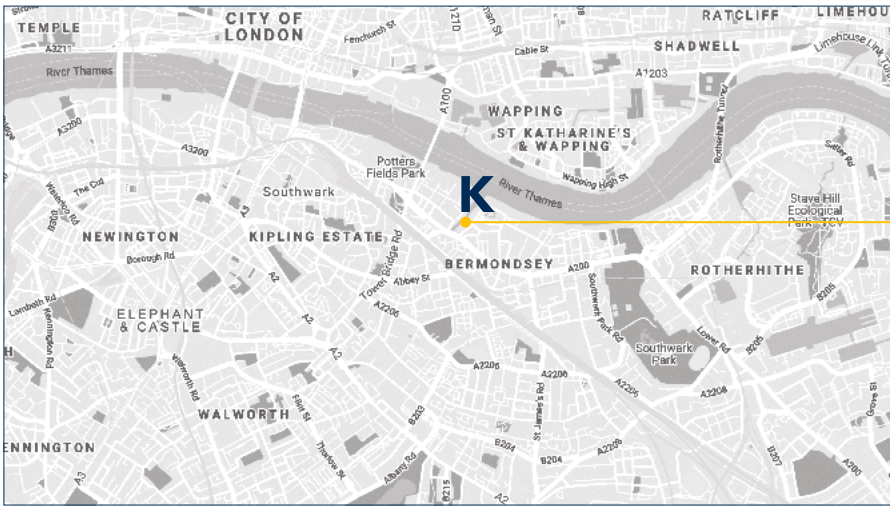
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