



Predictions and Resolutions - 2011

10 January 2011 at Reed Smith, Broadgate Tower, 20 Primrose Street, London EC2

Introduced by: Ian Smith, President Elect, CoreNet Global UK Chapter
 Moderator: Matthew Purser, Chair, Studley UK
 Speakers: Paul Harrington, Real Estate Director, PricewaterhouseCoopers
 Robert Noel, Managing Director, London Portfolio, Land Securities
 Matt Pullen, Head of GCS, CBRE

Ian Smith, as President Elect, welcomed a packed audience of over 100 to the first Chapter event of the year, a spectacular start to 2011 on the 33rd floor of the Broadgate Tower, thanking hosts Reed Smith and moving briskly through the UK Chapter AGM and essential housekeeping notices.



Matthew Purser as moderator took over and introduced the event and speakers. Noting that this was the fifth year the Chapter has run this event, how easy is it, he wondered, to predict with any accuracy what might happen in the next 12 months - and then answered his question by quoting some spectacular mistakes.

First speaker **Robert Noel** of Land Securities, taking the developer's part, noted that he was limiting his remarks to the London office market. He pointed out that as little is currently being built, London planners are notoriously difficult and the debt market has virtually shut down, London is rushing headlong into supply constraints with barely enough space to satisfy demand. Because of the shortage of new stock, he predicted a further increase in prime rental values of 10%, the same level of growth as in 2010. Will London, he asked, be able to remain a world class city? Land Securities is working towards it with a series of major development plans over the next three years.



Following on, **Paul Harrington** as the occupier, announced that he had several observations and a couple of whinges. His observations concerned the politics of Euroland (Finland and Slovakia the ones to watch), world currency markets (no double dip in the UK), sustainability (it's up to major corporates to take on the challenge, as small occupiers are not interested), the challenge posed by changes to lease accounting rules, and the impact of cloud computing on office planning. His chief whinge was the question of dilapidations and the need for reform to the system.

Finally **Matt Pullen** from CBRE took the agent's part. As such he noted the importance of globalisation as the dominant driver of change. Demand will come, he predicted, but not as we know it now: corporates are cautious of spending and are scaling down their space requirements, led by the Coalition Government intent on cutting costs. And he echoed Robert Noel on the limited supply in London which, he said, was leading to movement out of London and of the UK. Finally he returned to the changes to the lease accounting rules - which will, he believes, lead to more active asset management and more creative management of those assets.

