Predictions & Resolutions, 2012
18 January 2012

Predictions and Resolutions 2012
Wednesday 18 January 2012 at Clyde & Co, St Botolph's Building, Houndsditch London EC3

Introduced by: Graeme Taylor, Clyde & Co
Moderator: Matthew Purser, Managing Director, Studley UK
Speakers: Neil Prime, Head of UK Office Agency, Jones Lang LaSalle
Peter Ferrari, Managing Director of Property, Heron
Neil Usher, General Manager Group Property, Rio Tinto

At a packed breakfast meeting (total 100 attended) we were welcomed by **Graeme Taylor** of hosts Clyde & Co and settled down to what has become CoreNet's UK Chapter traditional launch for the new year: we were here to hear the views of an agent, a property developer and an occupier on the past year and what they predict for the coming year, together with the odd resolution thrown in. Greek debt, the Euro crisis, the Arab Spring uprisings, phone hacking the end of Gaddafi and Berlusconi's many blunders provided a packed political and economic 2011. What is to come in 2012?

First of all UK President **Ian Smith,** lead us rapidly through the AGM, providing a brief outline of the UK Chapter's current successes and activities.

Moderator once again, **Matthew Purser** then took over proceedings, outlining highs and lows of 2011 particularly as regards the property sector: Northern Rock, the Glencore float, profits at Jaguar Rover, £34 billion of property investment and Tower 42, Earls Court, and the Olympic Athletes Village.

Describing 2011 as 'horrible' **Neil Prime,** of JLL, was next up to give us the agents' view. Which is that 2012 will probably provide us with more of the same: take-up down 40%, supply up of Grade B space, Grade A vacancy reducing, the West End market tight leading to migration elsewhere, rents flat possibly looking to improve in the City towards the end of 2012. Demand, he said, is the key - and when will occupiers make decisions? It can happen quite quickly, he said, we need to keep an eye open for the trigger event, such as Nomura's in the last recession, which will bring on a rush of moves. Key predictions include an increase in pre-lets, a lack of future supply, good prospect for disposal of quality property and a rental spike.

Next up **Peter Ferrari**, of Heron, gave us his New Year Resolution: Be Nice to Occupiers! He too thinks that 2012 will provide us with more of the same, flat with few starts largely because there is no money available. In previous cycles at 4 years in we would be looking up but we are not doing that - there is a lack of shiny new buildings and it is unlikely that there will be more in the near future. What is needed is some decisions to pre-let! Developers, he said, look ahead and take risks, something which is much harder for occupiers. Heron is looking across the range and re-focussing into residential which is now competing for land with offices. Rents are not falling - currently just economic; land prices are not falling - underpinned by pent-up demand; secondary buildings on the market are turning to residential and stock is disappearing. Central London continues to attract however because of transport efficiency, staff and international demand.

Finally **Neil Usher** of Rio Tinto gave us a poem of which we quote here:
Because it's all pointless cogitation
In a world prone to spontaneous prevarication
And bouts of irrational recrimination:
Uncertainty is its own motivation.…

Q and A completed the event among which: If 'hip' areas are becoming less trendy, where next? And Is sustainability off the agenda?   To which the answers were basically: - further out still, and: now entirely mainstream.

Summing up Matthew Purser saw an increasing competition between offices and residential combined with a shortage of Grade A space. Peter Ferrari saw spikes in rent and a need for pre-let; Neil Prime saw a stalling of the UK market with overseas making up; while a more upbeat Neil Usher as an occupier sees benefits from the squeeze: a forced look at occupancy of current space and more flexibility of use.

Finally Matthew asked each of our panellists how many medals each would predict for team GB at the Olympics:
Prime : 10, Ferrari : 20, and Usher : 'as an occupier incapable of making a decision', the median - 15.

On which optimistic note the meeting broke up.