

PROPERTY INDUSTRY ALLIANCE RESEARCH UPDATE

CONTENTS

Introduction	1
PIA Research	1
BCO Research	2
RICS Research	2
BPF Research	3
BCSC Research	3
IPF Research	4

The BCO research programme is central to the BCO's objective to develop and communicate best practice in all aspects of the office sector. The BCO publishes a wide range of research reports and early this year our key document: the BCO Guide to Specification 2009 was launched at the BCO Conference in Edinburgh.

The BCO is a member of the Property Industry Alliance (PIA), chaired by Sir David Clementi. Established in 2006, the PIA is a mechanism for improving co-ordination and fostering co-operation between leading property bodies. Its members are the British Council for Offices (BCO), the British Council of Shopping Centres (BCSC), the British Property Federation (BPF), the Investment Property Forum (IPF) and the Royal Institution of Chartered Surveyors (RICS).

A range of pan-industry groups meet under the auspices of the PIA Board to co-ordinate work in areas such as sustainability, REITs, property debt, research and occupier satisfaction. One of the objectives of the Property Industry Alliance research group is to disseminate the research activities of each of the five member bodies across the membership of each organisation.

This newsletter contains details of the research published by each body over recent months.

PROPERTY INDUSTRY ALLIANCE RESEARCH

UK Commercial Property Facts and Figures 2009

The first edition of a short publication providing statistics demonstrating the link between UK commercial property markets and the wider economy. This publication aims to raise awareness of the contribution of the commercial property sector to UK GDP, employment, pensions and savings.

Occupier Satisfaction Index 2009

The third edition of the PIA sponsored Occupier Satisfaction Index was launched on 4 June 2009 with a half day conference organised by Property Week and very generously hosted by Lovells. Please see the OSI website www.occupier-satisfaction.co.uk for details of previous reports.

PROPERTY INDUSTRY ALLIANCE MEMBER BODIES



RECENT BCO RESEARCH

www.bco.org.uk

Small Power Use in Offices (December 2009)

Commissioned to inform the BCO Guide to Specification 2009, this research report covers actual small power loads in occupied buildings across a range of occupiers and locations.

Can Do Refurbishment (November 2009)

This report sets out the benefits of refurbishment in commercial buildings of the 70s, 80s and 90s.

BCO Security Guide (October 2009)

A Guide designed to be read by everyone involved in the office sector - occupiers, landlords, developers, consultants, suppliers and contractors.

Greening the Commercial Property Sector (September 2009)

A guide for developing and implementing best practice through the UK leasing process.

Good Office Design (September 2009)

Good Office Design examines the trends and innovations at the cutting edge of office design in the UK today. Selected from British Council for Offices Award winners since 2002 and interpreting empirical analyses by Davis Langdon, the varied case studies presented demonstrate the latest thinking from the world of workplace design.

Property Data Report 2009 (August 2009)

This document sets out a range of key facts about the commercial property industry.

Environmental Briefing Note: Corporate responsibility for construction, demolition and excavation wastes (July 2009)

The latest in the series of Environmental Briefing Notes looks at the voluntary agreement for organisations to commit to reducing their construction, demolition and excavation waste to landfill, launched by WRAP (Waste & Resources Action Programme) in October 2008 and endorsed by the BCO.

The Carbon Reduction Commitment - a guide for landlords and tenants (July 2009)

The Carbon Reduction Commitment (CRC) is a new legally binding emissions trading scheme that will apply to large businesses and public sector organisations from April 2010.

BCO Guide to Specification (May 2009)

The latest edition of the BCO Guide to Specification was launched at the BCO Annual Conference Edinburgh 09.

BCO Occupier Density Study (May 2009)

This study was performed to quantify the current occupancy density of commercial offices in the UK, in order to inform the next generation of BCO Office Guides..

Biomass and Offices (April 2009)

Biomass is a low carbon fuel and is the single largest proportion of the UK's renewable energy mix. This report on looks at biomass as a fuel, the associated technologies, a step-by-step guide for assessing the suitability of biomass heating for a development, quick answers, some rules of thumb and a case study.

RECENT RICS RESEARCH

www.rics.org

Doing Well by Doing Good

An analysis of the financial performance of 'green' office buildings in the USA.

Towards a 3D Urban Land Register Information System

What needs to be doing to encourage the uptake of the 3D visualisation of cities?

Planning and the Gender Equality Duty

How are local authorities implementing the latest legislation relating to gender equality, as it relates to planning and urban regeneration?

Global Zero Carbon Capacity Index - 2008 results

This index measures the capacity of countries to move towards a low and zero carbon built environment.

Permanent and Transitory Components of Local Housing Market Dynamics

This report looks at the way in which different housing sub-markets respond to external factors.

All research can be downloaded at www.rics.org

RECENT BPF RESEARCH

www.bpf.org.uk

Tax Increment Financing

The British Property Federation has issued a report on the case for introducing Tax Increment Financing (TIF) in the UK. Funding the infrastructure needed to support major regeneration projects has been a longstanding concern but is even more of a hurdle in the current economic situation. The BPF paper argues that an American model for funding regeneration, TIF, could help to plug some of this gap.

TIF, which has provided finance for thousands of regeneration schemes across the US, is a mechanism for using anticipated future increases in tax revenues to finance the current improvements that are expected to generate those increased revenues. In simple terms, TIF works on a “spend now, tax later” principle that enables a local authority to trade anticipated future tax income for a present benefit.

The key criteria for allowing the creation of a TIF are that it is in support of a project that promotes regeneration and that without the use of TIF the project would be unviable.

Overall, TIF schemes in the US have generated billions of dollars of investment – creating more jobs, more affordable housing and better public spaces. The BPF is now pushing for this finance model to be brought to the UK to ensure regeneration has the funding needed once the economy begins to recover and new infrastructure is urgently needed. The full report can be viewed and downloaded at www.bpf.org.uk

RECENT BCSC RESEARCH

www.bcsc.org.uk

ONLINE TOOLS

National Skills Academy for Retail – How To Guide Skillsmart

was commissioned by BCSC to produce a handbook to provide practical guidance for partnerships developing and operating skills shops across the country that wish to become members of the National Skills Academy for Retail. The handbook is presented in three parts which cover:

- Part 1 – Membership benefits and requirements
- Part 2 – Application process and guidance
- Part 3 – Guidance on establishing a skills shop

In Town or Out of Town Retail Location Tool

In 2007, Geofutures was commissioned by BCSC to undertake an analysis of retail developments in the UK. The tool - In Town or Out of Town Retail Location Tool looks at 2008/09 pipeline developments and completions by country and retail type in seven different sizes of town centre.

GUIDANCE NOTES

- **Fire Safety Order**
- **Carbon Reduction Commitment Guidance Note II**
- **Environmental Impact Assessments**

All guidance notes can be found at www.bcsc.org.uk

RESPONSES TO GOVERNMENT CONSULTATIONS

- Regeneration and the Recession: Unlocking the Money (APUDG)
- Consultation on the Draft Order to Implement the Carbon Reduction Commitment (Department of Energy and Climate Change)
- Working Together to Protect Crowded Places (Home Office)

- Safer Places: A Counter Terrorism Supplement (Home Office)
- PPS4: Planning for Prosperous Economies (PPS4) (DCLG)
- Greater Flexibility for Planning Permissions – Consultation (DCLG)
- Part L of the Building Regulations: Proposed New Editions of the Approved Documents L (DCLG)
- The Transitional Arrangements for the Non-Domestic Rating Revaluation 2010 in England (DCLG)

All responses can be found at www.bcsc.org.uk/govtconsult

UPCOMING RESEARCH

Mall Commercialisation: An Exploration of Benefits and Conflict

Income from mall retailing, or commercialisation, has been expanding rapidly over the past five years and is now a feature in most shopping centres across the UK. This project responds to an invitation by the BCSC and PMA to design a research methodology and produce a best practice guide on what makes good commercialisation.

BCSC Retail Property Statistics

Experian were commissioned by BCSC to produce a summary report of key information regarding the retail property industry in the UK, primarily retail space, location, employment levels, average spend, top 10 largest, smallest, oldest centres, footfall, etc. The statistics are to be published October 2009.

RECENT IPF RESEARCH

www.ipf.org

Over the last 6 months the IPF Research Programme has published research on covenant strength, private sector investment opportunities in regeneration, green leases and launched ISPI a sustainable property investment index. We have also launched the IPF Research Programme Short Papers Series with papers on real estate debt, property derivatives pricing and valuation. Further papers are due to be published under this series over the coming months.

The Treatment of Covenant Strength by the Property Industry (August 2009)

The aims of this research were to evaluate from a theoretical perspective how the property industry should treat covenant strength and then to carry out an analysis of how the industry currently adjusts for this risk factor.

The industry viewpoint is considered from the perspective of four different parties:

- the valuer - who is trying to establish market value
- the investor - who seeks to calculate worth
- the lender - who is concerned with the income cover ratio and the risk of default
- the regulator - who is keen to ensure an orderly financial market

Evaluation of Investment Vehicles in Urban Regeneration: a scoping study (August 2009)

This research comprises a scoping study of regeneration in general from an investment standpoint. The following elements are examined: policy, practice, participants, performance in terms of risk and return, scale, role of planning, and the impact of the market cycle. In the main the work adopts a UK perspective but this is supplemented by international comparisons and best practice examples.

Green Leases – The Landlord and Tenant Relationship as a Driver for Sustainability (August 2009)

This research investigates how the changing relationship between landlord and tenant might act as a driver for more sustainable property ownership, occupation and management. It looks at the concept of 'green leases', exploring what these are and how they might be used within the context of the UK commercial property markets. It also looks at the modernisation of the landlord and tenant relationship and how this is being used to underpin more effective and socially responsible property ownership.

ISPI - The Development of a Sustainable Property Investment Index (October 2009)

Whilst we are unable to measure the investment performance of more sustainable property against less sustainable property it remains almost impossible to develop a clear business case for sustainable (or socially responsible) property investment. IPF commissioned IPD to develop an index that would fill this significant gap in the investment management tool-kit. The outcome of this work is ISPI (UK), a sustainable property investment index that allows investment performance of individual assets and whole portfolios to be cross referenced against their environmental performance. Close to 1,000 properties from over 50 different funds have been assessed using the framework. If you are interested in submitting properties to ISPI please contact either Louise Ellison at IPF or Christina Cudworth at IPD.

Short Papers Series

- UK Real Estate Debt: A Problem for the Borrowers and the Banks (July 2009)
- The IPF UK Consensus Forecast and the Returns Implied by Property Derivative Pricing: Evolution, Record and Influence (July 2009)
- Issues in Property Investment Valuation: A Discussion Paper for the IPF (October 2009)

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