

A LITTLE LOCAL DIFFICULTY

Sleeping giant Just as Brighton's office market shows signs of kicking into gear, major regeneration plans in nearby Shoreham threaten to spoil the party. *Jon Neale reports*

Brighton's office market, it seems, has come of age. In September last year, Spannerworks, a local computer company, signed for 20,000 sq ft at Moore House at a rent of £22 per sq ft – the highest rent paid by anyone in the city since 1991.

Meanwhile, at QED's 26 Stroudley Road, part of the vast station site known as New England Quarter, a tenant has been found for the 12,500 sq ft office building – the only such scheme under way in Brighton. It is not known who the occupier is, but it is thought to be paying £22.50 per sq ft, which would set an even higher record for this part of the south coast.

But, while Brighton's occupier market has matured rapidly, its development market is virtually stationary. And there are some who dare to suggest that major regeneration proposals in neighbouring Shoreham-by-Sea may hold the answer.

Chris Mitchell, QED's managing director, says: "There really aren't any other new office buildings going up in Brighton. There are a few sites floating around, but no new speculative building. Demand has certainly been quite intense."

With Lloyds TSB signing on Christmas Eve for 55,000 sq ft at Mountgrange's 3 City Park – a building being sublet by L&G – vacancy is now at 8%, with very little of this consisting of high-quality stock.

The two big schemes earmarked for the city are quite a way off. McAleer & Rushe has just submitted

a planning application for 30,000 sq ft of offices on site K of the New England Quarter – an increase of 5,000 sq ft on its previous consent.

Meanwhile, the council has selected Canterbury-based Cathedral for the 1.85-acre Circus Street municipal market site last year. It will be submitting a planning application in April. Its Grow Brighton proposal includes 180 flats alongside retail and offices, although the exact proportions are not yet clear.

Even more distant is the redevelopment of the Edward Street Quarter, a 2.5-acre site centred on Amex House. The council wants a major office scheme here – a "campus-type facility" – that will make "full and efficient use of the land" and form a "landmark in terms of urban design and sustainability".

Although planning guidance has been issued, there has been little progress so far.

Martin Clark, partner at Stiles Harold Williams, says: "We have a real problem. We need to build some offices. Brighton is an old town with lots of tiny freeholds and fragmented ownerships, and it is difficult to

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New England Quarter: QED's 12,500 sq ft 26 Stroudley Road is part of the station site

assemble complex sites. The ones that do come up tend to go for residential or leisure."

But this is beginning to change, and developers are realising that offices can be a good bet in Brighton. "Offices are coming up the hierarchy of land values," says Clark. "Rents used to be at £15 or £16 per sq ft, with yields at 8%; now, it is almost £25 per sq ft, with a yield of 5%."

He adds that this quadruples the investment value of a unit of office space, and should surely hasten the arrival of schemes.

Solving the problem

Given the complexity of sites, though, the answer to Brighton's problems may be found up the road in the relatively unheralded town of Shoreham, where the South East England Development Agency is once again attempting to regenerate the sprawling harbour.

The RDA has already agreed to grant £2.95m to the plans, which it says will deliver 7,750 jobs alongside 10,000 homes on the mile-long strip of land next to the port. At the time of writing, it is waiting to hear whether the government has allocated "new growth point" status to the plans.

Chris Moore, head of land and property, east, at the agency, says: "This is a 20-year programme, not unlike the scheme at Chatham Maritime. We have carried out 12 months' work on this, and it will be another 18 months or two years before we have a compelling masterplan. But, alongside that, we will be