

Auctions comment:

It is 7pm on a mild weeknight in November, and in a north-west London restaurant, it is standing room only as 150 medical professionals assemble to hear what the Prideview Group has to say.

Word of mouth must travel fast because most of these faces, from as far as Bourne-mouth and Birmingham, are new to us.

And it's no coincidence that they like what they hear because retail commercial property sits well with them – they come from the high street and know it well. Their finance-backed budgets comfortably meet the average lot range of £500,000 to £1.5m and, with NHS cutbacks aplenty, scope to expand their own businesses is limited. For the secure, management-unintensive income provided by blue-chip, FR&I leases longer than 10 years (an increasingly rare commodity), these investors are content with the current yields of around 6%.

This requirement is shared by many of the other private investors that we represent when buying privately or in auction. But with the spectre of the recession still looming large, we also need the rents to have been re-based or have minimum uplifts and a 'plan B' upon lease expiry – either re-letting should be straightforward (helped by any residential uppers) or there should be conversion or development potential.

Locations across Southern England seem good value now that London has become so expensive. And the tenants should come from businesses our clients understand – the convenience store growth story is something they are witnessing first-hand, and we are well known in the market as extremely active buyers of this type of asset.

Key to this is our agent network. It matters that the private agents find us easy to

CONSULTANT'S VIEW

Jesal Patel

**Director of acquisitions and development
Prideview Group**



work with – what they are looking for is fast decision-making, deliverability and taking commercial decisions when any issues arise. The top auction houses certainly seem to value our role; we scour their catalogues for deals matching our clients' requirements, and by performing due diligence, obtaining pre-approved finance and then bidding on their behalf, we bring a regular flow of investors into the room who wouldn't dare walk through those revolving doors otherwise.

Once we exchange, we will assist our buyers with finance, management and insurance (hats off to Bircroft Insurance Services), and when the time is right those properties will be up for sale on our website or perhaps in auction. To bring it all together we have had the heads of Acuitus and Barnett Ross presenting at our recent seminars, and would love to continue to introduce more characters from the industry to our buyers.

Our relationship with our buyers is cemented by the fact that we talk from experience – we started building our own commercial property portfolio in 1985, so we know what legal hurdles can be overcome and what properties are financeable, especially within short auction time frames.

Our own strategy involves calculated risks rather than sleep-tight security; a few years ago it was about taking advantage of the gloom. For example, we bought a portfolio of Enterprise Inns in central London that today are for sale at around a 5% yield. Currently we are looking for properties with development potential in the greater London area – this year we have got planning to build around 60 flats in Elephant & Castle, Burnt Oak, Stanmore and Ruislip. Many of these acquisitions were in auction – our most recent being at Allsop's October sale where we acquired a tenanted office in Croydon with huge potential if vacated. Inevitably our clients want a piece of this and we have taken on many of them as silent partners.

A new property cycle seems to have dawned and the mood in the auction room supports this. The possibilities could be endless, but there are risks. We have our eyes on higher-value deals and are already talking to some of our larger clients about putting together consortium funds. And we are looking forward to being at MIPIM 2015.

Prideview Group won the "Write an article for Estates Gazette" prize donated by EG to LandAid's Summer Party auction

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