



Market Moves – Fast Movers Reap Rewards

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As activity begins to pick up in the commercial property market, buyers are being rewarded for having the ability to move fast on acquisitions. I have heard the market be described by one client as a 'feeding frenzy'.

As a result, it is those investors able to act quickly and diligently when property comes to market that are putting themselves in a position to secure the best investments. In fact, in some instances, buyers are finding themselves in an 'act now or miss out' scenario, with vendors being able to pick and choose who to sell to and the most astute purchasers needing to rapidly deploy their team in order to secure the best deals for their stakeholders. The importance of assessing every asset on its individual merit is seen as good accounting and this requires that advisors must be able to react quickly and proficiently.

Rapid completion

At the end of December last year, we oversaw the technical due diligence team that assisted Legal & General Property in securing the purchase of ING's £120 million Covent Garden portfolio. This was one of the biggest purchases that L&G made during 2009; it was also one of the fastest.

Investment managers need to be in a position to complete a sale within weeks of a property going to market. When prime real estate comes to market fierce competition quickly ensues from a number of elite investors poised for action in a volatile market. Currently it is not unusual for the conditions of purchase to depend on the ability to move fast and complete in an incredibly short timescale. However, no compromise can be made on standards of the increasingly complex technical due diligence required to minimise risk and optimise investment.

Not cutting corners

It is vitally important for buyers to ensure that, despite the quick turnaround, there should be no dilution of high standards of technical due diligence. During the boom years there was a belief from some investors that property prices only go up – and on occasion this led to a gung-ho attitude towards buyer due diligence. In these early stages of recovery, almost every property that comes to market is generating significant levels of interest. Traditionally high levels of interest lead to long drawn out transactions; however, with the majority of assets being sold to raise cash and reduce borrowings, vendors are now prioritising investors who can handle quick transactions.

For those in the market for property acquisitions, the message is clear. Make sure you have your team and systems in place so that when the right property becomes available at the right price, you are ahead of the chasing pack and ready to move swiftly and diligently.

>> MIPIM 2010

Alan Pemberton along with Paul Spaven, David Mann and David Tuffin will represent Tuffin Ferraby Taylor at MIPIM 2010. Contact us now to make an appointment to meet and discuss business at the world's premier Real Estate summit.