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Jersey, 17th January 2015

Dear Sir,

Jersey International Finance Centre Scrutiny Review

BNP Paribas Real Estate are one of the largest local firms of general practice chartered surveyors, specialising in commercial property. We are retained by SOJDC to act as sole letting agent for the proposed Jersey International Finance Centre ("JIFC") development. We are writing in response to the request for submissions in respect of the Scrutiny Review and in support of the proposed development.

By way of background information, the office market in St Helier comprises some 2.8 million sq.ft of accommodation. The current vacancy rate stands at circa 6% of the total stock. In comparison to most UK regional centres this vacancy rate is low. Approximately one million sq.ft is "Grade A" accommodation. This would be defined as the highest quality space with state of the art systems, exceptional accessibility and a definite market presence. The availability of such space is extremely limited and following the successful letting of 37 Esplanade the current available stock of Grade A space is less than 1% of the total stock. It is however important to draw a distinction between what is considered to be Grade A accommodation locally and what would be classified as such in established international markets. In comparison to large financial centres such as the City of London only about 265,000 sq.ft of the local stock would be considered to be Grade A by a larger institutional occupier and presently there is nothing available in this highest category of accommodation.

There is a misconception that St Helier is full of empty offices; this is simply not the case. There are a number of vacant buildings but a large proportion of these are secondary or tertiary stock that is functionally or locationally obsolete and not of a standard that most modern occupiers require. In reality and as mentioned above, the stock of Grade A space is extremely limited to the extent any large scale requirement emerging now would have to wait two or three years for the completion of a new development. Anecdotally, it has also been observed by several new entrants to the Island that we have dealt with that finding suitable office accommodation in St Helier has been difficult.

It is generally accepted in the local market that over the next five to eight years, there are a number of significant lease events, be it lease expiries or tenant break options which could give rise to potential requirements of up to 500,000 sq.ft. Indeed, we are currently involved in active discussions with occupiers or their appointed agents for requirements which total some 330,000 sq.ft. Much of the potential demand will be driven by larger corporate occupiers wishing to



consolidate from inefficient multiple locations to a single modern headquarters buildings. This view is endorsed by discussions that have taken place with potentially interested parties.

Clearly the amount of sites where office developments could be delivered significantly outweighs this potential demand but it is very important to consider what proportion of the potential development actually meets the requirements of modern occupiers, can truly be considered to be Grade A accommodation and where the development is not hindered by existing leasehold interests. Many of the sites are compromised by surrounding development which results in long linear floor plates with limited natural light and a requirement for atria which results in segmentation. There are also a number of instances where historic structures or features have to be retained due to their protected nature which can lead to significant design and use compromises being required.

The proposed development at the Jersey International Finance Centre is almost unique in being able to provide offices with regular shaped floor plates, natural light on all four elevations and column free space which provides occupiers the greatest flexibility and efficiency of use. Sustainability and environmental issues are also increasingly important, particularly for larger institutions and any new development needs to meet very high standards in this regard. At present there are only 2 buildings locally with a BREEAM rating and it is proposed that the JIFC will have a BREEAM "Excellent" rating.

It is not only the technical nature of the proposed development that is key but also the scale. In the past there have been a number of potential requirements for premises in excess of 100,000 sq.ft. The RBC pre-letting of 66-72 Esplanade in 2014 is demonstrative of this. Only a very limited number of the proposed developments can provide a building of this size. I can also advise that in the past we acted for one of the Island's largest institutions in securing a pre-letting of a property of 100,000 sq.ft. At the time of this instruction there was only one site on the market that could realistically deliver a single building of the size required.

In summary we believe that the importance of the proposed Jersey International Finance Centre is not only about providing the type and size of building that occupiers require but most importantly it is about giving them choice. The modern Finance Industry is extremely portable and Jersey is competing against a considerable number of alternative jurisdictions. If it is not possible to provide the infrastructure required locally, occupiers will simply look elsewhere. The availability of "oven-ready" space of the size, type, nature and design required by the finance sector is fundamental to the health of the office market and to enable Jersey to maintain its' competitive edge.

Yours faithfully

Christopher J Daniels BSc MRICS