**The Property Market in Islington**

**Background**
The commercial (non-residential) property market in Islington is made up of 6 key areas each of which have different characteristics, especially in terms of average rent levels, the type of premises available, etc.

The main commercial areas are as follows:

* Archway
* Finsbury Park
* Nags head & Upper Holloway
* Angel & Upper Street
* Kings Cross & Pentonville Road
* Bunhill and Clerkenwell

Whilst the type of non-residential premises (offices, shops, etc.) in which VCS organisations might wish to locate are available throughout the borough, understanding the different characteristics of the above areas is important if you wish to locate or re-locate in Islington, as this will help you direct your property search to the most appropriate areas.

**Profiles of the areas**
The following area profiles, giving information on typical rent levels in each area, are taken from a report on Workspace Viability published in October 20122 which Islington Council commissioned from DVS (part of the Valuation Office Agency.):

[Workspace Viability Report - Islington Council](http://www.islington.gov.uk/publicrecords/library/Planning-and-building-control/Information/Advice-and-information/2011-2012/%282012-03-03%29-Workspace-Viability-Report.pdf)
Workspace Viability Report. 2011. London Borough of lslington. Instruction on behalf of. London Borough of lslington. Prepared by: Chris Kench MRICS ...

Although many voluntary and community organisations locate in premises owned by Islington Council, the rent levels prevailing in the private sector / across all sectors are important, as the Council is increasingly seeking to obtain market rents on the properties it owns. This means that the Council will seek to set a rent at or around the level it could expect for that property if it was to let it on the open market:  this level is, of course, determined by the prevailing rates for property with the same kind of permitted use in planning terms (e.g. office, shop, industrial, etc.) Premises which have certain kinds of planning permission e.g. for restaurant use) tend to command higher rents per square foot than do premises with other uses, e.g. general industry, and there are controls on whether a particular use can be changed to one in a different category without having to obtain planning permission. Premises of interest to the VCS organisations often fall into the D2 classification and it can be difficult to establish a ‘market’ rent for such premises.

See Use Classes Order  - [Planning Portal - Change of Use](http://www.planningportal.gov.uk/permission/commonprojects/changeofuse/)

Finally, if your lease stipulates that the premises can be used only by a charitable organisation engaged in delivering charitable objectives, this should produce a lower rent than that which could be charged for a fully commercial letting, as the use is restricted and so the market rate will not be as high as it is not an ‘open’ market.

It should be noted that local authorities such as Islington Council do have the legal power to ‘dispose’ (ie. to let or sell) their property at less than market rents if they consider that the purpose for which the land/building is to be disposed of is likely to contribute to one or more of the following 3 objects.  These involve ‘the promotion or improvement of social wellbeing, of economic well-being and/or environmental well-being.  This is a complex issue: see ‘How much rent should you pay?’ section below for more information.  Always remember that when you are thinking of taking on a lease or licence you are entering into a negotiation with the other party.  You should not simply accept all their terms and conditions (unless it’s a stunningly good deal!)

The map ([see page 18](http://www.islington.gov.uk/publicrecords/library/Environmental-protection/Quality-and-performance/Reporting/2011-2012/%282012-03-03%29-Core-Strategy-February-2011.pdf)) shows the location of the main commercial areas.

 **Profile of Archway area**
Archway is located in the north-western edge of the borough, about 5 kilometres north of the City ofLondon.  There is good access to public transport in Archway:  Archway London Underground station is located underneath theArchwayTower, at the intersection ofHolloway Road, Highgate Hill andJunction Road.  Regeneration of Archway has been an ambition of Islington Council for a number of years.  While the area contains architecture from a range of periods, 1960’s architecture tends to dominate the core area – not least the tower and adjacent buildings.  The London Plan recognises Archway as a district town centre with moderate levels of demand for retail, leisure or office floorspace, and with the physical and public transport capacity to accommodate it.

Typical commercial and retail rents in Archway are £10 - £12 per square foot, depending on size.

**Profile of Finsbury Park area**Finsbury Park is located at the north-eastern edge of the borough, about 5 kilometres north of the City ofLondon.  The wider area falls within the administrative boundaries of the London Boroughs of Islington, Haringey and Hackney.  It is a busy, multi-cultural area with cafes and shops that reflect this diversity.  Finsbury Park station is the busiest transport interchange in London outside Zone 1, providing links to central and north-east London on the Piccadilly and Victoria London Underground lines, and train services to King’s Cross / St. Pancras and the City southwards, and to Cambridge and Stevenage northwards.  The London Plan recognises Finsbury Park as a district centre with moderate levels of demand for retail, leisure or office floorspace, with physical and public transport capacity to accommodate it.

Typical commercial and retail rents in Finsbury Park are £10 - £15 per square foot, depending on size.

 **Profile of Nags head & Upper Holloway area**
The Nag’s Head is a busy and vibrant major town centre offering a variety of shops and services.  The London Plan recognises Nag’s Head as a major town centre with moderate levels of demand for retail, leisure or office floorspace, with physical and public transport capacity to accommodate it.  Nag’s Head has historically developed along the A1,Holloway Road, a heavily trafficked route passing through the centre of the borough.

Typical commercial and retail rents in Nag’s Head are £8- £12 per square foot, depending on size.

 **Profile of Angel & Upper Street area**The Angel is the most significant town centre in Islington:  it is one of two major town centres (the other being the Nag’s Head.)  These two centres are linked by the A1 (Upper Street/Holloway Road) which runs through Highbury Corner and on to the district town centre of Archway.  The Angel and Upper Street is also a focus for Islington’s evening economy, which included internationally renowned theatres as well as bars and restaurants.  The London Plan recognises the Angel as a major town centre with moderate levels of demand for retail, leisure or office floorspace, with physical and public transport capacity to accommodate it.

Typical commercial and retail rents in the Angel are £25 - £35 per square foot, depending on size.

 **Profile of King's Cross & Pentonville Road area**
The area of King’s Cross, some of which is identified as an Opportunity Area in the London Plan, has undergone some radical changes in recent years.  This is set to continue for the lifetime of Islington Council’s Core Strategy (see below), principally because of the construction that will take place inCamdenin the Kings Cross railway lands site.  This will have a direct effect on the neighbourhood in Islington. York WayandPentonville Roadhave been identified as the appropriate locations within the area for expansion in business floorspace.  Vale Royal / Brewery Road is the last concentration of industrial / warehousing left in the borough, although in recent years actual uses have changed, meaning that this concentration has become less significant.

Typical commercial and retail rents in King’s cross are £25 - £35 per square foot, depending on size, but inVale Roadare £10 - £12 per. sq. foot, depending on size.

**Profile of Bunhill and Clerkenwell area** (inc. City / City Fringe /Clerkenwell Road/Farringdon Road)

The Bun hill and Clerkenwell area is Islington’s most important employment location.  Apart from the northern part of the CityRoadBasin, the whole of the Bunhill and Clerkenwell area falls within the Council’s Central Activities Zone (CAZ.)  The London Plan identifies and ‘Intensification Area’ around Farringdon Station and an ‘Opportunity Area’ in Islington’s part of the City Fringe, which is centred on Old Street roundabout.

Typical commercial and retail rents in Bunhill and Clerkenwell vary considerably depending on type and size.  Typical values for older stock are £15-25 per square foot, with new build and refurbished non-prime office rents generally ranging from £23 to £36 per square foot (according to Jones Lang Lasalle, central London Market Report.)

 **Further Information**

The Core Strategy is Islington Council's plan for the future. It influences future planning decisions and shapes the development of the borough to 2025 and beyond.  It is useful when considering how an area in which you are interested in locating may change and develop in the future.

The [Core Strategy - Islington Council](http://www.islington.gov.uk/services/planning/planningpol/local_dev_frame/pol_corestrat/Pages/default.aspx)

 **How much rent should you pay?**

A local authority will often tell a potential tenant from the voluntary and community sector that the law obliges it to seek ‘best consideration’ – meaning market value – on all property transactions.  Whilst section 123 of the Local Government Act 1992 does indeed impose this duty, other legislation allows a local authority to ‘dispose of land at an undervalue’ (i.e. at less than market value.) It can do this ‘where the purpose for which the land is to be disposed is likely to contribute to the achievement of one or more of 3 objects, and without needing to contact the Secretary of State for specific consent, where the undervalue is £2,000,000 of less (S.1.)  These powers are set out in the provisions of the Local Government Act 1972:  General Disposal Consent 2003 (‘the Consent’,) Circular 06/03.

These relevant objectives are:

* the promotion or improvement of economic
* the promotion or improvement of social well being
* the promotion or environmental well-being
(set out in Circular s.13.1 and 2.)

As most of what VCS organisations do definitely contributes to the above objectives, any organisation negotiating a lease or licence (or sale) with a Council such as Islington should make reference to these powers when seeking to establish an appropriate price for the premises.  (The only obstacle that could exist to the Council using these powers is if the premises in question are held under certain powers [e.g. deriving from the Housing Act 1985].)

The requirement to get best value for a disposal of land other than under the general Consent, can also be set aside with the Secretary of State’s permission, and, more crucially for VCS organisations, this consent is not necessary in the case of short tenancies.

Footnote 3, para. 1 of the Consent describes a short tenancy ‘as a tenancy which is granted for seven years or less.’

As you can see, this is a very complex area, and you may need further professional help with this, but it is well worth having a general understanding that a council can let at less than market value when entering into negotiations, and making sure that this option is explored fully.

Finally, if your lease stipulates that the premises can be used only by a charitable organisation engaged in delivering charitable objectives, this should produce a lower rent than that which could be charged for commercial letting, as the use is restricted and so the market rate will not be as high.

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| **Caveat:** This information has been prepared with care by VAIs Project for Manager Community Buildings, but she is not legally qualified, and this information should be regarded as general background information only.  It is not a substitute for legal advice from a professionally qualified person. |