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Cutting remarks

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Responding to redundancy: With job cuts hitting staff numbers across Leeds' property sector, some agents are fighting back by setting up their own businesses. *Daniel Cunningham* reports

If you are a Leeds-based commercial surveyor, it is likely that you are hanging doggedly onto your job. Agencies large and small are struggling to secure income, and the burden of cost-cutting hangs heavy on office heads, resulting in a swathe of redundancies.

This situation will no doubt sound familiar to readers throughout the country. EGi's property jobs tracker recorded 231 redundancies across the UK during March, down from 421 in February, suggesting that the worst of the job losses might be over. But how badly has Leeds been affected, and what does the future hold?

In private, agents say that some firms have made all the large-scale cuts they need for the time being, although some believe it is naive to expect that there will not be more job losses. Most agree that this recession has affected Leeds more deeply than previous downturns because the city's agencies bulked up on personnel in record numbers during the boom years.

Jeff Pearey, head of Jones Lang LaSalle's Leeds office, confirms that there have been a significant number of cuts in the office. Speaking about the Leeds scene in general, he says: "The cuts have reached a little further, but that is a reflection of the fact that most of the large firms are represented here now. During the last downturn, the number of property professionals here was a lot lower."

Andrew Gent, partner with local firm Gent Visick, says that the big name firms have borne the brunt of the cuts. "The general consensus is that the market has reached the bottom and is now bouncing along there. But agencies face the dilemma of striking a balance between making cuts and adequately serving instructions," he says.

Leeds agents admit that they have few cost-cutting options. With income already down as a result of fewer deals and lower rents, they are not willing to reduce fees, as some London agencies did recently. GVA Saxon Law, for instance, has altered its fee structure from 10% on a year's rent to fees based on cost savings gained for tenants.

"Some agencies' turnover is down 20-30%, and few firms had that sort of margin in the first place," says Alex Munro, partner in Knight Frank's Leeds office. "They can cut costs, such as client entertainment and their MIPIM budgets, but then it comes to hits on staff."

Regarding his own firm, Munro confirms that "a handful" of job cuts were made during 2008. "We addressed the issue last year in anticipation of a deteriorating market, so that we were fit for purpose in a difficult market," he says.

Overall, despite secrecy surrounding the subject, it is possible to glimpse the extent of redundancies in Leeds. Speaking off the record, one agent says: "The transactional sides of businesses have been more dramatically affected than the professional and management sides."

Investment agent

DTZ is understood to have made around 30 people redundant across the northern region, of which around 10 have gone from Leeds, including well-known investment agent Mike Curtis. In addition, in April, the agency announced plans to cut a further 130 jobs across its UK business, and has asked all UK directors and associates to consider a temporary pay cut.

Elsewhere, a spokeswoman for Lambert Smith Hampton's Leeds operation has described rumours that staff were asked to reapply for their own jobs as "wholly inaccurate". CB Richard Ellis is thought to have lost around five directors in 2008, and industrial director Stephen Tonkin and head of residential Guy Titchmarsh both left the company last year.

Colliers CRE has lost staff, and a spokesman from King Sturge confirms that job losses in its Leeds office have run into double figures following two rounds of cuts during this year and last.

For those who have lost their jobs, the challenge is to find a place for themselves in an increasingly tough business environment. When DTZ's Curtis was made redundant in February, he made the decision to set up by himself as Mike Curtis & Co.

"I'd been with DTZ for 16 years," he says, "and although it didn't come as a shock, it was still a bit of a blow. But I have such experience and good client contacts that I thought I should give it a go by myself. It is daunting, but no more daunting than sitting in a large company trying to do investment deals."

Working from serviced offices and his home, Curtis's work as an investment adviser has already led to involvement in a 30,000 sq ft office acquisition for Wilton Developments alongside DTZ. "Unlike with some of the bigger firms, you do not need a raft of instructions to be busy," he says.

After being made redundant from local firm Harvey Burns & Co, Christopher Fox examined his options and recently established a one-man Leeds branch for Bradford based surveyor Mark Brearley & Co.

Now, he deals with Brearley's Leeds instructions from the city itself, and works with clients he has retained. "It is tough work, but I've been a surveyor for 35 years and been through recessions before," says Fox.

This recession is also the backdrop for the birth of Leeds' newest agency. WSB is being set up by ex-CBRE man Duncan Senior together with agents Robin Beagley and David Watson, who both recently resigned from LSH. Senior, who left CBRE "by mutual agreement", argues that the launch of WSB is less a reactive measure by the trio and more a chance to make the most of the current market.

Limited options

"People assume there are negative reasons for the establishment of a new venture in the current market, but we've been discussing it for about six months," says Senior. "We agreed that it's better to do this now rather than once the market returns, and clients are more comfortable and less likely to change their agents."

Although, clearly, the Leeds agency scene is rife with concern, there are positive stories of agents determined to make a go of it. Those unfortunate enough to lose their jobs have limited options, but this does not seem to be stopping agents from rolling up their sleeves and showing a bit of true Yorkshire grit.

Commiserations go to DTZ, which has been knocked off its perch as the most prolific office agent in Leeds.

DTZ once comfortably occupied the top spot in EG's annual agents' league table, with total lettings of 346,330 sq ft for 2007. But during 2008 and early 2009, a period in which it made significant job cuts, the firm's take-up fell to 137,560 sq ft.

DTZ is again followed by Jones Lang LaSalle, Knight Frank and King Sturge, all of which sport significant dents in their total lettings.

The most active Leeds agent in 2008/early 2009 was CB Richard Ellis. It did not make the top 10 in 2008, even though it acquired GSD earlier in the year. Its stellar performance saw it deal with more than 154,000 sq ft of lettings in 35 deals, leapfrogging the competition.