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HALLIWELLS' CRASH MEANS PARTY'S OVER

Financial services will help lead Manchester's commercial property recovery. But a senior surveyor is warning that the property party is over for the city's professionals.

Research by King Sturge, based on data from the Manchester Office Agents Society, suggests that the financial services sector will account for a mighty 40 to 45 per cent of all office space let in the city centre this year.

But professionals – once the mainstays of the city centre property scene – will account for just 20 per cent.

The data comes as David Lathwood, Manchester-based head of the English regions for surveyors King Sturge, claimed that many big professional firms would be out of the property market for years to come.

The claims come as troubled law firm Halliwells blamed the cost of its new offices at Deansgate for some of the financial problems that caused their collapse.

Halliwells crashed owing £22m to its bank and further sums to creditors relating to leases on fixtures, fittings and even paintings at its offices across Manchester, Liverpool, Sheffield and London.

Mr Lathwood said: "How will big professional firms get office buildings in the next few years? They won't, it is as simple as that. Their own markets have beaten them up, and they are so bruised that taking new office space on any scale will simply be too much for them. They will go for refurbished offices, or adapt the offices they already have.

"For the time being the kind of deal done by Halliwells is gone, and for perhaps the next one, two or five years that kind of deal won't be in the market. No doubt it will come back, though, because some mistakes are made again and again and again.

"I think we'll also see landlords looking very closely at professional firms."

The implication is that after the Halliwells collapse, landlords will not regard signing leases with professional firms as entirely safe.

Manchester Office Agents Society figures show that 324,890 sq ft of office space was let in the first six months of 2010 – up 10 per cent on the same period in 2009.

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