



ROBERT IRVING BURNS

PROPERTY DEVELOPMENT MARKETING REPORT

ACTIVITY, ACTION, EXPENDITURE & COMMENTARY

**36 & 37 GREAT RUSSELL STREET, LONDON
WC1B 3PP**

Prepared for

Hoze Investments Limited
2nd Floor
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Prepared by

Damien Field – Board Director

May 2023

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RIB & Robert Irving Burns are trading names of Robert Irving Burns Limited
Registered Address: 29-30 Fitzroy Square, London W1T 6LQ. Company No: 08675543

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EXECUTIVE SUMMARY

Robert Irving Burns have been involved with this development since February 2022. We were instructed to sell 36 and 37 Great Russell Street on behalf of the landlord. As part of our marketing, we targeted various prospective purchasers including the likes of owner occupiers, investors and developers and businesses to rent the premises. Approximately 24 months prior to our involvement, the property was available on the market 'For Sale' and 'For Rent' with two other Agents. The property failed to sell or to let during this period. This was primarily due to an abundance of Class E accommodation being available that was more in line with current commercial occupiers needs and requirements. The lack of passenger lift has in our opinion been a significant factor, meaning that DDA requirements could not be fulfilled.

According to the vendor, a robust and extensive marketing effort was conducted on both nationwide and full London level, targeting various potential buyers and companies/individuals who were looking to rent office space using a detailed brochure, in addition to advertisements and national exposure through a range of property platforms available in the public domain. After numerous inspections, however, the landlord was unable to bring the sale to a successful conclusion. Robert Irving Burns pro-actively targeted numerous local occupiers & commercial agents who had active property requirements in the area.

We were not able to generate any occupier interest due to the small floor plates and lack of lift.

We did encounter several investors who thought the ground and basement of the buildings would work as commercial use, but not the upper floors. Following the introducing of Commercial Use Class E in September 2020, we envisage a variety of users who would take the opportunity to occupy part ground floor and part basement.

PROPERTY MARKETING CAMPAIGN REPORT

CLIENT INSTRUCTIONS

Robert Irving Burns gave general advice on the commercial estate agency side of the development throughout and were instructed to find occupiers for the property for the client.

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BACKGROUND

The property was first marketed 'For Sale' in March 2020 through a third party for approximately 24 months. Robert Irving Burns were later instructed on a 'For Sale' basis in February 2022 and 'For Rent' basis in August 2022.

We have set out the timeline of the full London and Nationwide marketing campaigns that we undertook. Feedback, together with the schedule of media expended.

TIMELINE SUMMARY

| Date | Notes |
|----------------------------|--|
| March 2020 – February 2022 | Marketing commences through third party agent |
| February 2022 | Robert Irving Burns involvement begins |
| February 2022 – March 2022 | General advice & strategy to landlord |
| March 2022 – August 2022 | Approached various owner occupiers, investors, and developers 'For Sale' |
| August 2022 - May 2023 | Approached various owner occupiers 'For Rent' |

Sept 2022 – May 2023

RIB have been responding to all Class E enquiries received for this location, offering the accommodation for rental as a whole and on an individual floor basis. In terms of rental levels, we have been guiding £50psf on the basis of the landlord carrying out works, and also a discounted level of £20psf to take the space 'as is'. We have been offering out rent-free periods and capital premiums in favour of the tenant in order to illicit interest. The upshot of all this has been that the space itself does not ideally lend itself to modern office occupancy and as a result , we have not been able to generate positive interest.

March 2020 – February 2022

The property was available for sale and rent in March 2020 through a third-party agency. Marketing material was produced, including detailed marketing particulars and advertisements on various property platforms.

After multiple unsuccessful inspections the property was withdrawn from the market.

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February 2022

Due to previous dealings with the landlord, Robert Irving Burns were then brought in to assist with the selling of both properties in February 2022. Advice was provided on the marketing of the properties between February and March 2022.

March 2022 – April 2022

Robert Irving Burns started engaging with prospective purchasers including owner occupiers, investors, and developers 'For Sale'.

August 2022 – May 2023

RIB have been responding to all Class E enquiries received for this location, offering the accommodation as a whole and on an individual floor basis.

MARKETING CAMPAIGNS & ACTION

- The property was on the market from March 2020 for approximately 24 months via a third-party agency.
- Whilst marketing through the third-party agency, marketing particulars were published both on a national and local level to fully expose the property to the market.
- Robert Irving Burns were introduced in February 2022 to market the property on a 'For Sale' basis and in August 2022 on a 'For Rent basis. This was on local, targeted selling and rental basis.
- Commercial or large-scale multiple residential property transactions are normally conducted via an agent or surveyor who acts and advises the buyer as well as an agent or surveyor for the seller. Marketing was further targeted at these acquisition agents/surveyors.
- The marketing campaigns generated a substantial level of enquiries but very few inspections had been requested.
- A comprehensive, up-to-date brochure with maps, plans and documents was supplied to interested parties.
- We conclude that the marketing campaigns went wide and were robust based on our own extensive agency experience.

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OUTCOME OF MARKETING

Office Accommodation

During the Covid-19 Pandemic there has been an increase in supply of offices both available to let and for sale. With many employees having the ability to Work from home, companies have had to evolve to the new commercial landscape to manage company and staff welfare as well as budgets. According to Jones Lang LaSalle (JLL), 71 % of office workers were working from home during the pandemic. Now more so than ever, companies are trying to provide a workplace that encourages employees to work from the office in a comfortable and flexible environment.

Bloomsbury vacancy rate has increased over the past year and demand for office space has fallen. Since 2019 the vacancy rates have risen from 2% to 5.2%. The amount of space available for sublease has also more than quadrupled since the Coronavirus outbreak.

Although there has been an increase in office vacancy over the last two years, we have seen that if an office is presented in the correct manner, then there is still a competitive market for that space. Tenants now expect flexible leases with the modern amenities such as comfort cooling, an abundance of natural light and air flow, perimeter trunking, kitchenettes, open plan office accommodation, commissionaires etc.

36 and 37 Great Russell Street currently does not possess any of the above amenities. The floor plates are small making it difficult for a tenant to take the whole building or let each floor on an individual basis. There is no lift, and the common parts and main workspace are in need of a much needed refurbishment. In its current condition we envisage a lack of enquiries and prospective tenants who would occupy the whole and on a floor-by-floor basis.

ROBERT IRVING BURNS – COMMERCIAL ESTATE AGENCY

Established in 1962, Robert Irving Burns are a privately own, multi-disciplinary practice providing Commercial, Residential and Investment agency services, as well as various other Asst Management & Professional advisory services. Our Agency & Investment activity is focused on London, albeit we have recently been involved in transaction such as Manchester, Torquay & Northamptonshire.

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OPINION, COMMENTARY & CONCLUSION

Upon reviewing the recent marketing, both prior and during Robert Irving Burns involvement, we recommend abandoning the targeted pursuit of identifying tenants who would occupy the office accommodation over the 1st and 2nd floors. During the Covid19 Pandemic vacancy rates have risen and office occupiers have taken advantage of the ability to work from home to reduce overheads. With such a supply in today's market, tenants expect amenities such as comfort cooling, open plan accommodation, commissionaire, and an abundance of natural light etc. which 36 and 37 Great Russell Street do not currently possess. Tenants are also seeking flexible leases, often including a tenant only break option halfway through the term.

The configuration of the buildings also limits your ability to let the floors on an individual basis and as a whole. Our professional understanding of the market and its direction has forced us to advise abandoning the current course of solely targeting office occupiers and explore a change of use to residential.

Those parties who have investigated the scheme have concluded, as specified above, that they are not interested in the property - in spite of the quality - due to scale.

With regard to the retail space, we recommend that the client scales down the size on ground and lower ground floor to be able to attract local and smaller businesses, especially with the expanding Commercial Use Class E.

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