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Marketing Report

Relating to



Vacant Class E Space at Rear of

81-84 Chalk Farm Road
Camden
London
NW1 8AR

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1.0

Overview

Metrus is one of London's leading bespoke Property Advisors specialising in property management, commercial agency, lease advisory and valuation and asset.

This report will outline Metrus's active marketing of 81-84 Chalk Farm Road since our instruction in July 2021 to find a buyer for the vacant freehold Class E space, and the response we have subsequently received from the market. This information is provided to support an application for the change of use to education.

1.1

Description

The subject property comprises a three-storey commercial building located in Chalk Farm / Camden in previous use as a Gym.

The premises are accessed via Chalk Farm Road, through an undercroft into a private courtyard.

The interior of the premises is in a similar condition it was left within for Gym use and has yet to be stripped out.

1.2

Location

The building is situated within London Borough of Camden.

The property is located in a mixed setting with residential, leisure and retail uses surrounding the site due to the site's location adjacent to Chalk Farm Road, the Roundhouse theatre and Camden Market.

The site is in a highly accessible location. Bus stops line Chalk Farm Road and Chalk Farm Road Underground Station is within walking distance of the site.

Metrus have been involved in the property for several years. During the COVID-19 pandemic (March 2020 onwards), the previous tenant, known as The Fitness Mosaic, underwent financial difficulties during amassing significant rental debts. Despite detailed negotiations with a sympathetic landlord, it became clear that the existing gym could not survive. The lease permitted alienation by subletting and assignment. The Fitness Mosaic tried to dispose of the lease to other gym operators however the response was unsuccessful. As a result, the surrender of lease to the landlord from the tenant, The Fitness Mosaic, took place on 28th July 2021. It is from this point we were formally instructed to market the property. We were responsible as sole agents for marketing the property until a successful buyer or tenant was found.

Metrus gave advice regarding the marketability of the building. Prior to The Fitness Mosaic, Fitness First had been the previous tenant who ceased trading in 2011, with significant rent and business debts and left having caused significant dilapidations. Therefore, the property has a blighted history with two gym tenants vacating following a cessation of trading. Whilst the premises had been previously suitable for gym use, no gym operators raised any interest in the property since the surrender of lease. We believe that the premises were too big and not in a prominent location

Since our instruction in July 2021 and the relaxation of the Use Classes Order, the property was widely and actively marketed as a vacant freehold for sale via several platforms and all available channels for the distribution of marketing literature, including data base and direct approaches. A colour brochure was produced in September 2021 and circulated. A "To Let" and "All Enquiries" sign was not erected on the building due to the site's location within a setback courtyard with no direct street facing fascia.

Property details and enquiries were circulated to a variety of users with a number of distinct uses including leisure, office and education users.

During the marketing period, there was moderate interest in the property between July 2021 and August 2022. All interested parties were encouraged to inspect the property, some on multiple occasions, and to undergo due diligence.

2.0

Marketing (Metrus)

An inspection of the property was undertaken by Metrus in July 2021. This was carried out in order to provide the vendor with a valuation of their property in its current condition.

Metrus were formally instructed to market the property in July 2021.

Metrus's marketing campaign involved the following:

- Property actively marketed via our website (www.metrus.co.uk)
- Details distributed via all reasonable channels for marketing literature, including data base and direct approaches.

2.1

Guide Price

The Price Guide for the vacant freehold was £4.5 million and was influenced by comparable transactions in the area for a freehold building of this size and location. The Landlords were prepared to let the premises on a long term secure commercial lease.

2.2

Summary of Responses & Offers

Metrus received many interested parties looking to buy the premises with some inspecting the premises on multiple occasions. Metrus received several offers over £4m and some entering contract stages and instructed solicitors at the guide price. Each party had a distinct proposed use with none of the proposed uses consisting of the historic gym use which has failed to generate any meaningful interest.

Ultimately, Metrus entered into discussions with an interested and suitable party in late August 2022 who sought to propose an education use on site.

As a result of feedback received from enquiring parties as well as our own observations, it is clear that there are a number of factors which are having an effect on the premises' desirability and suitability for a number of uses.

It is likely that these factors have majorly contributed to the type of interest received from potential buyers. These factors include the following:

- While the property is in a central location, the specific location of the building did not make it suitable for a number of proposed uses which require an active main road frontage and strong visibility, or high footfall.
- The uncertainty presented to the commercial property market by COVID-19 and the current economic climate.
- The property might require planning permission for any works or change of use to desired uses.
- The gross internal floor area was too large for the popular range of specialist gym operators, Pilates studios, boxing exercise, hot yoga operators.

Upon 12 months of marketing the property and moderate interest in the property translating to several viewings, a select number of buyers were considered suitable parties in purchasing the freehold of this exclusive and central site in Chalk Farm / Camden Town.

Since March 2020, the UK commercial property market has significantly altered and the sites unique, set back siting only makes it suitable for a select number of uses and buyers. It has become uneconomical to operate certain sites for Gym uses due to their location, size and market guide price.

5.0

CONCLUSION

Metrus is a company with significant experience in regard to the letting and sale of property, with many successful transactions. It is believed that Metrus undertook a thorough and professional campaign to arrange a sale of this property finding a successful buyer following 12 months of marketing.

With this extensive knowledge and experience in this sector, we can confirm that there is limited specific demand for this type of premises for continued use as a Gym, even at an economical price within the immediate area.


The marketing of the property and discussions with several distinct buyers with proposed uses leads us to the conclusion that the premises would be better suited to an entirely different use to the historic gym use if it is to be occupied and utilised in the future. The property use as a gym space on its own is unlettable and non-sellable in this location, and consequently we arrived at the conclusion that alternative uses needed to be considered. A suitable purchaser would bring the building back into active use, serving a wider benefit to the local area and the site.

6.0

DECLARATION

I believe the information above is correct to the best of my knowledge and confirm that my fees on this case are not reliant on the outcome of the planning application.

Signed



Dated

26 / 4 / 2023

Simon L Stone FRICS FIRR V, RICS Registered Valuer

