



ROBERT IRVING BURNS

PROPERTY DEVELOPMENT MARKETING REPORT

ACTIVITY, ACTION, EXPENDITURE & COMMENTARY

Ground Floor at 36 & 37 GREAT RUSSELL STREET, LONDON WC1B 3PP

Prepared for

Hoze Investments Limited

2nd Floor

Buckingham House

45 Vivian Avenue

London NW4 3XA

Prepared by

Damien Field – Board Director

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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 has 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. Approximately 24 months prior to our involvement, the property was available on the market 'For Sale' with two other Agents. The property failed to sell 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.

According to the vendor, a robust and extensive marketing effort was conducted on both nationwide and full London level, targeting various potential buyers 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 did encounter several investors who thought half of would work as commercial use, but not entire floor and basement. 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.

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' and 'To Let' 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 Sale' and 'To Let' from September 2022 to date.

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 | Marking 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 |
| September 2022 - To Date | RIB have been responding to all Class E enquiries received for this location, offering the accommodation on the ground and lower ground floor basis. Feedback received was that the commercial space offered is too large for today's purposes under Class E usage. |

MARKETING CAMPAIGNS & ACTION

- The property was on the market from September 2022 for approximately 24 months for sales and rental of the ground and basement level.
- Marketing particulars were published both on a national and local level to fully expose the property to the market.
- 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.

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- The marketing campaigns generated a substantial level of enquiries but very few inspections had been requested.
- We conclude that the marketing campaigns went wide and were robust based on our own extensive agency experience.

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 Land 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 but still on a part time from home and part time from the office which requires them to smaller office or commercial space as a whole.

The GF area was recorded as 151m² and the basement area as 168m². There is little or no demand in the current market for larger units of this kind in this location. There is however demand for smaller commercial spaces in this location which are cheaper to rent, easier to maintain and more cost effective for occupiers.

Modern office users now typically want open plan floors in modern buildings. The days of company's taking leases on smaller floors that are split into smaller offices by walls are virtually over. Traditionally it was professional practices such as accountants and lawyers who would want this type of space. However, even these professions have evolved in the way that they work. I have personally represented legal practices for over 20 years in advising on relocations and the shift in how they operate and utilise their offices, has changed beyond all proportion.

The smaller sub 700sqft office market for single floors has also changed due to the emergence of co working operators such as WeWork, Fora and TOG. These co working buildings provide a modern vibrant working environment for smaller occupiers to operate from. These are the types of companies that would have historically taken up space in a building like the subject property. Now these occupiers have the opportunity to rent space on a flexible basis with meeting rooms available by the hour and reception facilities. There are also networking opportunities that draw these companies away from traditional smaller offices.

The fact of the matter is that buildings such as Gt Russell St. with their configuration constraints as well as a shift in what an office occupier / retail providers wants out of their offices, means that they are no longer fit for purpose.

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.

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Our Agency & Investment activity is focused on London, albeit we have recently been involved in transaction such as Manchester, Torquay & Northamptonshire.

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 entire ground floor and basement 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. Especially now days with increased business rates, high interest rates and cost of living on the rise. With such a supply in today's market, tenants expect considerable smaller office space which would be achieved at the front ground floor level at 36 and 37 Great Russell Street. Tenants are also seeking flexible leases, often including a tenant only break option halfway through the term.

The configuration of the ground floor and basement also limits your ability to let the floors. 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 for the said back area of the ground floor and the basement.

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 to be able to attract local and smaller businesses, especially with the expanding Commercial Use Class E.

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