

This document is based on a Marketing Report that has been edited to remove information that is commercially sensitive and confidential to the Transport Friendly Society

Barclay fox 

**REPORT
ON THE POTENTIAL RENTAL OR SALE
OF 9 BETTERTON STREET, LONDON, WC2H 9BH,
AND THE REALLOCATION OF THE HEADQUARTERS OF**


transport
friendly society

30 NOVEMBER 2012



30 November 2012

Richard Freeman,
Transport Friendly Society,
9 Betterton Street
London
WC2H 9BH

Dear Richard,

RE: TRANSPORT FRIENDLY SOCIETY OFFICE (TFS) RELOCATION

Further to our recent meetings, this document outlines the response we've had to the recent marketing campaign to either find tenants for Betterton Street or potentially sell the freehold. You asked us to either find tenants who would rent the premises or failing that to identify potential purchasers of the freehold. Target rent is £30 psf and we have sought offers in excess of £1.5m for the freehold.

If it was decided to sell or rent 9 Betterton Street the brief for new premises would be as follows:

1. Brief for New Premises

Size: 1,500 – 2000 sq ft
Location: Close to good transport links specifically Kings Cross
Quality: Well presented office space
Fit-out : Space for a 10 person board room
Specification: Air – Conditioning or comfort cooling

2. Target Property

Following our search of the market we identified a number of properties as a comparison to 9 Betterton Street. On visiting the properties TFS's preferred choice was the Part 3rd floor of Derbyshire House, St Chad's Street, WC1.

2.1 Key points

Size: 1,600 sq ft
Location: 3 mins walk from Kings Cross Station
Specification: Reception, comfort cooling, communal roof terrace, bike storage and communal showers, lift, suspended ceilings, meeting and conference rooms available for hire.
Rent: £35.00 psf (£56,000 pa)
Rates: £10.40 psf (£16,640 pa)
S/C: £9.00 psf (£14,000 pa)
Fit – Out : The current fit out works well for TFS and will save circa £40,000 in typical build costs.

2.2 Current Market

The current market in Covent Garden and Kings Cross for both rental and freehold property is relatively competitive particularly for well-presented properties. Unfortunately Betterton Street does not lend itself to modern office requirements and little interest has been expressed from potential tenants.

3. 9 Betterton Street Sale/Rent

The benefits of the office move would be to have TFS on a single floor which has been proved to be far more efficient than working over multiple floors. In addition the release of capital funds from the sale of 9 Betterton Street would allow the money to be used to support and develop the company.

The freehold market remains strong for relatively small lot sizes such as 9 Betterton Street. This is due to a lack of supply and an increase number of owner occupiers wishing to purchase. Capital growth on property is greater than savings and deposit accounts. There are also various ways in which small business can buy their own building (via pension funds etc.) which make the prospect of paying rent to one's own pension vehicle very enticing. There would also be developers who would be looking to convert this property to residential.

As you are aware we have shown various potential tenants around Betterton Street and if we could identify a tenant at an acceptable rent, then consideration should be given to retain the building as its capital growth could be considerable over the coming years.

3.1 Target Price for Sale and Quoting Rent for Betterton Street

Moving to the letting market, given Betterton Street's location we strongly recommended not 'over quoting' the rent in order to attract viewings and have been seeking circa £25 psf. However, having shown the premises to a dozen or so prospective tenants, we have not had any offers and believe we would have to reduce the rent to attract a tenant. That said, a lower price per square foot may still fail to attract tenants. The configuration of the office, the small office space, number of floors, etc, has been seen as a major negative and most prospective tenants that viewed the premises have not wanted to progress even when we've suggested that we were open to offers on the proposed rent.

Ingoing tenants are also seeking and receiving inducements for committing to leases and we therefore anticipate that if we could identify a tenant they would seek a rent free period of at least 6 months.

We have run two parallel marketing campaigns. Firstly offering the property to rent at circa £25 psf and secondly for the purchase of the freehold, with offers in excess of £1.5m. Having had little or no interest from prospective rental tenants, we recommend we pursue the sale option, and are confident that we will receive an offer that you will find acceptable

3.2 Marketing Strategy

With regard to marketing we have undertaken the following:---

Direct tenants targeting

Given the size of floor plate we have emailed and contacted many of the potential tenants in the area as these smaller companies may be unrepresentative. This has generated the prospective tenants that have viewed the property and has also generated the interest from parties wishing to acquire the freehold.

We have also telephoned many tenants in the surrounding vicinity and made all Central London agents aware that Betterton Street is available for rent and have sent regular updates to remind them. We have also spoken directly to agents reminding them that the property is available for rent and that we are open to offers.

We have continuously monitored tenants who are potentially moving to ensure that they knew about the property and ensured that they receive the details.

Letting Board

A 5ft x 4ft board has been located to the front of the property in order to pick up passing enquires for Betterton Street

Brochure

We have produced in house details which include colour photograph, location map, description of the premises and floor plans.

A colour A 2 or 4 sided bespoke brochure has been mailed to prospective tenants.

Mailing

A brochure has been emailed to the following user groups:---

- City Agents property agents club members
- West End property agents club members
- Relevant enquiries on our database
- Relevant enquiries received

Website

Your property will be added to our websites.

4 Timings

We have marketed the property for 3 months and whilst there have been a number of viewings we have not received an offer to rent the premises. More positively a great deal of interest has been received for the freehold and we're confident we can agree an offer hopefully in excess of a target price of £1.5m.

We understand that having reviewed the options, and in particular the lack of response in finding a rental tenant, TFS has decided to sell the Betterton Street freehold and move to new premises – Derbyshire House in St Chad's Street.

Typically we would allow 3 months for the acquisition of a new office premise. This usually breaks down to 1 month for the search and negotiations, a month for the legal process and 3 -- 4 weeks for the fit out and moves. Given that we have identified a property that does not require fit out we would suggest a target of 6 weeks to fully relocate.

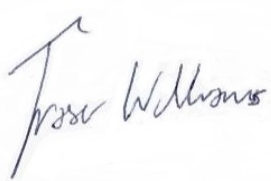
Moving to the sale of Betterton Street, we will now enter in to detailed negotiations with the interested parties and would hope to conclude negotiations by mid January 2013.

5 Recommendations

Given that there are other parties interested in Derbyshire House we would recommend submitting an offer as soon as possible. This is not binding and it would insure that the landlord was aware of our interest.

I will telephone you tomorrow so that we can discuss the Report in more detail.

Kind regards



FRASER WILLIAMS MRICS