

**MARKETING REPORT
ON THE DEMAND FOR B1A EMPLOYMENT SPACE
AT**

11-12 TOTTENHAM MEWS, LONDON, W1

OCTOBER 2011

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1. **Background**

The purpose of this report is to demonstrate the lack of demand for the current B1a Office located at 11-12 Tottenham Mews, London, W1T 4AQ (hereinafter referred to as 'the Property'). It is intended to support a planning application for the change of use of the site from B1a office to C3 permanent residential.

This report will demonstrate the various marketing initiatives undertaken by the Property Owner to let or sell the Property to date and will summarise the reasons why the accommodation is deemed surplus to the Office market.

2. **The Property Location & Description**

The property is located on Tottenham Mews, a quiet cul de sac, immediately to the north of Charlotte Street and within close proximity of the proposed Middlesex Hospital redevelopment, in the heart of London's West End business district of Fitzrovia.

It is surmised that the building may have been developed as a combined Warehouse and Office, but has been used exclusively as an office for the past XX years. The floor area is approximately 505.12 sq m (5,437 sq ft) arranged over lower ground, ground and three upper floors, as below.

Area	Land Use	Sq m	Sq Ft
Lower ground Floor	(B1a user)	81.2	874
Ground Floor	(B1a user)	124.9	1344
First Floor	(B1a user)	109.3	1176
Second Floor	(B1a user)	111.5	1201
Third Floor	(B1a user)	78.2	842
Total		505.1	5437

The building is not listed, but lies within the Charlotte Street Conservation Area.

3. **Marketing Initiatives**

Since November 2009 various marketing initiatives have been undertaken in order to provide maximum exposure to potential occupiers for the B1a space, including internet listings, exposure in the agents window and an on-site To Let board. When this initiative failed to elicit interest, the owner instructed in July 2010 that the freehold interest in the site be marketed.

Londonofficespacefinder.co.uk

A copy of the webpage advert can be found at Appendix A.

Hanover & Green –

A copy of the agent's marketing particulars can be found at Appendix B.

Additional marketing initiatives include the following:

On-site board, and letting details advertised the property at two different firms, namely Hanover & Green & Daniel Watney



4. Comments as a Result of Marketing

Feedback from the various agents has identified a number of reasons why the market has deemed the space inferior for its intended use. These reasons are summarised below:

- Fixed floor plate construction.
- Lack of lift access
- Lack of modern cabling facility
- Lack of ventilation

There is currently a substantial over-supply of office accommodation with more space becoming available in various forms by the month. With weak demand and competing post codes/incentives, the existing demand is not sufficient to warrant conversion of the vacant space nor is this likely to be the case for some time to come.

5. Comments on suitability for other employment uses

Although the building appears to have began its life as a warehouse, it is not considered suitable for conversion to modern light industrial or warehousing space. The fixed floor plates make internal re-configuration all but impossible and the physical constraints of the upper floors make them unsuitable for any employment use other than office space.

The constraints identified above make a change of use to B1c impractical. Notwithstanding the access difficulties, the columns limit the potential to locate machinery in the resulting space. The existing residents in adjacent properties with shared walls would also have a problem with noise transmission etc caused by any operations on-site.

For warehousing, the fixed floor to ceiling height, lack of servicing provision and absence of a goods lift mean that the premises would not attract such occupiers. Similarly, unless a B1c or B8 occupier sought to lease the whole property (which, in commercial reality is extremely unlikely), the presence of such occupiers would have a detrimental effect on the other potential B1 (office) users in the space. They would make themselves extremely unpopular with the building's other occupiers and the potential complaints about noise, vibration and dirt would make this unfeasible. We would not advise any landlord to part let in this fashion as part of a sensible letting strategy.

Commercial viability

Whilst the property is part occupied at the date of writing this report, we are aware that there have been difficulties in securing tenants over recent years and there always have been a number of void periods where there was great difficulty in letting the vacant suites.

This occupancy rate has only been achieved by allowing the existing tenants to occupy the space on extremely flexible/short term leases with break options enabling each occupier to terminate their tenancies upon 6 months' notice. Whilst this strategy has enabled the premises to be partly let it is important to note that short term leases generally provide poor covenants which will not facilitate significant capital investment.

Limited demand

We believe the main reason for this lack of demand has been the age, condition and general inefficiencies of the building, combined with its rigid floor layout. Unfortunately, the space offers little flexibility for businesses to expand or contract through the circa 2,000 sq ft floor plates. This also extends to the difficulty in retro fitting new services required for modern office space, which has been a criticism of potential tenants. Retro fitting modern cabling provisions is likely to be flagged as a potential trip hazard in occupiers' risk assessments that are now a statutory requirement.

Modern occupier M&E requirements

Twenty years ago, most professional organisations shared a single computer / PC for an entire department. The last two decades have seen an unprecedented explosion in IT use, with the vast majority of professionals and admin staff sitting with PCs (or Macs) on every desk. This has created an unprecedented need for office space to handle data processing equipment.

The increased use of IT has created its own problems. Cabling requirements need to be satisfied and ideally temperature levels need to be kept consistent level. Indeed, the marketing particulars show ducting out of the ground floor windows, most likely dealing with heat from IT systems.

Cable Handling

Given the age of the premises, the existing building only offers solid flooring. With the increasing cabling requirements of modern occupiers this is less and less practical and ad hoc cabling management can present trip hazards and security issues. Perimeter trunking and surface mounted cabling provides a basic solution, but a full access raised floor enables occupiers to continually adapt the space to their specific requirements.

Climate control

Air conditioning (or cooling) is high on most modern office tenants' check list on what they want and need from their space. It enables organisations to provide a balanced and pleasant working atmosphere for their workforce.

M&E limitations are to be expected for a building that was originally constructed for a specific and different use approximately 100 years ago. However, it is increasingly common for occupiers to specify that their requirement is for "air conditioned and raised floors only". If a building is unable to offer these facilities it will fail to make the short list for viewing and stands little or no chance to attract a significant proportion of occupiers, particularly given the amount of competing office space with such provision.

Servicing Potential

The area outside of the site is subject to single yellow line control, restricting standing during the hours Monday-Saturday 8:30-6:30. No on-site servicing is available and the width of the road makes turning of delivery vehicles outside of the site into a difficult manoeuvre. Furthermore, the dogleg nature of the Mews Road itself, restricts the ability of larger vehicles to enter the site.

6. Conclusion

In conclusion, the building is only suitable for B1a office and not fit for purpose for other employment uses for the reasons outlined above. The Property Owners leasehold and freehold marketing of the property has not elicited interest from the business market due to the specific constraints identified and due to better space being available elsewhere.

Appendix A

Office Space To Let in Tottenham Mews, Fitzrovia London W...

http://www.londonofficespacefinders.co.uk/db/db.pl?displayq...

 Register  Email  Call  Print  Bookmark

0843 289 5233

70 SE9, 260 - 10850 sq.ft.

London Office Space By Postcode : (select postcode)

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Tottenham Mews, Fitzrovia London W1

Self contained ground floor entrance, part 1st and part ground floor office suite totalling 875 sq ft. Another 600 sq ft suite could be made available if required, also on the 1st floor. We can offer a new lease for a term by arrangement

Reference: **Fitzrovia 4905**
Address: **Tottenham Mews** [\[MAP\]](#)
Type: **Office**
Space Available: **875 - 875 sq. ft**
Floor: **part ground and part 1st**
Status: **To Let**
Price: **22.50 - 22.50 per sq. ft**
Last Updated: **Fri, 20 Nov 2009 15:51:01 GMT**



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- Office in Mayfair London W1
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- Office in Hanover Street London W1
- Office in Hanway Place London W1T
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Popular Postcodes:

WC*	EC*	W1	W2
WC1	EC1	W6	SE1
WC2	EC2	W8	SW1
N1	EC3	W11	SW3
NW1	EC4	W12	SW7

Popular Areas:
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[Chelsea & Kensington City](#)
[Covent Garden](#)
[Docklands/Canary Wharf](#)
[Euston](#)
[Holborn](#)
[Kings Cross/St Pancras](#)
[Liverpool St/Bishopsgate](#)
[Marylebone](#)
[Mayfair](#)
[Oxford Street \(North of\)](#)
[St James's](#)
[Soho](#)
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Appendix B

11-12 Tottenham Mews

London W1

Part Vacant Freehold Investment
with potential for future residential conversion



Investment Summary

Location

The property is located on Tottenham Mews, a quiet cul de sac, immediately to the north of Charlotte Street and within close proximity of the proposed Middlesex Hospital redevelopment, in the heart of London's West End business district of Fitzrovia.

Description

An attractive period office building, originally constructed as warehouse premises, totalling approximately 505.12 sq m (5,437 sq ft) arranged over lower ground, ground and three upper floors.

Tenure

Freehold.

Tenancies

The building is currently multi let to three tenants with two part vacant floors upon which the vendor will provide a 12 month rental guarantee. The leases are contracted outside the security of tenure provisions of the Landlord & Tenant Act 1954 and there are lease breaks or expiries between July 2010 and February 2014.

The total current income is £129,243 per annum, including a 12 month rental guarantee on the part vacant ground and first floors, which reflects an overall passing rent of £23.77 per sq ft.

Proposal

Offers in excess of **£2,850,000**, subject to contract and exclusive of VAT, are sought for the freehold interest. A purchase at this level would reflect a **capital value of £524 per sq ft**.



Investment Rationale

- Freehold
- Located on a quiet cul de sac in the vibrant district of Fitzrovia with good access to local amenities and attractions
- Warehouse conversion with media style specification
- Multi let with opportunities to take advantage of the rental growth cycle
- An overall passing rent of only £23.77 per sq ft
- Well suited to residential conversion, subject to obtaining the necessary consents
- Low capital value per sq ft
- Suitable for owner occupiers and investors



11-12 Tottenham Mews, London W1

Location & Communications

Location

The property is located on Tottenham Mews, a quiet cul de sac, located just to the west of Fitzroy Street and perpendicular to Tottenham Street to the south. It is located in the vibrant district of Fitzrovia, once home to London's fashion industry and now more synonymous as a destination for the film, media and entertainment companies. Bounded by Tottenham Court Road to the east, Oxford Street to the south, Euston Road to the north and Portland Place to the west, Fitzrovia is characterised by an eclectic variety of high quality office and residential accommodation and is associated with a wide range of leisure amenities including well-known hotels, restaurants and bars, including The Sanderson and Charlotte Street Hotels and Roka, Crazy Bear, Pescatori, L'Etoile and Hakkasan restaurants.

Over recent years Fitzrovia has attracted substantial office occupiers, drawn to the area by improvements in the office stock including The Cube (Whitfield Street), The Met Building (Percy Street) and Wells & More (Mortimer Street). Major occupiers include Arup Associates, Saatchi & Saatchi, ZenithOptimedia, Freemantle Media and The Engine Group.

Although the area has become a well known office location it also benefits from a colourful residential community which will be further enhanced with the proposed redevelopment of the Middlesex Hospital site on Mortimer Street.

Communications

Communications are excellent with Goodge Street (Northern line), Warren Street (Northern and Victoria lines) and Tottenham Court Road (Northern and Central lines) underground stations within close proximity. The proposed Crossrail station at Tottenham Court Road station will further enhance the area's appeal. There are numerous bus routes running along Tottenham Court Road providing additional access to Euston and Kings Cross mainline railway stations and the national and international rail networks.



11-12 Tottenham Mews, London W1

Description

Description

11-12 Tottenham Mews is an attractive period office building dating from the 19th Century and originally constructed as warehouse premises. The property is double fronted and built over lower ground, ground and three upper floors with brick elevations under a pitched tiled roof. The accommodation is set either side of a central staircase with a raised front door entrance. Both the ground floor units benefit from separate entrances to the mews and are therefore self contained. The remainder of the space is refurbished accommodation benefitting from original features such as vaulted ceilings, exposed brickwork and wood block flooring. The specification includes:

- Central heating,
- Perimeter trunking
- Kitchenettes
- Male and female toilets on each floor
- Excellent natural light
- Roof terrace and balconettes



11-12 Tottenham Mews, London W1

Accommodation, Tenancy Schedule & Floor Plan

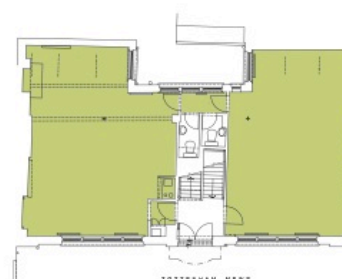
Accommodation & Tenancy Schedule

The property has been measured by NGM Surveys LLP and totals 505.12 sq m (5,437 sq ft) of net internal accommodation and is multi let in accordance with the schedule outlined below:

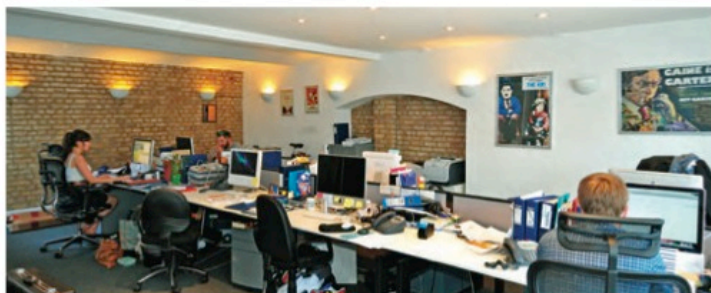
Tenant	Description	Accommodation		Lease Terms	Rent £/sq m	Rent £/sq ft	Comments
		Sq m	Sq ft				
Sports Revolution Ltd	Live Ground Ground (S)	81.20 104.60	874 1,126	3 years From: 31/05/2009 To: 30/05/2012	£43,350	£21.67	Outside the Landlord & Tenant Act 1954. Rent deposit of £38,000.
Subtotal		185.80	2,000				
Vacant	Ground (N) 1 st (N)	20.30 55.30	218 595	-	£18,293	£22.50	12 months rent, rates and service charge guarantee.
Subtotal		75.60	813				
The 7 Stars LLP	1 st (S)	54.00	581	5 years From: 02/07/2007 To: 01/07/2012	£20,100	£34.60	Tenant's break option 01/07/2010 which they have operated and are no longer in occupation. Initial discussion with sub-tenants ongoing. Outside the Landlord & Tenant Act 1954. Rent deposit of £28,488.
Subtotal		54.00	581				
Pretzel Films Ltd	2 nd (N) 2 nd (S) 3 rd (N) 3 rd (S)	60.10 51.42 44.90 33.40	647 554 482 360	5 years From: 16/02/2009 To: 15/02/2014	£47,500	£23.25	Mutual break option on 15/02/2012. Outside the Landlord & Tenant Act 1954. Rent deposit of £15,833.
Subtotal		189.72	2,043				
TOTAL		505.12	5,437		£129,243		

Note 1: (N) - North, (S) - South Note 2: Gross External Area: 725 sq m (7,805 sq ft)

Typical Floor Plan - 2nd Floor



Not to Scale. For indicative purposes only



11-12 Tottenham Mews, London W1

Planning, Tenure & Covenant Information

Planning

The property is located within the London Borough of Camden and, although it is not listed, falls within the Charlotte Street Conservation Area.

Tenure

Freehold. The property is outlined in red on the plan (for the purposes of identification only).

Covenant Information

Sports Revolution Ltd

Sports Revolution are the largest media rights owner in UK football stadia advertising including fully integrated media solutions.

Sports Revolution has developed long standing partnerships with many of the leading football clubs in England and Scotland with contractual relationships with 72 clubs across all the leagues, including 19 Premier League clubs.

www.sportsrevolution.co.uk

The 7 Stars LLP

The 7 Stars is a media planning and buying agency working with a range of clients across a number of industry sectors including music, entertainment, retail, financial services and fashion. They launched in 2005 and are a top 30 UK media agency.

www.the7stars.co.uk

Pretzel Films Ltd

Pretzel Films are a multi award winning video production company with offices in both London and New York and were voted 6th in this years Top 10 Most Respected Agencies in the UK. They make videos, moving image, digital content, above the line, through the line, internal, external, event and marketing communications.

www.pretzelfilms.com



11-12 Tottenham Mews, London W1

VAT & Price

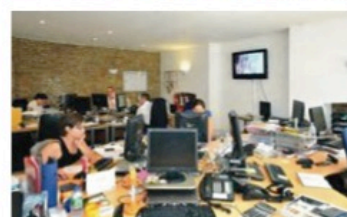


VAT

The building has been elected for VAT.

Price

We are instructed to seek offers in excess of **£2,850,000 (TWO MILLION, EIGHT HUNDRED AND FIFTY THOUSAND POUNDS)**, subject to contract and exclusive of VAT, for our client's freehold interest. A purchase at this level will reflect a net initial yield of 4.28%, after usual acquisition costs of 5.75%, a **reversionary yield of 5.35%**, adopting our ERV of £161,209 per annum exclusive, and a **capital value of £524 per sq ft**.



11-12 Tottenham Mews, London W1

Further Information



Further Information

For further information or to arrange an inspection of the property, please contact:



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11-12 Tottenham Mews, London W1