

**WREN HOUSE
43 HATTON GARDEN
LONDON EC1**

CONVERSION OF THIRD AND FOURTH FLOORS TO RESIDENTIAL USE

MARKETING ANALYSIS

RECEIVED
22 SEP 2011

1 INTRODUCTION

- 1.1 This statement is to support a development proposal to convert the top two floors of subject building to residential use from B1(a) business use. Initially, it is to be submitted with a request for pre application advice and is for discussion purposes.

2 BACKGROUND

- 2.1 The building was acquired by the current owners in 2000. It was repaired and refurbished to its current appearance and that work was completed in December 2002. The building is listed and in a conservation area. It comprises five floors, including the basement.
- 2.2 The building was originally marketed by Richard Susskind & Co. The basement, ground and first floors were let to NLA International in early 2003, but this occupation was short lived. That company surrendered its lease in 2004. The third and fourth floors were let to John Thompson and Partners Limited. The second floor remained empty.
- 2.3 In July 2004, Terrapin Limited signed a ten year lease and took occupation of the basement, ground, first and second floor, with a break clause in July 2010.

3 **MARKETING**

- 3.1 *John Thompson and Partners vacated the third and fourth floors of the building at the end of 2008. The space was refurbished and marketed by Anton Page at around £35.00 per sq ft. By August 2009, 27 companies or their agents had been shown around the floorspace, but no offers were received. A copy of the agents inspection pro forma 2009 is attached at **Appendix MA1**.*
- 3.2 *Because of this lack of success, Richard Susskind & Co were instructed in September 2009. A new brochure was prepared and the rent was reduced to £32.00 per sq ft. In fact, the agents sought offers for all parts of the building as the owners were concerned that the lower floors may also become available at the break clause in the lease of Terrapin Limited. A copy of the particulars is attached for reference at **Appendix MA2**, together with a copy of the agents pro inspection form. The latter shows that, during the period to June 2010, there were 22 viewings. The first three were on the lower floors. The remainder were on the third and fourth floors. Despite some early promise, no offers were made for the lease of the available space.*
- 3.3 *Hatton Real Estates were instructed to market the upper floors in September 2010. The rent was further reduced to £29.50 per sq ft and new particulars were prepared. A video marketing campaign was also initiated in line with modern practice and in an effort to widen the attraction of the available space (see <http://www.youtube.com/watch?v=F1Dfnxf0DEg>). Michael Raibin, acting for the freeholders, posted an article on the commercial journal network, highlighting the availability of the space at Wren House at the same time (see propertyweek.com/video/sensational-office-space-wren). Taking on board previous comments with regard to the use of the space, the owners prepared several different internal layout drawings to assist prospective tenants with space planning. A copy of the agents particulars and the inspection pro forma are attached at **Appendix MA3**. To date, 30 companies or their agents have viewed the third and fourth floors. The youtube video was posted on 13th September 2010 and the site confirms that there have been*

338 viewings to date. As indicated on the pro forma, four proposals have been made. The first was withdrawn when the MD left the company. One was not acceptable to the mortgagers, due to the unsatisfactory nature of its covenants and guarantees. One was withdrawn as the company decided to stay in its existing premises. The final offer was unsatisfactory to the mortgagers.

4 SUMMARY AND CONCLUSIONS

- 4.1 The third and fourth floors of Wren House have been empty since late 2008. Since that date, the area has been refurbished and the space available is in good condition and offers a modern office environment.
- 4.2 During the last 3 years, there have been a number of viewings and three agents have tried unsuccessfully to let the vacant offices. During this period, rents have been reduced in line with comparable floorspace to correspond with the general fall in rents due to the economic situation. Four proposals have been made but these have either been withdrawn or were unacceptable to the owners or mortgagers due to their financial nature.
- 4.3 The commercial agents indicate that there is little likelihood of changes to the market conditions in the foreseeable future. The building is listed and, whilst attractive visually, it has been criticised for its layout and access arrangements by prospective occupiers. Such matters cannot, of course, be altered and it is concluded that there is no reasonable prospect of letting at this time.

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**APPENDIX MA1
Anton Page pro forma 2009**

Inspection Pro Forma 2009

Wren House

Date	Company/Agent	Property	Comments
14.01.09	Twelve Studio	Wren House	Looked at the 2 nd floor and will report back to directors
23.01.09	Clients of Pilcher Hersharn	Wren House	Configuration of space was not suitable.
23.01.09	Clients of Ask-Re	Wren House	Loved the style but could not make the 2 nd floor work – also looked at Vine Hill.
23.01.09	Clients of Hexall Wylie	Wren House	Early stages of search and still in negotiation with landlord. Will follow up.
27.01.09	Clients of EA Shaw	Wren House	Circa 5,000 sq ft will revert next week.
29.01.09	Clients of Kinney Green	Wren House	Requirement for 3,500 sq ft – liked the 2 nd floor and will follow up next week.
29.01.09	Clients of EA Shaw	Wren House	Requirement for 8/9,000 sq ft. Liked the upper floors and are likely to arrange 2 nd inspection.
30.01.09	Clients of Union Property	Wren House	Circa 5,000 sq ft will follow up next week.
19.02.09	Clients of Michael Blair	Wren House	Looking for 9,000 sq ft plus. Initial feedback was positive and will follow up this week.
04.03.09	Clients of CWM	Wren House	2 nd floor only. Liked the feel of the unit and location, will follow up next week.
05.03.09	300 Million	Wren House	Liked the space (2 nd floor) also looked at Vine (Ziggurat), will follow up next week.
11.03.09	Clients of Alan Messing Consultants	Wren House	Looking for 3000-3500 sq ft, media company looking to move in 2-3 months. Inspected second floor.

Date	Company/Agent	Property	Comments
29.02.08	Clipchart	Wren House	Under consideration will follow up next week
04.03.08	Clients of Pilcher Hershman	Wren House	Really liked the space spent over an hour looking around, will be arranging a second inspection next week
04.03.08	Unity	Wren House	Requirement was for 3000 sq ft so slightly too large for them but will follow up next week
06.03.08	AEG	Wren House	Talking about the lower ground, ground, 1 st and 2 nd floors
11.03.08	Clients of Pilcher Hershman	Wren House	2 nd viewing the MD and other directors really liked the space just slightly unsure how the layout could work for them
18.03.08	Meinhardt	Wren House	Under consideration will follow up next week
17.04.08	Clients of Grant Mills Wood	Wren House	Liked the space will revert back
23.04.08	Clients of Pilcher Hershman	Wren House	West end based media company liked the space will revert back next week
25.04.08	Mount Anvil	Wren House	Liked the space but have to consider whether the configuration is suitable
29.04.08	Mount Anvil	Wren House	2 nd inspection will follow up
08.05.08	Rain Maker	Wren House	Space maybe too large for them, will follow up
08.05.08	Clients of Feiner De Smith	Wren House	Looking at several properties with their agents will follow up
12.05.08	Green Market	Wren House	Design agency currently based in the area at this stage not too sure on budget or location, have advised us they will be able to give further feedback next week
23.05.08	Clients of Devono	Wren House	Blacks Architecture based on Leadenall Street the space and building needs to accommodate 30 staff, maybe too big
18.11.08	Miller Rosenfalk LLP	Wren House	Loved the feel of the space, roof garden, natural light but felt with centre core / floor plate would be hard for them to configure (have confidentiality issues) with clients walking through the space so would need meeting rooms, conference rooms near end by the lifts and just not sure if it could fit everything they need in this area

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**APPENDIX MA2
Richard Susskind & Co
Particulars and pro forma 2010**