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## FEASIBILITY REPORT

FOR COMMERCIAL SPACE

Prepared by: David Matthews

Dutch & Dutch

Friday, September 23, 2011



# Instructions

We have been instructed by Alex Bard of Starprop LLP to provide a report detailing our advice in relation to the feasibility of retaining commercial space at 134-136 Gloucester Avenue, Primrose Hill, NW1. This report therefore incorporates the following:

- An overview of the existing accommodation including a photographic schedule
- A summary of the supply of similar accommodation locally including a list of comparable properties
- A market summary of occupier demand for such accommodation in the area
- Our opinion on the likelihood of securing suitable occupiers for the existing property at a viable rental level

# Experience

David Matthews BA MSc is a Director of Dutch & Dutch and has been involved in the disposal and acquisition of commercial property in and around North West London for 11 years. He has acted for Institutions, Government departments, Local Authorities, FTSE 250 Companies as well as local businesses and individuals. He has been involved in transacting and advising on in excess of 3 million square feet of office, industrial and retail space.

# Existing Accommodation

## Overview

The existing accommodation comprises a site of approximately 0.13 acres accessed via an entrance way in-between buildings and underneath residential accommodation. The site is enclosed on one side by residential houses and on the other by a railway line.

Whilst restricted by its size the entrance does provide limited vehicular access to a small yard capable of accommodating 3-4 cars.

The original building on the site has evidently been added to in order to create three intercommunicating two storey brick built buildings totaling approximately 6,500 sq ft of net usable space. The buildings have varying floor levels and ceiling heights at both ground and first floor.

The specification of the premises varies throughout but can be summarized as follows and photographic evidence can be seen in the appendix:

### **A) Ground floor workshop (820 sq ft approximately) - B1 Light Industrial**

This is a single storey open plan area accessed via an industrial roller shutter, most recently used for the installation of radio equipment into cars.

- Concrete floor
- Shared WCs
- No Heating
- Limited natural light
- Low ceiling height

### **B) Ground floor offices and ancillary (2,680 sq ft approximately)**

C) Comprising three areas separated by structural walls over different floor levels, most recently used as a reception area and for the storage and repair of radio equipment.

- Mixture of concrete and carpeted floors
- Limited natural light
- Gas Central Heating

#### **D) First floor office accommodation (3,000 sq ft approximately) - B1 Office**

The three adjoining buildings are inter-communicating at first floor level and are accessed via a single internal staircase.

- Gas Central Heating
- WCs and Kitchenette
- Stripped out

# Comparable Properties

The local area has an abundant supply of office and light industrial accommodation more suited to local occupier's needs than the subject property. We list below a number of these properties which are currently available on the open market.

The following examples are properties comparable in size and location to the subject premises:

## **Highgate Studios, Highgate Road, NW5**

***Marketed by: Dutch & Dutch***

"This campus offers a selection of office units of varying sizes with a shared reception, canteen, creche and substantial on site parking facilities."

**Circa 15,000 sq ft currently available**

## **Holmes Road, Kentish Town, NW5 3AN**

***Marketed by: Bruce Commercial***

"The opportunity has arisen to lease or buy these hi-spec immaculate offices in Kentish Town. Recently fitted with a full air-con system, raised floors, Hi-Tec wiring plus various rooms for meetings and private offices, The smallest unit is in a builders finish ready for fitting. 8,180 sq ft"

**Circa 8,000 sq ft currently available**

## **Fusion House, Rochester Place , NW1**

***Marketed by: Christo & Co***

"Comprises a newly constructed office building which has been built to a high standard of finish and will provide a high level of renewable energy. The accommodation is arranged on the ground and first floors with the benefit of secure basement parking for up to 13 cars. The floors are arranged in clear spece with full height double glazing, therefore benefiting from excellent natural light with both floors overlooking the front and rear landscape garden areas. First Floor 8,835 Sq Ft (820 Sq M)"

**Circa 17,000 sq ft currently available**

## **Kings Studios, 43 - 45 Kings Terrace, Camden Town, NW1 OJR**

***Marketed by: Shaw Corporation***

"6,545 sq ft (608 sq m) of new build B1 Studio Offices constructed to a high specification with dedicated reception, raised floors, comfort cooling and with lift access to all floors."

**Circa 6,500 sq ft currently available**

### **111 – 113 Bartholomew Road London NW5 2BJ**

***Marketed by: Shaw Corporation***

“Brand new ground floor studio office and studio unit with approximately 4,000 sq ft (371.60 sq m) of ground floor self-contained space accessed directly off Bartholomew Road – available for lease or purchase.”

**Circa 4,000 sq ft currently available**

### **30 Oval Road, London, NW1**

***Marketed by: Edward Charles***

Previously the home of The Muppets, this is a mixed use development with the self-contained office accommodation being on the Canal and Ground levels, totaling approximately 22,000 sq ft.

**Circa 22,000 sq ft currently available**

### **42 Gloucester Avenue, NW1 8JD**

***Marketed by: Edward Charles***

A stylish modern office building providing open plan office floors accessed via a stylish courtyard entrance. Office floors of 1,766 sq ft to 4,338 sq ft (total 15,296 sq ft)

**Circa 12,000 sq ft currently available**

# Market Commentary

## Occupier Demand

The global economic situation since 2008 has had a significant impact on the level of demand for office space. On average we estimate there are between 60% and 70% fewer companies looking for new office space in North West London in comparison to enquiries during 2006 and 2007.

Between 1st January 2011 and 30th June 2011 we received 75 new enquiries for office space in North West London (in comparison with 182 enquiries in the same period in 2007).

A large proportion of these occupiers remained at their existing premises, tempted by incentives from their existing landlords.

The remaining occupiers can be broken down as follows:

< 700 sq ft requirements	28 enquiries
700 sq ft to 1,500 sq ft	14 enquiries
1,500 sq ft to 3,000 sq ft	8 enquiries
3,000 sq ft to 6,000 sq ft	3 enquiries
6,000 sq ft +	1 enquiry

## Marketing Experience

Dutch & Dutch were instructed by the previous owners in October 2010 to market the site for sale. During the course of an extensive marketing campaign we conducted approximately 25 viewings with property developers and commercial owner occupiers. The feedback from all commercial owner occupiers was that whilst the site was in an excellent location the access to the property and general arrangement of the buildings did not suit their requirements.

- “The vehicular access is too restrictive for our needs”
- “We cant get deliveries to our door”
- “The floor to ceiling height is too limited for our storage requirements”
- “The space is too dark and fragmented”

As a result the only interest we secured in the site was from developers and occupiers prepared to invest in a residential or mixed use scheme on the site.



# Summary & Recommendations

## General observations

1. There is little demand for commercial space in excess of 2,000 sq ft in the area. However, modern flexible spaces of 1,000 – 1,500 sq ft will appeal to the market.
2. Occupiers of workshop and storage facilities require good vehicular access, in particular for large commercial vehicles. n.b One of the reasons the previous occupier of the building moved out into a more suitable modern industrial unit was that the access, restricted ceiling heights and floor levels were not suitable for their ongoing needs.
3. The layout and specification of the subject premises provides a working environment suitable for no more than 25 people.
4. Continued use of the premises as workshops is likely to prove unpopular with the residential neighbors, many of whom are in very close proximity.

## Ground floor

In our opinion the continued use of this area as a car workshop, light industrial and storage facility is not viable for the reasons listed as follows:

5. Restricted vehicular access
6. Proximity to residential units
7. General layout and structural arrangement of the property
8. Varying floor levels
9. Room sizes
10. Ceiling heights

## First floor

In our opinion the continued use of this area as office accommodation is not viable for the reasons listed as follows:

1. Too large an area for the local occupier requirements which generally seek areas of <1,500 sq ft
2. The space cannot be divided
3. Not DDA compliant
4. Insufficient parking facilities

## **Recommendation**

We understand local planning policy requires the protection of employment uses.

In our view the existing specification, use and layout of this building makes it suitable for the accommodation of no more than roughly 25 staff.

Superior quality, divisible, B1 Office space on the site, of say 2,500 sq ft, would be capable of accommodating the same number of staff and would be significantly more lettable.

Given the access issues we would strongly advise against commercial uses other than flexible B1 uses.



Front aspect – workshop entrance



Front aspect – storage entrance



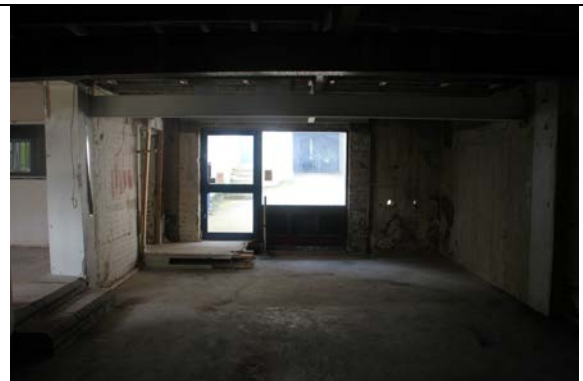
Front aspect – storage entrance



Ground floor - car workshop



Ground floor – workshop



Ground floor – reception area



First floor – office



First floor - office



First floor – office



First floor - office



First floor – showing floor level change and ceiling height



Ground floor – showing floor level change