



22 Bruton Street
London
W1J 6QE

Tel: 020 7499 0700
Fax: 020 7495 3993

www.remroberts.com

enquiries@remroberts.com

Oliver Wolfryd
ProjectMet
31 Old Burlington Street
London
W1

By email : oliver@projectmet.com

21 July 2014

Dear Oliver,

9-13 Grape Street, London WC2

Following our recent meeting I now set out my thoughts on the loss of commercial use at the property along with supporting photographs.

My Experience

I am a fully qualified Chartered Surveyor and have specialised as a Central London office agent for 19 years. I am particularly well placed to provide my views on offices in WC1/2 since I was a Partner at Farebrother (Midtown office specialists) for nearly five years prior to becoming a Principal at REM Roberts. My day to day work involves both letting accommodation on behalf of landlords and acquiring offices on behalf of office occupiers. We also advise developers on refurbishments of their buildings and on the works they need to undertake to make them marketable for letting purposes.

The Property

The property, which has been vacant since the first quarter of 2013, currently has a sui generis use comprising a mixture of office accommodation, a gym, gallery and photographic studios. The last remaining occupier used the building in this configuration and unfortunately went out of business. In order for the building to function as an office, planning permission would be required for office use on the site and it should be noted that due to this factor the site is not currently part of the available office stock.

Office Use

The current use of the building is sui generis which reflected the specific circumstances of the previous occupier and as a result of this any land use would require planning permission. Given the unusual planning status of the building it would be difficult to market since mixed use buildings of this nature do not appeal to the general market – as you know buildings tend to be segmented into distinct different uses (i.e. retail on ground floors and offices above or office use throughout) so a building that accommodates and can accommodate disparate uses is not attractive to the market. An office occupier usually has clients and general visitors and their office is used as their “front of house” so they cannot risk that appearance/image to be damaged if for example there is an uncomplimentary use/occupier also in the same building – most occupiers would expect a uniform office use on the upper parts of the building.

If the property was refurbished as offices is it feasible that it could be let to a sole occupier as a Headquarters building although the majority of Landlord's tend to prefer to let on single/multiple floor basis in order to benefit from income as quickly as possible rather than delay lettings in the hope of agreeing terms with a single occupier.

However, despite being openly marketed no serious interest developed and the fact that the previous occupier went out of business is further evidence of the unsuitability of the property for this type of use.

Current Condition

In the current condition/configuration the property would need some upgrading to be lettable as offices as the current specification would not enable full market rents to be achieved. Photos 9 -12 show the contrasting different styles of accommodation available and varying ceiling heights within the building. Currently there is an ad hoc cooling system which would not satisfy the requirements of a modern occupier and perimeter trunking (in part) which is also substandard by modern standards.

In order to achieve market rental levels, the building would require a degree of refurbishment which would include the upgrading of the current air conditioning system and the introduction of a raised floor.

The lift is at one end of the floors and so it is not feasible to sub-divide the floors the enable occupation by more than one occupier and so does not lend itself to occupation by small/medium size enterprises.

Typically properties of this nature are let on five year tenancies and so we cannot assume a longer term since in reality it is highly unlikely to occur and an investor would take this into account when making their an investment decision.

Current Office Availability/Market Commentary

I have undertaken analysis which shows that the level of availability (see attached availability report and map) and it is clear that there is ample supply in the market.

The immediate surrounds of Grape Street are generally a mix of low quality retail outlets and private sandwich shops so most office workers will need to walk further afield to find a wider variety of retail choices. The area has benefited slightly with the completion and occupation of the close by Central St Giles scheme although it has to be said that this is itself very "inward" facing so the site has in effect become an island that workers enter into rather than being outward looking and adding to the immediate surrounds.

My conclusion would be that given the poor quality of the site and the ample supply of office accommodation currently available in the area that the most viable use would be to convert the building to residential accommodation. Change of use of this building to residential use will have no tangible impact on the overall amount of office stock available (or occupied) in the location and will have no detrimental effect to the immediate vicinity at street level. The property was marketed for a period of five months from February 2013 to May 2013 by Savills office agency team and although six inspections were undertaken (of varying size ranges) no serious interest developed.

The marketing undertaken by Savills consisted of the following initiatives :

Production of in-house marketing material setting out the salient property information. Copy particulars and plans attached.

Circulation of the particulars via the Estate Agents Clearing House to all West End agency firms.

Regular e-mails circulated via the office agency database (used solely by agents) www.westendagents.com updating the market on availability and quoting terms.

Adverts in the London Office Guide (circulated to circa 10,000 London occupiers).

Posting on the Savills office availability website.

Targeted mailing to local occupiers.

Particulars provided to matching enquiries from potential occupiers.

Other Potential Commercial Uses

We have considered other potential uses at the site but conclude as follows:

Gallery Use

Part of the property was previously used as a Gallery/photographic studio which also stopped trading at the property due to a lack of profile. We have reconsidered this use however conclude that this location would not be viable with the majority of likely visitors more likely to visit either Covent Garden or further north in and around the British Museum in Bloomsbury both of which are well served by a broad range of galleries (as is most of Central London). Galleries in this location tend to be geared towards either the tourist trade or people with particular interests rather than for the general local community. Grape Street is not an obvious location for a gallery or other D1 uses particularly given that there is no frontage to a main thoroughfare.

Loss of Gymnasium

In terms of D2 Gymnasias the area is already very well served with all of the mainstream gyms already represented as well as various niche players and "one-off" concepts all of which are in more accessible and higher profile locations. Even carrying out a brief search the following gyms are within the vicinity:

The Oasis Sports Centre (directly south across High Holborn from Grape Street).

Gymbox

The Jubilee Hall Gym

Fitness First

Virgin Active

Soho Gyms

Cannons

Aveda Institute (also directly south of Grape Street across High Holborn)

Payasyougym

Yoga4London

Sauna Bar

Central YMCA

LA Fitness

Holborn Fitness Club

The previous user had tried to provide a gym with a mixture of dance classes with a Spa feel however this concept did not work in this location and is already readily available at many of the sites listed above.

Summary

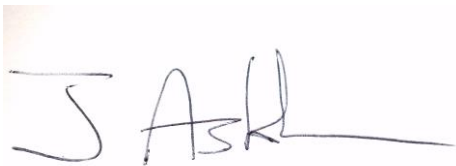
I summarise as follows:

Planning permission would be required to change the use of the building from sui generis to office use for it to function or be marketed as an office building.

Change of use of this building to residential use will have no tangible impact on the overall amount of office stock available (or occupied) in the location and will have no detrimental effect to the immediate vicinity at street level.

I trust this letter and the accompanying enclosures provide a sufficient assessment of the quality of the site and evidence of demand in the market place for B1, D1 and D2 uses in the surrounding area.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J Askham". The signature is written in a cursive style with a long horizontal stroke at the end.

James Askham MRICS

For and on behalf of REMroberts Ltd.

Schedule of Photographs

1. View north along Grape Street



2. View south along Grape Street



3. View East along Shaftesbury Avenue from the top of Grape Street



4. View West along Shaftesbury Avenue



5. View East along High Holborn from the bottom of Grape Street



6. View West along High Holborn from the bottom of Grape Street



7. View from 9-13 Grape Street of the side of the theatre



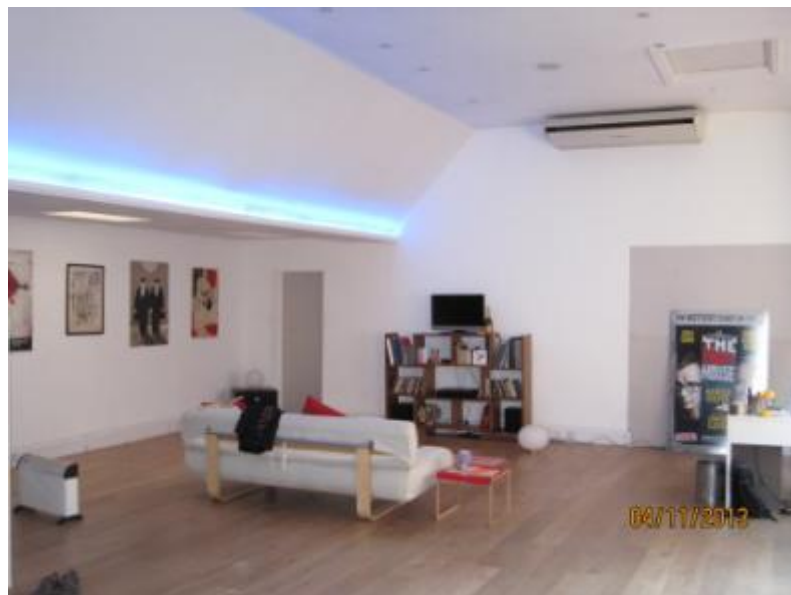
8. Photo of lift and ground floor reception



9. View of existing office accommodation



10. Photo of upper floor accommodation



11. Photo of Upper Floor Accommodation



12. Photo of Upper Floor Accommodation



13. Photo showing Water damage within the Property



14. Photo showing Changing Area



15. Photo showing Shower area for the Gym

