

**6 JOHN STREET**

**LONDON WC1**

**MARKETING REPORT**

**29 October 2014**



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**2. OUR APPOINTMENT**

Thank you for your recent instructions for Richard Susskind & Company. This is a report on the future viability of the existing building from an agency / marketing perspective and its suitability for training centre or office use.

**3. LOCATION**

6 John Street is located on the east side of John Street and is in the heart of Midtown within close proximity to Chancery Lane Underground station on the Central Line. Farringdon Underground & Thameslink Station is within a 10 minute walk which provides access to the

Metropolitan, Hammersmith & City and Circle Lines. The Station is also served by Thameslink trains, which run direct services to Gatwick and Stansted Airports. Farringdon has also been chosen as one of the central London Crossrail stations, due in 2018. King's Cross St Pancras station is within walking distance which benefits from connections on the Victoria, Northern, Piccadilly, Metropolitan, Hammersmith & City and Circle Lines as well as National Rail and Eurostar services.

#### **4. THE EXISTING BUILDING**

6 John Street has an attractive neo-Georgian façade prominently located close to the junction with Northington Street. The rear extension, which backs on to the adjacent site at King's Mews, is unattractive and incongruous with its surroundings. The site is located off Theobalds Road close to Grays Inn Fields and Lincoln's Inn Fields.

The building consists of 6 storeys totalling 11,830 sq ft (gross internal area). Part of this building extends onto the adjacent Kings Mews site which has consent for redevelopment.

Schedule of floor areas:

<b>Floor</b>	<b>Sq Ft</b>	<b>Sq M</b>
Lower Ground	3,148	292.5
Ground	3,070	285.2
First	1,552	144.2
Second	1,526	141.8
Third	1,514	140.6
Fourth	1,020	94.7
<b>Total</b>	<b>11,830</b>	<b>1099<sup>1</sup></b>

The style of the building at first appears to be uniform with the rest of the street, however upon closer inspection, it becomes clear that the property is re-built, rather than an original Georgian.

#### **Use**

The property has been used as a training centre for OLCI<sup>2</sup>, since 2004. The building has dedicated areas for construction training throughout. During the majority of our inspections, there were classes occurring - indeed we would often see students waiting in one of the large kitchen / break-out areas.

<sup>1</sup> Part of this to be demolished as part of the Kings Mews development.

<sup>2</sup> OLCI were providers of construction training, offering courses in plumbing, gas engineering and electrical systems, amongst others. The company went into administration in May 2014.

## The property

The property is in a poor state of repair and also suffers from serious limitations. Briefly, these are:

### Dated and poorly laid-out reception / entrance

The entrance to the property is dated and is an awkward shape for a reception area, being a long rectangle which is an inefficient use of space.

### Poor layout

Each floor is comprised of a number of small rooms. Perhaps the most open-plan floor is the 4<sup>th</sup>, however even this has a large amount of corridor and kitchen space, leaving a narrow space (with an open-able partition in the middle), which as such would be unlikely to suit desk space.

This problem of limited useable space is shared on most floors. When the core, toilets and lift are excluded, the floorspace on the upper floors is less than 1,500sqft and as a result, could only realistically be occupied by a single tenant per floor. Even then, there would be limitations on movement and flow, meaning they could not be true open-plan offices.

BCO guidance recommends a primary circulation space of 15-22% of the total NIA. The building currently sits above this at 23%, offering a poor ratio. Having looked at the existing layout there is no way to improve this and depending upon external alterations to improve access, additional common areas may need to be introduced at the lower ground floor for escape purposes.

### Walls / Partitioning

Each floor has the remnants of various previous tenants' fit out including shelving on the walls, perimeter trunking and partitioning. From a leasing perspective the partitioning is problematic being that the vast majority of requirements nowadays require open-plan space. In a market which has been kept afloat by creative occupiers, it is simply unheard of for these types of companies to consider anything other than open-plan space.

### Floor to Ceiling Height

The ceiling heights (particularly on 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> floors) are already low and there would be a need to raise the floor to accommodate power and data cables on all levels. This would leave insufficient space for a comfortable working environment.

### Heating / Boiler

We understand that the main heating for the building is extremely old. This obviously does not provide energy efficient heating for the building but is also a potential health risk due to the possibility of asbestos.

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### Lift

The 'lift car' within the building is slow and not suitable for a building of this size (it could conceivably be used over 100 times a day). The lift itself is also an inadequate size for a building of this type as well as not complying with Disability Discrimination Act (DDA) regulations. This will need to be replaced as part of any works to the building. The lift car is in a poor state of repair, is very slow and, in short, is not suitable for modern use.

The lift mechanism, including the engine and switch gear, are also extremely old, dating from the building's reconstruction in the 1960s. It is therefore very dated and dangerous to use.

### WC's

The building currently provides 15 separate WC's. Where WC's are unisex these facilities are generally used for longer periods than shared facilities. In this instance BS6465 calls for an additional 25% provision. The table below shows the existing provision and required provision based on an occupancy level of 1/10m<sup>2</sup>.

	<b>Existing</b>	<b>Required</b>
Lower Ground	4	3
Ground	4	3
First	2	2
Second	2	2
Third	2	2
Forth	1	2
Additional Unisex Allowance (25%)		3.5
<b>Total</b>	<b>15</b>	<b>17.5 say 18</b>

On each floor one WC must be accessible by the ambulant disabled. This primarily involves the provision of an outward-opening door, which is achievable. However in banks of four or more WC's, one must be 1,200mm wide. Furthermore each floor should contain a fully accessible disabled WC.

While Building Control may give concessions in respect of the provision of disabled WC's because 6 John Street is an existing building, an additional three WC's must be provided.

Having reviewed the existing plans we do not see any scope to introduce the additional facilities without impacting on the net internal area.

Increasingly in urban areas where users ride or run to work, shower facilities are provided. Providing these would also impact upon the net internal area.

### Lighting

The current lighting system is incorporated into the suspended ceiling and is inadequate in its use and aesthetics. The type of tenant that we would look to attract would require modern LG7 lighting and contemporary hanging fittings.

### Comfort Cooling / Climate Control

There is no air handling system which is problematic for the vast majority of office requirements. Tenants would require a modern system that delivers both heating & cooling as well as fresh air for the office. The only means of ventilating the building is through opening windows. However, there is very limited scope for this on the ground and lower ground floors where there are very few windows or openings.

### Power

The building currently has a 400A power supply which would need to be upgraded to 500A to meet modern heating, cooling and ventilation system requirements. Due to this, a new sub-station would be required within the building.

## **5. SUMMARY OF MARKETING**

Richard Suskind & Company were brought on board to let the building either for the previous use (or similar) or as offices in June 2014, at which time the building was in an un-refurbished condition.

Richard Suskind & Company carried out a full marketing campaign for the building including the following;

- In-house marketing particulars were drafted
- Property details were uploaded to RS's website
- Further marketing information was then posted on the following office agents databases:

[www.egpropertylink.com](http://www.egpropertylink.com)

[www.focus.net](http://www.focus.net)

[www.agentville.net](http://www.agentville.net)

[www.westendagents.com](http://www.westendagents.com)

[www.cityagentsclub.com](http://www.cityagentsclub.com)

- Various targeted mail shots were carried out.
  - We looked through all viewing schedules for other buildings in the area and made contact with all applicants to inform these of its availability.
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- We looked through all viewing schedules for other buildings in the area and made contact with all agents who may have suitable requirements.

Richard Suskind & Company quoted a rental of £22.50 per sq ft in order to achieve between this and say £20.00 per sq ft. Given the quality of the property the strategy was to undercut the market with a view to achieving a fully income producing building albeit at a low level.

Unfortunately the building was not well received within the market place with no offers received.

## **6. SPECIFICATION**

Part of the reason why the building appears to struggle to let is its current condition. It can not be considered competition with Grade A stock within the local market in its current state. There are other buildings which can provide a number of amenities which 6 John Street simply cannot.

The majority of requirements are for single floor options. Reasons include the creative tenants favouring lines of sight with each other but also it is a far more efficient way to fit desks in. It is also increasingly common for occupiers to specify that they require buildings with air conditioning and raised floors. Shower facilities, bike racks and DDA compliance are also more important in this market. If these facilities are not available in a property, it means it is less likely to be on the shortlist for viewing. As such, this limits the chances of attracting a significant proportion of occupiers. 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> floors are actually very small and could merely accommodate a single tenant each. The bulk for the useable floorspace is in the basement and ground floor which is to be substantially demolished as part of the execution of the consented scheme in Kings Mews.

With the increasing needs regarding data and cabling, occupiers would find this type of building impractical. Perimeter trunking cabling provides a basic solution, but a fully accessible raised floor is virtually a must for occupiers who need to continually adapt a space to their specific requirements.

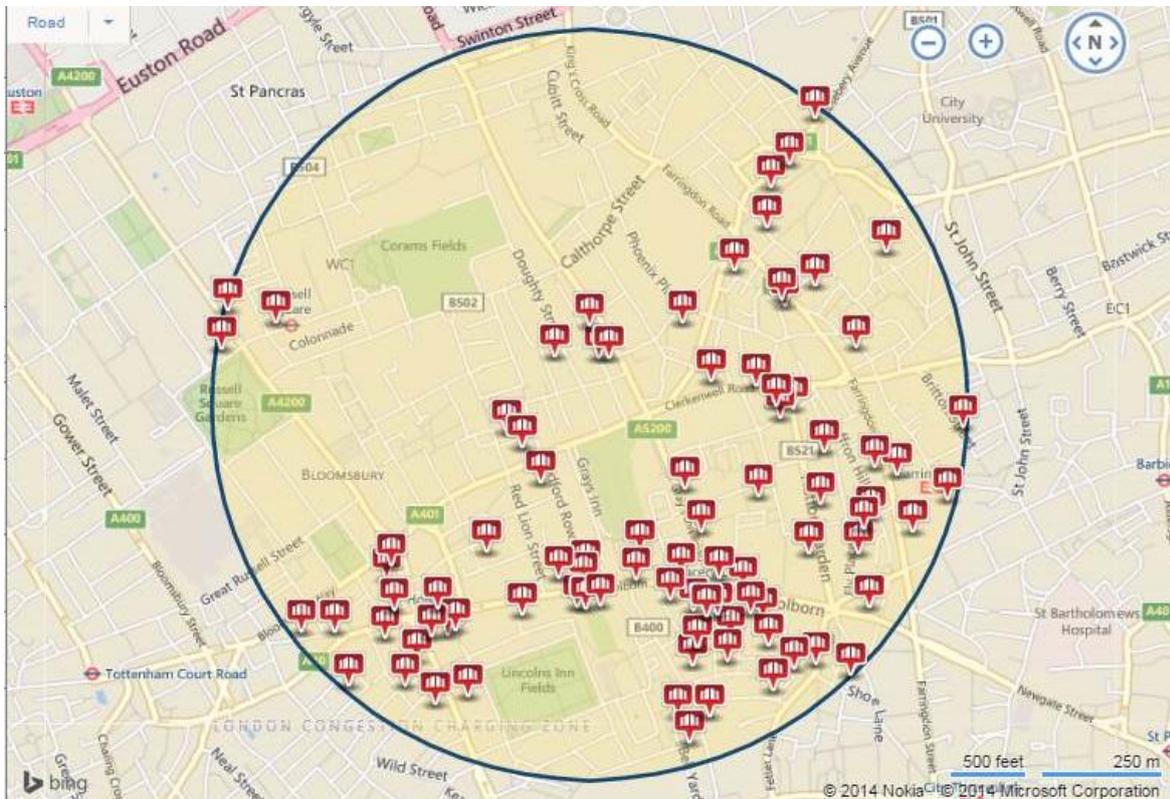
What makes the search for a tenant even harder, is the abundance of office space within the market with which we are in direct competition.

## **7. THE MARKET**

To demonstrate the difficulties of letting this property it is worth considering the alternatives available to prospective tenants, both for offices and training facilities.

While 2014 has shown continued improvements in the City Fringe, the Midtown market has not been strong. Indeed, Costar Suite shows that office availability in Midtown is high. As a comparison for what could be provided at 6 John Street, we have run a search for all options between 1,000 and 11,000 sq ft within a 0.5 mile radius of the building. The image below shows that 87 properties are currently available:

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Clearly any market is determined by supply and demand, and with the large amount of supply in the immediate area, we anticipate that even if the property were refurbished, the search for a suitable tenant would be difficult.

## 8. SUMMARY

With the makeup of a property so important to the majority of occupiers, it is no surprise that a property with such a low specification, complicated layout and poor condition would struggle to let for either offices or as a training centre (or similar). With the ever-increasing levels of supply, finding a tenant for the property either in its current condition or after a basic refurbishment programme would be extremely difficult.

Yours sincerely

Jonathan Franks

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