



61-65 CHARLOTTE STREET,
LONDON,

COMMERCIAL FLOORSPACE
ASSESSMENT

20 March 2015

Our Ref: Q50105

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Documents

- Document 1: Appeal Decision Ref. (APP/X5210/A/13/2198656) dated 21st November 2013
- Document 2: Camden Development Management Policy DP13
- Document 3: Knight Frank Advice Note, March 2015

1 INTRODUCTION

- 1.1 This report considers the policy considerations associated with the redistribution of office space within the existing building at nos. 61-65 Charlotte Street ('the site'), along with the conversion of a small proportion of office space to provide non-business accommodation in upper floors of the existing building. Whilst not a policy issue, this assessment reviews the enhancements to the existing building to be delivered to the existing accommodation at ground and lower ground levels.
- 1.2 The existing site is comprised of three individual buildings arranged in traditional deep terrace plots. The lawful use of the existing buildings are identified by floor below. **Compare against corrected accommodation schedule**

Floor	Property	Office Floorspace (B1a)	Retail Floorspace (A1)	Residential Floorspace (C3)
Lower Ground	61	338.0	-	-
	63	82.0	-	-
	65	66.0	-	-
Ground	61	196.0	-	-
	63	11.0	37.0	-
	65	-	43.0	-
	*RCC	-	-	13.9
First	61	61.3	-	-
	63	55.6	-	-
	65	-	-	50.6
	*RCC	-	-	7.2
Second	61	63.5	-	-
	63	53.9	-	-
	65	-	-	40.6
	*RCC	-	-	7.4
Third	61	60.8	-	-
	63	51.5	-	-
	65	-	-	39.8
	*RCC	-	-	7.5
	Total	1,039.60	80.0	131.0

*RCC – Residential Common Corridor

- 1.3 This report does not consider the existing self-contained residential units at no.65 Charlotte Street as this accommodation is to be retained and enhanced as part of the proposal, and therefore is not relevant to consider in the scope of this assessment. References to the office/commercial space therefore excludes this accommodation from consideration herein.
- 1.4 The occupancy of the building has been in gradual decline for some years. The entire office space is now vacant. The building has been hoarded for over a year to secure the building. The hoarding was recently removed to enable temporary pop-up retail tenants to occupy the ground floors of nos 63 and 65 Charlotte Street. These tenants are temporary, operating at much reduced rents reflecting the space being in flux and not being suitable for a modern retail operation. This does not represent a viable long term tenant for such space.
- 1.5 The proposed development seeks to retain and enhance the ground floor retail units at nos.63 and 65 Charlotte Street. These units have been difficult to let on the basis of their dated appearance and lack of modern services and fittings (for example, including acoustic, ventilation in line with existing requirements to mitigate such operations for residential flats at no.65). This space has been let on a short term basis to pop-up tenants to increase activity around the site and achieve a short-term sub-market rental income on the space. These do not represent long-term tenants for the units by virtue of the lack of modern amenities, which are sought as part of these planning application proposals.
- 1.6 The proposed floor areas are identified below, along with the net effect simply in floorspace terms of the proposed development. **Again check with Nikis reissued schedule**

Floor	Property	Office Floorspace (B1a)	Retail Floorspace (A1)	Residential Floorspace (C3)
Lower Ground	61	511.0	-	27.9
	63		-	
	65		-	
Ground	61	324.0	-	-
	63	-	53.3	-
	65	-	32.5	-
	*RCC	-	-	32.0
	61	-	-	42.5

Floor	Property	Office Floorspace (B1a)	Retail Floorspace (A1)	Residential Floorspace (C3)
First	63	-	-	54.9
	65	-	-	50.6
	*RCC	-	-	21.9
Second	61	-	-	47.8
	63	-	-	54.7
	65	-	-	40.6
	*RCC	-	-	19.9
Third/ Fourth	61	-	-	102.7
	63	-	-	99.2
Fourth	65	-	-	81.0
	*RCC	-	-	14.3
	Total	835.0	85.8	690.0
	Net effect	-204.6m²	+5.8m²	+559.0m²

*RCC – Residential Communal Corridor

- 1.7 This represents a net loss of 204.6m² office space. However, this would be replaced by 835m² of high quality office space, designed to meet the specific requirements of two small businesses that are seeking to relocate to the site, subject to planning permission securing the necessary works to the application building. Given the significant qualitative uplift from the existing to proposed space, this represents a major enhancement to the local office stock in this location.
- 1.8 The policy considerations associated with the conversion to non-business floorspace are reviewed in this assessment.
- 1.9 Strategic policy allows for the redevelopment of existing outdated office space provided that certain criteria have been met. Evidence to address the criteria is required to support the principle of loss of existing employment floorspace.
- 1.10 The site has reached the end of its first lifecycle, and now needs significant (unviable) investment in order to regain a footing in the local office market by providing all "Grade A" office floorspace. In any event there is no guarantee that this investment in the building's current configuration (noting the limitations of the lower ground and ground floors) would make the building attractive to the market. Notwithstanding this, this is not a viable option, and in the context of the site's lack of suitability to



other business uses (Use Classes, B1 (b), B1 (c), B2 and B8) a conversion to residential use is the only option that will return the building to viable use and secure its future.

- 1.11 It is therefore appropriate to consider residential uses for the upper floors in order to ensure that these are flexible to meet local housing needs in the borough, rather than the arbitrary retention of these upper floors in office use. This flexible approach is supported by planning policy at all levels, notably within the National Planning Policy Framework.

2 PROPOSED DEVELOPMENT

2.1 This section considers the proposed office space within the application scheme, including the nature of the requirement and context to the application proposals.

a) Development Context

2.2 The application is promoted by Merchant Land Investments, a development subsidiary of Holbud Ltd, a global commodities trading company. Merchant Land Investments have a strong track record of property development over the past 20 years, and have delivered high quality developments (office, retail and residential) both within the borough of Camden, and across other sites in London.

2.3 When combined, the two businesses currently employ 44 employees, which is classified as a Small and Medium Sized Enterprise (SME), as defined by the European Commission:

“SMEs are business employing less than 50 people (small) or 250 (medium) (ref: European Commission Recommendation 2003/361/EC: SME definition)” (Camden Development Policies, Page 68)

2.4 These two businesses have been growing gradually, and are keen to move premises to enable further expansion of both businesses. However, the current office space in Tower Hamlets is listed, and presents a limit on the scope for the company’s growth. It is in this context that the applicant has sought alternative premises to enable expansion and continued operation for the medium to long-term.

b) Existing Building Limitations

2.5 The existing office space available within the building is distributed across a large, poor quality basement, which spans the lower ground floor of nos 61, 63 and 65 Charlotte Street, the ground floor of no. 61 Charlotte Street, and upper floors of nos. 61 and 63 Charlotte Street. A full photographic review of the existing space is presented within the application Design and Access Statement. This space is currently of very poor quality, and would not satisfy the requirements of the applicant, or any other tenant by virtue of a number of deficiencies identified, including:

- Varying floor-to-ceiling levels;

- Complex cellular layout;
- Lack of lifts;
- Poor WC provision;
- Lack of showers / bike storage;
- Inadequate data and cabling provision;
- Lack of risers / raised access flooring; and
- Very poor sound / thermal insulation.

2.6 In respect of the quality of the ground and lower ground floors, the poor quality and suitability for conversion of this space is acknowledged recently by an Inspector. This is discussed fully in section 3.

2.7 The upper floors have not attracted individual tenants to occupy these units, which would need to be let as part of an overall strategy for each property in order to make sustainable use of each site. It would not be acceptable in planning terms, or viable, to simply abandon the floorspace at ground and lower ground floor levels and just promote the upper floors. This is not a commercial reality, and cannot be considered to be an option for the application site.

2.8 In addition to the limitations of the fabric of the building, there are also critical issues associated with leaking roofs, worsened by failing guttering and warped floors, which result from the building's poor state. No.61 Charlotte Street would require extensive re-wiring also, in order to be commercially acceptable to future tenants.

2.9 The lower ground floor space is poorly configured, restrictive floor-to-ceiling heights that are not appealing to modern occupiers, does not benefit from sufficient light and is no longer fit for purpose. Therefore, the building requires significant investment to bring the site back into use, cross-funded by residential accommodation at upper floor levels, which will deliver a sustainable use of the site, in this appropriate location.

c) Proposed Development

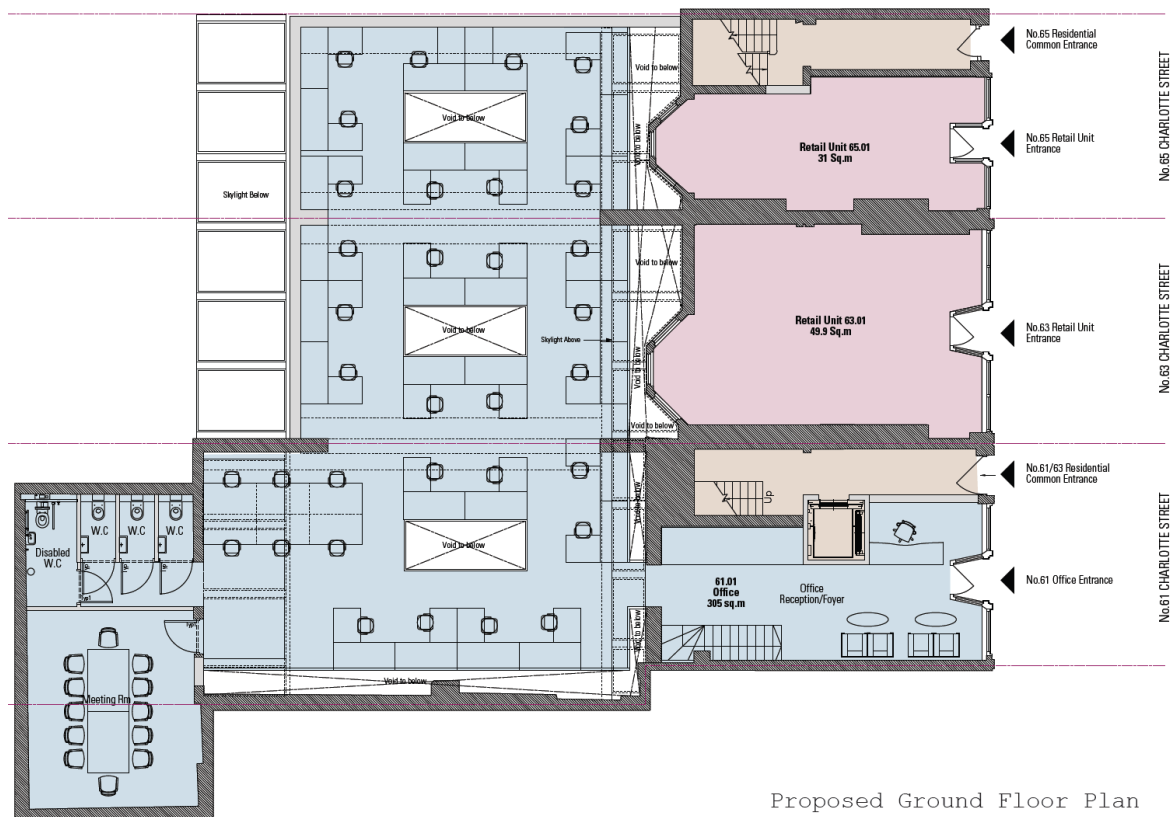
2.10 It is proposed to deliver two storeys of high quality, flexible office accommodation to enable the relocation and future expansion of two SMEs to the borough. The table below identifies the floorspace distribution across the site:

d) Proposed Office Accommodation

Office Floor	Proposed Accommodation (m ² GIA)	Additional Notes
Ground Floor	324.0m ²	This accommodation will be accessed from no. 61 Charlotte Street, and will span the rear of existing retail units at nos. 63 and 65 Charlotte Street. Light well will be incorporated within the space to enable solar access for the lower ground accommodation.
Lower Ground Floor	511m ²	A small amount of excavation will enable the completion of the lower ground floor in elements of the site to provide office accommodation, which will span nos. 61, 63 and 65 Charlotte Street
TOTAL	835m²	

2.11 The application Design and Access Statement illustrates the proposed accommodation. Floor plans of the proposed accommodation are provided below for ease of reference.

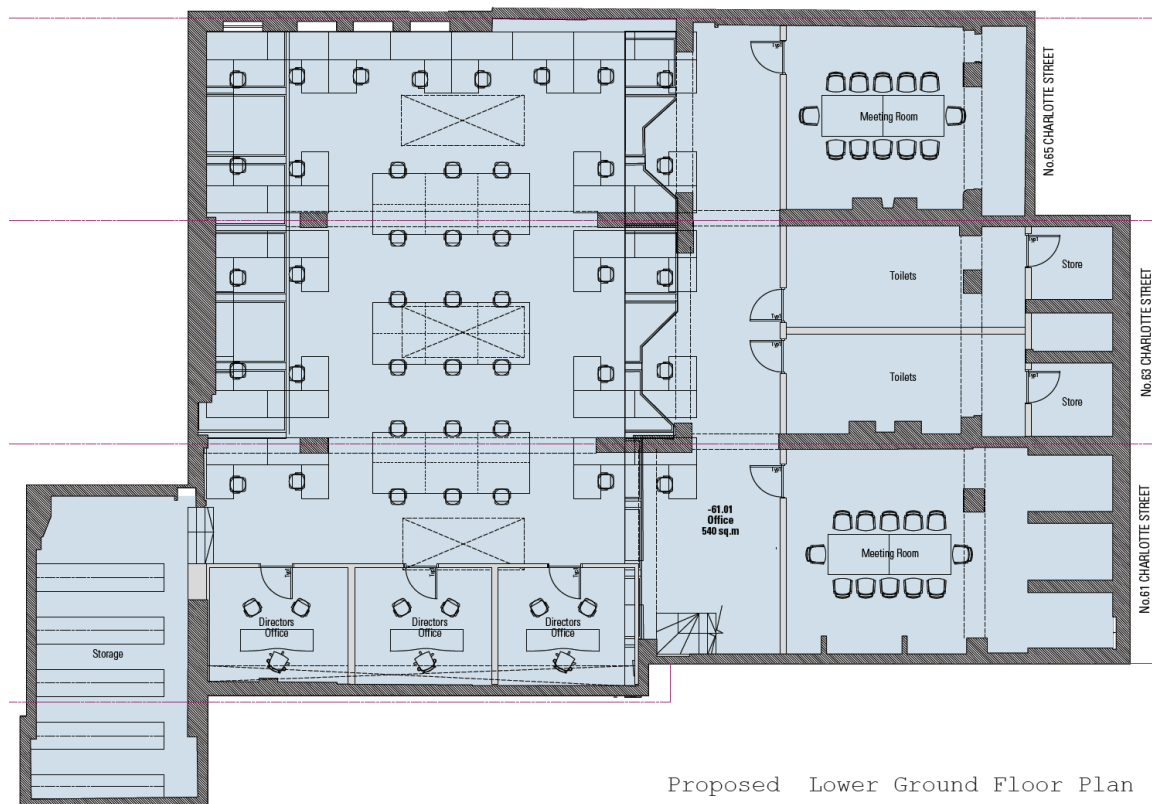
Figure 2.1: Proposed Ground Floor Layout – ensure correct drawings used - reissued



Proposed Ground Floor Plan

- 2.12 The ground floor office accommodation will be accessed via no. 61 Charlotte Street, which will lead into a larger office space at the rear of the proposed retail units, which can be configured across a single floor plate to meet modern requirements, or divided to provide smaller units, more akin to a serviced office operation. Measures to maximise solar gain to the lower ground floor level, including roof lights and obscure glazed walkway are incorporated. This level includes conveniences such as shower facilities, toilets (including disabled) and lift to enable disabled access between floors.
- 2.13 The proposed lower ground floor level is illustrated in figure 2.2 below. This area is delivered via the creation of a full second storey, requiring a minor amount of excavation to create the height and level plan that modern office space demands.

Figure 2.2: Proposed Lower Ground Floor Layout



Proposed Lower Ground Floor Plan

2.14 This space provides extensive additional office accommodation, rationalising the existing poor space into a single level floor plate. This levelling of the floor plate allows for flexible accommodation to be provided, which will adapt to meet either a single occupier requirement, or a more flexible arrangement in the event that smaller occupiers seek space in the building.

2.15 The proposed reconfiguration of the space at lower ground floor level allows for a much more efficient use of the site, whilst also respecting the existing plot rhythm above ground.

e) Flexible Accommodation

2.16 In support of the future adaptability of the space to respond to varying needs, the application Design and Access Statement presents a review of alternative layouts that could be adopted for the space.

Figure 2.3: Proposed Flexible Layout (Ground)

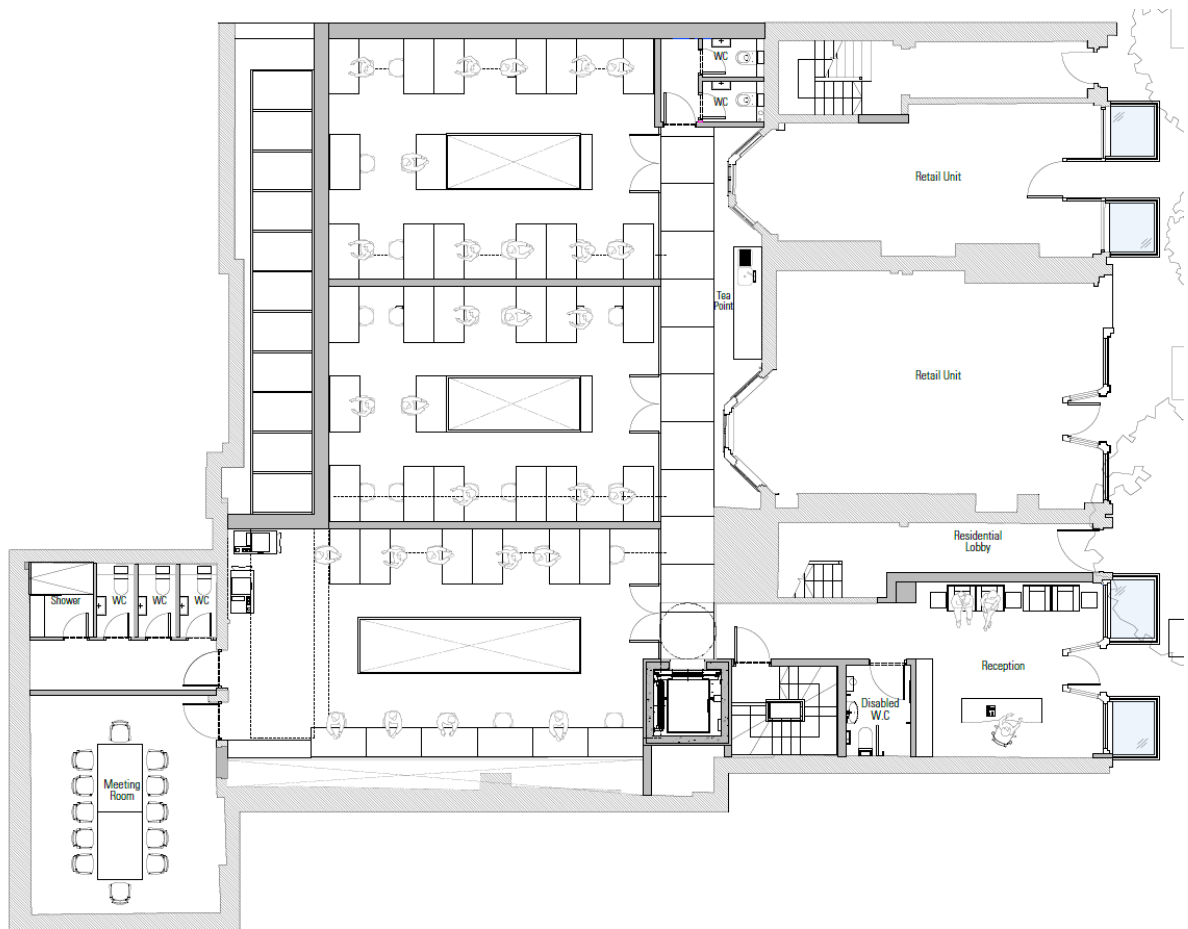
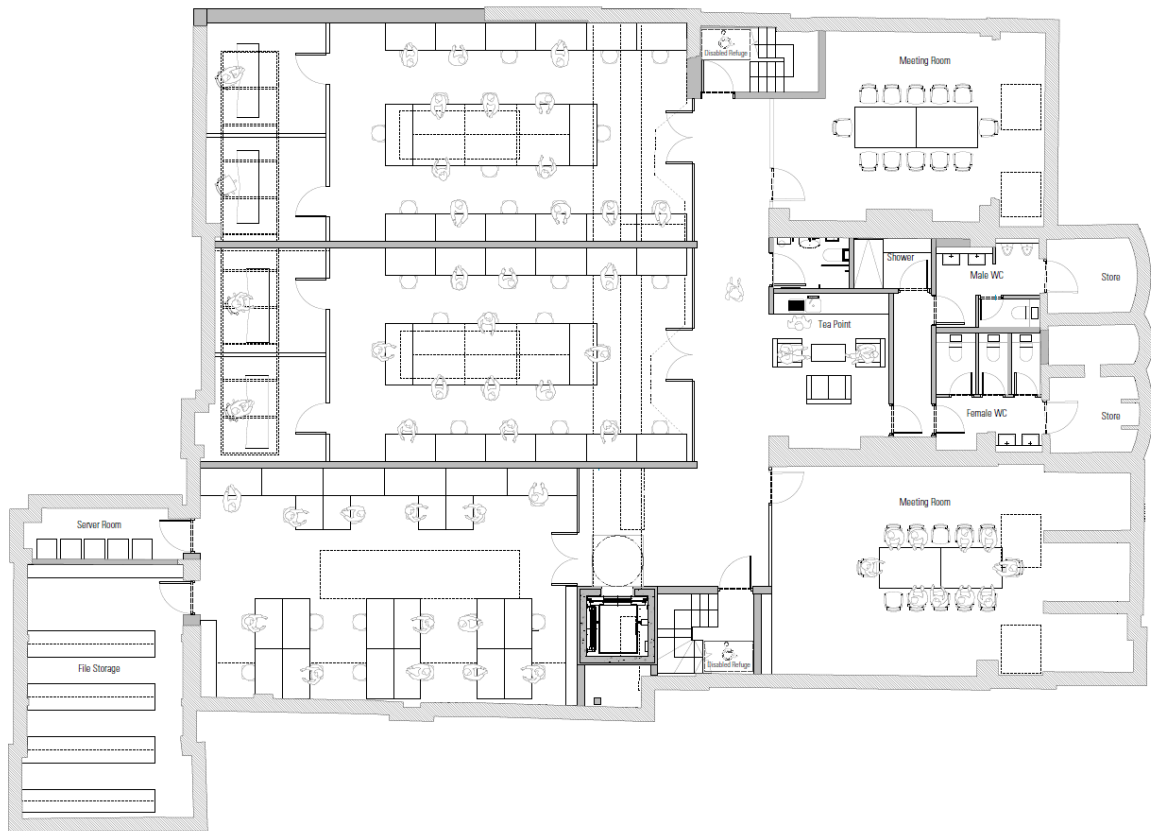


Figure 2.4: Proposed Flexible Layout (Lower Ground)

2.17 In the event that the business model changes, and smaller units are required within the space. An extract of the floor layouts is presented in figures 2.3 and 2.4. These alternative layouts do not compromise the total GIA of proposed office accommodation.



2.18 The proposed accommodation will see the ground and lower ground floor levels maximised, with minimal disruption to the levels of the site. The accommodation is demonstrated as being a flexible space, and whilst the application is tenant-led, with a long term commitment to the relocation of the two SME businesses (Holbud and Merchant Land Investments Ltd), the effective introduction of 834m² - check figure quoted Grade A quality flexible accommodation is a major benefit to the scheme.

3 PLANNING HISTORY

3.1 This section considers the previous planning history relative to the site, which informs the consideration of the commercial floorspace issue.

a) **Planning Decision Ref: 2013/0017/P**

3.2 In January 2013, Camden Council refused planning permission for the following development:

"Creation of retail unit for composite A1/A3 use (Sui Generis) at ground floor level of Nos 61 and 63 and basement level of Nos 61,63 and 65 Charlotte Street; three residential units (2 x 2bed and 1 x 3bed) on the upper floors of Nos 61 and 63; new residential entrance at 61. External alterations including new shopfronts to Nos 61-65; flat roof to existing patio area, gangway platform and handrail, exhaust duct, and plant to rear."

3.3 The development was recommended for approval within the officer's report to planning committee, but was refused at Camden Planning Committee for the following reasons:

"The proposed development would result in the loss of employment floorspace which remains suitable for use, it would fail to support economic activity in Camden particularly small and medium sized businesses and would result in the loss of employment opportunities within the Borough contrary to policy CS8 (Promoting a successful and inclusive economy) of the London Borough of Camden LDF Core Strategy and DP13 (Employment sites and premises) of the London Borough of Camden LDF Development Policies.

"The proposed creation of a large dining/restaurant facility, in excess of 100sqm, within this commercial frontage would result in an intensification of food and drink uses and would be detrimental to the character of the local area. The proposal would thereby conflict with Policies CS5 (Managing the impact of growth and development), CS7 (Promoting Camden's centres and shops), and CS9 (Achieving a Successful Central London) of the London Borough of Camden LDF Core Strategy and DP12 (Supporting strong centres and managing the impact of non-retail town centre uses of the London Borough of Camden LDF Development Policies."

3.4 The reasons for refusal are clearly split between that which concerned the loss of employment floorspace, and that which relates to the proposed restaurant / dining area proposed at ground and basement levels, which would be detrimental to the character of the area. The merits and considerations relative to the second reason for refusal (food retail proposals) are not explored further within this assessment by virtue of the application proposals not containing such proposals.

3.5 The decision by Camden Council was upheld, and appeal dismissed by a Planning Inspector in his decision in October 2013, which is appended to this statement at **document 1**.

3.6 However, in the consideration of the planning application, by both Camden and the Inspectorate, a number of points are noted, which inform the approach the commercial floorspace issue. These are discussed below.

b) Loss of Existing Office Floorspace – Basement/Ground Floor

3.7 The existing office space at basement and ground floor levels is currently in place across the basement of nos. 61, 63 and 65, and at the ground floor of no. 61 Charlotte Street. This comprises 671.7m² (GIA).

3.8 Within the consideration of the previous application, the officer's report to committee reviewed the issues relative to 'Loss of B1 floorspace' from the existing building as a result of the proposals. This notes at paragraphs 6.2.5 and 6.2.6:

"The office floorspace located at basement level is considered to be poor quality owing to:

- **The lack of natural day light;**
- **The presence of steps and level changes within the basement;**
- **No lift access;**
- **Narrow doorways; and**

The space has been divided into cellular spaces and has a poor layout which results in having to walk through a number of different rooms and spaces to leave the building.

The proposed office floorspace is not considered to meet modern requirements or include design features which lend itself to a B1 use. Furthermore, it is not considered that the space could be easily subdivided in order to provide accommodation for small and medium sized businesses. As such it is considered that the loss of the office floorspace at basement level would comply the policies CS8 an DP13 and CPG5 provided that it is replaced with an appropriate alternate use. The constraints of the B1 floorspace at basement level clearly demonstrate that it is not suitable for continued employment use. As such, it is not considered

that marketing evidence is required to justify the loss of B1 floorspace at basement level.”

- 3.9 It is therefore clear that the existing space at basement / lower ground level is accepted by Camden Council as not being appropriate for continued employment use.
- 3.10 Furthermore, the Inspector’s report (ref. APP/X5210/A/13/2198656) notes the following relative to the existing office space (paras 10-12):

“Physical layout and condition, both existing, and that which could reasonable be achieve, are amongst relevant indicators of whether business-use premises would be suitable for a continuation of such use. The level of demand for the present use would inform an assessment of the degree of harm likely to be caused by its cessation and thus the extent of an economic reasons against such a course of action.

Having viewed the basement area with its complex physical layout and poor provision of natural light I consider this to be sufficient demonstration that the area is not suitable for continued office use. Accordingly, its loss would not be harmful to economic actively in Camden. I concur with the Council’s Officer’ Report that in this instance marketing evidence is unnecessary. I conclude that a change of use is justified.

The ground floor of No.61 also suffers from poor natural light and to my mind offers an unsatisfactory standard of office accommodation.”

- 3.11 It is therefore clear that it is accepted, given there has been no change to the existing site since the previous planning decision, and subsequent Inspector's site visit, that the existing office (Use Class B1a) floorspace within the basement and ground floor are accepted as being appropriate for change to non-business use. This comprises 66% of the existing office space on site.

c) Loss of Existing office Floorspace – Upper Floors

- 3.12 The officer's report to committee notes the following relative to the upper floors and their appropriateness for conversion (para 6.2.14):

“The FAAP and CPG5 state that where properties were original built as residential units the Council may allow conversion of the office floorspace to residential. The upper floors of the building were originally built for residential use. As such, the proposed replacement use of the B1 floorspace at upper floor levels is considered appropriate. Residential uses would not be encouraged at ground floor level as this

would result in the loss of active frontage within a commercial frontage. As such, the most appropriate replacement use would be retail.”

3.13 Notwithstanding the need to satisfy the requirements of CPG5 and DP13 in relation to the conversion of these floors, the narrative above indicates an acceptance of this floorspace being reverted back to its original use, residential. Furthermore, this highlights a preferred alternative ground floor use for the existing units being retail, as proposed by the planning application proposals.

d) Summary

3.14 It is recently accepted by officers and the Inspectorate that two thirds of the existing office space is no longer suitable for continued use as employment-generating floorspace. Officers also note that the upper floors of the application site (nos 61, 63 and 65) were previously residential, therefore the replacement of the existing space with residential accommodation should be accepted.

3.15 This is a factual basis of the application proposals, and provides a baseline to the consideration of these application proposals.

4 PLANNING POLICY BACKGROUND

4.1 This section reviews the relevant development plan policies and material considerations relevant to the change of use of the existing upper floors of 61-65 Charlotte Street to provide alternative uses.

a) The Development Plan

4.2 The development plan consists of the London Plan (2011), Camden's Core Strategy (2010) and Camden's Development Management Policies (2010). The Camden Site Allocations document has been heard at Examination in Public, and as such would be afforded weight in the determination of this planning application.

i) London Plan, 2011

4.3 The London Plan (July 2011) supports the provision of modern office space that meets the distinct needs of the central London office market by sustaining and developing its unique and dynamic clusters of 'world city' and other specialist functions and business environments.

4.4 London Plan policy 4.4 (Managing Industrial Land and Premises) encourages Local Authorities to release surplus industrial land in order to contribute to wider planning objectives, with a particular focus on the provision of new housing to meet London's increasing housing need.

4.5 Fundamentally the London Plan, at policy 4.2 and 4.4 recognises managed conversion of "surplus capacity to more viable complementary uses" and the "potential for surplus industrial land to help meet strategic and local requirements such as housing".

4.6 The London Plan States:

"Local plans and strategies should support the conversion of surplus offices to other uses and promote mixed use development in the light of integrated strategic and local studies of office demand. Informed by the independent London Office Review Panel a 'plan, monitor and manage' approach will be used to reconcile office demand and supply across the development cycles likely to be encountered over the years to 2031. This may well provide scope for changes from surplus office to other uses, especially housing, providing overall capacity is sustained to meet London's long-term office needs. The scope for re-use of otherwise surplus large office space for smaller units suitable for SMEs should also be considered." (para 4.12, Quod emphasis)

“The Mayor will work with Boroughs and other partners to plan, monitor and manage the release of surplus industrial land where this is compatible with demand, so that it can contribute to strategic and local planning objectives, especially those to provide more housing.” (Policy 4.4, Quod emphasis)

“The redevelopment of surplus industrial land should address strategic and local objectives particularly for housing.” (Policy 4.22)

4.7 A flexible supply of employment land is therefore supported at the regional level, especially in support of meeting housing needs, in appropriate circumstances.

ii) Camden Core Strategy, adopted 2010

4.8 Core Strategy Policy CS8 (Promoting a successful and inclusive Camden economy) is provided below for ease of reference.

4.9 We have highlighted those elements of the policy relevant to the proposals below:

“The Council will secure a strong economy in Camden and seeks to ensure that no one is excluded from its success. We will:

- a) **promote the provision of 444,000 sq m of permitted office floorspace at King’s Cross as well as in the range of 70,000 sq m of office provision at Euston with further provision in the other growth areas and Central London to meet the forecast demand of 615,000 sq m to 2026;**
- b) **support Camden’s industries by:**
 - **safeguarding existing employment sites and premises in the borough that meet the needs of modern industry and other employers;**
 - **safeguarding the borough’s main Industry Area; and**
 - **promoting and protecting the jewellery industry in Hatton Garden;**
- c) **expect a mix of employment facilities and types, including the provision of facilities suitable for small and medium sized enterprises, such as managed, affordable workspace;**
- d) **support local enterprise development, employment and training schemes for Camden residents;**
- e) **recognise and encourage the concentrations of creative and cultural businesses in the borough as well as supporting the development of Camden’s**

tourism sector whilst ensuring that any new facilities meet the other strategic objectives of the Core Strategy; and

- f) recognise the importance of other employment generating uses, including retail, markets, leisure, education, tourism and health.” (Quod emphasis)**

4.10 The supporting text to accompany Policy CS8 states that the Class B1(a) requirements of the Borough can be met at Kings Cross and Euston, which is the clear focus for meeting the borough’s B1a floorspace needs.

- iii) Camden Development Policies, adopted 2010

4.11 Further detail associated with planning applications affecting proposals for conversion of existing business premises is provided at Camden Development Policies (CDP) Policy DP13 (Employment premises and sites). Parts (a) and (b) are relevant and are re-provided below for ease of reference, with the policy re-provided at **Document 2**:

“The Council will retain land and buildings that are suitable for continued business use and will resist a change to non-business unless:

- a) it can be demonstrated to the Council’s satisfaction that a site or building is no longer suitable for its existing business use; and**
- b) there is evidence that the possibility of retaining, reusing or redeveloping the site or building for similar or alternative business use has been fully explored over an appropriate period of time.**

Where a change of use has been justified to the Council’s satisfaction, we will seek to maintain some business use on site, with a higher priority for retaining flexible space that is suitable for a variety of business uses.

When it can be demonstrated that a site is not suitable for any business use other than B1(a) offices, the Council may allow a change to permanent residential uses or community uses, except in Hatton Garden where we will expect mixed use developments that include light industrial premises suitable for use as jewellery workshops.”

4.12 This policy establishes a presumption against a change of use of land and buildings from business use unless it can be demonstrated that the building is no longer suitable for its existing business use; and there is evidence that the possibility of retaining, reusing or redeveloping the site or building for similar or alternative business use has been fully explored over an appropriate period of time.

4.13 The consideration as to whether an existing Class B1(a) office use can be converted to Class B1(b) or Class B1(c) or other business uses should be considered against a range of indicators set out in development plan policy (CDP, Para 13.3). The criteria for assessment are set out below:-

- Is located in or adjacent to the Industry Area, or other locations suitable for large scale general industry and warehousing.
- Is in a location suitable for a mix of uses including light industry and local distribution warehousing.
- Is easily accessible to the Transport for London Road Network and/or London Distributor Roads.
- Is, or will be, accessible by means other than the car and has the potential to be serviced by rail or water.
- Has adequate on-site vehicle space for servicing.
- Is well related to nearby land uses.
- Is in a reasonable condition to allow the use to continue.
- Is near to other industry and warehousing, noise/vibration generating uses, pollution and hazards.
- Provides a range of unit sizes, particularly those suitable for small businesses (under 100sqm).
- An assessment of the existing building against the above criteria is provided in following sections.

4.14 An assessment of the existing building against the above criteria is provided in following sections.

4.15 However, in addition to the above considerations, the CDP notes:

“In addition to the considerations above, where a change of use to a non-business use is proposed, the applicant must demonstrate to the Council’s satisfaction that there is no realistic prospect of demand to use the site for an employment use. The

applicant must submit evidence of a thorough marketing exercise, sustained over at least two years. The property should be marketed at realistic prices, include a consideration of alternative business uses and layouts and marketing strategies, including management of the space by specialist third party providers. More information on our approach to changes of use involving employment sites and premises can be found in Camden Planning Guidance.” (Camden Development Policies, para 13.5)

4.16 Details of marketing of the building are therefore required, in accordance with Policy DP13 and re-enclosed within this submission at Section 6.

4.17 Of greatest importance within Policy DP13 is the sentence which confirms that "when it can be demonstrated that a site is not suitable for any business use other than B1 (a) offices, the Council may allow a change to permanent residential uses". This will be reviewed in following sections.

b) Material Considerations

i) National Planning Policy Framework

4.18 On 27th March 2012, the Coalition Government published the National Planning Policy Framework (NPPF). This sets out the Government's planning policies for England and how these are expected to be applied. Annex 3 confirms that previous national planning policy guidance has now been entirely superseded by the NPPF.

4.19 Paragraph 22 provides clear guidance that planning policies should avoid the long term protection of sites allocated for employment use and that local authorities should be prepared to release employment land for redevelopment. Paragraph 22 states:

“Planning Policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land and buildings should be treated on their merits having regard to market signals and relative need for different land uses to support sustainable local communities.” (Quod Emphasis)

4.20 In addition Paragraph 51 of the NPPF states that Local Planning Authorities should:

“Normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes)

where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate”.

- 4.21 The clear and strong direction within the NPPF is away from historic restrictive policies on development, and the blanket protection of specific uses, and towards the general encouragement and support for the sustainable delivery of housing and growth.
- 4.22 At the heart of the NPPF is a presumption in favour of sustainable development, which is considered to be ‘a golden thread’ running through both the plan-making and decision-taking process (para. 14).
- 4.23 Paragraph 14 is replicated below and considers the approach which should be undertaken at decision making stage. It confirms that planning applications undertaken in accordance with the development plan should be approved “without delay”.

14. At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.

For **plan-making** this means that:

- local planning authorities should positively seek opportunities to meet the development needs of their area;
- Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or
 - specific policies in this Framework indicate development should be restricted.⁹

For **decision-taking** this means:¹⁰

- approving development proposals that accord with the development plan without delay; and
- where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or
 - specific policies in this Framework indicate development should be restricted.⁹

- 4.24 Importantly, NPPF paragraph 19 states that planning should encourage and not act as an impediment to sustainable growth, and as such, "significant weight" should be placed on the need to support economic growth through the planning system. The issue of delivery is continued through the placing

of weight on the need to consider the viability of development as a component of sustainable development. Paragraph 173 notes that "pursuing sustainable development requires careful attention to viability and costs in plan making and decision taking". It is clearly material therefore to the decision making process to take account of viability of development.

- 4.25 In terms of housing, the NPPF is clear in that Local Planning Authorities need to meet the "full, objectively assessed needs for market and affordable housing in the housing market area" (paragraph 47). They should plan for five years' worth of housing measured against their housing requirements, and they should include either an additional buffer of 5% or 20% (where there has been a record of persistent under delivery of housing) to ensure choice and competition in the market for housing land (paragraph 47).
- 4.26 When considering planning applications for housing, the NPPF states that "Housing applications should be considered in the context of the presumption in favour of sustainable development" (paragraph 49).
- 4.27 The development proposals are considered to meet the tests of the adopted NPPF.

5 EMPLOYMENT LAND EVIDENCE BASE

5.1 This section provides a review of the available evidence base published by the Greater London Authority (GLA) and the London Borough of Camden (LBC) to plan for the future needs of employment floorspace. This section provides a review of the published evidence.

a) **London Office Policy Review, 2012**

5.2 The London Office Policy Review (LOPR) was published in September 2012, which notes that the approved consents for office development in Camden, as a proportion of total office consents across London, accounts for 10%, which is noted as being predominantly within the Kings Cross area, but also within further significant schemes at 80-84 Charlotte Street, W1; 132-142 Hampstead Road, NW1 and 50-57 High Holborn, WC1.

5.3 The report provides a current picture of the London-wide office market, which is categorised within the six areas of the City, West End, Midtown, Docklands, South and East and North and West. This states that:

“Given as we have seen nearly ten years supply, either in the process of being implemented or with planning permission, it appears that at the strategic level the development industry and the planning system are delivering the necessary office capacity in Central London.” (Para 2.5.10)

5.4 The projected office floorspace demand for Camden over the London Plan period is 460,435m² (NIA). In terms of the available supply of office floorspace in the borough, there is an oversupply of floorspace of 25% (598,995m² - Figure 7.19). As such, Camden Borough currently is forecast to over-supply its office needs.

b) **Camden Employment Land Review, 2014**

5.5 In August 2014 Camden Council published the Camden Employment Land Review (ELR) to inform the preparation of the borough's emerging Local Plan. This study seeks to advise on the appropriateness of existing Core Strategy policy and Development Policies and makes recommendations on the portfolio of employment land regarding the provision, protection,

management and enhancement of employment land and premises required to meet the needs of businesses over the Local Plan period to 2031.

- 5.6 The report notes that LB Camden comprises three office market areas, which perform different functions and work in different ways: the central London Area, Camden Town and the Outer LB Camden.
- 5.7 From a borough wide perspective, demand and supply (through redevelopment and new development of sites) was found to be broadly in balance, meaning the council should consider protecting employment land. However the document states that due to changing business needs, not all sites are fit for purpose for modern occupiers.
- 5.8 Camden also acknowledges that there is growing evidence of strong competition for space from other non-employment uses, in particular housing. This means that it is more complex than just suggesting that employment land and premises be offered maximum protection.
- 5.9 The central London (Midtown) office market plays a key role in supporting London's status as a global city and has presence of world-renowned institutions and businesses as highlighted below:

“LB Camden’s central London Area provides the Borough’s key opportunity to contribute to London’s global city role. As described above, this area has changed very significantly in recent years: it has consolidated its position as a key London office market and succeeded in attracting a broader base of corporate office occupiers. Accessibility has improved and is set to continue to do so (especially due to Crossrail); the range of support services (hotels, restaurants, cafes, supplies) has expanded a great deal; and its centrality between the City and the West End and the remaining cost differential have all contributed to its new found attractiveness.”

- 5.10 As noted in the 2008 ELR there was previously a gap in the quality of stock between LB Camden's Midtown market and the West End and City markets. However, the area has in undergone significant transformation and the provision of new quality stock has strengthened its offer as a corporate office location. Alongside the growth of new prime office space has been the growth of residential and retailing provision, which has expanded rapidly in the Midtown market area over recent years as predicted in the 2008 review.

- 5.11 Camden expects to experience demand for approximately 695,000 sqm of office floorspace for the period 2014-2031. The majority of office space demand is expected to be for large, high quality offices in Midtown area, in and around King's Cross, Euston, Tottenham Court Road and Holborn, as the expectation is that central London office market will continue to grow in importance.
- 5.12 The Midtown office property market has relatively few large, single occupier buildings (most are medium-sized and multi-let) and low vacancy, so any new demand is to be met by the provision of new office space in the OA and growth areas.
- 5.1 Outside the Central London market are significant secondary and local office markets of Camden Town and the town centres of the Outer Borough office market. It is expected that in the short term mainstream office occupiers from Midtown will spill over into Camden Town, generating demand for larger, higher-quality, higher-value properties. However, the Regent's Place, King's Cross and potential Euston Development will eventually absorb these demands).
- 5.2 Camden Town will therefore continue to fulfil the important but 'secondary' role of providing less expensive space. According to the ELR, these locations provide small business workspace:
- “Camden Town provides a focus for specific sectors of demand which are important to LB Camden overall. Its attraction to creative industries and start-ups is a defining feature of the Camden Town market. Providing the kind of space to nurture these kinds of businesses will be more important than competing with schemes providing larger corporate buildings in the central London market area.”**
- 5.3 The document identifies that outside the Central London market new local office provision is being provided as part of residential schemes, reflecting LB Camden's mixed-use policy, and there are relatively low levels of vacancy. Camden states that there is capacity on some sites to expand to meet demand arising for local office provision through a process of redevelopment of derelict sites and premises stock and intensification.
- 5.4 The review concludes that the office supply market is continuing to evolve rapidly, with trends observed in the 2008 ELR being evident today. Notably, there is much thinner

demand for large corporate offices away from the central London area. The most important objective targeted for the Local Plan period is the need to facilitate the growth of new SMEs:

“...perhaps the most critical issue in policy terms is to nurture growth of small, dynamic businesses, and this means having a ready stock of suitable premises available. This will be most important around the fringe of the central London area and in Camden Town.”

c) **Conclusions**

- 6.1 Employment space should be protected, however due to changing business needs, not all sites are fit for purpose for modern occupiers.
- 6.2 There is increased competition from other non-employment uses, in particular housing. This means that it is more complex than giving employment floorspace maximum protection.
- 6.3 The gap in the quality of stock between Camden’s Midtown Market and the West End and City Markets has been reduced as predicted by the 2008 ELR.
- 6.4 Predicted high demand for office floorspace over the 2014-2031 period indicates the central London office market will continue to grow in importance.
- 6.5 Outside the central London market new local office provision is to be provided as part of residential schemes, reflecting LB Camden’s mixed-use policy, and there are relatively low levels of vacancy.

6 COMMERCIAL FLOORSPACE OVERVIEW

6.6 In contrast to Section 3 of this report which considers demand and supply using publically available evidence, this sections reviews the evidence made available following a study of existing office market in the locality, including recent development activity bespoke for this application.

a) **Existing Floorspace at Nos.61-65 Charlotte Street**

6.7 The site (nos. 61-65) is in lawful use, predominantly as office premises (Use Class B1a) at first, second and third floors, with retail (Class A1) at nos. 63 and 65, and the upper floors of no. 65 Charlotte Street being in use as self-contained residential accommodation (Use Class C3), which is not proposed to change as a result of these proposals.

6.8 The site occupies a mid-terrace location at the centre of Charlotte Street at its junction with Scala Street. The site comprises three terraced properties, extending to four storey above ground, with an extensive basement beneath each property. The ground floor element of each building comprise active frontages to the street scene, albeit these have been boarded-up by virtue of their vacancy for many years now. Recent temporary efforts to let the properties on short term basis have met with some success, albeit these tenancies are offered at significantly reduced rates in order to enable some limited income to be derived from these spaces and to counter ongoing security and squatting concerns, in readiness for the significant investment required to bring these units into long term viable use.

6.9 The site benefits from excellent transport links being located within a short walk of Tottenham Court Road (Central and Northern lines), Great Portland Street (Circle, Hammersmith, City and Metropolitan lines); and Goodge Street (Northern line) Underground stations.

b) Local office Market

i) Overview

- 6.10 Fitzrovia forms an important sub-market within the West End office market. Synonymous with the media fashion industries, Fitzrovia is increasingly attracting larger corporate occupiers outside its normal tenant base drawn to its fashionable reputation and discount to the rental premium associated with the Mayfair core. There has been substantial recent development activity in the area most notably with the introduction of Regent's Place comprising a 13 acre, fully managed campus owned by British Land, totalling around 185,000m² of office, retail and residential and is currently home to around 10,000 workers and residents, which will soon grow to nearly 14,000 people.
- 6.11 Occupiers include Aegis, ATOS Origin, Gazprom, Hachette, JP Morgan, Lend Lease, Regus, Ricoh and Santander. The final phase of development on Brock Street is now completing, and it will become the new home for Debenhams' office HQ. They will be moving into 16,250m² in 10 Brock Street as well as Manchester City Football Club who have also taken 700m² on the 14th floor. At the heart of Regent's Place is Regent's Place Plaza.
- 6.12 Fronting onto the Euston Road, Regent's Place is situated between King's Cross and Paddington and benefits from being within a couple of hundred meters of four tube stations – (Regent's Park, Great Portland Street, Warren Street and Euston Square) – providing access to six different tube lines. The Heathrow Express and Gatwick Express are each only 3 tube stops away, and Eurostar is just 2 stops away. The heart of the West End, Oxford Street, is one tube stop away or a ten minute walk to the south.
- 6.13 Historically, Fitzrovia has had some of the lowest rental levels of all the West End sub-markets offering affordable accommodation, however, the immediate surrounding office market is predominantly represented by larger Grade A office space and there has been a significant shift in demand from second hand smaller office accommodation to larger Grade A floor space.
- 6.14 This is evidenced further by Google's decision to relocate to Kings Cross to a new HQ comprising 70,000m² of offices.

6.15 Rents in the wider area range from £30/ft² through to £60/ft², which is 20% below the rental levels at the height of the market in 2008. With business rates at circa £20/ft² (which is on par with parts of Soho and Covent Garden), this has vastly increased overall outgoings for occupiers and has impacted on headline rents in the area for smaller office suites of circa 200m². Further, an increase in business rates has prompted some occupiers who have been located in the area to relocate to more cost effective fringe locations such as Camden Town/Kentish Town/Primrose Hill. Noho rental rates are closer to £77/ft².

ii) Current Supply of Other Office Space – Grade A

6.16 This assessment is supported by a review of the existing office supply in the vicinity of the application site, prepared by Knight Frank. This notes the following:

“The Fitzrovia office market forms part of the larger Noho market and is dominated by occupiers in the 2,000 – 5,000 sq ft size range i.e. the small to medium sized office business’s market. The Noho submarket consists of 652 office buildings totalling 10,711,423 Sq Ft.”

6.17 The accompanying note sets out the extent of the available space in the Noho vicinity, in which the application site sits. There are also four notable schemes being delivered in the next 18 months, which comprise a total additional office provision of 30,000m² in the area. When considered alongside the existing supply and pipeline of smaller developments, it can be concluded that the supply of office space is strong in this location.

iv) Demand

6.18 As a location, Fitzrovia was once known as extremely popular with "The Rag Trade" and the majority of occupiers were showroom with ancillary offices. The significant regeneration of Kings Cross and Regent's Place has caused these areas to change dramatically and they are very much now seen as creative hubs, providing an environment more in keeping with occupier demands as well as being greatly financially competitive against the core West End, City and Western sub markets. The accompanying note from Knight Frank notes:

“Central London office occupiers will always gravitate towards areas where their clients and competitors are based. This clustering effect has become even more

pronounced with the recent expansion of the TMT sector (Technology, Media and Telecoms), where there is a particularly strong collaborative culture. The Soho, Covent Garden and Fitzrovia office markets have long been dominated by those in the creative industries and with the expansion of this sector, areas such as Kings Cross, Victoria, Paddington, Shoreditch, Clerkenwell, Camden and the City are also attracting more TMT occupiers due to cost profile.”

6.19 It is therefore clear that demand for office space remains strong with a range of occupiers in this location.

c) Local Office Market Forecast

6.20 Research indicates that London is likely to be subject to downward rental pressure from 2014 onwards, which is likely to impact on yields. The reason for this is due to a supply and demand in-balance, but also the provision of surplus space in Canary Wharf and elsewhere. The West End will however continue to out-perform as a result of the planning limitations on the height of buildings and on the potential to provide large scale office developments, for which there is clear market demand.

6.21 Incentives offered in order to secure new lettings of empty buildings are substantial, with significant rent free periods and reduced rental levels.

6.22 In light of this continuing downward pressure on rents, the appetite of landlords to refurbish space and upgrade the P&M / M&E is very limited, which compounds and exacerbates the issue of let-ability. This is often a hidden cost with office investments and can demonstrably limit any return on equity and is the reason why dilapidation cases have increased dramatically over the last four years or so.

6.23 In summary, rental levels will not recover for some years to come and that most existing investment stock is over rented, coupled with potential significant capex issues upon lease expiry.

d) Conclusions

6.24 The local office market has undergone a period of change, with emphasis being placed on larger, Grade A modern buildings being delivered in and around the near vicinity of the site. This has had the clear effect of enhancing competition for office floorspace in the local area,

and in the context of a raised bar in the standard of office accommodation available on the market has had the effect of making smaller, older premises uncompetitive in the market.

- 6.25 In the case of the Charlotte Street site, the building contains the minimum required facilities which do not reflect Grade A quality, and has suffered in recent years from part-occupation and a lack of consistent occupation. The floorspace has now been vacant for many years. Comparable floorspace is also available to let, as set out in the accompanying Knight Frank note.
- 6.26 It is clear that with increasing downward pressure on rental levels in the area that investment in the borough's older, decline in office stock is increasingly unlikely to be viable. Therefore, the availability of significant quantum of floorspace in such close proximity to the site means that whilst the application site has been in gradual decline, other floorspace of higher quality is more than adequate to meet market demand for a accommodation of all sizes.

7 POLICY ASSESMENT: POLICY DP13

7.1 In addition to the evidence and advice set out in the preceding sections of this report, in order to further analyse the existing employment floorspace at the application site (and to establish the most sustainable, viable beneficial scenario) we have assessed the viability of three options for the building in detail. This section considers the proposals in light of Policy DP13 (Employment Premises and Sites), the full wording of which is appended at **document 2**.

- Option 1 - Try to let the existing office space in its current condition;
- Option 2 - Refurbish the office floorspace to Grade A standard to improve the building's attractiveness to the office market; and
- Option 3 - Convert the office floorspace to an alternative business use.

7.2 These options are discussed below.

a) **Option 1 - Continued Use of the Building**

7.3 Camden Development Policy Policy DP13 part (a) requires the following:

"The Council will retain land and buildings that are suitable for continued business use and will resist a change to non-business unless:

- a) **it can be demonstrated to the Council's satisfaction that a site or building is no longer suitable for its existing business use;"**

7.4 Therefore, it is necessary to review the characteristics of the existing accommodation, and the likelihood that the existing building will be occupied within a reasonable timescale. The accompanying narrative to this policy requirement is provided at para 13.3, which identifies a series of considerations for the assessment of a continued use at the premises. The following schedule reviews the site in the context of the part (a) policy considerations.

7.5 Therefore, it is necessary to review the characteristics of the existing building, and the likelihood that the existing building will be occupied within a reasonable timescale. The accompanying narrative to this policy requirement is provided at para 13.3, which identifies a series of considerations for the

assessment of a continued use at the premises. The following schedule reviews the site in the context of the part (a) policy considerations.

Table 7.1: Continued Use Assessment

Policy DP13 (a) Consideration	61-65 Charlotte Street Response
Located in or adjacent to the Industry Area, or other locations suitable for large scale general industry and warehousing	The use is not within or near to the defined Industry Area, which is situated in the north of the borough. The location is not suitable for large small scale general industrial (B2) and warehousing (B8).
Is in a location suitable for a mix of uses including light industry and local distribution warehousing	The buildings are not in a suitable location for light industrial (B1c) use, nor is it suitable for local distribution warehousing, by virtue of the site’s location and constrained relationship to neighbouring uses, servicing and highways limitations and amenity issues arising from the operation of any of these uses from the site.
Is easily accessible to the Transport for London Road Network and/or London Distributor Roads	The site is not located on the TfL London Road Network / Distributor Roads.
Is, or will be, accessible by means other than the car and has the potential to be serviced by rail or water	<p>The site lies within an accessible location, but one which is constrained for servicing. The nearest link to the Underground network is located at Tottenham Court Road (Northern and Central Lines).</p> <p>Nos 61-65 Charlotte Street benefits from excellent transport links being located within a short walk of London Underground stations. However, the site is a significant distance from the capital’s water network.</p>
Has adequate on-site vehicle space for servicing	There is no potential for on-site servicing space to accommodate refuse or maintenance vehicles. In addition, the site is very constrained for servicing, which would prohibit regular unobstructed commercial servicing to the site.
Is well related to nearby land uses	<p>Nearby uses:</p> <p>Charlotte Street – office (various scale) / retail / residential</p> <p>Goodge Place – Predominantly Residential / commercial with residential above;</p> <p>Scala Street – commercial / retail / residential.</p>

Policy DP13 (a) Consideration	61-65 Charlotte Street Response
<p>Is in a reasonable condition to allow the use to continue</p>	<p>The building in its current condition is not suitable for occupation and there is an over-supply of “second hand” accommodation in the market.</p> <p>It is accepted that the lower floors of the building are not suitable for continued use as office, with the upper floors also being accepted as being appropriate for conversion to residential.</p> <p>The redevelopment of part of the site, and re-distribution of significant quantum of office space within the lower floors would replace the existing use, but retain the office use on the site for continued use by the applicant and parent company in the long term.</p>
<p>Is near to other industry and warehousing, noise / vibration generating uses, pollution and hazards</p>	<p>Charlotte Street is characterised by smaller scale development engaged in a variety of uses. Warehousing / industrial uses that generate significant noise / vibration are largely absent from this location.</p>
<p>Provides a range of unit sizes, particularly those suitable for small businesses (under 100m²)</p>	<p>Two thirds of the existing accommodation is accepted as not being suitable for continued use, in any format of office use. The remainder of the office space is confined to the upper floors of nos. 61 and 63 Charlotte Street. This floorspace is not viable for continued use, linked to the wider building, which is in serious decline. The upper floors would provide existing units of between 51-63m². However, it is not possible to let the upper floors without undertaking significant works to the lower floors to bring these back into use, which is unviable in itself.</p> <p>The proposed development will serve the needs of two SME businesses, with specific requirements of these businesses driving the design of the proposals. The proposed layout of the office space will be flexible and responsive to changing business needs, enabling sub-division and partitioning to meet future small business needs.</p>

7.6 From the above schedule it is evident that the existing floorspace is not well suited to continued use as office floorspace, evidenced by the lack of demand in the building as it stands. However, the proposed layout of the office space, within two enlarged lower floors will enable the specific requirements of two small businesses to locate to the site, but with the future flexibility to respond

to either a growth in office activity on the site, or a change in the configuration of this space to enable adaptation to smaller units.

b) Option 2 - Refurbishment of the Floorspace to Grade A standard

7.7 Option two considers the potential for the existing use (B1a) to remain, within a refurbished level of accommodation to bring the accommodation in-line with modern Grade A requirements (in accordance with Policy DP13 part (a)). In order to fully explore the current potential of the building to remain in office use, a full structural report and cost analysis has been prepared, which identifies the current condition of the building, and the works that would be required in order to refurbish and maintain the building in its current use.

7.8 The enclosed report at **document 3** considers the necessary works required in order to bring the building to Grade A standard, as well as providing a narrative on the existing limitations of the space in its current state. This advice states the following requirements to refurbish the space to an acceptable standard:

- Air conditioning;
- Upgraded interior lighting;
- Installation of WCs and showers;
- Tea points;
- TV and aerial satellite provision;
- Upgraded IT and data communications;
- Enhanced glazing specification;
- Cycle storage;
- DDA compliance and disabled toilets;
- Revised layout (impractical to future tenants);
- Installation of a lift;

- New ceiling voids / areas to run cables;
- As part of any refurbishment, and as a consequence of the work required to replace the M&E systems within the building, new raised floors and suspended ceilings will be required.

7.9 However, the above works would hide the inherent limitations of this space, and if implemented with the aim of upgrading the existing space, even this would not significantly improve the quality of the space (notably relative to the bulk of the space at ground and lower ground levels), nor the physical constraints of the building to the point that it makes it significantly more attractive to potential occupiers.

7.10 The investment would be in the infrastructure of the building and would simply secure the future of the upper floors as office floor plates. It would continue to rent for approximately the same as it does currently owing to its location in the local market. The presence of higher order locations for office floorspace that has come forward very recently (British Land scheme), or is currently in the short term supply pipeline, will continue to limit the likely market for this floorspace.

7.11 There is therefore very little incentive for making this investment no reasonable owner or investor would be willing to make this investment.

7.12 It is therefore not appropriate to retain the existing floorspace in office use, as demonstrated by options 1 and 2 discussed above, and is therefore in accordance with part (a) of Policy DP13.

c) Option 3 – Alternative Business Use of the Building

7.13 Part (b) of Camden Development Policy DP13 requires the following:

"The Council will retain land and buildings that are suitable for continued business use and will resist a change to non-business unless:

- b) there is evidence that the possibility of retaining, reusing or redeveloping the site or building for similar or alternative business use has been fully explored over an appropriate period of time."**

7.14 Therefore, it is necessary to consider the potential for the upper floors to suit the needs of alternative business uses. Table 7.2 below provides consideration of the suitability of the floorspace to

accommodate alternative B1 uses; namely B1(b) research and development, and B1(c) light industrial consistent with a residential area; B2 general industrial and B8 warehouse uses.

Table 7:2 Alternative Use Assessment

Alternative Use	Policy Consideration
B1 (b) research and development	<p>This use is not consistent with the character of the local area.</p> <p>As a location, Fitzrovia was once known as extremely popular with “The Rag Trade” and the majority of occupiers were showroom with ancillary offices. The significant regeneration of Kings Cross and Regent’s Place has caused these areas to change dramatically and they are very much now seen as creative hubs for technology, media and telecommunications companies providing an environment more in keeping with occupier demands as well as being greatly financially competitive against the core West End, City and Western sub markets.</p> <p>This is evidenced recently by Google’s decision to relocate to Kings Cross to a new HQ comprising 750,000 sq ft of offices.</p>
B1 (c) Light industrial consistent with a residential area	<p>It is very difficult to imagine a light industrial use (B1(c)) at upper floors being consistent with the local area in this location. The upper floors do not have adequate servicing, configuration of premises, or the level of floorspace required to support such operations.</p>
B2 (General Industrial)	<p>This location is not suitable for general industrial. Such uses are promoted within the Camden Industrial Area, and as such it is not appropriate to accommodate such a use here.</p> <p>In addition, the site is not configured to service such a use, which would require close proximity to distributor routes and regular vehicle trips.</p>
B8 (Storage / Distribution)	<p>The available floorspace is not configured in a format that lends itself to storage or distribution use. In addition, such a use would require significant ground floor accommodation to enable goods in/out to be effective at the site which does not exist.</p> <p>Furthermore, the likely impact on the highways network would be unacceptable in such close proximity to the red route, and the junction of Euston Road and Albany Street and Great Portland Street.</p>

d) Conclusions

7.15 It is clear that from the above considerations that the potential for the building to be converted to a similar use, or an alternative business use has been fully explored. However, this is not appropriate



in this location and given the building's constraints and the availability of better-suited locations for alternative uses.

8 POLICY ASSESMENT: CAMDEN POLICY GUIDANCE NOTES

- 8.1 In considering the suitability of the upper floors of nos. 61 and 63 Charlotte Street for conversion to residential, it is necessary to present an analysis of the proposals against the requirements of supplementary guidance contained within Camden Policy Guidance 5 (CPG5): Town Centres, Retail and Employment, published in 2011.
- 8.2 The requirements of CPG5 in respect of Offices are intended to supplement development plan policy in the form of Policy DP13 (reviewed earlier). CPG5 notes the following:
- 8.3 There are a number of considerations that we [Camden Council] will take into account when assessing applications for a change of use from office to a non-business use, specifically:
- “the criteria listed in paragraph 13.3 of policy DP13 of the Camden Development Policies;
 - the age of the premises. Some older premises may be more suitable to conversion;
 - whether the premises include features required by tenants seeking modern office accommodation;
 - the quality of the premises and whether it is purpose built accommodation. Poor quality premises that require significant investment to bring up to modern standards may be suitable for conversion;
 - whether there are existing tenants in the building, and whether these tenants intend to relocate;
 - the location of the premises and evidence of demand for office space in this location; and
 - whether the premises currently provide accommodation for small and medium businesses.”

- 8.4 When it would be difficult to make an assessment using the above, we may also ask for additional evidence in the form of a marketing assessment. Paragraph 6.18 below provides more information on marketing.
- 8.5 Pursuant to this, the following presents a review of the application proposals in light of these requirements.

Table 8.1: CPG5 Assessment Matrix

CPG5 Requirement	Policy Assessment
Criteria listed in paragraph 13.3 of policy DP13 of the Camden Development Policies;	Addressed at section 6.
The age of the premises. Some older premises may be more suitable to conversion;	The premises were originally constructed as residential accommodation in xx. The age of the premises is a contributory factor in assessing the decline of the building as an office building. This is reviewed in detail within the application illustrative material (heritage impact assessment; design and access statement).
Whether the premises include features required by tenants seeking modern office accommodation;	The previous section highlights significant deficiencies associated with the existing space that would not suit modern tenant requirements. Our client seeks the application proposals in order to bring the building into office use, whilst also performing a wider mixed-use role.
The quality of the premises and whether it is purpose built accommodation. Poor quality premises that require significant investment to bring up to modern standards may be suitable for conversion;	The building was originally constructed as residential buildings. The building, as existing, requires significant investment to align the accommodation with modern standards.
Whether there are existing tenants in the building, and whether these tenants intend to relocate;	The existing upper floors are vacant, and are stymied by the poor condition of the building.
The location of the premises and evidence of demand for office space in this location; and	There is evidence of demand for office space in this location, albeit this demand is focused on grade A space, and space that offers a minimum

CPG5 Requirement	Policy Assessment
	standard of accommodation, which is not present at the application site.
<p>Whether the premises currently provide accommodation for small and medium businesses.</p>	<p>The premises provide limited scope for small or medium businesses by virtue of the requirement for significant investment in order to enable this.</p> <p>However, the application proposals seek to deliver a reconfigured space, capable of accommodating the specific requirements of two small / medium businesses that wish to locate for the long term, to secure the future of the building within the office stock for the Charlotte Street area.</p>

8.6 Given the compliance with the above criteria, as demonstrated, it is not necessary to present specific marketing evidence, in accordance with para 7.5 of the CPG5.

9 CONCLUSIONS

- 10.1 The application proposes the conversion and extension of the existing building to provide flexible commercial accommodation, which represents a significant qualitative uplift in office accommodation on the site, and a quantitative uplift of 476m² of high quality, grade A office space across the site, when one considers the extent of redundant existing space within the basement, which has been accepted by an Inspector as being no longer fit for office habitation.
- 10.2 The proposals will be to accommodate two new SMEs into the borough, which are relocating from smaller premises elsewhere in London.
- 10.3 The delivery of the proposed accommodation will, when viewed in the wider context of the proposals, see the delivery of SME space, coupled with a wider mixed use development, providing retail space at ground floor, and housing above ground floor within a sympathetic design.
- 10.4 This assessment presents a review of the proposed development against relevant development plan policy, and in the context of other material considerations, including the previous refusal for the conversion and extension of the site. The application proposals build on this previous refusal, responding specifically to these by creating high quality office and retail space to add to the vibrancy of the area.
- 10.5 This assessment demonstrates that the proposed floorspace not only complies with relevant development plan tests in respect of the minor quantitative reduction in floorspace, but supports a major policy objective by bringing back into use a key brownfield site via the creation of SME floorspace.



DOCUMENT 1

APPEAL DECISION REF. APP/X5210/A/13/2198656, DATED 21 NOVEMBER 2013



Appeal Decision

Hearing held on 8 October 2013

Site visit made on 8 October 2013

by Ron Boyd BSc (Hons) MICE

an Inspector appointed by the Secretary of State for Communities and Local Government

Decision date: 21 November 2013

Appeal Ref: APP/X5210/A/13/2198656

61-65 Charlotte Street, London W1T 4PF

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant planning permission.
 - The appeal is made by Charlotte Investment Holdings Ltd against the decision of the Council of the London Borough of Camden.
 - The application Ref 2013/0014/P, dated 19 December 2012, was refused by notice dated 7 March 2013.
 - The development proposed is described as 'Creation of retail unit for composite A1/A3 use (Sui Generis) at ground floor level of Nos. 61 and 63 and basement level of Nos. 61, 63 and 65 Charlotte Street; three residential units (2 x 2 bed and 1 x 3 bed) on the upper floors of Nos 61 and 63; new residential entrance at 61. External alterations including new shopfronts to Nos. 61-65; flat roof to existing patio area, gangway platform and handrail, exhaust duct, and plant to rear'.
-

Decision

1. I dismiss the appeal.

Procedural matters

2. There are minor differences in the descriptions of the proposed development as variously contained on the application form, the Decision Notice and the Statement of Common Ground. That in the heading above is as on the Decision Notice. I consider it to be the most appropriate and it is acceptable to both parties.
3. The appellants have submitted a completed Agreement under the provisions of Section 106 of the Town and Country Planning Act 1990. However, as I have decided to dismiss the appeal on matters which would not be overcome by the Agreement I shall not comment further on it.

Main issues

4. I consider these to be:
 - Whether the proposed loss of employment floorspace can be justified having regard to (a) development plan policies concerning the retention of land and buildings suitable for continued business use, and (b) the effect of such loss on economic activity and employment opportunities within the Borough, particularly in respect of small and medium sized enterprises (SMEs); and
 - whether the proposed dining/restaurant facility would be harmful to the character of the surrounding area.

Reasons

5. The appeal site comprises three terraced properties, Nos. 61-65, within the Charlotte Street Conservation Area on the western side of Charlotte Street between its junctions with Tottenham Street and Goodge Street. Each has four storeys with No. 61 also having an extensive basement which extends under all three properties. No. 61 is a vacant office (Use Class B1 (a)) on all floors. No. 63 previously operated as a hairdressers on the ground floor (Use Class A1) with offices on the two upper floors. A brand-building / film-production company (Magic Light Pictures Ltd) currently occupies the first floor but otherwise this building is also vacant, as is the ground floor of No.65, (Use Class A1) previously occupied by a café. The upper floors of No. 65 are in residential occupation, and other than in respect of the provision of a new shop front as mentioned below, No. 65 does not form part of the application.
6. The proposal is that the upper floors of Nos. 61 and 63 be linked by means of openings in the party wall between the two buildings to provide a residential unit on each of the three combined floors – two-bedroom units on the first and second floors and a three-bedroom unit on the third. On the ground floor retail units would be provided for the sale and display of food and drink produce – a bakery, a green grocer and dry goods are indicated on the submitted drawings. Nos. 61 and 63 would be linked internally by a double-door-width opening within the party wall to provide a combined net retail sales area of some 213 sqm. No internal works to the former café at No. 65 are included in the proposal. This would remain as a separate small retail unit. However, external works in the form of new shop fronts to all three ground-floor units would be carried out, giving the appearance of three separate shops notwithstanding the internal linking of Nos. 61 and 63. The basement would be a composite A1/A3 use with 91sqm of net retail sales area (wine and cheese indicated) and up to 183 sqm of restaurant/dining area to provide a maximum of 67 covers. This Class A3 facility would not function as a separate entity - only as part of the overall A1/A3 composite use. An additional entrance at the southern end of the street frontage of No. 61 would be created to provide access from Charlotte Street to the residential units.

Loss of employment space

7. In terms of gross internal area the proposal would result in the loss of 837 sqm of existing office floor space of which 317 sqm would be from the basement area, 172 sqm from the ground floor of No. 61, and the remainder from the upper floors of Nos. 61 and 63.
8. Policy CS8 of the Council's Core Strategy 2010 seeks to ensure a strong economy in Camden by, amongst other things, safeguarding existing employment sites, with the expectation that the mix of employment facilities in the Borough will include those suitable for small and medium sized enterprises (SMEs). Policy DP13 of the Council's Development Policies states that proposals for a change to a non-business use will be resisted unless it can be demonstrated that the site is no longer suitable for its existing business use and there is no possibility of an alternative business use.
9. There is no suggestion that any business use other than offices would be appropriate for the appeal premises and I accept this to be so. In such a situation Policy DP13 explains that where a change of use has been justified the Council may allow a change to permanent residential uses. The Council's

Supplementary Planning Guidance (CPG5), paragraphs 6.3-6.5, identifies situations where this may be allowed and sets out considerations the Council would take into account in assessing applications for such a change of use from offices to a non-business use. The emerging Fitzrovia Action Plan echoes this flexible approach, particularly in the case of vacant premises originally designed as housing. However the Council's aim of ensuring that the stock of business premises is not reduced in a way that would harm business growth in general, and particularly the birth and growth of SMEs, is clearly stated, together with the recognition that relatively un-modernised premises are often the most attractive to small businesses due to their character, low cost and ease of subdivision.

10. Physical layout and condition, both existing, and that which could reasonable be achieved, are amongst relevant indicators of whether business-use premises would be suitable for a continuation of such use. The level of demand for the present use would inform an assessment of the degree of harm likely to be caused by its cessation and thus the extent of any economic reasons against such a course of action.
11. Having viewed the basement area with its complex physical layout and poor provision of natural light I consider this to be sufficient demonstration that the area is not suitable for continued office use. Accordingly, its loss would not be harmful to economic activity in Camden. I concur with the Council's Officers' Report that in this instance marketing evidence is unnecessary. I conclude that a change of use is justified.
12. The ground floor of No.61 also suffers from poor natural light and to my mind offers an unsatisfactory standard of office accommodation. As estimated by the appellants, and not disputed by the Council, the proposed conversion to retail use would be likely to provide a greater level of employment. The replacement of the present inactive office façade by a retail unit would be more in keeping with, and an enhancement of, the character of the area. I conclude that the above considerations are sufficient to justify the loss of this existing office floorspace.
13. The upper floors of Nos. 61 and 63 broadly retain the layouts of the domestic residences they originally were and are somewhat tired in appearance. Nevertheless, they comprise practically sized rooms with good levels of natural light. The occupation of the first floor of No. 63 by Magic Light Pictures indicates they are capable of providing suitable accommodation for those SMEs requiring such a basic standard of provision, and that there is some demand for such provision. Whilst the Company has arranged to move out in December, discussion with the on-site personnel gave no indication that the move was prompted through dissatisfaction with their current premises. In the light of the above I conclude that it has not been satisfactorily demonstrated that the floorspace is no longer suitable for continued office use.
14. The appeal site lies within the Central Activities Zone (CAZ), an area covering the City of London and parts of neighbouring Boroughs which is identified in the London Plan 2011 as a unique area containing a cluster of nationally and internationally important activities, including the largest concentration of London's financial and business services. The CAZ has been exempted from the recent amendment to the General Permitted Development Order which, for a three year period from May 2013, allows a change of use from office to residential (Use Class C3) without the need for planning permission.

15. The Council is concerned that the temporary ease of conversion of office space to residential outside the CAZ could lead to an overall shortage of employment space within the Borough (contrary to earlier projections of demand for such space being met, stated in the Council's Core Strategy). It contends that this possibility, together with the status accorded to the CAZ by virtue of the exemption, heightens the need to preserve employment floorspace within the CAZ.
16. The Council has advised of an increase in change-of-use development outside the CAZ since May 2013 but this does not amount to conclusive statistical evidence to support the concern of the likelihood of a future overall shortage. To my mind the consideration of change-of-use applications in the light of development plan policy and relevant material considerations provides appropriate protection of employment space within the CAZ. Development plan policies are framed to ensure the retention of employment space which remains suitable for continued employment use. A satisfactory demonstration that this is no longer the case is required to support applications for a change of use and, as I have concluded above, this has not been provided. Whether, notwithstanding the absence of such a demonstration, the loss of the employment space can be justified in the light of relevant material considerations, requires the harm caused by the loss to be identified.
17. In assessing whether, or to what extent, the loss of the facility would be harmful to the economy or employment in the Borough, evidence of the extent of demand for it is necessary. Such evidence is one of the CPG5 considerations and the guidance explains that where it would be difficult to make an assessment using the listed considerations the Council may ask for additional information in the form of a marketing assessment.
18. In putting the case for the proposed conversion to residential units the appellants assessed the proposal against the considerations listed in CPG5. The appellants point out that the premises do not include features required by tenants requiring modern office accommodation. They contend that significant investment would be required to bring the facility up to modern standards, which would not be justified by the level of rent that could subsequently be charged for what would still remain B grade office space.
19. Also that there is a significant existing supply of alternative B grade office floorspace within the area and that the premises would not meet the general demand of SMEs for short-lease, serviced, office accommodation, of which there is also a competitive supply within the area. An opinion supporting these claims has been submitted by RIB Property Consultants and details of office accommodation available in the area as at December 2012 and August 2013 have been provided. However there has been no testing of demand for the appeal premises by any marketing of the office space.
20. In this case, in the light of my conclusion above, I consider that evidence from some marketing of the office space to be necessary to identify the extent of demand and thus the strength of any economic argument against a change of use. It would inform an assessment of whether the loss of the office space could be justified through weighing the effect of such loss against such relevant material considerations including the Council's aim of maximising the supply of additional housing. The submitted claims regarding demand and the lists of alternative accommodation available, whilst establishing that there is other office accommodation available in the area, do not establish that there is no

commercial demand for the office space offered by the appeal premises. They do not amount to a satisfactory substitute for evidence from the premises being marketed, and no marketing has been carried out. Accordingly, I conclude that a convincing case to justify the proposal, notwithstanding the lack of a satisfactory demonstration that the upper floorspace is no longer suitable for continued office use, has been made.

21. The requirements of Policy DP13 have not been met and it has not been demonstrated that there is no reasonable prospect of the continued use of this floorspace for the allocated employment use of Class B1 (a) offices. The circumstances are thus not those referred to in Paragraph 22 of the Government's National Planning Policy Framework that would support consideration of alternative uses. Accordingly, and having taken the advice in paragraph 51 of the Framework into account, I conclude that conversion of the upper floor offices to residential use has not been justified.

The Class A3 use dining/restaurant facility

22. The Council considers the Class A3 use proposed for the basement would result in an intensification of food and drink use detrimental to the character of the area. The surrounding area is generally characterised by a mix of development including retail premises, cafes, restaurants and offices at ground floor with offices or residential accommodation above. The frontage containing the appeal properties comprises Nos. 53-69. The nine individual ground floor frontages appear to be used as an office; a café; a restaurant; a retail unit; an A1 frontage leading to a ground floor and basement restaurant; and four vacant units of which two previously operated as cafés, one as a hairdressers and one as an office.
23. The proposed A3 development in the basement would have no physical effect on the frontage but would be likely to increase footfall through the proposed ground floor A1 retail units at Nos 61 and 63 through which access to the basement would be gained. A condition that the A3 use should be limited to the hours of noon to 22:00 hours Mondays to Saturdays and noon to 18:00 on Sundays and Bank Holidays would be acceptable to both parties. As stated in the Council's Supplementary Planning Document '*Revised Planning Guidance for Central London – Food, Drink and Entertainment, Specialist and Retail Uses*' (RPGCL) this means no customers on the premises beyond the closing times. Subject to compliance with such a condition I consider there would be no unacceptable effect from the A3 use upon the character or appearance of the surrounding area as perceived from the public realm.
24. The appellants explained that the aim was to operate in a similar manner to 'The Natural Kitchen' or 'La Fromagerie' in neighbouring Marylebone. Both comprise a mix of food-related A1 retail and A3 uses and focus on day-time and early-evening operation.
25. To the rear of the buildings the A3 use would not alter the bulk of the building and the proposed rationalisation of extraction and ventilation plant would improve the appearance of the rear elevation. The proposed use of obscured double glazing to the basement roof and the imposition of conditions regarding noise levels would avoid unacceptable intrusion to the detriment of the character of the area viewed from neighbouring dwellings.

26. Notwithstanding that it would introduce additional food and drink use into this length of Charlotte Street I conclude that the A3 use as proposed would not be detrimental to the character of its surroundings. It would preserve the character and appearance of the Conservation Area by leaving it unharmed. As such I consider it would qualify as an exception to the general guidance in the RPGCL that such uses be limited to 100 sqm. As to the reference in paragraph 9.12 of the RPGCL to a maximum of 25% of units in a frontage being for food drink or entertainment uses, Appendix C of the document makes it clear that this only refers to ground floor uses.

Conclusion

27. I have taken into account all the matters raised in the evidence, including that an appeal in respect of a change of use of the front part of the ground floor premises of No. 67 Charlotte Street from A1 to A3 has recently been dismissed. Every appeal should be determined on its individual merits. However, I note that there are some differences between the proposal the subject of that appeal (APP/X5210/A/12/2185792) and the one before me. The Inspector for the previous appeal concluded that the proposed change of use would detract from the mixed use character of the area through the loss of a retail use and an increase in restaurant activity. The increase in restaurant activity would be at ground floor level with the entire ground floor of No. 67 given over to A3 use. In contrast, the proposal the subject of this appeal would add an A1 unit to the Charlotte Street frontage, a positive contribution to the mixed-use character of the area. The A3 use would be contained to the basement, where it would only operate in conjunction with further A1 use. I consider these differences sufficient to preclude the two cases being considered as directly comparable.
28. However, whilst I have found that the proposed A3 use would not be harmful to the character of the area neither this, nor any of the other considerations raised in the evidence, is sufficient to outweigh my conclusion, that the proposed change of use of the upper floor offices of Nos.61 and 63 to residential use has not been justified. For this reason I conclude that the appeal should fail.

R.T.Boyd

Inspector

APPEARANCES

FOR THE APPELLANT:

Mr S Robinson	Executive Director and Head of Planning - CBRE
Mr N Belsten BSc (Hons) MRICS	Director – London Planning - CBRE
Ms S Parkinson	Associate Director - CBRE
Ms A Lee M Arch Msc	Assistant Planner - CBRE

FOR THE LOCAL PLANNING AUTHORITY:

Ms E Heavey	Planning Officer
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INTERESTED PERSONS:

Mr M Neufeld	Secretary - Charlotte Street Association
Mr L Rees	Fitzrovia Neighbourhood Association
Mrs N Shapiro	Neighbouring resident
Mr M Thompson	

DOCUMENTS

- 1 Clarification of correct drawings
- 2 Correct drawings with Schedule`
- 3 Existing and proposed sections
- 4 Charlotte Street Area Office Availability
- 5 Fitzrovia Area Action Plan – track changed version September 2013
- 6 Plan of local residential and Class A3 use
- 7 Unsigned S 106 Agreement
- 8 Location of similar combined A1/A3 use
- 9 PD rights commercial to residential – Mayor of London exemption request
- 10 Charlotte Street Conservation Area Appraisal and Management Plan
- 11 Camden Employment Land Review – Final Report June 2008
- 12 Extract from Kings Cross planning obligation re provision of small business space
- 13 Wording to define permitted business operating times
- 14 PD rights commercial to residential – Camden’s exemption request
- 15 CD – recording of Development Control Committee 28 Feb 2013- submitted 10 October 2013
- 16 Signed and dated S106 Agreement – submitted 17 October 2013



DOCUMENT 2

CAMDEN DEVELOPMENT MANAGEMENT POLICY DP13

DP13. Employment premises and sites

- 13.1 Having a range of sites and premises across the borough to suit the different needs of businesses for space, location and accessibility is vital to maintaining and developing Camden's economy. An increase in the number and diversity of employment opportunities is fundamental to improving the competitiveness of Camden and of London. The Council wants to encourage the development of a broad economic base in the borough to help meet the varied employment needs, skills and qualifications of Camden's workforce.
- 13.2 Camden Core Strategy Policy CS8 – *Promoting a successful and inclusive Camden economy* sets out our overall strategy for Camden's economy. It aims to make sure that the borough's economy will be stronger and more diverse while helping more residents to have the skills, education and training to take up local job opportunities and bridge Camden's skills gap. It identifies the locations for major office development, protects Camden's main Industry Area and industrial premises, as well as supporting business growth and employment initiatives and encouraging training schemes. Policy DP13 supports the delivery of the Core Strategy by ensuring that sufficient sites are retained to enable a variety of commercial and industrial business to find premises and continue to operate. It is therefore important to refer to Core Strategy policy CS8 alongside this policy.

DP POLICY

DP13 – Employment premises and sites

The Council will retain land and buildings that are suitable for continued business use and will resist a change to non-business unless:

- a) it can be demonstrated to the Council's satisfaction that a site or building is no longer suitable for its existing business use; and
- b) there is evidence that the possibility of retaining, reusing or redeveloping the site or building for similar or alternative business use has been fully explored over an appropriate period of time.

Where a change of use has been justified to the Council's satisfaction, we will seek to maintain some business use on site, with a higher priority for retaining flexible space that is suitable for a variety of business uses.

When it can be demonstrated that a site is not suitable for any business use other than B1(a) offices, the Council may allow a change to permanent residential uses or community uses, except in Hatton Garden where we will expect mixed use developments that include light industrial premises suitable for use as jewellery workshops.

Where premises or sites are suitable for continued business use, the Council will consider redevelopment proposals for mixed use schemes provided that:

- c) the level of employment floorspace is maintained or increased;
- d) they include other priority uses, such as housing and affordable housing;
- e) premises suitable for new, small or medium enterprises are provided;
- f) floorspace suitable for either light industrial, industry or warehousing uses is re-provided where the site has been used for these uses or for offices in premises that are suitable for other business uses;
- g) the proposed non-employment uses will not prejudice continued industrial use in the surrounding area.

The Council will support the provision of live/work premises provided they do not:

- h) result in the loss of any permanent residential units; or
- i) result in the loss of sites in business or employment use where there is potential for that use to continue.

- 13.3 When assessing proposals that involve the loss of a business use we will consider whether there is potential for that use to continue, taking into account whether the site:
- is located in or adjacent to the Industry Area, or other locations suitable for large scale general industry and warehousing;
 - is in a location suitable for a mix of uses including light industry and local distribution warehousing;
 - is easily accessible to the Transport for London Road Network and/or London Distributor Roads;
 - is, or will be, accessible by means other than the car and has the potential to be serviced by rail or water;
 - has adequate on-site vehicle space for servicing;
 - is well related to nearby land uses;
 - is in a reasonable condition to allow the use to continue;
 - is near to other industry and warehousing, noise/vibration generating uses, pollution and hazards;
 - provides a range of unit sizes, particularly those suitable for small businesses (under 100sqm).
- 13.4 Where it is proposed to redevelop employment land for another business use, including offices, the Council will seek to retain physical features that will enable the flexible use of the premises for a range of business purposes. This will help to maintain the range of employment premises available and is especially important given the limited supply of non-office premises. The typical design features that enable flexible use are:
- clear and flexible space with few supporting columns;
 - adequate floor to ceiling heights;
 - wide doors/corridors;
 - loading facilities;
 - large amounts of natural light;
 - availability of a range of units sizes; and
 - space for servicing by/parking of commercial vehicles.
- More information on the demand for different types and specification of business premises can be found in Camden Planning Guidance.
- 13.5 In addition to the considerations above, where a change of use to a non-business use is proposed, the applicant must demonstrate to the Council's satisfaction that there is no realistic prospect of demand to use the site for an employment use. The applicant must submit evidence of a thorough marketing exercise, sustained over at least two years. The property should be marketed at realistic prices, include a consideration of alternative business uses and layouts and marketing strategies, including management of the space by specialist third party providers. More information on our approach to changes of use involving employment sites and premises can be found in Camden Planning Guidance.
- 13.6 Where premises or sites are suitable for continued business use, the Council will consider redevelopment schemes which maintain the employment floorspace and provide other priority uses, such as housing. The re-provision of employment floorspace should be able to accommodate a range of business types and sizes (e.g. new businesses, small and medium sized enterprises¹ (SMEs) and creative businesses). Applicants must demonstrate to the Council's satisfaction that the commercial element is appropriate to meet the likely needs of the end user. The provision of inappropriate business space (e.g. inappropriate floor to ceiling height or poor access arrangements) will not be acceptable as this often fails to attract an occupier, which can lead to vacancy. Clear separation of the residential element and effective management of the business space will also be important. This is in line with the approach to flexible and affordable workspace that is taken in the Core Strategy policy CS8 – *Promoting a successful and inclusive Camden economy*. Further information on new workspace can be found in Camden Planning Guidance.

REFERENCES

¹ SMEs are business employing less than 50 people (small) and or less than 250 (medium) (ref: European Commission Recommendation 2003/361/EC: SME Definition)



Hatton Garden

- 13.7 In the Hatton Garden area, the conversion of office premises will only be permitted where it can be demonstrated that they have been vacant and marketed for at least two years (see para 13.5 above) and they are replaced by a mixed use development that includes light industrial premises suitable for use as jewellery workshops and residential uses, where appropriate. We will use planning obligations and conditions to ensure that premises are suitable for jewellery uses in terms of design, layout and affordability.
- 13.8 Where proposals would increase total gross floorspace by more than 200 sq m, we will seek to negotiate up to 50% of the additional floorspace as affordable premises suitable for the jewellery sector and housing, in accordance with policy DP1 on mixed use development. When the provision of workspace is not possible due to the nature of the site or the development, we will seek a financial contribution towards support for the jewellery industry. The requirement to provide workspace will be determined by the supply of such space in the area. Where considered appropriate, contributions towards training and support activities for industry in Hatton Garden may be sought in lieu of workshop provision. The level of contribution will be related to the area of workspace that would otherwise have been expected.

Live/work premises

- 13.9 It is recognised that combined live/work units can provide a valuable contribution to the range of business premises and may enable certain sites to remain in employment use. The Council will allow live/work developments where they do not result in the loss of sites that are suitable for continued business use or where they would involve the loss of permanent housing. The circumstances where continued business use would be required are detailed above in para 13.3. Planning conditions or obligations will be used to secure an element of workspace within live/work premises to ensure that a suitable working environment is provided and retained. Live/work units will be treated in the same way as housing for the operation of all other policies in this document and Camden's Core Strategy, including those on the provision of affordable housing and parking.
- 13.10 Developments of multiple live/work units will require careful management to ensure that they can become economically successful. Management could be provided by a housing association, a business support enterprise, academic/research institution or a private management company. Applicants should provide details of management arrangements for proposed live/work premises.

Definitions

13.11 Throughout this section the terms ‘business’ and ‘employment’ are used to refer collectively to the following uses:

- offices, research and development, and light industry (Use Class B1);
- general industrial uses (Use Class B2);
- storage and distribution (warehousing) (Use Class B8);
- other unclassified uses of similar nature to those above, such as depots or live/work (classed as sui generis).

Key evidence and references

- Camden Employment Land Review 2008
- Camden Business Survey (within the Employment Land Demand Study) 2004
- Camden Jewellery Sector Investment Plan 2005
- Camden Economic Development Strategy 2009
- Demand for premises of London’s SMEs; LDA 2006
- European Commission Recommendation 2003/361/EC: SME Definition
- Industrial Capacity Supplementary Planning Guidance to the London Plan; March 2008
- Planning Policy Statement (PPS) 4 – Planning for Sustainable Economic Growth; CLG; 2009





DOCUMENT 3

KNIGHT FRANK ADVICE NOTE, MARCH 2015



Katherine McCullough
Merchant Land Investments Limited
66 Leaman Street
London
E1 8EU

20th March 2015

Dear Katherine

61 and 63 Charlotte Street, London W1

I refer to your instructions to carry out a review of the existing office space at the above property, for the purpose of your forthcoming Planning Application.

1. Company Background

Knight Frank is the leading independent, global real estate consultancy providing an integrated prime commercial and residential offering. On a daily basis we advise clients ranging from individual private investors and homeowners to major developers, institutions and occupiers. This broad client base provides us with an unrivalled view of the property market and allows us to provide our clients with advice which is tailor made to their requirements.

I am a Chartered Surveyor with over seven years industry experience in Central London and I specialise in London's West End office market as an office leasing agent.

Market Commentary

West End Background

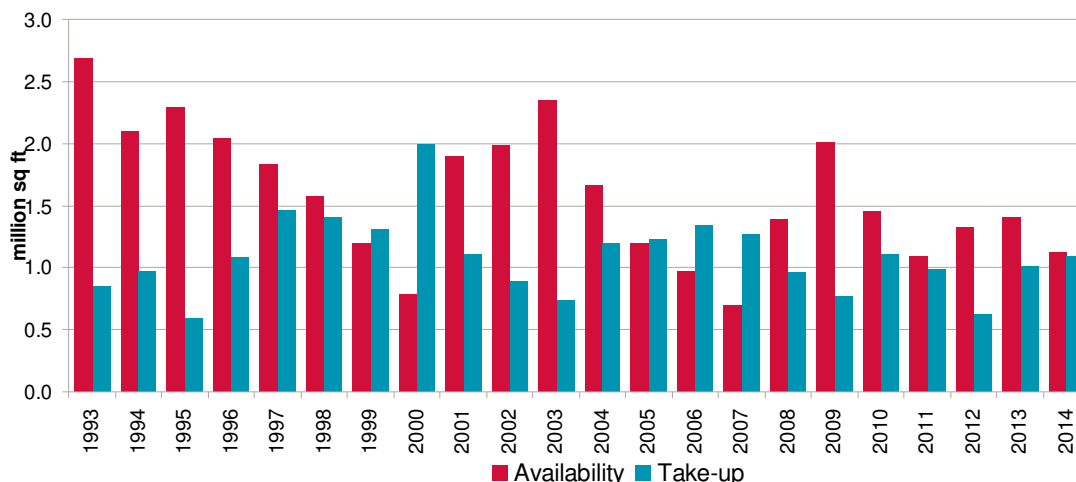
The West End office market comprises around 90 m sq ft of office stock and covers the area from Hammersmith in the west to Kingsway in the east, and Camden in the north to the River in the south. The prime area for offices within this market is the Core, including Mayfair, where during the last cycle headline rents reached £110.00 per sq ft – the highest in the world at the time. Offices in Mayfair tend to be smaller in size than in surrounding submarkets due to planning regulations restricting large-scale development, however much of the stock has been redeveloped behind retained facades and is of good quality. When larger developments have been brought to the market, they have tended to perform well, generating competition amongst occupiers.

The occupier base in the Core ranges from multi-national corporate headquarters operations to niche financial businesses. The West End Core has, in the past, attracted occupiers at the forefront of new business innovation from private equity in the late 1980's, to dot.com businesses in the early 2000's and more recently, hedge funds and specialist financial firms along with natural resources firms.

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West End Core Market Balance



Moving outwards from the Core, rental levels generally begin to fall away and the nature of both stock and occupiers changes. Each West End submarket has traditionally been associated with its own occupier types, and this clustering effect is still a very important factor influencing many businesses' decisions to relocate.

Demand

Take-up in the West End increased by 10% in the final quarter of 2014 from just under 1.4 m sq ft in Q3 to 1.5 m sq ft. This brought the total take-up for 2014 to 5.4 m sq ft, the highest level since 2007 and 14% above the long-term average. Furthermore, there was an increase of 83% in the number of deals over 50,000 sq ft year-on-year. Active searches rose by 18% during Q4, with a year-end figure of 1.5 m sq ft, just below the long-term average of 1.7 m sq ft.

There was an increase in take-up in five of the six sub-markets during 2014, with significant growth in Paddington and Victoria. The largest deal of the year was Google's acquisition of the entire building totalling circa 350,000 sq ft at 6 Pancras Square, albeit in two transactions. There were two other transactions over 100,000 sq ft during the year including; Havas Media taking 160,000 sq ft at 3 Pancras Square and Estée Lauder completing its deal at 1 Fitzroy Place totalling 143,000 sq ft.

Supply

Availability in the West End fell by just over 2% quarter-on-quarter during the final quarter of 2014, as supply fell from 4.2 m sq ft to 4.1 m sq ft. However, levels are nearly 12% lower than the same quarter in 2013. The current vacancy rate is now 4.4%, the lowest level in seven years. The vacancy rate fell in four of the six sub-markets with a notable drop in Victoria, where levels are just 1.6%. Supply of new and refurbished space totalled 1.3 m sq ft, the lowest level since Q3 2013. Furthermore, there were just eight units offering over 50,000 sq ft of new and refurbished stock available across the whole West End market.



The volume of space under construction speculatively increased from 1.9 m sq ft in Q3 to 2.6 m sq ft in Q4, as schemes such as Verde, SW1 and Rathbone Square, W1 commenced on site. There is 1.7 m sq ft under construction which is due to be delivered in 2015, although 31% has already been pre-let. During 2014, 1.0 m sq ft of new and refurbished space was delivered to the market.

Rental profile

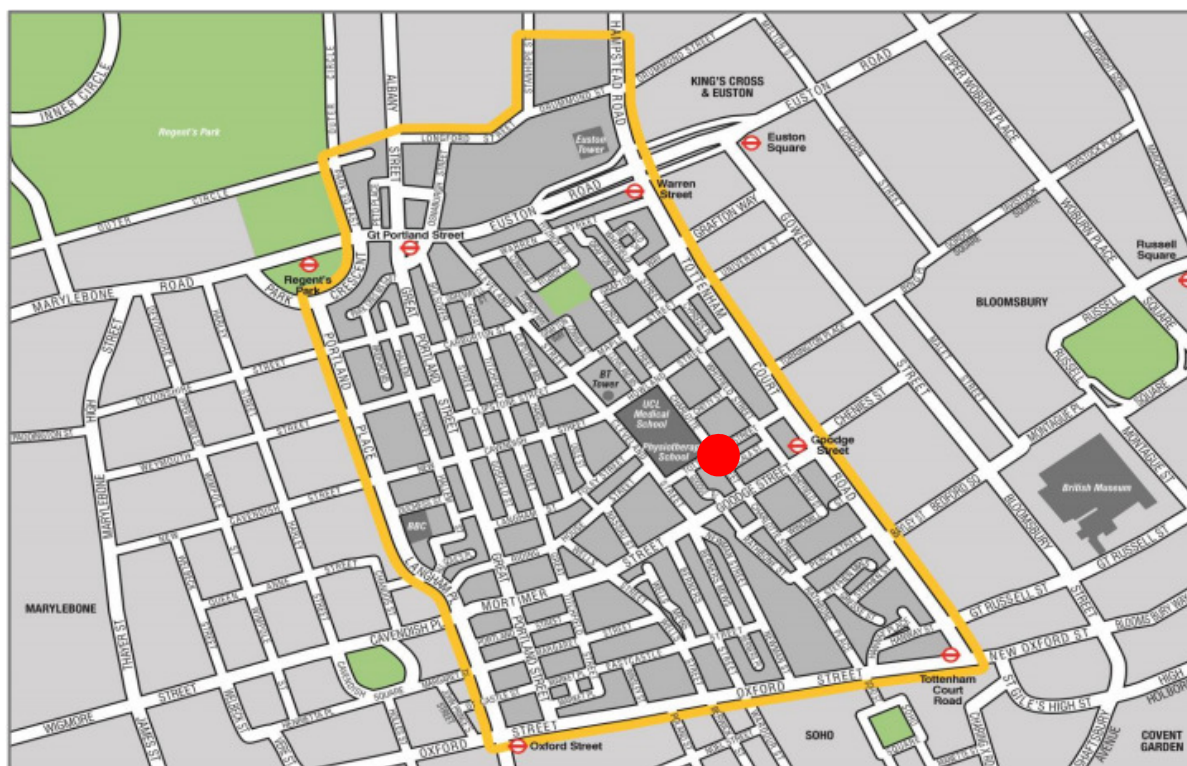
The prime headline rent rose for the fourth consecutive quarter in the West End Core, increasing from £105.00 per sq ft to £107.50 sq ft during the final quarter of 2014. Rent free periods remained at 16 months on a 10-year term certain in the prime Core market.

There have been a number of transactions in the Core which achieved in excess of the prime rent, including 33 Davies Street, W1 and 23 King Street, SW1. A further 7.0% growth in headline rents is forecast over the next 12 months.

Fitzrovia market

The Fitzrovia office market forms part of the larger Noho market and is dominated by occupiers in the 2,000 – 5,000 sq ft size range i.e. the small to medium sized office business's market. The Noho submarket consists of 652 office buildings totalling 10,711,423 Sq Ft. The below map shows the extent of what is defined as the Noho market and the location of 61 Charlotte Street for reference:

Noho Market Map





Our research shows take up of units greater than 5,000 Sq Ft in Fitzrovia over the last 5 years has been rare, with demand focused on smaller units.

When larger deals have been done, they have been for space takes of considerably larger units than the units of 2,500 to 5,000 sq ft that dominate the market. The below table details the most notable leasing deals by size over the past two years:

Notable Leasing Deals 2013 - 2015

Address	Tenant	Space (SF)	Rent (/SF)	Date
1 Fitzroy Place, Mortimer St	Estee Lauder Cosmetics Ltd	152,424	N/A	19-May-14
North East Quadrant, 10 Brock St	Facebook	87,719	£62.50	02-Oct-13
Henry Wood House, 3-7 Langham Pl	The Office Group Ltd	70,499	£35.00	29-Apr-14
Regents Place, 20 Triton St	Aegis Group plc	31,129	£56.50	01-Jan-14
UK House, 2A Great Titchfield St	Microsoft	31,000	£65.00	29-Aug-13
Charlotte House, 11-14 Windmill St	The Mill	28,229	£58.70	01-Nov-13
UK House, 2A Great Titchfield St	Essence Digital Ltd	27,000	£65.00	29-Aug-13
1-2 Stephen St	Freud Ltd	25,300	£65.00	01-Oct-14

The vacancy rate at the end of 2014 Q4 was 3.7% with an average asking rent of £55.92 per sq ft.

Appendix I provides a more in depth market commentary on the wider Noho / Soho / Bloomsbury office market.

Appendix II shows the availability of office units in the market. It shows that whilst demand is strong there is also a good supply of units between 1,000 and 5,000 sq ft. Therefore the loss of space of approximately 1,700 sq ft as proposed in your refurbishment plans of 61 Charlotte Street will not impact the availability of stock to any noticeable or detrimental extent in our opinion.

Target tenants

Central London office occupiers will always gravitate towards areas where their clients and competitors are based. This clustering effect has become even more pronounced with the recent expansion of the TMT sector (Technology, Media and Telecoms), where there is a particularly strong collaborative culture. The Soho, Covent Garden and Fitzrovia office markets have long been dominated by those in the creative industries and with the expansion of this sector, areas such as Kings Cross, Victoria, Paddington, Shoreditch, Clerkenwell, Camden and the City are also attracting more TMT occupiers due to cost profile.



2. Appraisal of existing space

The existing office accommodation is split over Lower Ground, Ground, First, Second and Third floors. The Lower Ground and Ground floors are accessed by two staircases at 61 Charlotte Street. The First, Second and Third floor office space is accessed by a staircase leading from the Ground floor of 63 Charlotte Street.

The subject property is unlikely to find an occupier in any reasonable time period as this type of accommodation does not fulfil the requirements of modern businesses of any size because of its current condition and fragmented layout.

The building, although attractive from the outside, suffers from the following detractions:

Multiple Floors Levels

The floors are on a number of different levels and as a result the floor to ceiling heights vary dramatically. In the upper and lower ground floors, the floor to ceiling heights are not suitable for modern office occupiers as it is impossible to install raised floors for modern data and power cabling.

Complicated Cellular Layout

The Ground, Lower Ground, First, Second and Third floor office accommodation is divided by a maze of internal walls. This creates cellular space which does not lend itself to modern working practices and such a layout is unsuitable for most Fitzrovia occupiers.

Most occupiers typically require single floors or generally at most a maximum of two floors which will typically be open plan to allow sight lines and the flexibility to install partitions where they choose.

As the First, Second and Third floor office space of 61 and 63 Charlotte Street is accessed via a staircase in 63 Charlotte Street and the Lower Ground floor and Ground floor office space is accessed via a staircase in 61 Charlotte Street, it is not possible to circulate between the various office floors without exiting 61 Charlotte Street and then entering 63 Charlotte Street. The existing residential style layouts on the First, Second and Third floors would not appeal to office occupiers as they are complicated, fragmented and inappropriate for the local office market.

Obsolete Specification

The specification of the existing office space is significantly below the level required by modern office occupiers.

Modern occupiers require passenger lifts to access all office floors. The building does not benefit from any lifts which means that the building is not likely to be DDA compliant and would not be appealing to modern occupiers.

The WC provision is significantly below modern requirements and typically occupiers in this submarket will favour offices that have showers and bike storage. Although they might not always make full use of them, shower and bike storage provisions are often a 'must have' on occupiers search criteria, so buildings that fail to provide them often get dismissed at the initial shortlisting process that occupiers go through as part of their office searches.



Limited Access to Services

The data and cabling provision is not suitable for modern requirements. The Lower Ground, Ground, First, Second, Third floor accommodation suffers from a complete lack of electrical, wet and mechanical risers needed to safely and efficiently distribute essential services to the various office floors. This would severely limit any occupier's ability to install kitchen and toilet facilities required by their staff and preferred office layout.

None of the existing office floors provide raised access flooring to allow modern cabling to be distributed and accessed on the office floors. The existing lighting provision is significantly below the required Lux levels required by modern occupiers. The installation of new lighting units would be made challenging as new electrical cabling would need to be installed and any installation would be made difficult because of the lack of electrical risers and raised floors.

The floor to ceiling height is too restricted to allow the installation of a required raised access floor to provide a minimum void of 150mm.

Air Conditioning

The office accommodation on the First, Second and Third floors does not currently have air conditioning services. All modern office occupiers typically require air conditioning and the existing floor to ceiling height is too restricted to accommodate ceiling mounted air conditioned units or a suspended ceiling to encase these units.

Energy Performance

Occupiers are increasingly focussing their searches on energy efficient buildings in line with their corporate sustainability agendas but also in the pursuit of saving money on energy bills. In our view the subject building's environmental credentials will not meet modern occupiers' requirements.

It is almost entirely likely that the building's energy performance would be greater than F, which would from April 2018, make it unlawful under the proposed legislative changes under the Energy Act 2011.

The building also does not benefit from modern sound and thermal insulation.

Poor Natural Light

Our inspection focussed on the Ground and Lower Ground floors. The Lower Ground floor suffered from limited natural light due to a lack of windows and roof lights and the heavily cellularised layout prevents borrowed light from Ground floor roof lights penetrating into the accommodation. Your proposed plans for maximising natural light through the use of roof lights would create interesting space that creative and media occupiers are frequently looking for.

External Fabric

Although we did not fully inspect the entire roof, it was evident that the roof and guttering is in a very poor condition with visible evidence of leaks and previous flooding.



Arrival Experience

Access to the First, Second and Third floor office accommodation at 61 and 63 Charlotte Street is provided by a staircase accessed from 63 Charlotte Street. Ground floor access to this staircase is provided by a small entrance hall that would have originally been designed as a residential entrance hallway. The dimensions of this hallway are too narrow to be used as an office reception area as occupiers would not be able to install a reception desk, which is typically required by all modern occupiers. The existing entrance hall provides an arrival experience that would dissuade tenants.

3. Recommended outline specification

Heating & Cooling

Modern occupiers expect offices to have air conditioning. The offices should be heated and cooled by an air to air heat pump system designed for a density of 1:10 per sq m. Units should generally be fixed to the soffits or beneath windows in architectural housings to suit occupiers needs and demands.

Supplementary roof mounted external units are often needed to boost the base system for individual offices / storage rooms, with local controls.

Lighting

The lighting installation should be designed to comply with the requirements of the BCO Guide and CIBSE Code of Interior Lighting, suspended LED units, with integral lighting control PIR sensors are preferable for improved energy efficiency.

WCs & Showers

WC's should be provided on both the Lower Ground and Ground floors. Shower areas should have integral changing facilities and personal lockers and should be accessible by both floors for staff choosing to cycle, run or exercise. Where space allows, modern offices frequently specify equipment and clothing drying rooms, if space allows at 61 Charlotte Street, this should be considered.

Tea Points

Capped cold water feed to designated tea point location for fit-out by tenant.

TV & Satellite Aerial Distribution

A communal, roof mounted aerial system should be provided with distribution to each floor to provide the option to connect the following services: Terrestrial UHF TV Satellite TV DAB Radio FM Radio.

IT & Data Communications

Fibre should be provided to the building and terminated at each office floor. Telecommunication intake locations should be provided to a common parts area with containment routes to riser locations. Dedicated telecoms containment tray/ basket should be provided in each electrical riser for future install of tenant communications services. Trunking containment provision from local risers distributes at high level in office areas to facilitate future install of tenant communications services.



Sustainability

Sustainability is an ever increasing priority for occupiers in part because it forms part of occupiers' Corporate Social Responsibility commitments. The following targets are expected from modern occupiers and should be given consideration:

- Achievement of EPC B rating and BREEAM Very Good, Excellent or Outstanding
- Roof mounted solar collector panels to provide hot water for the offices.
- Enhanced glazing incorporating either double glazed units or secondary glazing to increase thermal and acoustic performance
- Electronically operated roller blinds fitted to roof lights to prevent glare and reduce solar gain
- Water efficient fixtures and fittings included in sanitary areas
- LED light fittings installed in circulation and toilet areas to reduce energy consumption and improve longevity
- All timber should be sourced from sustainable sources
- Cycle storage
- Tenant shower facilities on each floor

Construction Design

The following construction design points should be considered with the relevant construction and engineering professionals:

- Consider lowering the floor slab at Lower Ground Floor level to create a level threshold and to enable the installation of a raised access floor
- Provide lift access from the upper floors to the basement
- Install a new roof
- Demolish existing partition and structural walls where possible to open floor plates up
- Remove existing Asbestos

4. Conclusion

A refurbishment of 61 Charlotte Street in line with your proposals will replace old, inefficient, heavily fragmented office space, which is not currently fit for modern occupiers or the current market demands.

The refurbished space will enable approximately 100 staff from up to two occupiers to be accommodated in modern specification office space that is currently lying derelict. Occupiers taking



this improved space would take longer leases and through the previously discussed process of clustering, are likely to attract other like-minded collaborative occupiers to the area.

I trust the above is sufficient but please do let us know if you require clarification on any of the above.

Kind regards

Sebastian Abigail

Surveyor

Sebastian.abgail@knightfrank.com

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Cc William Foster – Knight Frank



Appendix I

The Noho / Soho / Bloomsbury Office Market

Overview

This report will examine the characteristics and trends associated with the area incorporating the Noho, Soho and Bloomsbury office market. This will be referred to as the NSB market when the submarkets are not being individually referenced.

The NSB market comprises 12.0 m sq ft and is bounded by the Euston Road to the north, Southampton Row to the east, Shaftesbury Avenue to the south and Regent Street to the west. The area has traditionally been associated with media sector occupiers, particularly film, music and advertising, however more recently corporate occupiers have been choosing the area as an office location.

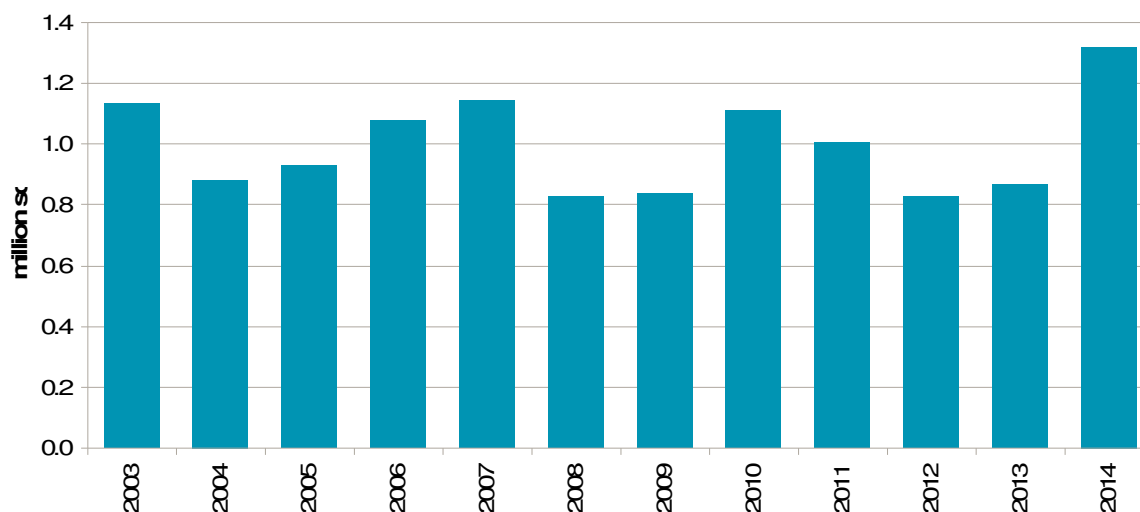
Much of the office stock is comprised of small second-hand units of varying quality, however there are a number of larger grade A units concentrated around the squares and major boundary roads of Soho and in a variety of locations in Noho and Bloomsbury.

Take-up and demand

The NSB office market felt the same effects of the recession and the global financial crisis as the wider market with take-up for 2009 totalling 837,000 sq ft, 21% below average. 2010 saw a recovery in activity, with activity in 2011 falling slightly below average. However, it must be noted that the total was boosted by large-unit transactions at 160 Great Portland Street and Air, W1. Had these transactions not signed, total take-up for 2011 would have been lower than 2009. Importantly, these buildings are located towards the western fringes of the NSB submarket, bordering the corporate Mayfair and North of Mayfair submarkets.



NSB Office Market Take-up 2003 – 2014



In 2012, take-up fell back further as the first two quarters delivered totals well below average levels. Activity recovered in the second half of the year, broadly reflecting the movement of the wider market, however only 827,000 sq ft of transactions was recorded for the year. This is the lowest annual total on record. There were no transactions in excess of 50,000 sq ft, the largest transaction being Publicis' acquisition of short-term space at 76 Oxford Street, which it will occupy while its Baker Street HQ is being refurbished.

In 2013, take-up levels began to improve with an increase of 5% during the course of the year, albeit 10% below the long-term average level. The largest deal of 2013 was at 21 Bloomsbury Street, with Sports England taking a sub-let of circa 75,000 sq ft. There was also an increase in the number of larger deals, with a total of 10 deals over 20,000 sq ft compared to just 6 in 2012. The total take-up for the year totalled circa 870,000 sq ft.

During 2014, demand reached record levels, with take-up reaching 1.3 m sq ft, 52% above the level recorded in 2013 and 33% above the long-term average. The largest deal of the year was at 1 Fitzroy Place, in which Estée Lauder took the entire building prior to completion totalling 143,000 sq ft. In



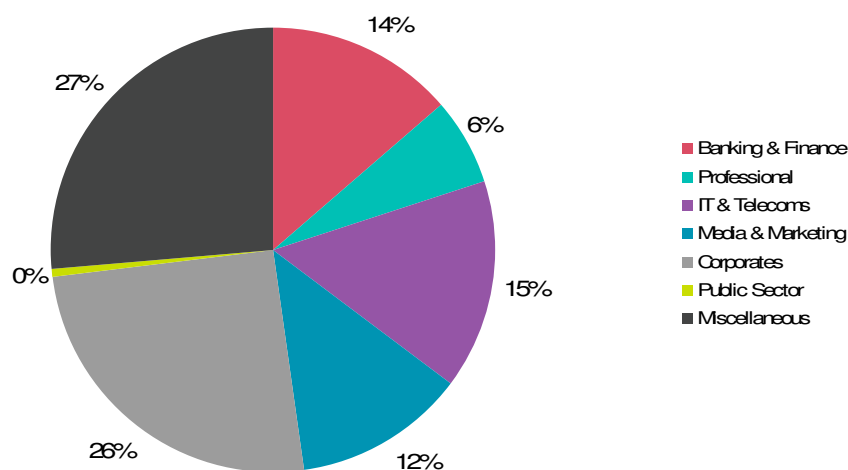
Bloomsbury, The Doctors Laboratory took 81,000 sq ft at The Halo Building during the third quarter. In Noho, Freud Communications took circa 30,000 sq ft at the recently refurbished 1 & 2 Stephen Street and The Office Group took the entire building totalling circa 70,000 sq ft at 5 Langham Place. There were four deals over 50,000 sq ft in the NSB office market during 2014 compared to just one in 2013.

Occupier profile and demand

The NSB area is home to a variety of business sectors, although by far the most dominant is the media and marketing sector. Soho is the West End's media sector hub, and companies from this sector occupy space across the submarket. The media sector is also prominent in the Noho market, with key tenants such the BBC occupying around 700,000 sq ft in Portland Place and Saatchi & Saatchi occupying around 150,000 sq ft on and around Charlotte Street.

During 2014 in the NSB market, take-up has continued to appeal to a variety of business sectors, with both the corporate and miscellaneous sectors both accounting for over half (53%) of the market share in 2014.

NSB take-up, Q1-Q4 2014



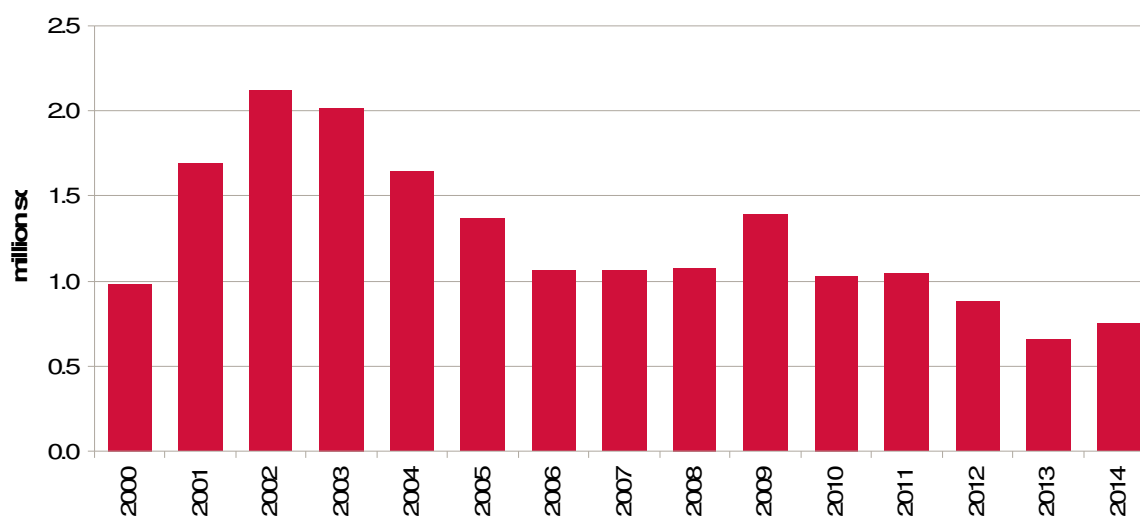


Supply and development

Availability in the NSB market is currently 750,000 sq ft, 27% below the long-term average and reflecting a vacancy rate of 6.3%. The current vacancy rate for the West End North market is currently at 3.9% and 5.6% in Bloomsbury. The vacancy rate across the wider West End market is now 4.4%, the lowest level since Q4 2007.

Whereas in previous years, the majority of the supply profile was made up of second-hand space, this has begun to shift with approximately half the currently supply made up of new and refurbished stock. The following graph shows current supply in the NSB market in its historic context:

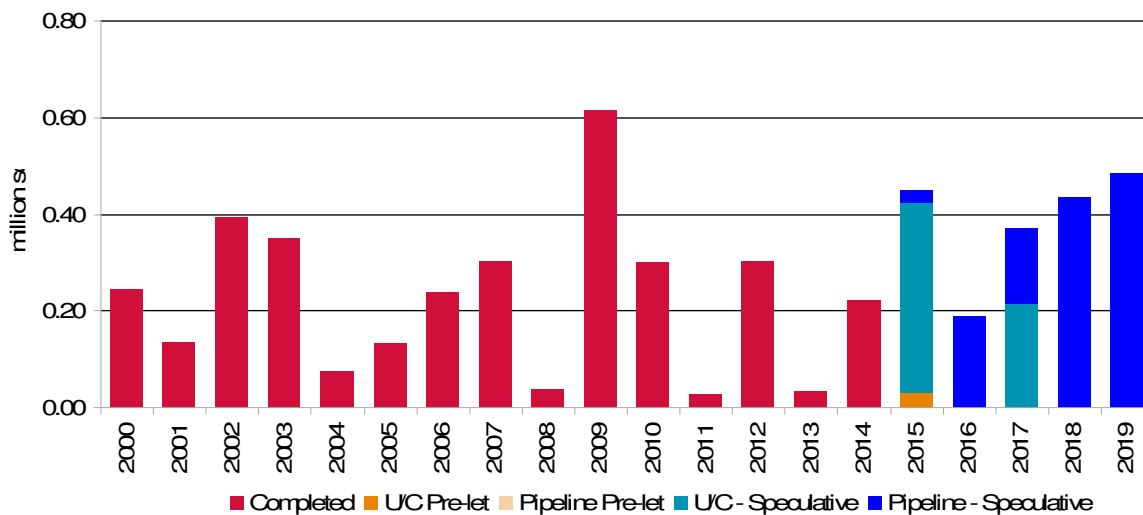
NSB Office Market Availability, 2000 – 2014



In addition, the development pipeline over the next five years suggests that the market could see significant over-supply when measured against historic take-up levels. Average annual take-up of new and refurbished space is less than 50,000 sq ft per annum, however, this is largely due to the lack of development. The development data suggests that 1.8 m sq ft of new space could be delivered in the next five years, although just 340,000 sq ft in 2015. Construction started on site at the end of 2014 for Great Portland Estates scheme at Rathbone Square, which will deliver 216,000 sq ft of new and refurbished space in 2017.



NSB Office Development Pipeline, 2000 – 2019



There are a number of schemes coming through during the next 18 months, these include:

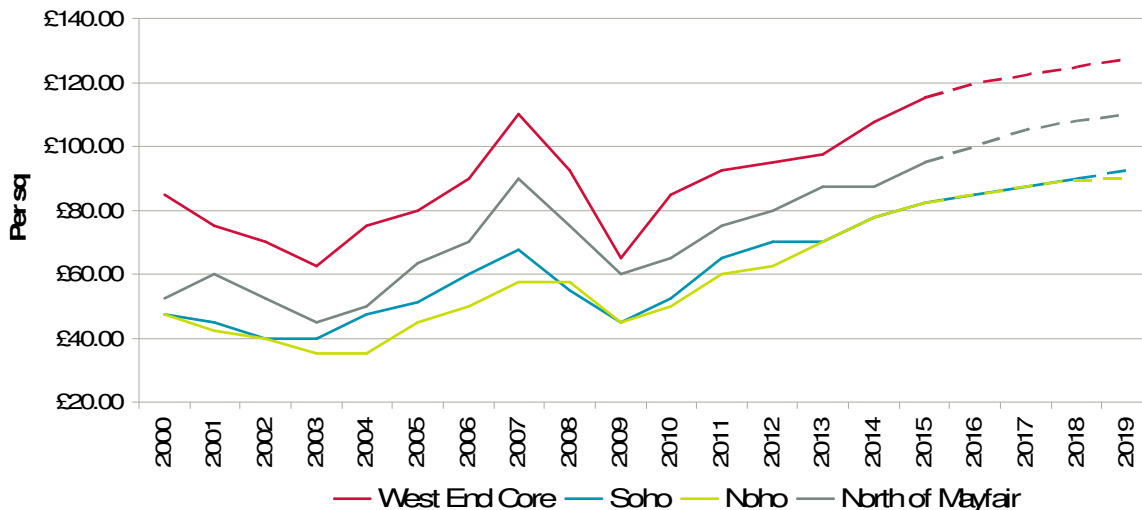
- 2 Fitzroy Place – 80,000 sq ft – Q1 2015
- Ampersand, 180 Wardour Street – 65,000 sq ft (17,000 sq ft U/O) – Q1 2015
- 10 Bloomsbury Way – 105,000 sq ft (18,169 sq ft U/O) – Q1 2015
- 77 Shaftesbury Avenue – 47,000 sq ft – Q2 2015

Rents

Prime rental levels in the Noho/Soho market are estimated to be around £77.50 per sq ft with approximately 18 months' rent free available on a ten-year term certain. The following graph shows prime headline rents in Noho, Soho and North of Mayfair plotted against the West End Core.



Prime headline rents vs WE Core



Prime headline rental movement in Noho has broadly followed the trend observed in the West End Core. Notably, Noho has traditionally experienced shallower peaks and troughs than the Core suggesting that the area may be less acutely affected by changes in market conditions.

However, prime headline rental growth in the Core is traditionally driven by financial sector tenants, for whom office rent can often be an insignificant percentage of their revenue. Over the forecast period, a large volume of office stock is likely to be lost to residential use in the Core, intensifying demand for the remaining quality office space.

In the NSB market, few of these dynamics apply. As the economy and market conditions continue to recover, tenant demand will continue to be generated across the whole market. However, in those localised areas with potential over-supply, the growth in demand may be off-set by competitive proposals from landlords.



Knight Frank prime headline rental forecasts (Feb 15)		
	West End Core	
Year Ending	per sq ft	%
2014	£107.50	10.3
2015	£115.00	7.0
2016	£120.00	4.3
2017	£122.50	2.1
2018	£125.00	2.0
2019	£127.50	2.0

Definition - Prime headline rent is best achievable “normal” headline rent on a hypothetical grade A unit of c10,000 sq ft in Mayfair / St James’s, excluding trophy buildings. The annual forecasts represent the prime headline rent at year end; the figures are nominal.

Our forecast is based on the following assumptions, highlighted on an annual basis -

2015 – At the time of writing, the consensus forecast for UK GDP growth for 2015 is 2.6%, which is in line with the level recorded in 2014. While this year will see a general election, and the situation in the Eurozone remains difficult, we are upbeat on prospects for the economy due to the sharp fall in the oil price, which will increase consumer spending power and lower costs for firms. Also, low inflation means that the Bank of England is now less likely to increase interest rates this year than was assumed last autumn. Turning to the office market, the West End now has a vacancy rate of just 4.4%, which is its lowest level since 2007, at a time when demand is rising – take-up increased by 9% in 2014.

Consequently, our forecast is that a combination of a rising economic tide and falling supply will result in an increase in prime rents.

2016 – By next year we believe that conditions will be improving in the global economy, as the Eurozone feels the benefit from its QE programme, and emerging markets move on from the commodity price shocks of 2014/2015. With its diverse tenant profile, we see this benefiting the exclusive West End Core market, whose occupier base has an increasingly international profile. We also expect by this stage in



the cycle to see more tenants in the Core encountering landlords who are unwilling to renew expiring leases as they want the space back for refurbishment. With this structural demand adding to expansion-led searches generated by a rising economic tide, we see the vacancy rate remaining low. Consequently, we are forecasting further supply constraints to push up rents.

2017 – By 2017 we would expect the development pipeline to be catching up with demand, at least for refurbishments. Nevertheless, we are predicting a further increase in the volume of expansion-led demand thanks to a rising economy. However, with rents rising above the £120 per sq ft mark in this year, affordability will become an issue for some Core tenants. We believe more occupiers will start to look at alternative markets to the core, and note the growing popularity of the North of Mayfair market in recent years with Core-type tenants.

2018 – At this stage in the cycle we expect the supply and demand dynamics in the Core to be moving into balance. On the one hand landlords are displacing tenants at expiry into the market in order to enable refurbishment, on the other hand the high rents of the Core mean that some existing tenants are bleeding off into surrounding districts. As a result we see rental growth levelling off at slow pace.

2019 – Our forecast is for the West End market to be reaching late cycle by 2019, with limited erosion of supply and take-up steady. Consequently we see the rate of growth for prime rents as levelled out at the 2.0% level, achieving a modest but not significant increase.



Appendix II

60 Bloomsbury St



Location: London Midtown Cluster
Bloomsbury Submarket
London County
London, WC1B 3QU

Building Type: ★★☆☆☆ Office

Status: Existing

Floors: 5

NIA: 2,756 SF

Typical Floor: 335 SF

Total Avail: 2,756 SF

% Leased: 100%

Developer: -
Management: -
Recorded Owner: -

Amenities: Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E BSMT	552	552	2,756	£30.84/tbd	Negotiable	Available	Negotiable	Direct
E GRND	551	551	2,756	£30.84/tbd	Negotiable	Available	Negotiable	Direct
E 1st	551	551	2,756	£30.84/tbd	Negotiable	Available	Negotiable	Direct
E 2nd	551	551	2,756	£30.84/tbd	Negotiable	Available	Negotiable	Direct
E 3rd	551	551	2,756	£30.84/tbd	Negotiable	Available	Negotiable	Direct

48-54 Charlotte St



Location: AKA 48-54 Charlotte St
 London West End Cluster
 Noho Submarket
 London County
 London, W1T 4PF

Building Type: ★★☆☆ Office

Status: Built Jan 1959, Renov 2007

Floors: 6

NIA: 21,247 SF

Typical Floor: 3,541 SF

Total Avail: 1,690 SF

% Leased: 100%

Developer: -
 Management: Avanta UK Ltd
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 5 Lighting, Conferencing Facility, Reception, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 2nd	130 - 1,690	1,690	1,690	Withheld	Negotiable	Available	Negotiable	Sublet

D'arblay House, 16 Darblay St



Location: D'arblay House
 AKA 16-16A Darblay St
 London West End Cluster
 Soho Submarket
 London County
 London, W1F 8EA

Building Type: ★★☆☆ Office

Status: Built Jul 1903

Floors: 5

NIA: 9,883 SF

Typical Floor: 1,416 SF

Total Avail: 1,289 SF

% Leased: 100%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, EPC - D, Roof Terrace

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E 4th	1,289	1,289	1,289	£72.50/tbd	Arranged	Available	Thru Apr 2019	Assignment

13-14 Dean St



Location: London West End Cluster
 Soho Submarket
 London County
 London, W1D 3RS

Building Type: ★★☆☆☆ Office

Status: Built Dec 1964

Floors: 6

NIA: 6,601 SF

Typical Floor: 1,080 SF

Total Avail: 1,000 SF

% Leased: 100%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 3rd	1,000	1,000	1,000	£11.48/tbd	Negotiable	Available	Negotiable	Direct

Devonshire House, 1 Devonshire St



Location: Devonshire House
 AKA 195 Great Portland St
 London West End Cluster
 Noho Submarket
 London County
 London, W1W 5DS

Building Type: ★★☆☆☆ Office

Status: Built Oct 1920

Floors: 8

NIA: 20,300 SF

Typical Floor: 2,537 SF

Total Avail: 1,400 SF

% Leased: 93.1%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 2 Lighting, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 1st / Suite South	1,400	1,400	1,400	£47.50/fri	Vacant	Under Offer	Negotiable	Direct

Regent's Place, 338 Euston Rd



Location: London West End Cluster
 Noho Submarket
 London County
 London, NW1 3BG

Building Type: ★★★★★ Office

Status: Built Mar 1969, Renov 2009

Floors: 18

NIA: 111,513 SF

Typical Floor: 7,198 SF

Total Avail: 5,730 SF

% Leased: 100%

Developer: -
 Management: Broadgate Estates Ltd
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 5 Lighting, EPC - E, LG7 Lighting, Raised Floor, Reception, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E 3rd	200 - 5,730	5,730	5,730	Withheld	30 Days	Available	Negotiable	Sublet

20 Great Portland St



Location: AKA 2 Margaret Ct
 London West End Cluster
 Noho Submarket
 London County
 London, W1W 8QR

Building Type: ★★☆☆☆ Office

Status: Built Feb 1906

Floors: 6

NIA: 4,715 SF

Typical Floor: 671 SF

Total Avail: 3,005 SF

% Leased: 51.1%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Category 2 Lighting, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E BSMT	1,330	1,330	1,330	£22.50/fri	Vacant	Under Offer	Negotiable	Direct

29-35 Great Portland St



Location: AKA 35 Great Portland St
 London West End Cluster
 Noho Submarket
 London County
 London, W1W 8QG

Building Type: ★★☆☆ Office

Status: Built Aug 1986

Floors: 6

NIA: 15,000 SF

Typical Floor: 2,345 SF

Total Avail: 12,880 SF

% Leased: 28.0%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 5 Lighting, Raised Floor, Security System, Skylights, Storage Space

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P GRND	400	400	10,800	Withheld	Vacant	Available	Negotiable	New
E 5th	500	500	10,800	Withheld	Vacant	Available	Negotiable	New

Edinburgh House, 40 Great Portland St



Location: Edinburgh House
 AKA 40 Great Portland St
 London West End Cluster
 Noho Submarket
 London County
 London, W1W 7LZ

Building Type: ★★☆☆ Office

Status: Built Jul 1910

Floors: 7

NIA: 6,628 SF

Typical Floor: 1,202 SF

Total Avail: 2,300 SF

% Leased: 81.9%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, EPC - E, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E 1st	1,100	1,100	1,100	£33.50/tbd	Vacant	Under Offer	Negotiable	Assignment
E 3rd	1,200	1,200	1,200	£50.00/fri	Vacant	Under Offer	Negotiable	Direct

42-48 Great Portland St



Location: London West End Cluster
Noho Submarket
London County
London, W1W 7NB

Building Type: ★★☆☆ Office

Status: Built Jul 1981

Floors: 7

NIA: 9,970 SF

Typical Floor: 1,450 SF

Total Avail: 1,450 SF

% Leased: 85.5%

Developer: -
Management: -
Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 2 Lighting, Category 5 Lighting, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E 2nd	1,450	1,450	1,450	£52.50/tbd	Vacant	Under Offer	Negotiable	Direct

201-203 Great Portland St



Location: AKA 201 Great Portland St
 London West End Cluster
 Noho Submarket
 London County
 London, W1W 5AB

Building Type: ★★★★★ Office

Status: Built May 1895, Renov Jan 2003

Floors: 8

NIA: 10,889 SF

Typical Floor: 1,315 SF

Total Avail: 1,421 SF

% Leased: 100%

Developer: -
 Management: Hb Surveyors & Valuers Ltd
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Reception, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 3rd	1,421	1,421	1,421	£40.81/fri	30 Days	Available	Thru Oct 2018	Assignment

The Media Village, 131-151 Great Titchfield St



Location: The Media Village
London West End Cluster
Noho Submarket
London County
London, W1W 5BB

Building Type: ★★★★★ Office

Status: Built Apr 1932

Floors: 8

NIA: 38,300 SF

Typical Floor: 4,788 SF

Total Avail: 38,300 SF

% Leased: 100%

Developer: -
Management: -
Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Conferencing Facility, Raised Floor, Reception, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E BSMT	130 - 2,627	2,627	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E GRND	130 - 1,886	1,886	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E 1st	130 - 2,984	2,984	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E 2nd	130 - 2,813	2,813	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E 3rd	130 - 2,225	2,225	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E 4th	130 - 3,676	3,676	38,300	Withheld	30 Days	Available	Negotiable	Direct
E 5th	130 - 3,676	3,676	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E 6th	130 - 9,206	9,206	38,300	Withheld	30 Days	Available	Negotiable	Sublet
E 7th	130 - 9,207	9,207	38,300	Withheld	30 Days	Available	Negotiable	Sublet

28-30 Hanway St



Location: London West End Cluster
Noho Submarket
London County
London, W1T 1UL

Building Type: ★★☆☆☆ Office

Status: Built 1911

Floors: 4

NIA: 4,023 SF

Typical Floor: 1,189 SF

Total Avail: 4,023 SF

% Leased: 100%

Developer: -
Management: -
Recorded Owner: -

Amenities: Air Conditioning, Reception, Security System, Storage Space

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E BSMT	1,189	1,189	8,046	Withheld	Negotiable	Available	10 yrs	Direct
E GRND	1,079	1,079	8,046	Withheld	Negotiable	Available	10 yrs	Direct
E 1st	890	890	8,046	Withheld	Negotiable	Available	10 yrs	Direct
E 2nd	865	865	8,046	Withheld	Negotiable	Available	10 yrs	Direct

Cobalt Building, 19-20 Noel St



Location: Cobalt Building
 AKA 19-20 Noel St
 London West End Cluster
 Soho Submarket
 London County
 London, W1F 8GW

Building Type: ★★★★★ Office

Status: Built Jun 1990

Floors: 8

NIA: 8,802 SF

Typical Floor: 1,100 SF

Total Avail: 5,000 SF

% Leased: 100%

Developer: -
Management: -
Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 5 Lighting, Concierge, Raised Floor, Reception

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 1st	100 - 1,044	1,044	5,000	Withheld	Negotiable	Available	Negotiable	Sublet
P 2nd	100 - 1,000	1,000	5,000	Withheld	30 Days	Available	Negotiable	Sublet
P 3rd	100 - 1,000	1,000	5,000	Withheld	30 Days	Available	Negotiable	Sublet
P 4th	100 - 1,000	1,000	5,000	Withheld	30 Days	Available	Negotiable	Sublet
E 5th	100 - 956	956	5,000	Withheld	30 Days	Available	Negotiable	Sublet

3-4 Percy St



Location: AKA 3 Percy St
London West End Cluster
Noho Submarket
London County
London, W1T 1DF

Building Type: ★★☆☆ Office

Status: Built Feb 1830

Floors: 6

NIA: 6,049 SF

Typical Floor: 1,008 SF

Total Avail: 3,092 SF

% Leased: 100%

Developer: -
Management: -
Recorded Owner: -

Amenities: Category 2 Lighting, Category 5 Lighting, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 1st	454	454	1,983	£42.86/tbd	Negotiable	Available	Negotiable	Direct
P 2nd	607	607	1,983	£42.86/tbd	Negotiable	Available	Negotiable	Direct
P 3rd	490	490	1,983	£42.86/tbd	Negotiable	Available	Negotiable	Direct
P 4th	432	432	1,983	£42.86/tbd	Negotiable	Available	Negotiable	Direct

6 Percy St



Location: London West End Cluster
Noho Submarket
London County
London, W1T 1DQ

Building Type: ★★☆☆☆ Office

Status: Built Aug 1830

Floors: 5

NIA: 3,546 SF

Typical Floor: 709 SF

Total Avail: 1,528 SF

% Leased: 100%

Developer: -
Management: -
Recorded Owner: -

Amenities: Air Conditioning, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E 1st	475	475	1,528	£40.90/tbd	Negotiable	Available	Negotiable	Direct
E 2nd	579	579	1,528	£40.90/tbd	Negotiable	Available	Negotiable	Direct
E 3rd	474	474	1,528	£40.90/tbd	Negotiable	Available	Negotiable	Direct

Holden House, 51-57 Rathbone Pl



Location: Holden House
 AKA 50A Rathbone Pl
 London West End Cluster
 Noho Submarket
 London County
 London, W1T 1JU

Building Type: ★★★★★ Office

Status: Built Feb 1909, Renov 2011

Floors: 7

NIA: 60,874 SF

Typical Floor: 8,887 SF

Total Avail: 28,936 SF

% Leased: 52.5%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: Air Conditioning, Category 5 Lighting, Concierge, Courtyard, Raised Floor, Reception, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P 4th / Suite Annex	1,230	8,066	23,476	£59.00/tbd	Vacant	Under Offer	Negotiable	Direct

Walmar House, 288-300 Regent St



Location: Walmar House
 AKA 298 Regent St
 London West End Cluster
 Noho Submarket
 London County
 London, W1B 3AL

Building Type: ★★★★★ Office

Status: Built Sep 1912, Renov Sep 2014

Floors: 8

NIA: 52,470 SF

Typical Floor: 6,589 SF

Total Avail: 52,470 SF

% Leased: 26.9%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Banking, Bus Line, Category 2 Lighting, Concierge, Restaurant, Security System, Signage, Skylights, Storage Space

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P GRND	1,013	1,013	38,361	Withheld	Vacant	Under Offer	Negotiable	New

Soho Square, 18 Soho Sq



Location: Soho Square
 AKA 16A-19 Soho Sq
 London West End Cluster
 Soho Submarket
 London County
 London, W1D 3QL

Building Type: ★★★★★ Office

Status: Built Jul 1896

Floors: 8

NIA: 22,819 SF

Typical Floor: 2,282 SF

Total Avail: 1,900 SF

% Leased: 100%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Air Conditioning, Category 2 Lighting, Category 5 Lighting, Raised Floor, Reception, Security System

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
E MEZZ	100 - 1,900	1,900	1,900	Withheld	Negotiable	Available	Negotiable	Sublet

114-115 Tottenham Court Rd



Location: AKA 114-115 Tottenham Court Rd
 London West End Cluster
 Noho Submarket
 London County
 London, W1T 5AH

Building Type: ★★☆☆ Office

Status: Built May 1901

Floors: 6

NIA: 17,141 SF

Typical Floor: 1,875 SF

Total Avail: 3,551 SF

% Leased: 86.1%

Developer: -
 Management: -
 Recorded Owner: -

Amenities: 24 Hour Availability, Security System, Storage Space

Floor	SF Avail	Floor Contig	Bldg Contig	Rent/SF/Yr (Retail PA)	Occupancy	Status	Term	Type
P GRND	475	475	4,750	£30.53/tbd	Vacant	Available	Negotiable	Direct