

## Marketing Evidence

Ref: 8797A  
Date: October 2017

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### 44 Whitfield Street, London W1

1. This document has been prepared to provide further information and evidence on the marketing that has been undertaken at 44 Whitfield Street, to support the planning application that is currently under consideration by the London Borough of Camden.
2. This document should be read in conjunction with the information that has previously been submitted to the Council.

#### Dalton Warner Davis LLP (DWD)

3. DWD is a planning and valuation practice and has been based in the City of London for over 30 years. DWD undertake a diverse range of professional, valuation and commercial agency related work across London.
4. DWD has recently been involved in a number of commercial projects across London providing valuation, acquisition and disposal advice and advising occupiers seeking relocation premises. We are currently advising a commercial occupier who occupies 5 properties within the London Borough of Camden and City of Westminster. DWD's advice includes guiding on rental values, negotiating new lease terms, marketing surplus accommodation and general property advice.

#### Quoting Rent

5. The upper floors of 44 Whitfield Street were marketed by both Edward Charles & Partners and Cushman & Wakefield at an asking rent of £87.50 per sqft. These units ranged from 890 sqft to 2,732 sqft. The quoting rent was at a level comparable to quoting rents for similar quality upper floor accommodation in the local area.
6. Occupiers typically expect to pay a lower rent for ground floor accommodation. This is due to various factors, which depend on the specifics of the site but in the case of the accommodation at 44

Whitfield Street, we consider that this is because of the L shaped layout of the floor plate, the outlook directly on to Whitfield Street, privacy and security concerns of being located at ground floor level and the limited natural light in comparison to the upper floors.

7. The discount applied to ground floor accommodation will depend on market conditions, the location of the property, views from the property, the quality of the accommodation and facilities. To reflect the disadvantages of the ground floor accommodation, in comparison to the upper floors, the agents quoted a rent of £77.50 per sqft for this accommodation. This results in a quoting rent of 88.5% of the upper floors quoting rent. We consider that this is a reasonable discount to apply to the ground floor accommodation taking into consideration the characteristics of the unit.
8. Whilst the space is located at ground floor level, the unit still benefits from being provided to a high specification to meet the market demand for office accommodation in the W1 postcode area. The newly built accommodation comprises of exposed VRF air conditioning, 150mm fully accessible raised floor, LED lighting and demised WCs, showers and lockers.
9. In our opinion, the subject accommodation will attract higher rental values than the average achieved rents for the Fitzrovia/Bloomsbury area, as the space has been newly constructed to a high specification. The site is also well positioned within Fitzrovia/ Bloomsbury, located approximately 100 m from Goodge Street Underground Station, close to Tottenham Court Road and Oxford Street.
10. We have reviewed recent ground floor transactions and current availability of new build/ refurbished accommodation in the area surrounding the site. We have utilised the CoStar and EGi property databases, as well as agents websites to collate this evidence. Please find attached at Appendix 1 a table setting out the comparable transactions and current availability.
11. Lettings of smaller office units, like the ground floor unit, typically attract a premium over larger floor plates where a lower rent may be achieved to reflect the quantum of space acquired. Our search has primarily focused on ground floor office units of less than 5,000 sqft.
12. Notable transactions/ availability include:
  - 7- 10 Charlotte Mews – A letting of ground floor only accommodation of 3,080 sqft took place at a headline rent of £75 per sqft in November 2016. The second hand accommodation provides lower quality accommodation to the space at 44 Whitfield Street
  - 80 Charlotte Street – A letting of the lower floors within a newly constructed office building has taken place at £75 per sqft. The ground floor was let at the same rate as upper floors at

this property. This ground floor accommodation is significantly larger than the subject property.

- 2 Babmaes Street – A letting of 669 sqft of ground floor accommodation took place in November 2016 at a headline rent of £78 per sqft. Further transactions at upper floors in the same property have taken place in excess of £90 per sqft.
- 4- 8 Maple Street – The space is a similar condition and quality to 44 Whitfield Street with upper floors benefiting from better natural light than the ground floor. The upper floors are being marketed at £87.50 per sqft and the ground floor is being marketed at £77.50 per sqft.

13. Our review of comparable transactions and current availability confirms that the quoting ground floor rent of £77.50 per sqft is reasonable and reflects market rents in the local area and the condition of the property.

#### Proposed Lease Terms

14. To ensure that the lease terms are attractive to the market and to a range of potential occupiers, the landlord has been flexible on the lease terms and lease length throughout the marketing period.
15. Specific lease terms are not quoted on the marketing details. When offers were received for the upper floors, it is understood from the marketing agents that the lease terms were discussed between the parties, to agree a lease length which suited both the occupier and the landlord.
16. Further information on the proposed lease terms are provided in Edward Charles & Partners' letter dated October 2017 provided at Appendix 2.

#### Interest Received

17. The appointed agents have advised that whilst they have received good interest in the upper floors, they have received very little interest in the ground floor accommodation from Use Class B1(a) occupiers. Some viewings of the ground floor accommodation have taken place although these have typically been viewings undertaken by parties also inspecting the upper floors.
18. No parties have shown serious interest in the accommodation and no offers have been received to acquire the space for Use Class B1(a) use.
19. Whilst the ground floor space is being marketed at a rent of £77.50 per sqft, if an offer was received at a level below the quoting rent, the marketing agents would advise the landlord of this offer and the landlord would give it serious consideration. Throughout the marketing period the landlord has

considered offers submitted below the quoting rent. Despite this, no offers have been put forward by tenants to acquire the ground floor space.

20. Further information on why the marketing agents Edward Charles & Partners consider that no serious interest has been received, despite the accommodation being marketed at a reasonable quoting rent is provided in their letter dated October 2017 at Appendix 2.

### **Conclusion**

21. It is apparent that despite active marketing of the accommodation for a period of over 2 years, at a quoting rent that is in line with comparable rental transactions and quoting rents for ground floor office accommodation in the Fitzrovia/ Bloomsbury area, that there has been very little interest in the unit.
22. The majority of the upper floors have now let and throughout the marketing of the whole building, the agents have advised that the majority of tenants were primarily interested in the upper floors.
23. Due to the lack of tenant interest in ground floor units, we consider that the proposed change of use of the ground floor from solely office use (Use Class B1(a)) to flexible uses falling within Use Classes A1/A2/B1(a)/D1(d)/D2(e) is appropriate, to increase the likelihood of the accommodation being let rather than remaining vacant. The proposed change of use will also better enable the unit to respond to market needs.

**Dalton Warner Davis LLP**

**APPENDIX 1 – COMPARABLE TRANSACTIONS AND CURRENT AVAILABILITY**

## Comparable Evidence - Ground Floor Office Lettings and Availability

Site Address: 44-46 Whitfield Street, W1  
 Job Type: Planning/Valuation  
 Job Ref: 8797A  
 Date: Oct-17

### Office Transactions

Address	Description	New Build/ Refurbished	Lease Start	Lease Expiry	Lease Length	Size of Ground Floor (sq ft)	Headline Rent £/sq ft	Lessee	Comment
78 Whitfield Street, London, W1T 4EZ (95-100 Tottenham Court Road)	Two ground floor office units. Refurbished accommodation, air conditioning refurbished, raised floor, communal WCs refurbished.	Renovated in 2011	06-Apr-17	05-Oct-21	4.5	2,735	<b>£62.88</b>	MI Media	Achieved Rent. Accommodation refurbished in 2011. We would typically expect the property to achieve rental levels below the subject property as lower specification and less modern fit out. Similar rents have been achieved for upper floor accommodation. For example, a headline rent of £63 per sqft has been achieved for a letting of the 1st floor in September 2017 (1,692 sq ft). A headline rent of £63.50 has been achieved in April 2017 for a letting of the 3rd floor (1,000 sq ft). In general, the rent free periods/ incentives agreed with tenants acquiring space in the upper floors, are understood to be lower than the incentives granted for the ground floor. An 8 month rent free was granted to the tenant who acquired the ground floor.
80 Charlotte St, London, W1T 4QS	Delivers Oct-19. New build high specification and modern office accommodation, air conditioning.	New Build	02-Mar-17	31-Mar-40	20	22,775	<b>£75.00</b>	Arup Group Ltd	Achieved Rent: The initial annual rent represents £75 per sq ft on the main office floors. The rent will rise by 2.25% per annum for the first 15 years, at which point there is an upward only open market review. In return, Arup will receive rental incentives equivalent to 33 months' rent free. 133,600 sq ft at £75 psf for LL, GRND, 1, 2, 3. Further lettings have taken place in the building - in Sep-17 the 4th floor let for £75 per sqft and floors 5-8 let at £85.82 per sqft.
7-10 Charlotte Mews, London, W1T 4EE	Comfort Cooling, Demised WC facilities, High Ceilings, Kitchen Facilities, Natural Light - good, Perimeter Trunking	Second Hand	12-Nov-16	01-Jun-19	3	3,080	<b>£75.00</b>	Adjust Your Set Ltd	Quoting Rent: Media space, FRI lease. Space is not newly refurbished and is of lower quality to the subject property.
2 Babnaes Street, SW1Y 6HD	Air conditioning, WC facilities, open plan offices, shower facilities, raised floor, LED lighting	Renovated in 2016	21-Nov-16	20-Nov-21	5	669	<b>£78.00</b>	Outset Global LLP	Achieved rent: FRI lease. Tenant break Nov-19. Further lettings have taken place in the building: In January 2017 the 1st floor let for £95 per sqft with 6 months rent free (1,000 sq ft) and in February 2017 the 2nd floor let at £98 per sqft with 6 months rent free (1,337 sq ft).

## Office Availability

Address	Description	New Build/ Refurbished	Lease type	Term	Size of Ground Floor (sq ft)	Quoting Rent £/sq ft	Agent	Comment
15-18 Rathbone Place, London, W1T 1HX	24hr access, AC, double height reception, raised floors, showers, suspended ceiling	Refurbished	New Lease	Negotiable	3,120	Under offer - early to mid £70s	JLL/ Edward Charles and Partners	Quoting rent of £87.50 per sqft for the upper floors. Majority of accommodation under offer. Ground floor units B1(C) use class. Lower ground floor under offer at mid £40s per sqft. 7,300 sqft across ground and lower ground. Similar specification to the subject property, space refurbished to a high standard.
33 Foley St	Grade A specification, warehouse style, exposed brickwork, air conditioned, LED lighting, open floor plates and flexible workspace	Comprehensively refurbished in 2004	Sublease	Negotiable	2,476	£66-85	Colliers	Lower Ground, Ground, First and Second floors available to let together or on a floor by floor basis. Refurbished to a high specification like the subject property.
The Old Fire Station, 4-8 Maple St, London, W1T 5HD	Air Conditioning, Bicycle Storage, Natural Light - good, Period common parts/features, Raised Floor, Shared Shower Facilities, Suspended Ceilings, BREFAIM very good	Refurbished	New Lease	Negotiable	4,790	£77.50	Cushman & Wakefield	Recently launched. Upper floors quoting £87.50 and interest has been received at this level. Upper floors benefit from better natural light and some have access to a terrace. Similar specification to the subject property, space has been refurbished to a high standard.
8 Bloomsbury, Bloomsbury Street, London WC1B 3QD	Raised floors, AC, new entrance/reception, new LEDs, new cycle storage/showers	Refurbished	New Lease	Negotiable	1,518	£75.00	Allsop/ Colliers	Guide price per sq ft, Ground floor currently under offer, same £/sq ft as upper floors. Similar specification to the subject property, space refurbished to a high standard.
16-18 Berners St London, W1T 3LN	4 Star office, To be lightly refurbished in a media style, all suites have comfort cooling and a wooden floor.	Light Touch Refurbishment	New Lease	5 year term with a landlords break September 2020	935	£59.50	Hanover Green	Ground floor lower quality office accommodation proposed to be lightly refurbished. Quality of subject property is superior and benefits from a higher specification fit out with air conditioning and raised floors and better facilities.

Source: *Castor and Egi property databases and agents websites.*

**APPENDIX 2 – LETTER FROM EDWARD CHARLES & PARTNERS**



Our Ref: AJO/201017

Planning Department  
London Borough of Camden  
Camden Town Hall Extension  
Argyle Street  
London WC1H 8EQ

20<sup>th</sup> October 2017

Dear Sir / Madam,

### **Marketing of 44 Whitfield Street, London W1**

Edward Charles & Partners were appointed by DTZ Investors to advise on the redevelopment & subsequent letting of 44 Whitfield Street in late 2013.

The company, founded in 1980, are chartered surveyors based in the West End whose expertise is devoted exclusively to the Central London office market. Having acted for all of the major landlords in the area on a consistent basis, we are perfectly placed to market the building.

### **Marketing**

Informal marketing commenced in October 2015 with re-active responses to known tenants in the market and agents with active requirements.

Practical completion was achieved in May 2016. This triggered a pro-active marketing campaign including ground floor window marketing panels, on floor presentation information, brochure, website ([www.44whitfieldstreet.com](http://www.44whitfieldstreet.com)) and an email campaign.

At this time, the building was also placed on the Edward Charles & Partners website along with Costar, EGi, Zoopla, Rightmove & Movehut.

Cushman & Wakefield were appointed as joint letting agents in March 2017 to assist with disposing of the unoccupied floors.

### **Quoting Rent**

The building was launched at a quoting rent of £87.50 per sqft for the upper floors. A rent of £77.50 per sqft was quoted for the ground floor. These quoting rents are in line with similar quality competing schemes.

All upper floors, except for the third floor, have now been let. The agreed rents for the four floors that have been let range from £82.50 per sqft on the first floor to £87.50 per sqft on the fifth floor.

The third floor also remains available at a quoting rent of £87.50 per sqft. Strong interest has been received at just below the quoting rent.

The ground floor unit comprises of 2,173 sqft (201.9 sqm). Typically, you cannot directly compare the ground floor accommodation to the upper floors of modern office buildings like 44 Whitfield Street. Ground floor units typically achieve lower rental levels to reflect their lack of natural light that they often receive relative to upper floors and potential security concerns. From our knowledge and experience of the local market we consider that the quoting rent, which is £10 per sqft lower than the quoting rent for the upper floors, is reasonable for newly built, high specification ground floor office accommodation in this location.

The expected service charge and business rates payable at the property are in line with comparable properties in this location.

### **Lease Terms**

The ground floor space is available to let on a new full repairing and insuring lease for a term to be agreed between parties. Specific lease terms were not quoted on the marketing details.

The landlord's preference was to achieve lettings for a term of at least 5 years. However, throughout the marketing period the landlord has been flexible, in order to respond to different potential occupiers and market requirements.

The preferred lease terms are considered to be the current market norm, for modern office accommodation in this location. Rent free periods granted are also considered to be in line with the current market norm.

### **Interest**

Throughout the marketing campaign there has been a consistent number of viewings of the upper floors of the building. In advance of terms being agreed with the current tenants, several parties expressed serious interest in the upper floor accommodation. There is also currently interest from tenants in the space that remains available at the third floor.

The ground floor accommodation has had little interest over the course of this period. The majority of the viewings for the ground floor that have taken place, have been by potential tenants also viewing the upper floors. These tenants have subsequently only progressed interest in the upper floors and no second viewings of the ground floor have taken place. Limited viewings of only the ground floor have taken place.

No serious interest has been received in the ground floor unit and offers to acquire the space, to be used as office accommodation, have come forward.

Given the size of the unit, we would typically expect it to be of most interest to small and medium sized businesses. Due to the layout of the space and lack of natural light provided to the rear section, it is not considered feasible to sub divide the ground floor unit. However, even if this was to be considered, we do not consider that this would improve the level of interest received.

In our view, the reason why there has been little interest in the ground floor space and why no potential tenants have pursued the space is because:

- Business use occupiers, in general, often prefer to be located at upper floor levels;
- The L shaped layout of the floor plate - unlike the more regular upper floor layouts, due to the position of the reception at ground floor;
- The outlook directly on to Whitfield Street;
- Security and privacy concerns surrounding being located at ground floor level;
- Limited natural light in comparison to the upper floors – the ground floor unit only receives direct natural light from the Whitfield Street frontage, due to the L shaped layout and depth of the unit the natural light provided is inferior to upper floors;
- Lack of open space – some of the upper floors benefit from an outdoor terrace which makes these floors more attractive to tenants.

Please do not hesitate to contact us if you require any further information on the marketing of the property.

Yours faithfully,



**Andrew Okin BSc (Hons) MRICS**