

REPORT

3rd Floor
Ruskin House
40-41 Museum Street
London
WC1A 1LT

Private & Confidential

Marketing Report & Recommendations

Prepared by

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Dated

8 March 2019



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Ruskin House
40-41 Museum Street
London
WC1A 1LT



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1.0 INTRODUCTION / BRIEF

- 1.1** Alexander Reece Thomson LLP are a firm of Chartered Surveyors and property consultants specialising in all aspects of commercial property advisory throughout London, the South East and the UK. Our firm was established in 1976 to provide property services of the highest quality to corporate and private clients.
- 1.2** Alexander Reece Thomson was instructed to market the 1st and 3rd floor office space at Ruskin House, 40-41 Museum Street, London, WC1A 1LT in February 2017 on a sole agency basis. Due to the limited interest in the available office space our instructions were changed to act as Joint Sole Agents with HNG Surveyors with effect from December 2017. HNG Surveyors are highly experienced leasing agents in the London office market.
- 1.3** We have been actively marketing the office space since receiving instructions from our client and this Report will provide a complete summary of the marketing that we have undertaken to date to try and secure occupiers to lease the space.

2.0 LOCATION / DESCRIPTION

2.1 40-41 Museum Street is a Grade II listed period building understood to date from the 1840's. It fronts Museum Street and has return frontages to both Gilbert Place and Little Russell Street. The property is arranged over basement, ground and three upper floors. Accommodation comprises three retail units, known as numbers 40, 40a and 41, and office accommodation over part basement, ground floor reception and first to third floors. A table showing the office accommodation is shown below:

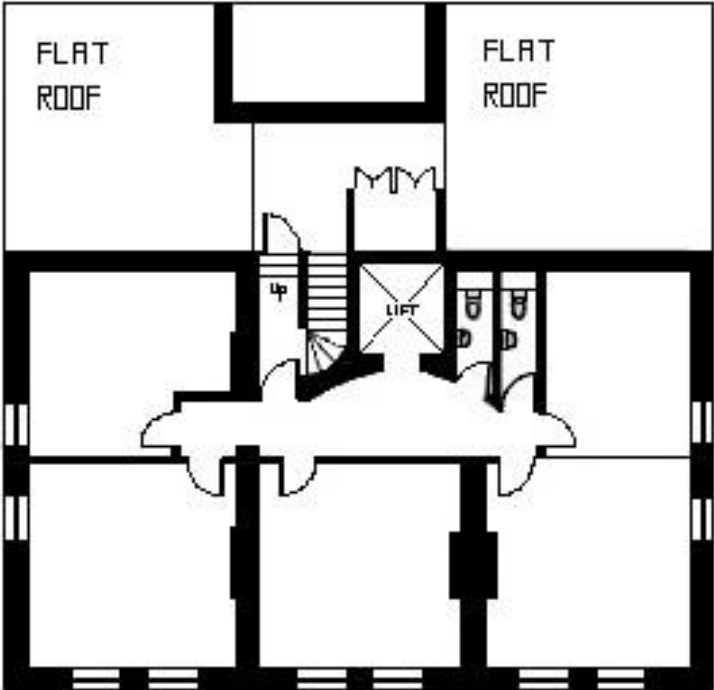
Office Accommodation			
Unit	Accommodation	Sq M (approx.)	Sq Ft (approx.)
Basement	Office and Stores	90.11	970
Ground Floor	Reception	29.00	312
Ground Mezzanine	Offices	56.86	612
First Floor	Offices	96.91	1,043
First Mezzanine	Offices	60.82	655
Second Floor	Offices	97.63	1,051
Second Mezzanine	Offices	44.43	478
Third Floor	Offices	97.85	1,053
Total		573.61	6,174

2.2 The space on the third floor of the property is arranged as 5 separate office rooms due to the floor plate being heavily fragmented by solid walls. The specification of the office accommodation is as follows:

- Passenger lift providing direct access to all floors;
- Shared reception / concierge;
- Central heating
- Cellular office rooms

- Perimeter trunking and data cabling
- Demised separate male and female WCs

2.3 Floor Plan (not to scale):



3.0 **MARKETING CAMPAIGN**

3.1 On behalf of our client, as per our initial instructions, we commenced marketing of the first and third floors of Ruskin House in February 2017.

3.2 We have targeted occupiers seeking leases of 3 years minimum commitment or longer.

3.3 We initially quoted a rent of £50.00 per sq ft based upon comparative transactions of similar accommodation. This quoting rent was subsequently reduced to £45.00 per sq ft with effect from December 2017 and was subsequently reduced further to £39.80 per sq ft.

3.4 Our marketing initiatives have included the following:

- Preparing in-house marketing particulars which can be found at Appendix 1.
- Marketing particulars have been distributed multiple times to achieve maximum exposure via:
 - The Estate Agents Clearing House (EACH);
 - EACH circulate hard-copy marketing particulars to hundreds of relevant industry professionals with retained clients seeking to acquire office space. EACH also circulates details of tenant requirements.
 - The Agents Society;
 - The Agents Society is an online portal for Office Agents in the West End and the City of London which provides real time updates of property requirements and premises available to let.
 - Rightmove Commercial
 - Rightmove Commercial is an online property marketing website which targets marketing of available space directly to occupiers;
 - ART Surveyors' website
 - Particulars have been advertised on our website since we were first instructed to let the space;
 - CoStar Suite

- CoStar Suite is an online commercial property database that details current availability of commercial property to industry professionals.

3.5 In addition to the above we have been actively responding to agents and occupier requirements we are aware of through our extensive network of contacts which we feel may be met by the available space at Ruskin House.

3.6 On the 20th April 2017 a 'To Let' Board was commissioned which read;

OFFICES TO LET

1,055 – 2,717 sq. ft

The Board has been installed on the inside of a window fronting Museum Street.

3.7 In December 2017 HNG Surveyors were appointed to act alongside ART Surveyors as Joint Sole Agents in order to widen the marketing campaign as much as possible. HNG Surveyors are a leading firm of chartered surveyors with an excellent track record of leasing space in the London markets. HNG Surveyors have been marketing the property alongside ART Surveyors and a link to the particulars listed on their website is available below:
<http://www.hng.co.uk/property/ruskin-house-3rd-floor-40-41-museum-street-london-wc1/>

3.8 In early 2018 the available space was redecorated to help assist with the presentation of the available office space. This entailed new carpeting, new fixtures, lighting and a fresh coat of paint. The common parts of the building were also redecorated and improved with the enhancing and reconfiguration of the reception lobby and general internal and external redecoration and repairs were undertaken.

4.0 RESULTS OF MARKETING CAMPAIGN

- 4.1 Since we commenced marketing in February 2017 the letting agents have tried to attract as wide an array of potential occupiers as possible and have therefore been as flexible as possible on quoting terms for new tenancies as well as considering enquiries from newly formed companies with no existing accounts or landlord references available.
- 4.2 Despite targeting office occupiers for the space, a significant proportion of the interest we received for the space was from D1 medical occupiers.
- 4.3 Occupiers that viewed the space typically cited the heavily fragmentation of the premises due to the structural walls made the property not suitable for their requirements. However, the D1 medical occupiers who viewed the property tended to favour the fragmentation due to it suiting their requirements to provide multiple consulting and treatment rooms or relatively uniform size and all with natural light.
- 4.4 The low specification of the premises also reduced the appeal of the space to office occupiers who typically features such as Air Conditioning, Full Access Raised Floors, Disabled Access / WCs which we suspect would be difficult to provide given both the fragmentation of the floor plates and the building being Listed. D1 medical occupiers were less concerned about the specification due to their requirements of occupational premises being different from office occupiers.
- 4.5 In May 2018, after 15 months of marketing, we completed the letting of the 1st floor space to a B1 occupier previously located in the adjacent building. The first floor benefited from a higher floor to ceiling height than the third floor, more natural light, a demised kitchenette and a comparatively large open plan office room at the rear of the building. These factors make the first floor marginally better suited to use as office space than the third floor. As the reader will note from the below schedule of offers, the letting agents were only able to obtain a single offer to let the first floor from B1 office occupiers which was not subsequently withdrawn. We proceeded to complete a letting of the first floor to this occupier who had a highly unusual requirement for fragmented space given that they were a group of companies. The first floor, comprised 7 individual rooms which suited the Tenant as they could run their separate business from the separate rooms. During the time we have been marketing the third floor (more than two years) we have been unable to identify any office occupier prepared to commit to a lease of the third floor.

4.6 Offers received

Date	Occupier	User	Status
May 2017	General Practitioners 3 rd Floor	D1 Medical	Offer made for third floor but an application for change of use to D1 was rejected by the local authority
May 2017	Educational Company	D1 Educational	Offer made for first floor but subsequently withdrawn
November 2017	Private Dental Practice	D1 Medical	Offer made for third floor but an application for change of use to D1 was rejected by the local authority
January 2018	Media Company 1 st Floor	B1 Office	Offer made for first floor but subsequently withdrawn after premises deemed not suitable for their requirements
January 2018	Group of Companies 1 st Floor	B1 Office	Offer made for first floor and letting completed
November 2018	Offices for Clothing Manufacturer	B1 Office	Offer made for third floor but withdrawn after more suitable premises were identified

As indicated from the schedule of offers, the only offers made for the 3rd floor since February 2017 which were not withdrawn were from D1 medical occupiers.

5.0 MARKET COMMENTARY

5.1 Since taking instructions to let the first and third floor at Ruskin House the overall economic conditions have deteriorated. The uncertainty caused by 'Brexit' has caused a reluctance for many occupiers to commit to new leases before there is more certainty on the UK's future relationship with the European Union.

5.2 Given its size and fragmentation of space the third floor directly competes with serviced office accommodation. Due to various reasons including economic uncertainty, serviced offices have become increasingly popular due to the greater flexibility and services provided to tenants than can be afforded in lettings of conventional office space such as that at Ruskin House.

6.0 CONCLUSION

6.1 In summary, since we commenced marketing in February 2017, a continuous, wide and varied marketing campaign to identify suitable office occupiers for Ruskin House has been undertaken. Whilst we have received a steady volume of enquiries for the available space, the feedback received from office occupiers is that whilst the space is competitively priced, the fragmented and cellular nature of the premises has not been suited to the requirements of office occupiers. We have therefore been unable to secure a letting of the third floor during our marketing campaign which has been ongoing for more than two years.

6.2 The report clearly illustrates that the space is of very limited appeal to office occupiers for the various reasons cited above and we strongly recommend that change of use planning permission is sought to facilitate D1 use of the third floor as the majority of interest we have had for the third floor is from D1 occupiers.

Appendix 1 – Marketing Particulars

PROPERTY PARTICULARS

OFFICE SPACE - TO LET

- Redecoration now complete
- One floor remaining



**Ruskin House, 40-41 Museum Street,
London, WC1A 1LT**

**1,055 – 2,717 sq.ft. approx.
(98.0 - 252.3 sq. m. approx.)**

Location

Ruskin House is situated in Midtown, on the corner of Museum Street and Little Russell Street. The property is within very close proximity to The British Museum and is within easy walking distance of both Holborn (Central and Piccadilly Lines) and Tottenham Court Road (Central and Northern Lines) underground stations. Public transport is also provided by several bus routes passing along New Oxford Street and Great Russell Street.

Accommodation

The accommodation comprises period cellular offices within this beautiful Grade II listed building. The available space is situated on the first and third floors of the building. The floors are self-contained, benefiting from demised WCs and direct lift access. The available space comprises the following approximate net internal areas:-

Description	Area (sq ft)	Area (sq m)
1st Floor	1,662	154.3
Third Floor	1,055	98.0
TOTAL	2,717	252.30

Amenities

- Passenger lift providing direct access to all floors;
- Shared reception / concierge;
- Excellent natural light;
- Central heating
- Cellular office rooms
- Perimeter trunking and data cabling
- Demised separate male and female WCs
- 1st floor kitchenette



Regulated by RICS

Particulars are submitted for guidance only and do not form part of any contract. Applicants must rely upon their own enquiries upon all matters relating to properties they intend to acquire. All floor areas quoted are approximate. All terms are exclusive of Value Added Tax.

39 Welbeck Street, London W1G 8DR
Tel +44 (0)20 7486 1681
Fax +44 (0)20 7486 4200
enquiries@artsurveyors.co.uk
www.artsurveyors.co.uk

PROPERTY PARTICULARS



Lease

New Lease(s) available on terms by arrangement;

User

The property would be suitable for a variety of uses
Subject to planning permission;

Guide Rent

£39.80 per sqft exclusive

EPC Rating

TBC

Rates & Service Charge

Rates (payable from year commencing 1 April 2017):

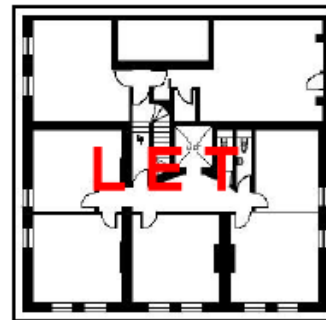
1st Floor - £21.54 per sq. ft.* (approx.)

*Exclusive of Crossrail Surcharge if applicable

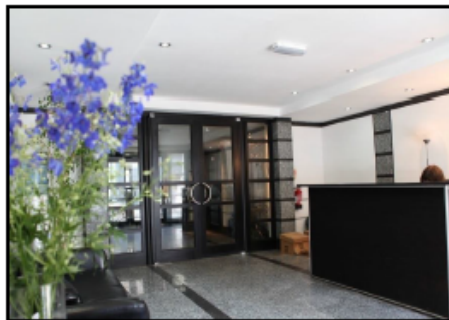
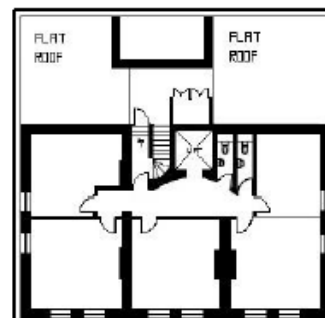
3rd Floor - £19.98 per sq. ft. (approx.)

Service Charge: £5.57 per sq. ft. (approx.)

First Floor



Third Floor



Viewings

For further information or to arrange an appointment to view, please call the joint sole agents:

Sebastian Norman

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020 7034 3395

Ted Polkey

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020 7034 3381

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020 3205 0204

Will Gyngell

William.gyngell@hng.co.uk

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SUBJECT TO CONTRACT



Regulated by RICS

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