

Marketing of Basement, Ground and Mezzanine Floor Spaces within The Post Building

CBRE and Davis Coffey Lyons have been jointly marketing the Ground, Basement and Mezzanine space in The Post Building since Q1 2018. The space has been widely marketed through a variety of channels: Dedicated Website, On Site Hoarding, direct contact with our lists of Retailers and through the Retail Agency network. To date we have had muted interest from A1 operators and no interest at all to date from A1 or A3 operators in the Units which are the subject of this application (i.e. Units 3 and 4).

We can put this down to a number of factors that are either specific to these Units or to do with the wider retail market and economy. We have summarised these points below:

1. The retail market has been contracting for some time and a structural shift in the way that people shop has reduced retailers' requirements for physical space as online retailing takes its place.
2. Due to a number of political and macro-economic factors 2018 has been a poor year for retailers, as evidenced by a number of high profile administrations and Company Voluntary Arrangements (CVAs). This has made retailers nervous about taking new shops. Those that do still have requirements are increasingly only looking on prime established retail pitches. In Central London this would be Oxford St, Regent St, Bond St and Covent Garden; but even these locations are seeing a greater availability of retail space.
3. Having marketed all of the A1/A3 Units in The Post Building, the vast majority of interest is coming from restaurants and small independent food operators (coffee, sandwich, etc). Interest in the larger units (excluding Units 3 and 4) is only tentative at the present time.
4. Both Units 3 and 4 are of irregular configuration and also very deep which provide operational difficulties to a traditional retailer. In addition, the extent of the mezzanines provide an additional challenge for a traditional retailer who would typically utilise the deepest zones for ancillary/back of house use.
5. In addition, Unit 4 is adjacent to the loading bay and has a recess when approaching from Holborn which makes this Unit unattractive to food and retail users who generally need better visibility.

The gym/personal training market remains buoyant at the moment and this is demonstrated in the interest that we have received in the spaces within the development from gym operators. Both Units 3 and 4 lend themselves to leisure/gym use due to their size, making them inherently more flexible, and the high proportion of mezzanine space which is more usable for a gym/fitness operation than it is to a retailer or a restaurateur. The mezzanine also makes the space more affordable on a weighted basis. These factors have attracted a variety of interest from studios to full gym facilities.

We believe that a fitness club/gym is a great alternative to retail space, especially in Units 3 or 4 of The Post Building. Whilst the recessed frontage of Unit 4 makes it unattractive to food and retail users, a fitness club/gym operator is more of a destination occupier, and whilst visibility is still important, it is less fundamental to a fitness club/gym operator.

In terms of retaining/providing an active frontage, there are some excellent examples of gyms and fitness studios activating their frontages as they look to become more engaging with the public and take advantage of the opportunity to cross-sell related products as part of an ancillary offer. Even where gyms are not retailing they make their entrance open and inviting, giving it the look and feel of a retail unit. Example of operators that work like this include Psyche, 1Rebel, Third Space, Equinox and KoBox to name a few. Some even extend their retail offer to include barbering/hairdressing, etc. The experience element is now key to these operators so the activation we have highlighted is a must.

Lifestyle developments, incorporating a range of users, are attractive to customers as they provide a range of facilities, and in turn, are attractive to operators. We feel the inclusion of a gym within the development will help endorse it as a true mixed use scheme, and support the marketing of the building going forward for the retail and restaurant offer within the remainder of the basement, ground and mezzanine areas of the development.



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