

Ms P Davies
Derwent London
25 Savile Row
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6 April 2021

Dear Philippa

RE: Whitfield / Howland - 89 Whitfield Street - Restaurant Unit

Further to the extensive marketing campaign that we have undertaken with our joint agents for the large restaurant unit at 89 Whitfield Street, I have set out our feedback and advice on the future position for this unit.

We commenced the marketing campaign in Q2 2019, some 12 months before the devastating impact of CV19 and received very little positivity and no successful viable parties prepared to commit to a permanent letting, which only worsened since Q2 2020.

As we start to slowly come out of the CV19 crisis, the restaurant sector is experiencing their worst cashflows in history and there is non-existent investment available for the sector from banks or private investors to undertake considerable fit out works, which would be in the region of £1m to £2.5m, for this unit. As a result, there is very little opportunity to secure new interest in the immediate or medium-term future in this unit.

This is coupled with the projected large influx of fully fitted restaurant properties that will flood the market when the Rent Moratorium expires in June 2021, which will only decrease any small chance of gaining interest from an operator.

When we were undertaking the original marketing campaign in the 12 months leading to CV19, we were quoting rental terms equating to £45 psf on the 5,000 sq ft unit, which was a lower value on a per square foot basis than Charlotte Street and the prime Fitzrovia restaurant locations. We had priced the quoted rent to reflect the large size of the unit which would require considerable investment to fit out from developer's shell spaces, coupled with the off-pitch restaurant location.

Since Q4 2020 we have tried to re-engage with potential operators for this restaurant opportunity, but we have had no successful interest. The operator's feedback is that to engage with us they require the landlord to fully fit out the unit and would consider a rent on a turnover only basis. This therefore highlights the lack of demand for a 5,000 sq ft restaurant in developer's shell condition in one of the worst restaurant markets we will see in a lifetime.

All of the demand we are seeing for restaurant space across all of the instructions we are working on is for much smaller and more manageable sized units, that have considerably less risk and less requirement for extensive capital to fit out. We see this trend increasing as we come out of the CV19 crisis and therefore the lack of interest in the subject restaurant unit not improving. Even on a turnover only rental basis on this unit, with our extensive restaurant agency experience in the Central London market, we see no improvement in demand in this opportunity.

Therefore, it is our strong recommendation to reposition this unit to other uses outside of the restaurant and retail sectors, to avoid having a long-term void in such a high profile and flagship office development in the heart of Fitzrovia.

Yours Sincerely



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Director

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