

Marketing Review

Date: 18th May 2021

Marketing Review In respect of

58 Malden Road,
Camden
London
NW5 3HG

Appointment

Orme Retail has been asked to provide a review of marketing activity in respect of the ground floor commercial premises at 58 Malden Road, Camden, London.

The following report has been prepared by:

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Instructions

The purpose of this report is to offer an overview of marketing of the retail premises (currently occupied as a class E user trading as a retail CTN) and its suitability of use as a retail premises dependent upon its location, market factors and layout.

Background

Orme Retail is a leading retail agency based in London with over 25 years of experience acting for retailers and landlords alike. Orme have extensive experience of retail properties and has acted for local independents, major corporations like Ted Baker Plc and London centric occupiers like Planet Organic.

The business also has a pedigree of one of London's leading retail leasing agencies having been involved with projects such as Islington Sq (185,000 sqft) the retained retailer advisor to South Kensington Estates and extensive landlord and tenant matters specific to retail in Notting hill and north London. The business has recently completed lettings in nearby Regent's Park Rd and is marketing no.159-161 Camden High St.

The Property

The property is arranged over basement, ground, first and second floor. The retail accommodation is presented as a single shopfront to Malden Road and extends to the rear of the property at ground floor level with ancillary low ceiling height storage at basement. The upper floors are used as residential. The shop is an end of terrace property on the corner of Malden Road and Rhyl St but does not utilise the return wall as retail frontage.

The property is a period building constructed in circa 1890 and appears to have been originally constructed as a residential premise. The first floor, residential is accessed via a side door fronting onto Rhyl St.

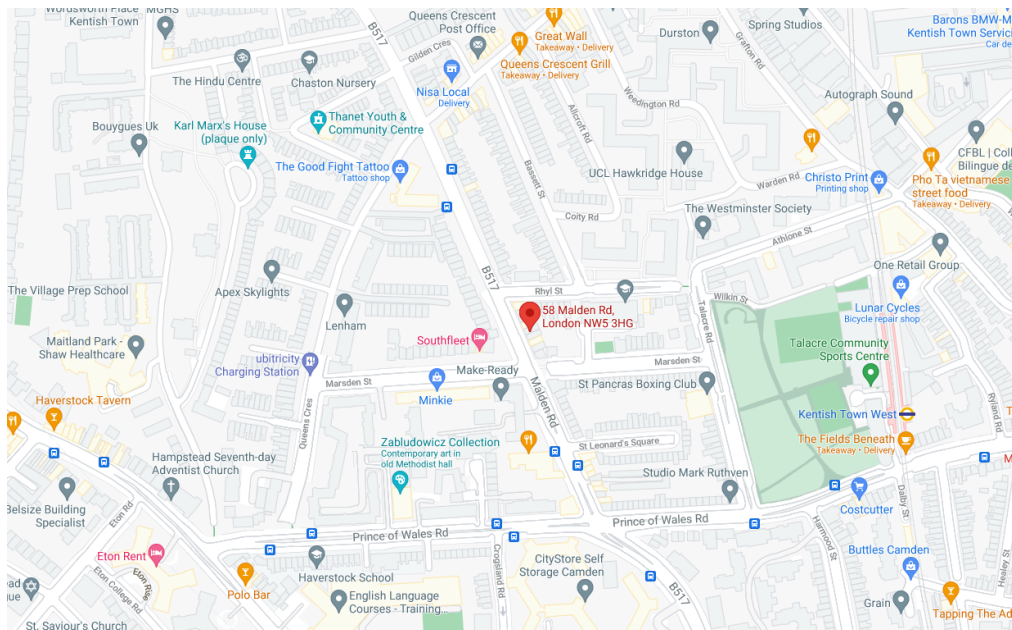
The property is in a poor condition and need of some repair and redecoration. The shop front is in a poor condition and the advertising signage is unattractive and dated which does not appeal to modern day retail operators.

The property comprises approximately 658 sqft (61.21m) of ground floor space with limited storage capacity and there is no “self- contained” bin storage within the demise which again does not comply with current retail property standards. The basement is circa 595 sqft but has poor staircase access which makes it unviable for trading and is only utilised as storage. We understand the property does not benefit from 3 phase electrical supply which again is a modern retail requirement from operators.

External Photograph



Location



The subject property occupies a corner position on the junction of Malden Road and Rhyl St. Rhyl St is a residential street whilst Malden Rd consists of mixed-use properties at ground floor levels. The next adjoining property appears to be a small office use and the subsequent 2 premises looks to have been converted to residential use at ground floor.

The surrounding area comprises mostly of residential properties with a mix of small units as quasi retail / office or local business uses. Malden Road would not in our experienced opinion be regarded as a retail street or location and the community is served by strong local retail centres are nearby Regent's Park Rd and numerous convenience store retail facilities based around Chalk Farm tube station (Northern Line).

The area is also serviced by strong retail centres to the north at Hampstead (20 minutes' walk) and Camden Town to the south (15 minutes' walk)

Retail Environment

As referenced above Malden Rd is not an established retail location. The retail centres of Camden Town and Hampstead which, are well serviced by public transport and draw consumer spend from the Malden Rd residential area for comparison shopping. These retail centres have a strong retail mix of "non-essential" retail, restaurants and cafes and food retail providers. These centres contain numerous national and even international retail stores.

The local convenience store shopping for the area is contained within nearby Queen's Crescent Market and a limited range of retail stores on Prince of Wales Road.

Queens Crescent is a 5 minute's walk from the subject property and comprises various convenience stores, green grocers, food take away independents and vape stores. It serves the local ethnic community with numerous specialist Al Halal food stores and cafes. The market and retail offerings are largely made up of independents and are mainly in poor condition in need of repair.

Conversely, Regent Park Rd (10 minute's walk) tends to service the wealthier demographic. The stores there are predominantly smaller retail premises of local and independent operators and is regarded as a highly successful retail centre in its own right which supports the local residential catchment and draws trade from further afield in London Boroughs as a pleasant retail experience.

Retail Market – Covid effect.

The deterioration of the retail property sector is well documented and the repercussions of the fall out of Covid 19 and the strengthening of online retail has impacted significantly on all retail locations significantly reducing demand. As a result, there is a significant over supply of stock of empty retail premises and with reduced demand for new space this has resulted in many former retail properties to be left dilapidated or vacant.

Numerous initiatives and press commentary have been out forward to seek a re-purposing of these properties to alternative uses such as residential.

Many "non-prime" retail properties will remain vacant and will little interest are unviable. Retailers can select prime sites that are now affordable and seek locations in established areas only. From our involvement with 159/161 Camden High St we witnessed very little demand even for a prime unit in a core retail street. The property is now under offer from a class E user which on previous planning regime would have been regarded as A3. No credible A1 offers were received for the property during the marketing campaign undertaken by 3 specialist retail property agencies for over 2.5 years.

Given the location of 58 Malden Rd, we would anticipate virtually no retail demand for the space and would envisage even at extremely low rental levels the property would likely remain empty for 2-3 years or at least until current trends reverse and or business rates for retail are abolished.

Vacancy Rates

We have conducted a review of vacancy rates in Malden Rd and the immediate surrounding areas of Queens Crescent and Prince of Wales Rd. On Malden Rd there are currently 3 out of 16 active retail frontages that are vacant (18.75%). Malden Rd is not a contiguous retail street and out of 23 buildings

16 appear to still retain retail style frontages 68%. Of these retail style frontages, the following appear to have been converted to residential namely

- 56 Malden Rd
- 48 Malden Rd
- 44-42 Malden Rd
- 40-36 Malden Rd (previously a commercial ground floor)

This leaves only 12 retail frontages of which 2 are now medical uses (No. 50 Dentist & No. 46 Herbal treatments) In addition a further premises is restaurant and 3 further properties are café or take-away food businesses which are probably not A1 retail in the former use category.

In Queens Crescent there appears to be 3 vacant retail premises currently but many more may not survive once landlords are allowed to pursue rent arrears when the rent moratorium is lifted at the end of June.

On neighbouring Prince of Wales Rd the Costcutter store has closed and looks derelict whilst there are 2 other stores that look to have closed or not presently open.

At Chalk Farm there are developments being carried out which at present do not have retailers in them and indeed there is a run of 4 continuous stores fronting the main road A502 which are vacant and being marketed.

In summary there is a considerable vacancy rate in the area and numerous empty stores which could accommodate any retail occupier demand in stronger retail streets than Malden Rd.

Marketing

The property is currently occupied by Gulati Food & Wine but the lease is shortly coming to an end and the occupier is in significant rent arrears. It appears that the tenant cannot continue with a new lease as it is unviable and, as such we were instructed in April to seek a potential new tenant. From our marketing to date there has been no interest in the property irrespective of rental levels.

A more formal marketing campaign has not yet been undertaken given the confidentiality of the current tenant being in occupation. However, the property has been listed on the main retail property databases and on the Orme website.

We have had no serious interest in this space to be occupied nor received any serious or proceedable A1 or A3 interest nor offers.

There are a number of vacant shops in the area (as outlined above) and with the trend in retail , it is likely this is only going to get worse. Retailers are re-evaluating expansion plans and in most cases are not expanding at all, with some closing stores in underperforming locations.

There is a dramatic change in the retail environment due to the continued rise of online retailing and a change in consumer trends and this location does not offer any significant footfall to attract retail occupiers to seek representation. In our expert view this is a tertiary retail location at best!

A summary of the retail marketing undertaken to date is listed below.

- Costar – Online property portal
- PIP – Email mail out to 750 agents across London
- Estate Agents Clearing House – 250 agencies across London
- Orme Property Website
- Orme Property mailing list - consisting of close to 700 agents across London and the rest of the country.

Conclusion

It is our opinion there is little or no occupational demand for this unit or location for use as a retail ground floor space. Malden Rd is not an established retail location and has very little footfall to support retail uses. There are strong more vibrant retail centres located close-by at Chalk Farm, Camden and Hampstead and even those have significant voids presently given the retail crisis and shift to online which Covid only enhanced. Over 40% of retail spend is now online and that trend looks certain to continue which will result in more retail properties laying empty. A reduction in the retail property stock is required to balance the shift in supply / demand.

It is unlikely we will find a tenant and would suggest the landlord looks into options for alternative use on the property.

Your Sincerely,

Peter Woods
Orme Property