

17 Hanover Square London, W1S 1BN

020 7887 2338 info@claridges-commercial.co.uk claridges-commercial.co.uk

## 254 Kilburn High Road London NW6 2BS

# MARKETING REPORT

Prepared By Claridges Commercial Property Consultants 17 Hanover Square, London W1S 1JY

Date: 29th May 2020



### CONTENTS

- Pages 3 4 AGENCY INSTRUCTION & BACKGROUND
- Page 4 5 MARKETING CAMPAIGN
- Page 5 7 RESULTS OF MARKETING CAMPAIGN
- Page 7 COVID 19
- Page 8 COMPARABLES
- Page 8 CONCLUSION

### APPENDICES

- APPENDIX: 1 MARKETING PARTICULARS
- APPENDIX: 2 SCREENSHOTS OF MARKETING



#### 1. AGENCY INSTRUCTION & BACKGROUND

We have been marketing the new build office space within this residential development since our instructions on 10<sup>th</sup> October 2016. This report is intended to set out a summary of the marketing undertaken to date. This will include interest we have received and meetings at our offices with any prospective parties.

We met with our clients in early October 2016 to discuss the plans they had for a new build residential scheme with ground floor B1 (office) space. The scheme looked exciting as it was located in a popular area close to two main stations and overlooking parkland. We were sure this would be an attractive opportunity for office occupiers and felt sure that we should be able to secure a pre-let or pre-sale of this space before completion. We were instructed by the owners of the building to market on a rental/sale basis on 10<sup>th</sup> October 2016 to try and find a suitable B1 occupier.

The address of the property is 254 Kilburn High Road, London NW6 2BS which is accessed by an access road between 252 and 256 Kilburn High Road which are shop premises with upper parts. Our clients informed us that once the scheme is finished they were to improve this access way and create an impressive entrance to Kilburn High Road.

The site is within walking distance of both Brondesbury Overground Station which is approximately 400-500 metres north and also within walking distance of Kilburn Underground Station (Jubilee Line) which is less than 1 mile towards the south towards the direction of Maida Vale. Kilburn High Road is an eclectic mix of multiple and independent retail shop premises, department stores, restaurants, bars, banks and building societies. There is also a small street market in the square on Kilburn High Road.

Kilburn is within easy striking distance of both West Hampstead, Brondesbury Park, Maida Vale, Cricklewood, Willesden Green and Queens Park. All these areas are quite well regarded, densely populated and attract businesses of all types.

The site has limited parking with only two disabled spaces which I understand will be allocated on a first come/first served basis to disabled residential tenants. On street parking is by way of pay and display or by obtaining Business Parking Permits from the London Borough of Camden. I understand that these are limited to three permits per business and the costs are £344.35 pa for car parking of regular vehicles or an additional £37.19 for diesel powered vehicles or in the case of electric vehicles the annual charge is £86.08 pa. We have found that a number of interested parties for these offices have declined to take matters further once they were aware that there was no on-site parking facilities. Due to the nature of the narrow accessway to the site from Kilburn High Road, deliveries from lorries and oversized vehicles will be restricted and turning within the site so that vehicles can exit the site forward facing would be difficult.

The development is a detached building arranged over six floors with the office space being located on the ground floor. We were initially offering the space as shell and core giving tenants the opportunity to fit out to their own requirements and stamp their own mark and identity on the space. However, after discussions with our client we are also offering the option to fit out and provide the space with fitted out WC's, kitchens, air conditioning, raised floors and glazed partitioned offices to suit the clients needs. This would be done at a price to be negotiated but we have tried to be as flexible as possible in trying to secure a tenant or buyer for the space.

We have also marketed the space in three ways, either as one large area of 10,278 sq ft or as three units broken down as follows:

Unit 1	478 sq m / 5145 sq ft
Unit 2	305 sq m / 3283 sq ft
Unit 3	172 sq m / 1851 sq ft
Total area	955 sq m / 10,278 sq ft



Additionally, we have approached numerous companies to offer the space as flexible co-working office space. These companies are established in the serviced office/co-working arena and have been very successful throughout Greater London and the South East with rolling out these type of operations. Unfortunately none of the parties we contacted felt that the space and the location would lend itself to their type of operation.

The terms in which we have been marketing initially was on an "all enquiries basis" in order to garner some initial interest before the building was being constructed. At that time we were not quoting rental figures but gauging interest and testing rental levels that tenants were comfortable with. We then latterly quoted £30 per sq ft exclusive of business rates, VAT and all other outgoings such as service charge. We consider this to be commensurate with rental levels achieved in the area and in any event we told interested parties that this was just a starting point and that there was flexibility depending upon term of lease required as well as whether or not the property was to be taken as shell and core or to be fitted out to their specifications.

#### 2. MARKETING CAMPAIGN

We outline below the marketing we have undertaken since the date we commenced full marketing on 10<sup>th</sup> October 2016, up to the present day. Our marketing initiatives have included the following:

A "TO LET/FOR SALE" board was erected at the entrance to the site on 12<sup>th</sup> October 2016 advertising the availability of the commercial space within a new build development and the size of space that was being offered.

Preparation of in-house marketing particulars with a CGI (computer generated image) and floor plans were made up (copy attached) which included details of location, description of premises, rental quoted and a general summary of the opportunity.

The marketing particulars were initially sent out on 11<sup>th</sup> October 2016 in response to a number of clients' requirements circulated by local agents as well as to clients on our own database (currently numbering over 29,000). The particulars were sent out throughout the period of our instruction to prospective commercial tenants on our database.

The premises were also advertised locally and nationally through a number of property portals which are to include:

- Zoopla
- Propertysales.com
- EGPropertylink
- COM Property
- Costar
- Movehut

In addition to this the property was circulated on commercial property trade portals which goes to virtually all commercial agents in the country which are:

- PIP (Perfect Information Property)
- EACH (Estate Agents Clearing House)
- West End Agents

The property was and is also advertised on our own website <u>www.claridges-</u> <u>commercial.co.uk</u> which has, on average, in excess of 10,000 hits each month.

Details of the available premises were also added onto our Office List on 11<sup>th</sup> October 2016. This list is updated on a daily basis and when we take on a new property this is



added immediately and new lists are printed out so that the property gets immediate exposure. Upon changes in the marketing terms of "all enquiries" to "£30 per sq ft" the list was updated and recirculated. This list gets circulated to all applicants and commercial agents on a monthly basis.

We also carried out a "phone out" whereby we called a number of our "hot applicants" to see if they are interested in offices in Kilburn. We also had telephone conversation with a number of our contemporary property agents that cover North West London to make them aware personally of the new scheme which is coming available and to see if they have any clients that may be interested in either securing a pre-let, pre-purchase or occupation once the scheme is complete.

Through out the period of our instructions we continually kept our clients up to date by phone and attended their offices in Temple Fortune, London NW11 on a number of occasions to talk through progress, marketing strategy and options for the space. Our clients were particularly keen to secure tenants for this space, have been quite "hands" on" and have offered assistance wherever necessary in offering to meet with potential clients for the space.

Advertising on the web has resulted in 4,320 web page visits with a number of enquiries generated either by phone or by email.

We believed that a potential occupier for the available office space would be a company or organisation possibly already located in the area looking to upgrade or downgrade size wise but to draw upon the cache of occupying a newly built scheme.

3. **RESULTS OF MARKETING CAMPAIGN** 

Initially, we marketed the available office space on an "all enquiries basis" and not quoting a rental figure. We then changed our marketing strategy to quote £30 per sq ft exclusive of business rates, VAT and service charges.

Over the period of marketing we initially received most of the enquiries more lately since the start of 2018 demand for office space in general has greatly reduced and has been reflected in the list of enquiries which we show below. Its hard to draw upon exact

reasons why the enquiries have reduced but it appears to be a general trend and apathy in the market surrounding Brexit and the lack of certainty for commercial occupiers to expand their businesses at the current time.

Our instructions from our client have always been to be as flexible as possible and therefore we have been, and still are, informing people, companies and organisations that make enquiries about the available space that any reasonable rental offer would be seriously considered. Obviously whilst our client is trying to be as considerate as possible with the rental, there is a level at which it will not be cost effective to let the space.

Despite a strong marketing campaign to date we have been unable to secure a suitable tenant. The difficulty in letting or selling these specific offices, we feel is also due to its location as it is somewhat hidden behind the retail premises in Kilburn High Road and lacks identity that a number of office occupiers are seeking in order to promote their business. If the scheme fronted Kilburn High Road and was clearly seen by passing traffic etc, I believe that greater interest would have been obtained. Additionally, although we have offered the space to be fitted out to clients requirements a number of tenants just want to take the space in a "move in condition". Thus reducing lead time and hassle of fitting out.

Since we commenced marketing we have had over 48 enquiries for the property which has resulted in only 3 meetings with parties to discuss the scheme in more detail. Details of most of the interest is listed below:



November 2016 – Mr Gillis/Loudwater Trade and Services Ltd looking for office space for their business to buy. Decided location was not ideal due to it being within a residential development, the space was too small as they were an expanding business and lack of car parking. Subsequently took a 2,700 sq. ft. office space in NW2

November 2016 – Mr Patel/MES – looking for office space to rent – Insufficient car parking space and as we were not able to quote exact service charges at this time he did not want to commit.

December 2016– Mr Charalambous/IT Services – looking for office space for their IT management business to rent. Whilst they liked the location they were concerned that their clients may have difficulty in finding the premises as it is hidden and also a number of their clients come by car.

December 2016 – New business – Mr G Kahn – Following the rent/sale price reduction this client was looking for space to rent for his medical recruitment business. The space was acceptable for the purpose but he needed it to be more visible from the main road and also would not wait the lead time until the development was completed.

February 2017 – D & S Tanner – looking for an office to buy for their own occupation as leather/hide wholesalers. They are relocating from Watford and wanted space close to Central London so that their International clients could visit them more easily. They decided that the space was not for them as they have numerous deliveries by lorry of samples and they felt that the access would be a problem.

February 2017 – Jewish Charity – This applicant was looking for space for their head office operation but decided not to proceed as they need space that they could secure to a greater level than what was currently being afforded. They felt that as it is part of a residential scheme there would be a lot of coming and goings that would not suit their low key nature of their organisation.

February 2017 – Mr Ahmed/Adela Trading – this property company wanted to buy offices for their in house lawyers, accountants, architects and Management Company – lack of parking was the reason sited for not proceeding.

March 2017 – Mr Young/Green Start - a new environmental business required an office to rent – too big for this start-up company, disliked the location.

March 2017 – Mr Smith/UBF Ltd – Import/export business – required offices to buy or rent. This enquiry just faded away. We tried to contact them on numerous occasions but no response.

April 2017 – Mr Scott/Rooms and Studios Ltd – this agency for studio/one bed apartment lettings based in West Hampstead needs more space in view of growing demand and they required to buy a local office for Kilburn and Queens Park demand – whilst the transport links are excellent and the space sufficient, they did not like the location and preferred to be closer to Brondesbury station.

May 2017 – Mr Walker/AB Textiles – looking for office to buy- costs of works too high to contemplate. Had in our view an unachievable budget.

June 2017 – Mr Waterman required office space to let – Found alternative property prior to appointment after drive by visit.

June 2017 – Mr Udeshi/ Clothing importer/exporter required office space to rent – Considered both rent and projected service charge to be too high and even after discounting access problems and lack of car parking meant he was not interested.

July 2017 – Mr & Mrs Francis required space to buy for their accountancy business. We met with this party together with our client at their offices and talked through at length the option of taking units 1 and 2 in the scheme. We were pretty certain that we may



be able to secure this party as tenants but later found that they had taken space in Camden Town (which is an area they previously would not consider).

August 2017 – Mr Aylum on behalf of Camden Council for one of their housing departments made an enquiry for office space. They later declined interest as the location did not fit their requirement.

October 2017 – we continue to market the above property although we had found that the interested had started to plateau. We reinvigorated the marketing campaign, recirculated it to all parties, old and new, to see if we could stimulate more interest. Since then we have received approximately 27 enquiries all of which we pursued but generally without having to summarise each enquiry below they have failed to move forward a number of them due to a lack of parking, some due to lack of confidence in the current market place and various other associated reasons.

November 2019 – Since our last report we have continued to market the property continually on our website and on all the other property portals as set out in this report. Interest has waned considerably for office space this year due to Brexit turmoil and now the General Election. Occupiers are failing to make decisions and commitments for expansion at the current time.

January 2020 – The property remained fully marketed and at this time we decided to give our marketing particulars a make-over with some new photos with CGI images and readdressed the headline wording to give the whole marketing a fresh look. No viewings were carried out in January 2020 and only 4 viewings were carried out in February 2020.

March 2020 – In March 2020 we received 3 enquiries none of which resulted in a sale or letting and in late March we entered into a national lockdown due to Covid 19 and we remained in a lockdown throughout May.

### 4. COVID 19

Since the outbreak of Covid 19 marketing has taken a new dimension with a much lower level of interest which has been reflected in a greatly reduced amount of inspections. During this period many property professionals offices were manned from home or closed all together. The demand for office space was at an all time record low with more parties trying to shed space than take space. There was a large movement towards home working which was encouraged by the Government.

Offices and some business space become liabilities. The market has become a buyers and tenants market as opposed to a landlord and owners market. Funding for commercial property purchases is extremely difficult and has been throughout the pandemic. There is currently a large availability of space in the market at low rental levels, as long as the tenants cover the business rates. At the time of preparing this report the market for office and business space remains subdued and greatly reduced from the levels previously experienced prior to Covid.

During the Covid 19 period there have been three lockdowns; in March 2020 until the end of May 2020 which was then replaced by local lockdowns. There was also a second national lockdown on 5<sup>th</sup> November – 2<sup>nd</sup> December 2020 and then on 6<sup>th</sup> January 2021 there was a third lockdown. During these periods enquiries were incredibly low as you can imagine and inspections were halted.

Attributing values and obtaining comparables in this market is extremely difficult as there are very few commercial transactions to use as a benchmark. It is widely thought that Covid has sparked an era of home working and the office/business space market may never return to levels previously enjoyed. This has been accelerated due to the abundance of technological advances to enable remote working, such as broadband, zoom, teams and broadband based telephone systems.



### 5. COMPARABLES

We have considered comparable office schemes that are available in and around the area to see how this scheme matches up with what else is available in terms of quality, location, ease of access, parking and other factors. The comparable schemes available are summarised below:

Elite House, 100 The Courtyard, 100 Villiers, Willesden, London NW2 5PJ 10,069 sq ft available over ground and first floor at a rental of £250,000 pa (£24.82 per sq ft) plus service charge of £13,500 pa. This is modern office space within a private courtyard with glass partitioned offices, air conditioning and 8 allocated parking spaces.

#### 16 Lonsdale Road, London NW6 6RD

1,646 sq ft of mews style offices available at £70,000 pa (£42.52 per sq ft) plus service charge of £2,469 pa. No parking available.

3 Quadrant Business Centre, 135 Salisbury Road, Queens Park, London NW6 6RJ 5,235 sq ft arranged over ground, first and mezzanine floors, quoting rental £42 per sq ft plus a service charge of £4.68 per sq ft. On site parking available.

#### 2nd floor, 184-192 Drummond Street, London NW1 3HP

6,764 sq ft arranged over one floor with lift access, quoting rent £45.50 per sq ft plus service charge of £3.25 per sq ft. Excellent location close to Euston Road and Euston Station.

#### Sumatra Road, London NW6

3,200 sq ft of modern office space to let at £96,000 pa (£30 per sq ft). On street meter parking only. Located close to West Hampstead underground station.

To summarise, the rental level we are quoting is in line with market levels and in my opinion slightly below other rentals being quoted in striking distance. I therefore feel that there is no need to further adjust the rental price quoted.

#### 6. CONCLUSION

To summarise, we believe that we have undertaken a full and wide ranging marketing campaign during the course of our agency instruction. We constantly tried to come up with further marketing initiatives to try and secure an occupier for the space.

Based upon feedback from people with whom we have discussed the available space and those that have gone one stage further and have met with us to discuss the space further, whilst the available space has been suitable for some occupiers, the location, lack of parking and the fact that the building is quite hidden from the main road are the main reasons why individuals, companies and organisations have not taken their interest any further. Additionally the uncertainty surrounding Brexit and the current business world is putting further doubts in parties minds about committing at this stage.

We hope the above report adequately summarises the marketing procedures we are have undertaken to date on the available space within the building to try and secure a tenant/sale.

This report demonstrates the marketing we have undertaken to date to try and secure an occupier and we believe it is important that our comments and recommendations are seriously considered as they are based on feedback from parties that have enquired about the space that is still available.



**APPENDIX 1** 

### MARKETING PARTICULARS







Location:

Situated the rear of Kilburn High Road (A5) overlooking Kilburn Grange Park. The nearest stations are Brondsbury overground station which is approximately 400-500m away and Kilburn underground station (Jubilee Line) which is approximately 1 mile away from the units.

Description:

Areas:

Lease:

Comprising three commercial units within a new development complex due for completion early June 2019. The units have B1 office use and are arranged on the ground floor. The units are to be fitted in either shell and core finish or to a high specification including air conditioning, raised floors with quality carpet tiles, glass partitioned offices, male/female WC's and modern kitchen area. The units can be let individually or as one large unit. The complex benefits from an exterior courtyard and bicycle parking.

Unit 1	478 sq m / 5145 sq f	ť
Unit 2	305 sq m / 3283 sq f	ŧ.
Unit 3	172 sq m / 1851 sq f	ŧ
Total area	955 sq m / 10,278 sc	i

Available on new full repairing and insuring leases for a term to be agreed, From £30 per sq ft exclusive of rates, VAT and all other outgoings.

Ĥ

Service Charge:

	Est SC (£)	
Unit 1	£3,002.78	_
Unit 2	£2,201.30	
Unit 3	£1,582.16	

Business Rates: London Borough of Camden - TBC. Interested parties should make their own enquires via the Local Authority or Valuation Office www.voa.gov.uk. Claridges cannot guarantee any figures.

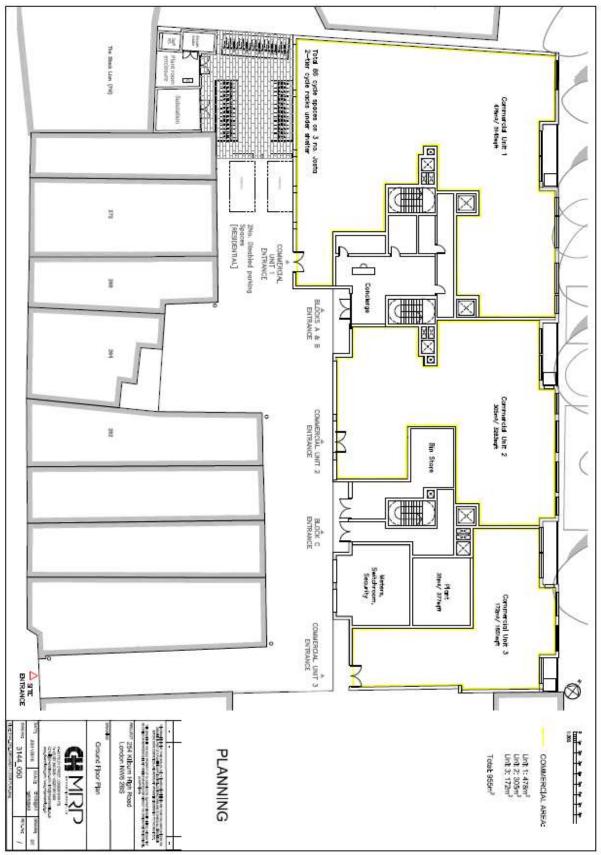
Reference Charge: Claridges charges a fee of £250 plus VAT for taking up references for proposed tenants. This fee is non refundable after the references have been taken up, whether they are accepted or not by the Landlord.

Holding Deposit: Tenants or purchasers wishing to secure this property will be required to pay a holding deposit to Claridges of £3,000. This deposit is not refundable except if the vendor withdraws, clear title cannot be proved or the tenants references are not acceptable to the landlord. This deposit is held in our clients account until completion.

Viewing:









### APPENDIX 2

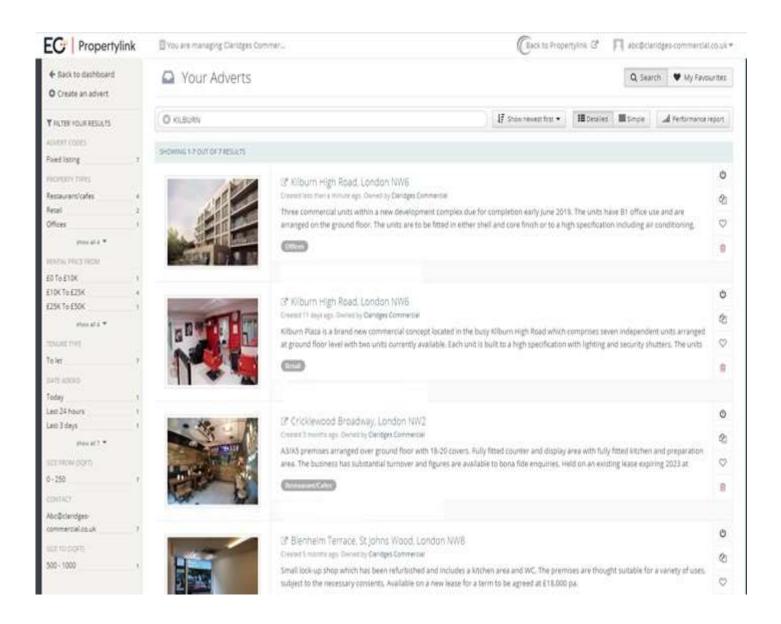
### SCREENSHOTS OF MARKETING

### EACH (ESTATES AGENTS CLEARING HOUSE)

💓 🗃 aride 🥢	Claridges Commercial 0	845 205 0007 Agency 17 Hanover Square, Lo	idon, W1S 1	N	6.5	
	Adrian Cole	+ 🖀	-	*	X	1
Â		0				
SAVED						
Office		1000				
NW6 VOA High Road Kilburn London	1,851 - 10,278 sf Lease £30 /sf	634486 Claridges Commercial W1 0845 205 0007 See Agency				
		Adrian Cole				
		020 8559 1122				
Three commercial units within a new developm units can be let individually or as one large unit term to be agreed. From $\pounds 30$ per sq ft exclusive	t. Available on new full rep	airing and insuring leases for a				
Sent to 4 matched Requir	ements	more				
PDFs / images PDF      O min      599 KB	Google					
- 1 EACH lists' of Agents actively dealing v	vith	U				
✓ Office located in London NW						
✓ exclude who already got Match email						
- 诸 include/exclude Lists Companies', Agents	' and Contacts' lists					
*						
+ View all that will get the email (untick to e		1.110				
Subject: ACE: 1,851 - 10,278 sf Office a	at High Road, Kilburn, N	177.0				
Salutation: Dear						
$\begin{array}{c c} \mathbf{B} & \mathbf{I} & \underline{\mathbb{U}} \equiv \Xi \equiv \Xi \equiv \Xi \equiv \Xi & \text{Font Size.} \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & \\ & & & & \\ & & & \\ & & & & \\ & & & \\ & & & \\ & & & & \\ & & & & \\ &$	Font Family. V	ont Format 👻 運 👹 🍕				
type a SHORT messag (do not paste from Word etc. as hi		trov the layout)				



### EG PROPERTYLINK

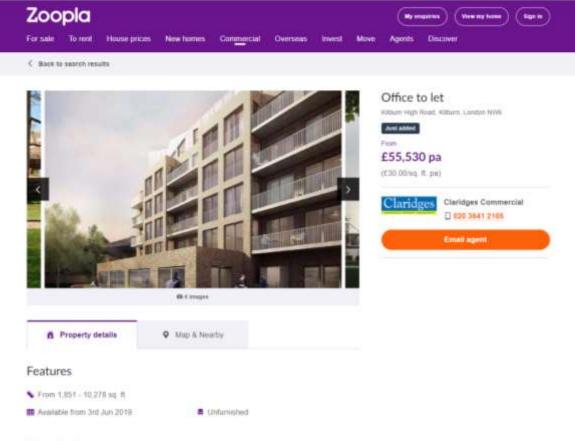




### PROPERTYSALES.COM



### ZOOPLA



#### Description

Three commercial units within a new development complex due for completion early June 2018. The units have B1 office use and are arranged on the ground floor. The units are to be littled in either shell and core finish or to a high specification including air conditioning, raised floors with quality carpet tiles, glass partitioned offices, male/female wc's and modern kitchen area. The units can be lot individually or as one large unit. The complex benefits from an exterior courtyard and bicycle parking. Available on new full repairing and insuring leases for a term to be agreed. From View more

#### Links for this property

- Document
- See all commercial properties to let in Brondesbury
- Report listing

### The Agent

Charidges Commercial 20 Handwe Equand, Landon, W10 1./V

View agent properties



### CLARIDGES OFFICE LIST

# OFFICES

(Ref No. 024094) KILBURN HIGH ROAD, LONDON NW6 NEW DEVELOPMENT – 3 COMMERCIAL UNITS TO LET FROM 1851 -10,278 SQ FT *3 commercial units within a new development completion early June 2019 *Arranged on ground floor *Units to be fitted in either shell & core or finished to a high specification *Units can be let individually or as one large unit *Available on a new FRI lease from £30 per sq ft per annum	
(Ref No. 024086) HORNSEY ROAD, LONDON N7 SUBSTANTIAL GROUND FLOOR SPACE FOR SALE OR TO LET APPROX 9500 SQ FT *2 units on the ground floor *Suitable for A1, A2, A3, B1, D1 and D2 uses (STP) 21 flats sold off at peppercorn ground rent *Offers invited for the freehold at £2.5m *Also available on a new FRI lease – rental offers invited	
(Ref No. 023268) HURRICANE BUSINESS CENTRE, GRAHAME PARK WAY NW9 OFFICE SPACE TO LET 847 SQ FT *1 <sup>st</sup> floor offices arranged mainly as open plan plus 2 partitioned offices *Small kitchenette and WC *One on-site parking space available with further parking locally *Available on a new FRI lease for a term to be agreed at £18,000 pa	
(Ref No. 023892) FINCHLEY ROAD, CHILDS HILL NW2 OFFICE TO LET APPROX 270 SQ FT *First floor office which is available on an all inclusive basis *Ground floor reception area and shared WC facilities *Including business rates, electricity & insurance *Available on a new lease or licence at £550 pcm (£6,600 pa) inclusive *Includes business rates, electricity and insurance	