

Hannah Bryant
Gerald Eve
72 Welbeck Street
London W1G 0AY

22nd November 2021

Dear Hannah,

The Post Building - Retail Commentary

As requested, please see our thoughts below.

1. Overview of the current Retail Market

Macro

- Physical retail has been steadily declining with a significant shift of sales being online. Online sales now equate 28% (Sept 2021), jumping from 20% in March 2020 and a falling from a peak of 36.3% in January 21 (Statista.com). Due to cultural shifts in the way consumers shop, there have been a plethora of CVAs and failures across the industry. Covid accelerated this trend and has led to more closures and encouraged vacancy rates to rise.
- Central London has found it particularly difficult to recover due to the impact on the tourist industry and cultural shift in working patterns.
- However, the recovery is now underway and reducing vacancy rates with the decline in physical retail being met by demand from experience focused uses.
- The F&B sector is recovering well, with a strong preference for fitted units with external presence. However units in shell condition are significantly longer void periods due to the capex required to fit out – which has been exacerbated due to the rise in construction costs.
- The leisure sector has adapted considerably over the past few years, this fast-paced market is seeing an increase in new concepts as consumer's demand for innovative leisure experiences continue to grow. As well as behavioural changes in shopping habits, technological improvements are also having positive effects on the leisure market so we can expect this trend to continue.

Micro

- This micro pitch of The Post Building has suffered due to lack of office workers during the week and tourists visiting British Museum / theatres on the weekend. The offices are on average 45% occupied in the Post Building.
- As such, there is a distinct lack of independent operators acquiring new sites due a lack of funding and certainty.
- In addition, the delay of Crossrail opening at Tottenham Court Road Station has further deterred retailers from this pitch.
- This pitch is unestablished and considered secondary to better known shopping destinations nearby.
- Availability across London and in the nearby area of The Post Building has increased, with competition for units intensifying as rents have reduced and in some cases units handed over in existing fitted out condition.
- Currently, there is less demand from restaurants and A1 grab and go food operators than before the pandemic.
- Strong demand from larger competitive socialising concepts e.g. Boom Battle Bar taking space on Oxford Street.

2. Overview of the marketing approach for The Post Building

- Prior to the current Landlord's purchase in December 2019, the A1/A3 properties had been actively marketed by both CBRE and DCL for a period of circa 12 months including a formal marketing launch for agents at the building.
- Since December 2019 the building has been actively marketed initially by CBRE and C&W, and more latterly by C&W and Bruce Gillingham Pollard.
- The approach has included a website, vinyls of the units, marketing brochure, virtual tours and numerous agents and occupiers being targeted directly.
- Since BGP came on board we have been actively marketing the units on a combined basis
- There have been three different iterations of the marketing brochure i.e. CBRE, DCL, C&W, BGP
- Website link <https://postbuilding.com/>
- Virtual tours e.g. [Unit 7 Ground Virtual Tour](#)

4. Interest

- We have approached over 250 operators. The below are the ones that have offered. None of them have transacted.

Operator	Use	Unit	Reason for offer withdrawal
Leisure operator	E	5,6,7	Expansion stalled
Supermarket	A1	1	Initially offered but didn't get board approval for this location
Bar operator	A4	5A&B	rejected use based on need for vertical drinking license
Café	A1	5C	withdrew from negotiations due to concern on footfall
F&B	A3	5C&D	withdrew as sought 1 year term only
Supermarket	A1	1	configuration of units too small
F&B	A1	1	withdrew due to concerns on footfall
F&B	A3	5D	withdrew as seeking a capital contribution
F&B	A3	5C/D	withdrew due to concerns on footfall
F&B	A3	5B	withdrew due to change of expansion strategy
F&B	A3	5D	withdrew due to concerns on footfall
F&B	A3	5C	withdrew due to concerns on footfall
F&B	A3	1	withdrew as seeking a capital contribution

F&B	A3	1 (split)	withdrew as focussing on another location
F&B	A3	5B	withdrew due to progressing deal in Fitzrovia
F&B	A1	5A&B	withdrew due to concerns on footfall
F&B	A1	1 (split)	withdrew due to concerns on footfall
Electric Scooters	A1	1	withdrew due to concerns on location
F&B	A1	5D	withdrew due to concerns on location
F&B	A1	5D	withdrew as seeking a significant landlord capital contribution

Please let us know if there is anything you would like to discuss.

Kind regards,



Duncan Gilliard
Partner, Central London Retail
C&W LLP



Tracey Pollard
Managing Director
Bruce Gillingham Pollard Ltd