



Nextgen Real Estate
43 St John Street
Clerkenwell
London
EC1M 4AN

SENT VIA EMAIL: Gil Levy gil@elleric.com

21st June 2022

RE: Marketing report, Lupin House 11-13 Macklin Street London WC2B 5NH

Dear Gil,

This letter seeks to outline the marketing efforts at the above property report the feedback obtained from the numerous inspections undertaken.

Background:

Nextgen Real Estate have been actively advising the freeholders of the premises since October 2018 and marketing commenced in May 2019 and continue to do so. It was decided that we would brand the property alongside our partner lettings agency – Sub800 which is better placed at obtaining occupiers for this type of property. The disposal efforts have been led by partner Jake Pater, lettings Director Effi Grussgott and 2 further lettings agents.

The vacant space was professionally cleaned, cleared, and refurbished to a light standard. This included painting of the common areas and vacant space, new lighting, and general ‘making good’ wherever possible. We advised that the rent would need to be extremely low to attract office tenants to the property given the condition and specification.

The specification is very limited. The offices are reliant upon perimeter trunking and is not equipped for high-speed internet. It is heated via central heating and does not have any form of air conditioning or comfort cooling. We tried to portray a warehouse / period feel, however it does not really benefit any quirky original features that some tenants might appreciate. We were told that the service lift is not operable & that it should not be used. This made the prospect of letting the upper floors very difficult.

The typical occupiers for this type of space within the locality has shifted to a preference for serviced / coworking style on more flexible terms than the traditional leasing model. By using Sub800 we attempted to reach this market & also the traditional leasing model. We quoted a rent reflecting £30 Per Sq Ft and offered the space on a fully flexible model. This allowed the tenants the opportunity to determine their own lease length at a discounted price.

From our experience we would typically expect to achieve renting space and minimizing voids within a 3 – 6-month period for similar quality stock priced competitively.



Please note the quoting rents at the time of instruction on the following office schemes:

8-14 Macklin Street - £65 Per Sq Ft
Macklin Street -£75 Per Sq Ft
15 Stukeley St - £59.50 Per Sq Ft
20-22 Stukeley St - £72.50 Per Sq Ft

To contextualise this within the current market conditions; take up across the core West End markets in Q1 2022 continued along a similar vein to the previous year, with activity running 12% below the 10 year average at 567,900 sq ft in 156 transactions.

The largest transaction in the core West End markets in Q1 2022, was the 37,566 sq ft letting to Blackstone at Berkeley Square House and indicated the continued trend for occupiers targeting better quality space. There were a total of five transactions above 20,000 sq ft across the core West End markets in Q1 2022, accounting for just under 20% of total take up. Grade A take up accounted for 60%, slightly below the figure in the previous 12 months.

Demand has continued to strengthen in Q1 2022, rising by 13.6% over the quarter to 5.04m sq ft. The major change in demand has been the increase in requirements for suites below 10,000 sq ft, which is up by 33%, whilst larger requirements (>10,000 sq ft) are down by 2%. Companies in the creative and finance sectors continue to dominate demand.

Supply fell to 3.1m sq ft in Q1 2022 from the peak level of 3.6m sq ft in Q2 2021. The main reduction in supply has been in Grade A space, which has fallen by 625,750 sq ft to 1.3m sq ft, whilst the availability of un refurbished stock has increased by almost 250,000 sq ft. The availability rate across the core West End markets is now down to 6.1%, just above the 10 year average availability rate (6.0%).

Prime rents rebounded strongly across most West End sub markets in Q1 2022, rising by 5.3% on average in the quarter and are now 12.3% higher than the same quarter last year.

Take up in Covent Garden has remained below trend rates since the pandemic but Q1 2022 showed the first signs that activity may be strengthening. Total take up in the first quarter was 75,080 sq ft in 20 transactions.

Several deals above 10,000 sq ft completed, with the largest transaction in the quarter being the 13,700 sq ft letting to beauty products company Shiseido on the 6th floor at 1 Kingsway. The other transaction above 10,000 sq ft was to solicitors Clintons, who took 10,600 sq ft at the new mixed use scheme at 2 St Giles Square.

Supply in Covent Garden has been slow to recover since the increases following the pandemic. Availability edged downwards in Q1 2022 to 466,700 sq ft but remains 43% above pre pandemic levels. Over the same period, Grade A supply has fallen by 12% to 141,180 sq ft as occupiers have targeted better quality stock. The largest Grade A space is at the comprehensively refurbished Kodak building at 65 Kingsway.

Prime rents moved back to £82.50 per sq ft at the end of Q1 2022, recovering the ground lost in the previous quarter. Values are now 10.0% ahead of where they were 12 months ago as the confidence returns to the Covent Garden market.



Rents on refurbished and unrefurbished space have proved to be more resilient than the top end of the market, moving to £72.50 per sq ft £57.50 per sq ft respectively.

At the point of instruction – we commenced marketing the 2nd and 3rd floors in their entirety. The 2nd floor comprised 2,942 Sq Ft & the 3rd floor comprised 2,605 sq ft.

The tenancy schedule in Appendix 4 depicts the current vacancy of the property. The only existing remaining tenancies are: Cyclefit Ltd, Covent Garden Laminates, Maxim Computer Graphics and the Latin Mass Society. Our agency instructions were to market any commercial space as soon as it became available. There were instances whereby our marketing efforts proceeded the lease expiries due to requests by tenants to vacate the space earlier.

We have produced a new pictorial set of property particulars containing all relevant information on the property including descriptions, accurate floor areas and photographs, indicating its availability for let for B1 purposes. Details have been sent to approximately 650 central London commercial estate agents via the Estate Agents Clearing House and our own in-house database. Using the clearing house ensures that the particulars are sent to their database of 14,000 commercial agents and every established agency across the country. Between the clearing house and our own in-house database compiled by using the HMRC SIC code (6531) we have ensured that it has reached all relevant parties.

A copy of the particulars has been sent to our current applicants, who have matching requirements. A direct mail shot of the property has been distributed to a variety of local occupiers in and around the general location.

Due to the limited tenant demand and feedback obtained – we knew that we needed to widen our marketing efforts so in October 2020 a dedicated webpage via a microsite was created ensuring that it reaches the widest web catchment possible. The property has been placed on Zoopla & EACH, 4Prop, Focus and EG Propertylink which are the main commercial property databases. Sub800 spends significant money on web advertising and pay for clicks to ensure that the property has maximum online exposure.

(see appendix 1 – with a screenshot of the commencement date and details of the microsite created)

We have erected a 5x4 V board to ensure that the local occupiers are aware of the space available. Whilst this is now considered to be somewhat outdated – a number of applicants reach us via board enquiries.

(see appendix 3 – invoice for erection of the V board)

The marketing campaign could not have been more robust and we have spent a considerable amount of money and energy in gaining maximum exposure for the property.

Inspections:

To date, we have undertaken 38 inspections of the property and have replied to over 90 requests for the particulars. Notable enquiries include:

Retained Clients of Newmark Harper Dennis Hobbs

Agent Name: Peter Schaverin

Viewing date: 3rd February 2020

Feedback: Clients preferred alternative premises.

Clinica Fiore ltd



Flavio Refrigeri

Viewing date: 11th February 2020

Feedback: The space is too dark and unsuitable for his business. There is no elevator. The entrance to the building is very small and unimpressive, and also shared with residential flats.

Tharwa Investments Limited

Director: Colum Campion

Viewing date: 23rd Feb 2020

Feedback: concluded the space is unsuitable for their requirements for the following reasons; The building is dated and with small windows and insufficient natural light. The ceilings are too low There are insufficient service areas. The office space and building are unattractive.

QIG Holdings Limited

Director : Thiago Hahn

Viewing date : 4th of March 2020

Feedback: Unsuitable due to; small windows, lack of natural light and unimpressive office space. Low ceiling height and inadequate toilet facilities.

Retained Clients of Gryphon Properties

Agent Name: John Morton

Viewing date: 9th March 2020

Feedback: Clients preferred alternative premises.

Retained Clients of Stirling Ackroyd

Agent Name: Lucy Stephens

Viewing Date: 28th March 2020

Feedback: Clients dismissed immediately due to poor quality.

Fordgate Ltd

Director: Steven Gertner

Viewing date: 20th October 2020

Feedback: Not considered due to poor quality. Requires lift, manned reception, shared communal facilities.

Keltbray Ltd

Director: Joseph Goldberg

Viewing date: 11th November 2020

Feedback: Dismissed due to quality of space.

Princeton Investments

Director: David Israel

Viewing date: 18th November 2020

Feedback: Dismissed due to poor natural light, lack of lift, shared common areas with residential tenants.

Retained Clients of Hurford Salvi Carr

Agent Name: Derek Lewis

Viewing date: 9th December 2020

Feedback: Clients preferred alternative premises.

Retained Clients of Jarvis Keller

Agent Name: John Keller

Viewing date: 30th January 2021



Feedback: Clients preferred alternative premises.

Lorenzi Investments

Director: Nathaniel Lorenzi

Viewing date: February 11 2021

Feedback: Unsuitable for corporate nature of his clientele.

Fuse Post

Viewing date: April 27th 2021.

Feedback: Rejected due to current specification.

100% Design Studios

Director: David Horwich

Viewing date: 8th July 2021

Feedback: Does not fit their technical requirements for photographic studios.

Retained Clients of David Coffey Lyons

Agent Name: Jonathan Moradoff

Viewing date: 24 August 2021

Feedback: Clients preferred alternative premises.

Retained Clients of Robert Irving Burns

Agent Name: Mathew Rogznitsky

Viewing date: 17th December 2021

Feedback: Clients did not like the building.

Victoria Taylor London

Director: Victoria Taylor

Viewing date: January 30th 2022

Feedback: Liked the location and profile of the building. Inspected twice, however chose alternative premises as was offered excellent inclusive terms on an inclusive basis on Grade A space.

Weil Properties Ltd

Director: Maurice Weil

Viewing date: 19th March 2022

Feedback: Space not suitable due to client facing requirements.

(see appendix 2 – correspondence with selected applicants outlining feedback obtained)

Office Market Overview:

The pandemic exacted a brutal toll on West End neighbourhoods as international tourism ground to a halt and the daily tide of commuters stopped traveling to the city centre. The blow was particularly severe within the WC postcodes. Early signs of recovery are still to hit the bottom line. Shaftesbury, the company, which owns parts of Chinatown, Soho and Covent Garden, has been hit by the sharp fall in the number of tourists and office workers coming into the capital. It said vacancies at its shops, restaurants and offices had nearly tripled to 10.2% in the year to 30 September. As tenants struggled to pay their rent, Shaftesbury's net income fell by 24% to £74.3. It collected only 53% of the rent due in the second half of the year. This resulted in an annual loss after tax of £699.5m, compared with a profit of £26m the



previous year. Last week it announced a further decline in the value of the central London attraction's shops, restaurants and office buildings as the footfall numbers remain depressed and many businesses are still closed. Brian Bickell, the Shaftesbury chief executive, said: "Rarely in history has the world seen such widespread disruption to normal patterns of life. Only now are we seeing the first positive signs that conditions will begin to improve in the year ahead." Shaftesbury said its leasing activity had declined sharply since February due to the pandemic and was below normal levels, although there had been a pickup in inquiries in recent weeks. The pandemic has also forced landlords to rewrite lease agreements to help tenants get through the crisis, and Shaftesbury moved permanently to monthly rents for most commercial tenants from October.

Simply put – the macro effects have made an already difficult letting proposition near impossible. There is such limited demand & there is now a "flight to quality" where tenants will not consider lesser products such as the subject property.

However, it would be simplistic to attribute the current vacancies down to the Covid pandemic. The building is no longer viable for mixed commercial use. The lack of natural light, ceiling height and ineffective floorplates, the damp to the basement, the overall condition of the common areas and toilets are all contributing towards the lack of any interest from commercial occupiers.

Kind Regards,
Jake Pater
Partner



Appendix 1:

The portal showing the date that the Microsite was created: The site remains live and will forward to Zoopla and all the other portals suggested.

The screenshot shows the AgentsInsight portal interface. On the left is a dark blue sidebar with the 'AgentsInsight' logo and a menu under 'ORGANISATION' including Dashboard, Disposals (selected), Requirements, Transactions, Contacts, Diary, and More. The main content area is titled 'Lupus House, 11 - 13 Macklin Street' and has tabs for Summary, Interest Schedule, Find Matches, Insights (marked 'Now'), Management, Transactions, Availability, Media, and Marketing. The 'Summary' tab is active, displaying a property photo with an 'AVAILABLE' badge, the address 'Lupus House, 11 - 13 Macklin Street' (London, WC2B 5NH), details '740 sq ft - To Let - Office', and creation/update dates 'Created: 29/10/2020 - Updated: 28/03/2022'. Below this are sections for 'Tasks & Viewings' (with a 'Create Task' link and a message 'No Tasks or Viewings assigned to this Disposal') and 'Related Notes (0)' (with an 'Add a comment...' input field). A 'Quick Look' button is also present.

The screenshot shows the 'Promote' section of the portal, titled 'Promote' with the subtitle 'Power-up your property listings'. It features six promotional cards, each with an icon and a description:

- Auto PDF Particulars:** Agency-branded particulars, auto-generated in just one click. They keep themselves up to date, so you don't have to.
- Property Portals:** Feed your listings to all the major portals, including Zoopla, Rightmove, NovaLoca, EG Property and Radius - all automated.
- Website Property Search:** Power your corporate website property search, keeping all property details and enquiries manageable under one roof.
- Branded Microsites:** Auto generate a one-page microsite for your disposal. A smart, on-brand microsite is instantly ready for you to start marketing with.
- Campaign Emailers:** Circulate an agency or property branded email to your fellow agents. A great way to make your property cut through the noise.
- Social Media:** Publish your latest availability to Twitter and other social media in just a few clicks.


The AgentsInsight logo is visible in the bottom right corner of the section.




Registered Office: First Floor, Winston House, 349 Regents Park Road, London N3 1DH
Registered in England & Wales no. 10267258

As advertised on Zoopla

ZOOPLA

**My Home**


**Saved**

For saleTo rentHouse pricesNew homesNews and guidesFind agents


Zoopla > Commercial to let > London > Central London > Aldwych > WC2B property to let


Commercial property to let in WC2B


1 - 9 of 925Lowest priceFilter results





£24,000 pa (£32.43/sq. ft. pa)
From
1,740 sq. ft*
[Office to let](#)
Lupus House, 11 - 13 Macklin Street, London WC2B
A unique opportunity to rent a one-room unit on Macklin Street




 Create email alert

 Save this search

 Draw your search

Check your free Experian Credit Score

**Boutique serviced**



Registered Office: First Floor, Winston House, 349 Regents Park Road, London N3 1DH
Registered in England & Wales no. 10267258

Appendix 2. Feedback Correspondence:

From: "Joseph Goldberg" <Joseph.Goldberg@keltbray.com>
Subject: Offices
Date: 21 November 2020 at 18:57:59 GMT
To: <JAKE@NEXTGENREALESTATE.CO.UK>

Jake - thanks for your time. But Lupus House is no good for us. Any other ideas?

Joseph Goldberg | Group Investment Director

M 07890 843689



Keltbray Group (Holdings) Ltd
St Andrew's House Portsmouth Road Esher Surrey KT10 9TA
T 020 7643 1000 F 020 7643 1001 E info@keltbray.com www.keltbray.com

Registered Office: St Andrew's House, Portsmouth Road, Esher, KT10 9TA
Registered in England No. 2810840



Please consider the environment before printing this email



CONFIDENTIALITY NOTICE: This email message and accompanying data are for the sole use of the intended recipient(s) and may contain information that is



Registered Office: First Floor, Winston House, 349 Regents Park Road, London N3 1DH
Registered in England & Wales no. 10267258

From: Derek Lewis [<mailto:derek.lewis@h-s-c.co.uk>]
Sent: 10 December 2020 19:15
To: Jason Grussgott <jason@nextgenrealestate.co.uk>
Subject: Office Requirement / Covent Garden

Jason,

Clients not interested in this one unfortunately.

Best wishes,

Derek

Derek Lewis

Consultant

Hurford Salvi Carr

T - 020 7566 9440

M - 07860 428 423

www.hurford-salvi-carr.co.uk

Hurford Salvi Carr commits to never sharing your details with any third party

Our Privacy Policy can be read [here](#)

The contents of this e-mail are Subject To Contract

The information contained in this message is intended only for the individual or persons to whom it is addressed. It may contain privileged and confidential information and, if you are not the intended recipient, you must not read, copy or distribute it, nor take any action in reliance upon it. If you have received this message in error, please delete it and inform the sender as soon as possible, at the above e-mail address.



From: Steven Gertner <steven@fordgate.com>
Date: Thursday, 22 October 2020 at 12:31
To: "Raphael@nextgenrealestate.co.uk"
<Raphael@nextgenrealestate.co.uk>
Cc: Jason Grussgott <jason@nextgenrealestate.co.uk>
Subject: Lupus House

Dear Effi

Thanks – but we will not be taking this any further.

Menachem

Steven Gertner

Fordgate Group

1 Allsop Place

London NW1 5LF

steven@fordgate.com

T: 020 7224 1234 F:020 7224 1235



From: Lucy Stephens [<mailto:lucys@stirlingackroyd.com>]
Sent: 28 March 2020 13:47
To: Jason Grussgott <jason@nextgenrealestate.co.uk>
Subject: Lupus

Jase,

Sorry love – but the clients really didn't like the space. No chance of them making an offer regardless of pricing. Please let me know if you have any other ideas?

Lucy Stephens

Senior Commercial, Land & Investments Surveyor
Stirling Ackroyd Shoreditch



0203 911 3667 Ext: 2510 / Direct Dial



SALES / LETTINGS / SURVEYING / NEW HOMES / COMMERCIAL / MAINTENANCE

Sales and lettings specialists with the London connection

Over 100 Years of Experience
PROFIT FROM OUR EXPERIENCE

Marketing your property, negotiating and securing offers,
to managing to completion, we are here to take the strain.

Stirling Ackroyd is a trading name of Stirling Ackroyd Group Ltd. Registered in England: 02653200.
Registered Office: Unit 2, Wintersells Road, Byfleet, Surrey, KT14 7LF



Registered Office: First Floor, Winston House, 349 Regents Park Road, London N3 1DH
Registered in England & Wales no. 10267258

From: Peter Schaverien [<mailto:PeterSchaverien@hdh.co.uk>]
Sent: 06 February 2020 14:41
To: Jason Grussgott <jason@nextgenrealestate.co.uk>
Subject: Macklin Street

Jason

Thanks for your time yesterday – but the clients weren't keen on the spa was not shortlisted. They felt it was too tired.

Thanks

Peter

Peter Schaverien, BA (Hons) MA MRICS
Director

Telephone +44 20 7462 8711
Mobile +44 7825 827 992
Email peterschaverien@hdh.co.uk
Website www.hdh.co.uk

Langham House 302/308 Regent Street
London W1B 3AT United Kingdom

Harper Dennis Hobbs



Registered Office: First Floor, Winston House, 349 Regents Park Road, London N3 1DH
Registered in England & Wales no. 10267258

Appendix 3. Board Invoice

Daylight Signs
225 Alma Road
Enfield
Middlesex
EN3 7BB
020 8443 4222
Tel : 01493 740651
Email : shaun.daylightsigns@gmail.com
VAT Reg No: 629544025



GRANTCAP

INVOICE

Page 1

Invoice No	259608
Invoice Date	20/06/2021
Order No	
Account Ref	ONEOFFS

Quantity	Description	Unit Price	Disc Amt	Net Amt	VAT %	VAT
1.00	4X3 ANGLE/FLAG 11-13 MACKLIN STREET ben@grantcap.com	198.00	0.00	198.00	20.00	39.60
			0.00			

Limesound Ltd T/A Daylight Signs
NatWest Bank A/C 58647481 S/C60.07.38
Please send remittance advise to
shaun.daylightsigns@gmail.com quoting invoice number
For Daylight signs full terms and conditions including
board insurances please go to www.daylight-signs.com
and look under terms and conditions

Payment Terms :

Total Discount	£	0.00
Total Net Amount	£	198.00
Carriage Net	£	0.00
Total Tax Amount	£	39.60
Invoice Total	£	237.60



Registered Office: First Floor, Winston House, 349 Regents Park Road, London N3 1DH
Registered in England & Wales no. 10267258

Appendix 4. Current commercial tenancy schedule.

Unit	Tenant	Rent	From	To
Ground Floor West	Cyclefit	£35,000	26-Dec-21	24-Dec-22
Mezzanine West				
Ground Floor East	Covent Garden Laminates	£35,000	25-Dec-21	24-Dec-22
Mezzanine East				
First Floor West	Maxim Computer Graphics	£68,000	25-Dec-21	24-Dec-22
First Floor East	Vacant	N/A	N/A	N/A
Second Floor	Vacant	N/A	N/A	N/A
Second Floor	Vacant	N/A	N/A	N/A
Third Floor (Part)	Latin Mass Society	£22,000	25-Dec-21	24-Dec-22
Third Floor (Part)	Vacant	N/A	N/A	N/A