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Dear Andrew

27 Gt Queen Street London WC1

You have asked me to provide some commentary and general background as regards our efforts to secure commercial tenants for the various empty office premises along Gt Queen Street which we have been marketing on behalf of your clients, in connection with the application to be submitted for change of use in relation to the above building.

The available properties form part of a terrace of (mostly) old, period buildings – the majority being Listed – which are either s/c office buildings or office suites above retail & restaurant ground floor & basement units.

We first spoke in regard to these properties in late summer 2020, and following our subsequent inspections and further discussions I reported to you formally in October. At the time, there were several void units, ranging from small, basic spec suites to larger self-contained buildings/upper parts, some tastefully upgraded and refurbished, as well as more basic accommodation in need of upgrading. In short, quite a diverse range to offer.

I am aware several of the properties had been vacant for some time before our involvement, including 23 Gt Queen Street, which had been the subject of a comprehensive refurbishment some months beforehand.

At time of writing, the position in terms of the original vacant stock remains unchanged and, unfortunately, availability has increased where other tenancies have fallen in, or tenants have failed, and the landlord has been left with more vacant space to re-market.

Unsurprisingly, market activity since March 2020 has been significantly depressed as a result of the impact of COVID and, after three national lockdowns, and extended restrictions on business operations, public movement, and the like, the office market remains in a very fragile state.

Since restrictions were lifted at the end of July, after the summer holiday period ended, there were some signs of improvement in market sentiment – and the start of a gradual return to the office for

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some workers, but we are still a considerable way off the level of business occupancy and activity pre-COVID and, sadly, there are already worrying signs that there may need to be further measures and restrictions introduced to curb the recent/current spike in infection rates.

However, aside from the effects of the Pandemic, our experience generally of the wider Midtown market (including Covent Garden) over the past 3 or more years has been a notable decline in demand for smaller office suites and period buildings across the board. The explosion of growth, and the diversity and quality of offerings within the “serviced”, or co-working sector has decimated demand for the more traditional offerings.

The likes of WeWork and other boutique style providers have taken the market by storm and we have found it very difficult to compete effectively offering small suites and more *traditional* office space.

At the smaller end of the market in particular, tenants generally now expect a far higher level of service and infrastructure – fast fibre connections, structured cabling and flexible power & data distribution, plus reception services, shared meeting space, break-out areas, etc.

What demand there is tends to be very much focussed on flexibility, not just as regards lease terms/structure, but also the ability to expand within a building, rather than automatically having to face relocation.

As an aside, it is interesting to note that the proposed user for no. 27 includes an element of supplementary *hot-desking* being included on the top floor. I would see this as both a good use of the more remote and inaccessible uppermost accommodation, and indicative of the blend of commercial uses which are seemingly coming to the fore as a result of the wider impacts of remote and/or more flexible working arrangements.

In the 2 – 5,000 sq ft category – once the very cornerstone of demand for period style s/c buildings – most tenants nowadays prefer to opt for space arranged over a single level. By their very nature, s/c period buildings are relatively inflexible and creating larger, open working environments is simply not possible.

Moreover, by virtue of the Listed nature of these buildings there are often further – often insurmountable – obstacles to being able to compete on an even footing with more flexible, larger, open plan offerings. In many cases, tenants now expect/demand air conditioning, or as a minimum comfort cooling, and this is often not feasible within the physical constraints of the more *domestic* layout afforded by such properties.

These inherent inefficiencies can also result in a notable loss of usable space in terms of gross to net ratios. In no. 27 specifically, the internal arrangement to the rear of the floors and the access/approach to the furthest small room renders it a rather unusable area from an office occupier’s perspective.

The rather inflexible cellular layout presented by these buildings has made identifying tenants more difficult and it can take considerably longer to identify the right type of tenant who is able to operate from such space. Most tenants tend to look for accommodation that can be divided, as necessary, to suit their specific requirements; increasingly, occupiers demand more open plan accommodation, as it is often more efficient and, generally working practices have changed.

As noted above, sadly it is a reflection of the general situation when you consider that after 12 months involvement with these buildings and an aggressive marketing push to try to extinguish these voids, to date we have been unsuccessful in completing any deals and, to be brutally honest, we have found it extremely difficult to even generate sufficient interest from prospective tenants to undertake inspections.

Though it may sound slightly coy, it is unlikely to escape Camden's notice that while the property remains empty, by virtue of the Listing, there is no revenue generated via payment of business rates, whereas with this proposal, we would at least see a return to *life* for the building – and some no doubt necessary additional funds to the Council coffers!

If you need any further comment from me, please let me know.

Kind regards

A handwritten signature in black ink, appearing to read 'T P Gale', with a stylized flourish at the end.

T P Gale