

Mr P Elliot
London Borough of Haringey
Alexandra House
10 Station Road
Wood Green
N22 7TR



Bringing value to evolving
and dynamic communities

18 September 2023

Dear Philip,

RE: MARKETING HISTORY REVIEW
PROPERTY: ONE BEROL YARD, TOTTENHAM HALE, N17

On behalf of Berol Yard Limited, we have been instructed to provide a marketing history of the commercial premises known as One Berol Yard, Berol Quarter, Tottenham Hale N17 – which is located under the Gessner PRS development. We, CF Commercial Limited, have been the sole property agents responsible for marketing and advising Berkeley Square Developments on their commercial and retail property assets in Tottenham Hale, N17.

1.0 Location

The property is centrally situated within the Tottenham Hale regeneration area, within 200m to the north of Tottenham Hale Station, which provides swift services to both the City of London (National Rail Services) and the West End (Victoria Line) in approximately 10 to 15 minutes. The property is located just to the east of Berol House, the former Berol Pencil Factory that currently provides a range of office accommodation.

2.0 Description

The unit forms part of the mixed-use building known as The Gessner, a 166 home Build To Rent scheme which was delivered by Berkeley Square Developments. Nevertheless, the commercial premises are known as One Berol Yard, and comprise a total of approximately 13,327 sq. ft. GIA over ground and first floors. The accommodation is currently in shell and core condition. The ground and first floors can be self-contained and let separately. There is a lift shaft between the ground and first floors. The use class of the premises is in the category B1(a): Offices.

3.0 Marketing History

The Property was completed in August 2021 and CF Commercial have been advising on the scheme since Q4 2021. Soft marketing commenced in early 2022 and was fully launched to the market in March 2022. The property was marketed alongside three other smaller units, outlined below:

- Ground floor retail unit, Millstream Tower (3,000 sq. ft.) – Currently under offer to a convenience store operator
- 1 Berol Link, Ashley Road (3,000 sq. ft.) – Now let to Mother Kelly's Taproom
- 2 Berol link, Berol Link (1,673 sq. ft.) – in negotiations with a yoga studio operator and let to the London Borough of Haringey as a temporary construction office for the DEN project.

4.0 Marketing Methods and Strategy

The property is in shell condition to provide maximum flexibility for future occupiers. To highlight the potential of the accommodation we recommended to the client that detailed marketing collateral should be produced to showcase both the property and the regeneration area around Tottenham Hale Station generally. Our clients agreed with our advice and marketing collateral was produced at significant cost. The marketing collateral and marketing methods are outlined below:

- A Berol Yard website was built with the sole focus of promoting and attracting tenants to Berol Quarter <https://www.berolquarter.co.uk/leasing/one-berol-yard/>
- Photorealistic CGI images – copies attached.
- A 3D rendered video tour was produced showing the property fitted out as offices.
- A video tour of the unit was prepared to allow virtual site visits.
- A detailed, well designed marketing brochure was produced, utilising the CGIs.
- The property has been marketed on the CF Commercial website, EG Radius, EG Property Link, Rightmove Commercial and LoopNet.
- The marketing materials have been circulated to our databases of thousands of tenant and agent contacts several times over the last 18 months.

Copies of the marketing collateral have also been attached to this letter.

5.0 Interest Received

5.1 Office Interest

The only significant interest received from office occupiers was from an IWG franchisee who sought to create a Regus serviced office at the property. Following several months of meetings and negotiations it was established the proposals offered were not financially viable. The landlord was expected to fully fit and furnish the premises for a very low base rent, with a turnover top up based on uncertain projections. The franchisee also had no prior experience in operating a serviced office business. In addition, there were concerns, raised by both my clients and the prospective tenant, that demand for serviced offices in this area might be poor given market conditions and the minimal parking provision onsite – this was also reflected in the low rents achieved in the adjacent Berol House.

There have been negotiations with another workspace provider for the last 15 months, to deliver a new creative / tech based flexible workspace within One Berol Yard, however this has also proven unviable due to the extent of financial investment required and lack of certainty over the demand in the local area for such use.

While Tottenham Hale Station is within 200m of the property, the location is one where many office occupiers prefer to drive to work. This is evidenced by the tenants of Berol House who utilise most of the available car parking onsite. We are currently marketing three units in Berol House, ranging from 650 sq. ft. to 2,160 sq. ft. These units have been on the market since January 2023, and they remain available. The units are being offered at a reasonable rent of £25.00 per sq. ft. on flexible lease terms.

The more recent successes for business use have been the re-purposing of existing buildings, such as the Archives, as opposed to new build developments.

5.2 Other Commercial Interest

Both the ground and first floor are currently available, although offers have been received recently for the ground floor (educational use) and the first floor (leisure). Last year, offers were received from Trek Bikes for the ground floor accommodation and Kervan Sofrasi Restaurant who initially sought to take a lease of the whole premises. These discussions have not been able to progress due to the existing planning restriction on use.

Most of the interest and enquiries received are from retail and leisure occupiers, which reflects the wider London market.

6.0 London Office Market

The Covid 19 pandemic brought about a fundamental change in the way many office-based businesses operate. A significant proportion of office occupiers found they could operate effectively with staff working from home, at least in the short term or on a flexible basis. However, every sector and company have different operational cultures and needs. There has been variety in how companies have reacted to the end of the lockdown restrictions. While many companies have been calling for a return to the office, and we have seen a steady return of employees to the London (albeit often on a three-day week basis), several trends have emerged over the last 12-18 months:

6.1 Polarisation between Prime Grade A buildings and the Rest of the Market

Landlords with the best buildings in central London, particularly in the core West End and City of London markets, have seen the most resilient occupier and investment demand. Tenants, in particular large corporate occupiers, are seeking a new generation of office building that focus on wellness, energy efficiency and sustainability. Not only do these buildings offer occupiers the opportunity to highlight their ESG credentials, but they are seen as useful in encouraging employees to return to the office and aid staff retention, recruit new talent in what is still a tight labour market, and increase staff productivity. However, the rest of the market, which can broadly be considered any office building that is not prime Grade A in a central London location, has seen a considerable weakening of demand.

6.2 Occupational Downsizing

This has been a feature of the market since the onset of the Covid 19 pandemic. This trend was highlighted HSBC's decision to leave its circa 1m sq. ft. headquarters in Canary Wharf in 2026, to take 556,000 sq. ft. at the Panorama St Paul's scheme in the City of London. While this is a notable example, many organisations have embraced flexible working patterns and now require less office space to operate. This has led to a significant rise in the amount of tenant supply or 'grey space' coming to the market, with tenants seeking to assign or sublet spare capacity.

6.3 Weakening Tech Sector

The Tech, or technology, media, and telecoms (TMT) sector, drove much of office take up during the 2010s, particularly in the City of London fringe markets. As rents rose in these markets, many tenants sought space further out of central London seeking more affordable options. However, this sector most readily embraced remote working practices following the onset of the Covid pandemic. More recently the sector has seen more cautious funding due to higher interest rates, and as a result less job creation. According to a recent report by Gerald Eve, the media and tech sector accounted for only 5% of office take up in Q2 2023.

The northern City fringe market, or 'tech belt' that runs from Farringdon in the west, to Old Street and Shoreditch in the east, has struggled. In the last 12 months prime rents have declined £5.00 psf (Carter Jonas, The London Office Market Report Q2 2023), and the availability rate in Farringdon and Clerkenwell is around 15% (Gerald Eve, London Office Market Q2 2023). In peripheral markets, such as Tottenham Hale, we have seen a weakening of tenant demand.

7.0 Berol Quarter and Tottenham Hale Regeneration Area Commerce Strategy

Within the Community, Culture and Commercial Strategy document, prepared by Berkely Square Developments for the Berol Quarter planning application, at pages 37 and 38 it was clearly identified One Berol Yard should be 'necessary/ wellness' uses, not a commercial office. The regeneration area is now at a crucial stage where placemaking is of paramount importance and the role of dedicated workplaces will be best served by Berol House.

There are now hundreds of new residents in the area, but amenity provision is still limited onsite. While we have had some recent leasing success with the letting of One Berol Link to Mother Kelly's Taproom, and Related Argent have let a unit to Starbucks, there is still much to be done to provide residents with adequate amenities. The regeneration area immediately to the north and west of Tottenham Hale Station is still emerging and forming as a place. In our view, the ground floor elements of the various schemes need to provide a cohesive mix of retail, leisure, and wellness accommodation to ensure the residential occupiers have places to meet and interact, have their amenity needs met, and are given the opportunity to form their own community. This has been recognised by the Council's recent initiative, the Tottenham Hale Liaison Group which has agreed to focus on the ground floor uses.

Several impressive developments have been completed in the area within the last 12 months. However, there are still several substantial sites to be delivered, including Argent Related's Ferry Island site, Berkeley Square Developments' 2 Berol Yard scheme and Notting Hill Genesis' Cannon Factory and Ashley Road sites. Unfortunately for the next few years at least, the area will still be somewhat of a building site. To guarantee the area can become a vibrant district and destination while construction is ongoing, it is crucial to ensure the area is established and known as an attractive place to both live and visit. Unfortunately, in our opinion, the scale of what is occurring in Tottenham Hale appears to be largely unknown in the wider market.

It should be noted as part of the 2 Berol Yard planning application, it is proposed that Berol House will be enlarged and refurbished to provide more workspace. By the time these works are carried out the regeneration area will be much more firmly established, and hopefully by this time the office/ workspace market will have improved and the space in Berol House is considerably larger than One Berol Yard and therefore more appealing as an office use.

8.0 Summary

Due to fundamental shifts in office market demand, it is our opinion we are unlikely to find a suitable office occupier for One Berol Yard. The accommodation has now been vacant for close to two years and is currently of little benefit to either Berkeley Square Developments, local residents or those who visit the area. Therefore, we believe the property and the regeneration area generally would benefit from the use class being varied to use class 'E' so a greater range of occupiers can be targeted and help create local jobs and a more vibrancy in Tottenham Hale.

Yours sincerely,



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