PRIVATE AND CONFIDENTIAL

Roland Sheldon
Planning Department
Haringey Borough Council

Jamie Purvis MRICS
BNP Paribas Real Estate
10 Harewood Avenue
London NW1 6AA

Tel: 07584 140671
Email: james.purvis@realestate.bnpparibas

By email only: roland.sheldon@haringey.gov.uk

Our ref: 262688

9 February 2024

Dear Roland

3 NEW ROAD, CROUCH END

We write further to your instructions to review the Applicant's marketing and addendum reports to support the loss of commercial floorspace at the above address.

Policy DM40 (Part B) of the Council's Development Management DPD adopted in July 2017 states in relation to the specified criteria to justify the loss of commercial floorspace:

*"**B** On all other non-designated employment sites (i.e. those which do not meet the location criteria of (A) above), the loss of employment land and floorspace will only be permitted where it can be demonstrated that the building or land is no longer suitable for continued employment use having regard to:*

***a** Feasible alternative employment uses;*

***b** The age and condition of the existing building(s) and the potential for refurbishment or adaptation, in particular to more flexible unit sizes;*

***c** Site layout, access, and relationship to neighbouring uses;*

***d** Periods of long-term vacancy; and*

***e** Evidence of recent, continuous and suitable marketing, covering a minimum period of 3 years".*

We summarise below the reports that the Applicant has submitted in support of their case to justify a loss of the commercial floorspace:

- Marketing Report dated January 2021 prepared by Martyn Gerrard Commercial;
- Letter prepared by Union Street Partners dated 18 February 2021;
- Letter prepared by Martyn Gerrard dated 18 May 2021;
- Letter prepared by Union Street Partners dated 18 February 2021;
- Marketing Report dated May 2022 prepared by Martyn Gerrard Commercial;

- Letter prepared by Acorn Group dated 31 May 2022;
- Marketing Report dated 23 October 2023 prepared by Martyn Gerrard Commercial;
- Letter prepared by Martyn Gerrard dated 5 February 2024.

We have reviewed the Applicant's evidence base and summarise the conclusions from the reports/letters initially and we then summarise the evidence that supports the conclusions.

Martyn Gerrard Marketing Conclusion January 2021:

"Martyn Gerrard Commercial Department has been marketing these premises for over 3 years and the number of enquiries and offers falls well below usual market expectations.

The key issues facing the property are as follows:

- The unit is considered to be in an undesirable location for office use, as the unit is in a tertiary location setback from the main road.
- *The surrounding area (being predominantly residential) is not generally considered as a target location for businesses. The preference is for established commercial locations (i.e. Wood Green/Finsbury Park.*
- *The unit is not in easy walking distance of any train stations which is a necessity for many businesses (e.g. Highgate tube station is a 20 minute walk).*
- *The unit has no car parking provision, which given the size of the unit and the estimated number of employees and visitors is an issue.*
- *The unit, being within a gated development with immediately adjoining residential uses, is not considered to provide a suitable environment for wholly business purpose.*

Given the lack of interest over the last 3 years and the current climate in regards to the Covid 19 pandemic, it is our opinion based on all the factors above and our vast local experience, this unit, location will continue to remain vacant for some time".

Letter prepared by Union Street Partners dated 18 February 2021

The letter prepared by Union Street provides a general overview of the commercial market as at February 2021.

Martyn Gerrard Marketing Conclusion May 2022:

"Our conclusion remains as described in our previous report, we have been marketing the property for almost 5 years and the number of enquiries and offers falls well below usual market expectations.

While the return to work continues, office occupancy rates remain below 30% and the Covid 19 pandemic has had a long-lasting impact on the commercial property market.

In addition, the current rate of CPI is 7% in the 12 months to March 2022 and the Bank of England aiming to keep the CPI rate of inflation at 2% plus or minus 1% (i.e. between 1% and 3%) and is expected to increase interest rates even further to try and curtail inflation. This will have a further impact on the commercial property market.

Given the lack of interest over the last 5 years and the current economic climate in regard to the Covid 19 pandemic and cost of living crisis, it is our opinion based on all the factors above and our vast local experience, this commercial unit in this location will continue to remain vacant for some time".

Acorn Letter dated 31 May 2022

"Acorn have been marketing the site on its website for 4 ½ years (since November 2017) along with commercial agent Martyn Gerrard for the same period.

There has been no direct response to us and Martyn Gerrard have had limited interest. The issues remain the location and lack of parking.

The unit has been reduced in price over this period and remains empty. For the record the cost of holding the property for this time far outweighs any added value a change of use would bring, but id [sic] *does at least upon up the potential for the space to be occupied/sold".*

Martyn Gerrard Marketing Conclusion October 2023:

The October 2023 report provides a brief overview of follow up notes to viewings that were cancelled and one in which concludes that parking is an issue. The covering letter to this report provides the following statement:

"Please also note that on top of what is reflected below there has [sic] also been numerous enquiries for lettings and sales that has [sic] not materialised into any viewings or offers and this has mainly been due to the lack of parking. This is a large commercial property and majority of directors and managers of businesses will not entertain a property unless they have access to parking or at least some parking".

We summarise under the headed sections below further information provided from the January 2021 and May 2022 reports prepared by Martyn Gerrard.

Price History

Martyn Gerrard state that they have been marketing the commercial unit off-plan since late 2017, targeting rental and owner occupiers whose requirements matched the property details. We summarise in the tables below the price history of the property on the basis of sales and letting. We note that the reports provide the marketing particulars for each of the sales.

Table 1: Price History (Whole Property)

Date	Asking Price	£PSF
November 2017	£2,200,000	£399
May 2019	£2,000,000	£363
July 2019	£1,800,000	£325
July 2021	£1,600,000	£290

Table 2: Price History January 2021 Report (Split Property)

Unit	Asking Price	Floor Area (NIA)	£PSF
Ground Floor Unit 1	£575,000	1,227	£469
Ground Floor Unit 2	£625,000	1,324	£472
First & Second Floors	£895,000	2,040	£439

Table 3: Price History May 2022 Report (Split Property)

Unit	Asking Price	Floor Area (NIA)	£PSF
Ground Floor Unit 1	£475,000	1,227	£387
Ground Floor Unit 2	£575,000	1,324	£434
First & Second Floors	£750,000	2,040	£368

In relation to the marketing of the site for letting, the January 2021 Martyn Gerrard report states:

"the property has been listed for rent since November 2017 for £157,500 - £165,000 (£30 per sqft - £31.46 per sqft GIA)". We summarise in Table 4 the rents that each of the units have been marketed at individually. The reports provide the marketing particulars for each of the units.

Table 4: Letting Marketing Prices

Unit	Asking Rent (Per Annum)	Floor Area (NIA)	£PSF
Ground Floor Unit 1	£36,800	1,227	£30
Ground Floor Unit 2	£40,000	1,324	£30.21
First & Second Floors	£61,000	2,040	£29.90

In support of the asking rents the report provides the following statement:

"The price was set to get offers close to the asking and given our vast experience and understanding of the local area and given the new build quality of the property we feel this was in line with market expectations.

In terms of comparable evidence there are two within the local vicinity. There are two lettings at First and Second Floor, 1 and 2 Frederick Place, Crouch Hall Road, N8. Consisting of £35,000 per annum and 1218 sqft on the first floor and £35,000 per annum over 1015sqft on the second floor".

We note that the report provides details of comparable evidence however it did not provide any information in relation to the pros/cons of the property. Martyn Gerrard have subsequently provided a letter dated 5 February 2024 which sets out the following information:

"We understand there have been three lettings within the building and we have been provided with a lease dated 21st February 2023 for the second floor, which is approx. 1,015 sqft and has been let at £35,000pa, equating to £34.48 per sqft, the first floor is let at a rent of £41,000 on an office unit of approx 1218sqft equating to £34.48 per sqft. We also understand there has been a letting on the ground floor and basement space which is approx. 743sqft to a gym operator at £22,000pa. We also understand that the leases do not include any designated parking spaces and they have the same access to public transport and the same opportunity to usethe public car park with Crouch Hall Road Haringey car park and/or on-street parking within the controlled parking zones throughout the day. We consider this is similar in nature to 3 New Road. By way of comparison, the commercial premises at New Road is on the market for £100,000 which equates to £19.07 per sqft".

Whilst the entire property is currently being advertised at a rent of £100,000 per annum it is unclear why the property is being marketed with a specific price.

Martyn Gerrard's letter dated 5 February 2024 states:

"Martyn Gerrard have been marketing the site since 2017, we advised that a guide rent and purchase price should be stated on all marketing particulars in-line with local comparable evidence.

Over time this price was adjusted as the market went through may transitions but still in line with local evidence as outlined within the marketing reports we have provided. In addition, the owner informed us that anyone who showed any interest should be encouraged to submit an officer regardless of the quoted rent and price and that the owner is entirely flexible on terms and lease length. The owner also asked us to inform any interested parties that the landlord is willing to undertake fit-out works in order to try and incentivise and encourage offers from potential occupiers".

Enquiries and Viewings

We set out below statements from the Martyn Gerrard reports regarding enquires and viewings:

January 2021 – *"The property has so far been matched to 371 unique applicants on our database.*

They have been sent online details and called.

32 further brochures have been sent out to other enquiries.

During the period of marketing from November 17 to January 21 the property has appeared in 48,965 online searches.

1,737 people clicked to view further details. This gives a click through rate of 3.5%, which is below the branch average of 4.35%".

May 2022 – *"The property continues to be marketed on our company website, and on the online property portals 'Rightmove', 'Zoopla', 'Realla', and 'Prime Location'.*

During the period of marketing from November 2017 to May 2022 the property has appeared in 49,649 online searches. 1,903 people clicked to view further details. This gives a click through rate of 3.83%, which is below the branch average of 4.47%.

Our Original Marketing Report confirms the number of requests we received to view the property, and since then (January 2021), we attach a list of further viewings since that date. In almost five years marketing, we have only received one formal offer and one verbal offer. As previously advised, the formal offer was received on 05/11/2019 – Mr PS £1,700,000.

However, the offer was then revised to £1,400,000 and then they withdrew the offer completely. The potential buyer explained the commercial market is currently very soft and is no longer interested in purchasing the property.

In addition, we received a verbal offer of £1,200,000 from a Mr Ali on 13/01/2022, however even though this is substantially below market value, we asked them to submit their offer formally. They decided not want to make this a formal offer and have now removed their interest".

BNPPRE Initial Conclusion

We have considered the available marketing report in addition to the supporting appendices and compared the submitted information against the Council's Policy DM40 part B which is as follows:

*"**B** On all other non-designated employment sites (i.e. those which do not meet the location criteria of (A) above), the loss of employment land and floorspace will only be permitted where it can be demonstrated that the building or land is no longer suitable for continued employment use having regard to:*

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***e** Evidence of recent, continuous and suitable marketing, covering a minimum period of 3 years".*

It is clear that the property has been subject to a continuous marketing campaign covering a minimum period of 3 years, has been subject to long-term vacancy and that feedback from prospective purchaser's has highlighted negative aspects of the property such as access, parking, close proximity to the residential uses etc.

We note that the current asking rent of £100,000 per annum refers to a range of potential uses including offices, health centre and studios which appears to reflect alternative employment uses. However, it is clear from the information provided by the Applicant that there have not been any firm offers for any uses at the site from prospective tenants/purchasers and on that basis we conclude that the building is not suitable for employment use.

I trust that this letter meets your requirements.

Yours sincerely,

Jamie Purvis MRICS
Senior Associate Director