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Dear Taylor,

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Proposed Development at Pope's Road, SW4

We have pleasure in setting out the conclusions of our review of the proposed scheme at Pope's Road, in the context of advising what we feel is required in order to ensure that the scheme is commercially sustainable.

In undertaking this review, we believe that it is important that we give consideration to both the Pope's Road site in question, along with the wider Brixton Central area, and associated office market / provision.

The site presents an opportunity to create a new building that will enhance the local area and provide businesses of all sizes an opportunity to work in Brixton. The site is currently in pre-planning stages for a 21 storey building.

Brixton Office Market

Brixton is located a short tube journey from the West End and is strategically located to benefit from the strength of the ever footloose central London office market. However, it has significantly lower office stock in comparison to more mature neighbouring London boroughs and the stock that exists consists of mainly outdated, smaller buildings. There are currently few options for any size of business would like to consider office space in Brixton.

Current office stock in the Brixton office market stands at just 7% of built stock with a vacancy rate of just 2%. The largest office buildings include Squire and Partners' headquarters at Ferndale Road, which they developed for their own occupation, the Lambeth Civic Centre, Blue Star House and International House, the co-working space run by 3space at International House. The net effect is that the significant majority of office occupiers in Brixton are small businesses seeking value.

With a historic lack of marketing investment, Brixton is not currently considered to be a bona fide London office market, its stock only rising recently as a result of Squire & Partners' office launch and the visitors attracted by it. Notwithstanding the potential redevelopment of Blue Star House, there remains a major opportunity to build on this recent success with further local office development.

In our opinion, in order to create a commercial office ecosystem that supports businesses at every stage of their life cycle (rather than seeing growing businesses migrate to large sub-markets across central London due to a lack of viable options to stay), it is essential that the scheme is of sufficient critical mass to accommodate

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a diverse range of occupiers. If achieved, Pope's Road can be the catalyst for a major change to the Brixton office market, kickstarting the office regeneration, including the potential redevelopment of other local sites, including Pop Brixton and International House.

Scheme Analysis

The 21 storey scheme provides an opportunity to secure large established tenants to Brixton and to change the occupier mix in an under supplied market as well as support small and medium businesses.

It is this diversity of occupiers that Savills strongly recommends is embraced and facilitated by the optimal scheme at Pope's Road, offering a variety of sizes for all types of businesses. The types of businesses / tenants that will need to be facilitated, along with their broad requirements, are set out below;

1. Large (Anchor) Tenants

The size of the building creates the opportunity to secure an established office occupier that will put Brixton on the map as a London office location. Occupier demand remains strong in London and a number of high profile tenants have office requirements of 100,000 sq ft + over the next 2-3 years. These include the likes of Netflix, Funding Circle and Monzo, to name but a few. Savills research shows that the average current size of large office requirements (50,000 sq ft +) averages 109,607 sq ft across Central London with key search criteria being:

- Character
- Amenity
- Scale

The types of organisations that could fall into this category include fashion brands, tech/media companies or pioneering professional occupiers.

Typically these larger tenants would look to take floorplates of c.16-18,000 sq ft plus. Unfortunately the site constraints do not allow for the development to facilitate significant floorplates of this size. However, due to the quality of the emerging scheme we feel that it should be possible to create a commensurate product, but the floors would need to be a minimum of 8,000 sq ft with soft spots for interconnecting staircases, realistically in clusters of two. The impact is would be an overall reduction in the net lettable area of the office accommodation, which is not ideal, but we feel would be of interest to this type of tenant

The current ground floor entrances to both buildings are interesting in the way they integrate with the market, in a way which is not corporate, and therefore would be seen as being "of Brixton". However, they are relatively small, given the size of the upper parts. It is therefore expected that the lower office floor, or at least a major part thereof will need to be given over to the amenity and wellness facilities essential to all modern office occupiers. Receptions are no longer simply regarded as a conduit into and out of a building; modern occupiers regard them as a valuable amenity that complements their own office space.

Occupiers will want an enlarged reception and a club lounge on the lowest office level to improve the sense of scale of the building. Incorporating a café/breakout space as well as potentially communal meeting rooms within the reception allows tenants to be flexible within the building, with collaborative breakout space, away from

their office floor. We are relying on this type of amenity to secure these tenants, which will ultimately **decrease** some of the net lettable office space.

The inclusion of the bike store adds to this amenity and should further be complemented by high quality shower, changing and locker facilities. The importance of these facilities should not be underestimated and is routinely examined by potential occupiers. It is encouraging to see that space is already dedicated to this.

From the designs we have reviewed, the building will meet a high standard in commercial office space design and delivers the scale to satisfy large occupiers. We believe the massing at 21 storeys offers standout character and profile to attract large occupiers. However, it would be a missed opportunity to target these occupiers in isolation.

As we have experienced at King's Cross on behalf of Argent, attracting a large anchor office tenant will also attract small and medium-sized organisations. It is essential that the scheme is able to accommodate these occupiers and can embrace the principles of Lambeth's Creative Enterprise Zone.

2. Established Medium-Size Enterprises

Attracting a large occupier is a key aim as it helps put the local office market in the spotlight. However, incorporating office space that can accommodate medium-sized businesses is equally important as it creates a diverse tenant mix, a further scaling opportunity for occupiers and, ultimately, diversifies risk for the scheme and sub-market.

There are currently no good quality offices in Brixton to support businesses of 25-100 people. Offering a proportion of the tower floors to occupiers will mean that businesses can grow locally and that any size of occupier can stay in Brixton.

3. Serviced offices

Buildings of 150,000 sq ft + increasingly have a serviced office provider in the building, offering tenants in the building project space, growth opportunities and extra facilities for meetings/events. It will be an important draw for those anchor tenants who would take large quantities of spaces in the building. In addition, and most importantly, they offer small businesses (1-25 people) high quality workspace in the area. There are a number of high quality providers who would like to take space in this location.

The average size in sq ft for a serviced office provider letting in the West End over the last 5 years has been approximately 27,000 sq ft, mainly because they struggle to maintain a healthy margin at below approximately 25,000 sq ft. We would expect a slight increase on this in the fringe submarkets.

We strongly recommend delivering a minimum space of c.30,000 sq ft for serviced offices, enabling small local and wider London businesses to participate in this exceptional building.

4. Affordable Workspace

The scheme design, incorporates an area equivalent to 10% of the office area that can be dedicated to Affordable Workspace, to meet local demand by SMEs for co-working. It is assumed that the start-up and incubator type facilities that we understand are likely to come forward on the Pop site and International House, would benefit from this affordable workspace provision, and as such become a key contributor to the over ecosystem we described earlier.

This would comfortably sit alongside a traditional serviced office provider as is more likely to offer co working collaborative spaces with the serviced office providers providing private office space for businesses as they mature.

Conclusion

In conclusion, to achieve these four target tenant types as well as offer best in class amenities, the proposed 200,000 sq ft office scheme, provides a quantum that is satisfactory to achieve the optimal tenant mix for the start of Brixton's office regeneration, although would ideally be larger.

Taking into account an average large scale office requirement of c.110,000 sq ft, 30,000 sq ft for serviced offices and c.20,000 sq ft (10%) of affordable workspace this would leave approximately 32,000 sq ft of office accommodation over 4 floors available for medium sized occupiers, assuming a wellness space/reception of approximately 8,000 sq ft.

We believe that 3-5 floors is optimal for medium businesses to ensure a critical mass of occupiers and a range of tenants in the building and Brixton.

Summary

- The local market is under supplied of office stock and there is an opportunity to build on this and grow this office sub-market.

In order to create a sustainable recognisable office destination, it is essential that a critical mass is achieved, that facilitates a wide range of tenant types and sizes, as well as providing the associated amenities that would be required.

- The scheme is well designed and will satisfactorily meet the needs of a varying tenant mix, although would ideally be larger.
- The size of building means that all types of occupiers can have office accommodation in Brixton
- We have every confidence that there will be strong demand for the finished scheme in its current form

Yours sincerely



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