

3 March 2025
Our Ref: DB

V Hilton
Bridge Architects
14 Old Mill Street
Manchester
M4 6DZ

Dear Victoria,

Forty Princess Street, Manchester

It was good to speak on Monday and to review the comments following your meeting with the planning and conservation officer at 40 Princess Street.

As you are aware, the scheme has been sympathetically refurbished to offer high quality office space that retains many original aspects to include exposed beams and features, business lounge reception and end of journey facilities.

The office leasing market has evolved and occupier requirements have changed post covid since the original refurbishment was approved. We are now looking to make the process easier for occupiers to take space in 40 Princess Street and to meet the requirements of those who are currently seeking space in the Manchester market.

Key takeaways from potential occupiers who have inspected the space are as follows:

- i) The obligation on the Tenant to acquire Heritage approval for their fit-out is an extra risk, cost & delay that compares unfavourably to non-listed buildings
- ii) Given the increase of online meetings, occupiers now require more private spaces/meeting rooms

The benefit of having already obtained heritage consent per our Clients application will go some way to help the perceived market risks around this part of the leasing process. Further, our significant experience of leasing space in the 2,500-5,000sqft across the City strongly suggests that Tenants require at least two meeting rooms to cope with the day-day external meetings and internal collaboration demands of businesses employing 25-50 personnel on site. This would further be complimented by a number of Zoom rooms to allow one-one online calls.

At 40 Princess Street we have circa 50,000 sq ft of offices arranged over 10 levels and split over two sides of the building. As you face the building, to the left (Langley Building), suites are generally circa 5,000 sq ft and do not offer the opportunity to split. To the right, we have further suites of 5,000 sq ft which can be split to offer space between 2,100 sq ft to 2,500 sq ft.

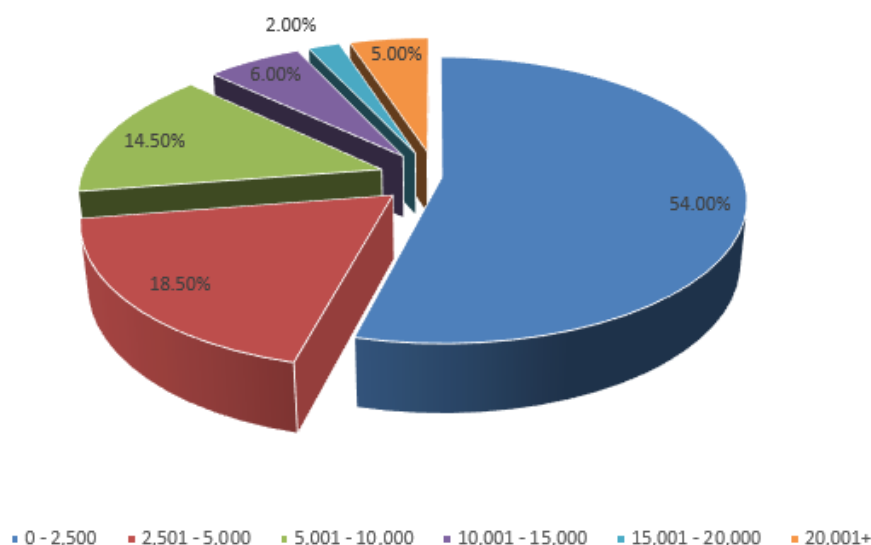
The Manchester market is underpinned by sub 5,000 sq ft requirements, however with the increase of flex operators such as Cubo, WeWork, X+Why, Industrious, Regus, Gilbanks, Landmark and Orega (to name but a few), the depth of requirements (sub 5,000 sq ft) for conventional office space has reduced.

The serviced/flex market has increased from circa 500,000 sq ft of stock in 2018 to over 1m sq ft in 2024 across Manchester City Centre. This has resulted in landlords adapting to provide fully fitted options on flexible arrangements to satisfy requirements and attract occupiers.

Manchester Office Agents Forum (MOAF) monitor the city centre transactions and you will note from the 2024 figures below that 72.5% of the number of transactions fall below 5,000 sq ft. Of this, 54% of the total number of transactions fall under 2,500 sq ft which is why it is important to be able to offer a range of options across 40 Princess Street. These statistics broadly mirror the long term trends.

Size (sq ft)	Total Floorspace (sq ft)	No of Deals	% of Total Take Up	% of No. of Deals
0 - 2,500	140,380	108	11.47%	54.00%
2,501 - 5,000	121,708	37	9.94%	18.50%
5,001 - 10,000	201,437	29	16.46%	14.50%
10,001 - 15,000	148,416	12	12.12%	6.00%
15,001 - 20,000	75,981	4	6.21%	2.00%
20,001+	536,180	10	43.80%	5.00%
Total	1,224,102	200	100.00%	100.00%

MCC Take up 2024 number of deals vs size of transaction

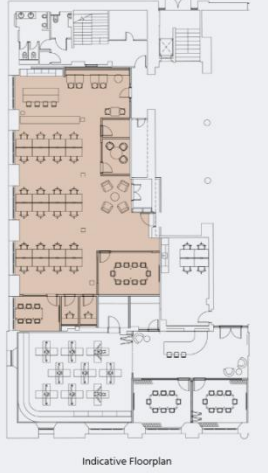
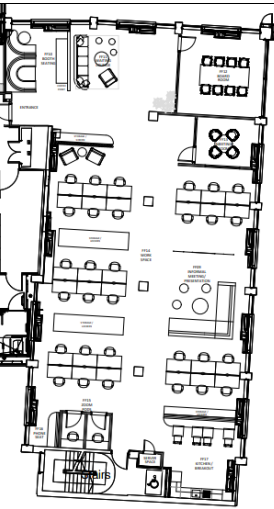


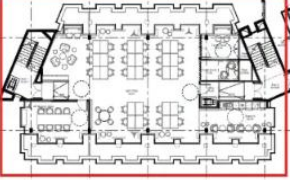
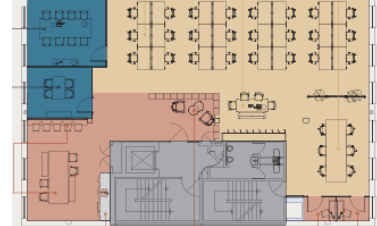
Both Savills and OBI have undertaken regular viewing since the completion of the refurbishment in March, but given the requirement for listed building consent and the limited fitted space, we have only managed to secure one occupier since the launch of the building in March 2024.

We have currently secured one occupier in the scheme. The success with PRP was largely down to the fact that as a firm of architects they understood the process for obtaining listed building consent for their fit out works. This transaction was agreed on 10th November 2023 and finally completed towards the end of August 2024, a lengthy process for a 2,530 sq ft leasing transaction. Occupiers looking at this size of space require speed and ease of access when agreeing a new transaction.

More recently, we were negotiating with a company called C4X. They were focussing on the part 8th floor and requested an additional meeting room. Given the uncertainty of timing for consent we were discounted and their focus was moved to 2,390 sq ft of fitted space at Tootal Buildings (example at the top of the table below). This is another listed building that delivered a fully fitted solution in character space with three meeting rooms.

We have provided several examples of the competition in the market between circa 2,000 to 3,000 sq ft where landlords have delivered speculative CAT B space:

Property	Fitted Floor Plan	Availability (Sq Ft)
Tootal Buildings 	 Indicative Floorplan	2,390 sq ft • 24 desks • 2 x meeting rooms • 2 x phone booths • Kitchen & Breakout • Lounge & Meeting booth Space acquired by C4X
The Chancery 		2,761 sq ft • 30 desks • 2 x meeting rooms • 2 x phone booths • Kitchen/breakout 2 x reception booths
Cornerblock 		3,191 sq ft • 30 desks • 2 x meeting rooms • 2 x phone booths • Kitchen Reception/soft seating

One St James Square 		3,414 sq ft • 30 Desks • 2 x meeting rooms • Kitchen/Breakout • Collaboration space • 2 x Phone Booths
Pall Mall 		2,145 sq ft • 24 desks • 2 x meeting rooms • Kitchen/Breakout
Hanover House 		2,577 sq ft • 24 desks • 6 hot desks • 2 x meeting rooms • 2 x phone booths • Kitchen / Breakout

Our advice to deliver space of circa 2,500 sq ft with two meeting rooms and is based on the current competition in the market, which as illustrated above includes similar sized fitted & furnished suites with two meeting rooms.

Businesses employing 20 to 30 people require at least one client facing board/meeting room, with additional private meeting space for internal meetings. Businesses we are targeting for these suites have generally started to move away from home working and are spending more time in the office, increasing the need for multiple private spaces where they can undertake face-to-face meetings or private booths where video calls can be undertaken.

To provide further evidence of this we have included below a breakdown of fitted & furnished transactions that were concluded during 2024 in similar sized suites to that which we are looking to provide in 40 Princess Street.

It illustrates that two meeting rooms were required in each suite. In the case of 44 Peter Street, the Landlord had only installed one meeting room as part of their fit out, with the tenant Hiscox requesting the installation of an additional room as part of their fit out.

Property & Tenant	Size	No. of Meeting Rooms
Hanover House Charlotte Street Ten Insurance Services	4 th Floor - 2,577 sq ft	2 x meeting rooms 2 x phone booths
86 Princess Street The & Partnership	3 rd Floor – 2,573 sq ft	2 x meeting rooms 2 x phone booths (freestanding)
44 Peter Street Hiscox Insurance	7 th Floor – 2,688 sq ft	2 x meeting rooms 2 x small internal meeting rooms

Should it be required, we would be happy to tour some of the competition in the market and discuss requirements further.

Please do let us know if you need any further information in the meantime.

Yours sincerely



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