

Express Building – Split Floor Analysis – October 2024

1. Introduction

This paper provides an insight into the competition and occupier demand across the Northern Quarter and Ancoats. It highlights that demand for this area is significantly stronger for requirements of 6,000 sq ft or less. The evidence within this paper suggests that our client would have significantly improved prospects of re-occupying their vacant floorspace by capitalising on this demand and splitting their floors at Express Building to provide suites of c. 5,400 sq ft.

The property was comprehensively refurbished and extended by our client with works completed in H1 2019. Both OBI and CBRE have been engaged as leasing agents since before completion of these works in 2019. Huckletree were the first tenant to take occupation of the basement, ground and first floor in H2 2019 and despite a shaky start, compounded by Covid, they subsequently took overspill space on the second floor in H2 2022. Huckletree are a serviced office operator and have split the floors into self-contained office suites of various sizes complimented by a range of common amenity facilities. Next to take space was VF Corporation who took the fifth floor in H2 2022 which was followed by Novacoast who took the sixth floor in H1 2023.

2. Marketing

We have actively marketed the remaining floorspace for over 5 years with two vacant floors remaining on the 3rd and 4th floors, each extending to 11,500 sqft respectively. We have marketed these floors exhaustively, ensuring the wider market is aware of our availability. Some of the marketing methods we have undertaken are:

- Sharing marketing particulars with agents
- Touring the space with active agents in the market
- Targeting potential occupiers with bespoke marketing send outs
- Viewings with occupiers

Despite extensively marketing the space, the space remains vacant and we currently have minimal interest for a full floor or both floors. The typical feedback we have received from occupiers/agents is that the space is too large for their size requirement.

3. Target Market

The Northern Quarter and Ancoats area is a dynamic neighbourhood renowned for its creativity, quirky offerings and diverse culture. This in turn attracts occupiers focusing on attracting young professionals into their business; such as, start-up firms and high growth businesses. These companies dominate the Northern Quarter market and at their infancy stage of business, they do not require space for up to 100+ staff.

The Northern Quarter and Ancoats is a hot spot for the Technology, Media and Telecommunications (TMT) sector due to the creative nature of the district. The TMT sector has adopted the hybrid working model faster than others due to its reliance on digital tools and technology, enabling remote collaboration seamlessly. Additionally, the nature of the work often involves tasks that can be performed effectively from home, and the sector has a culture that embraces flexibility and innovation. Therefore, the TMT sector has been 'rightsizing' by taking less space to reflect this change.

4. 'Rightsizing' – Key Trend

The 'rightsizing' trend in the office industry post-COVID-19 refers to the practice of businesses reducing their office space to match their current needs. Due to the pandemic's impact, many businesses have shifted to remote or flexible working arrangements, reducing the need for larger office spaces.

Instead of expansive areas, occupiers are now opting for smaller, high-quality spaces that offer a more conducive and efficient work environment. As occupiers are taking less space, they are more willing to pay a premium rent, due to a reduction in their total occupational cost liabilities. Better quality spaces are seen as a valuable investment to the occupier due to their potential to enhance productivity, employee satisfaction, and brand image. Therefore, the rightsizing trend post-COVID-19 has led to a decrease in demand for large office spaces, but an increase in demand for smaller, high-quality spaces at a premium rent.

Rightsizing is becoming more apparent within the market and the trend shows no sign of reversing for the majority of occupiers. Therefore, Express Building would be better placed to benefit from this trend and subsequent demand by aligning with the market and splitting two of the floors that have persistently remained vacant.

5. Competition and Quoting Rents

We have set out below a breakdown of competition in the NQ and Ancoats, including both CAT A workspace and fitted and furnished suites. The fitted and furnished suites include both speculatively delivered Landlord schemes and suites where a former tenants fit out has been recycled or repurposed.

Northern Quarter & Ancoats - Competition Schedule					
Building	Availability (Sq Ft)		Typical Floor Plate (Sq Ft)	Quoting Rent (psf) CAT A	Quoting Rent (psf) Fitted
35 Dale Street	Ground	2,150 (Fitted & Furnished)	9,000	-	£33.50
	Part 1st	3,138 (Fitted & Furnished)			
Fourways House	Ground	3,770 (Fitted & Furnished)	10,000		£36.00
	Part 4 th	2,378 (Fitted & Furnished)	Under Offer		
	Part 5 th	1,944 (Fitted & Furnished)			
	Part 5 th	2,859 (Fitted & Furnished)			
	Part 5 th	871 (Fitted & Furnished)			
Glassworks	Floor 16	2,056	Lower Floors - 5,339	£32.50 - £34.00	
	Floor 15	2,056	Upper Floors - 2,056	£35.00 - £37.50	£40.00 - £42.50
	Floor 13	2,056			
	Floor 12	2,056			
	Floor 11	2,056			
	Floor 10	2,056 (Fitted & Furnished)			
	Floor 9	2,056			
	Floor 7	2,056			
	Floor 6	2,056 (Fitted & Furnished)			
	Floor 5	1,636			
	Floor 4	5,339			
	Floor 3	5,339			
	Floor 2	5,339			
	Floor 1	5,339			

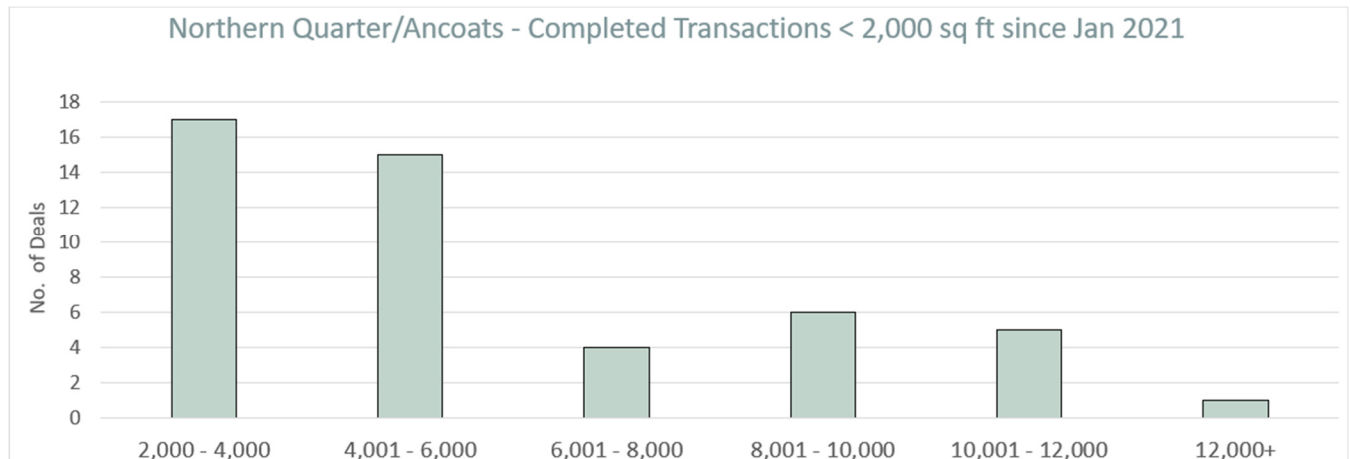
Northstar	Lower Ground	3,300	3,000	£26.50	£30.00
	Ground	2,757			
	1st	2650			
	2nd	2,807			
The Hive	Ground Floor	4,668		TBC	
	1st - Part 1st Floor	8,225		£24.00	
	5th - Tower Floor	4,232		£28.50	
	6th - Tower Floor	4,232 (Fitted)			£36.00
Sevendale House	Part Lower Ground	2,820	13,106	£28.50	£33.00
	Part Lower Ground	1,872			
	Part 1st - C	2,734			
	Part 3rd - F	1,527			
	Part 3rd	6,710			
	4th	13,106			
	Part 5th - Suite 2	1,129			
	Part 5th - Suite 3	995			
Hilton House	Fully Let	Fully Let	5,000	£25	£30
Fabrica, Great Ancoats Street	4 th Floor	5,261	5,261	£22.50	

Reviewing the above competition we would make the following comments:

- The majority of the market has adapted their offering to align with the market demand, by splitting their floorplates into smaller suites. 35 Dale Street, Fourways House, The Hive and Sevendale House being prime examples.
- Other than Sevendale House, there are no other buildings offering floorplates of over 10,000 sq ft in the Northern Quarter and Ancoats.

6. Take up

We have provided below a table illustrating take-up across different size bands in the Northern Quarter and Ancoats.



- The most active size band in the NQ & Ancoats is 2,000 to 4,000 sq ft with 17 transactions.
- If we were to sub-divide the floor within Express Building it would create two suites of c.5,400 sq ft. These would fall in to the second most active size band with 15 transactions concluded since Jan 2021.
- In almost four years, only five transactions have been concluded between 10,000 and 12,000 sq ft. Three of these were at Express, with Huckletree, VF Corporation and Novacoast.
- The other two were Adanola (11,338 sq ft) at Dantzie House and Beevers & Struthers (11,003 sq ft) at One Express. Beevers & Struthers had an existing relationship with the Landlord of One Express so this was an off-market transaction.

7. Completed Transactions

- We have set out below a breakdown of recent transactions concluded in the NQ / Ancoats.
- These transactions illustrate that there is demand for suites in the size band similar to the split sizes Express Building would provide.

Date	Property	Sq Ft	Tenant	Landlord	Rent / Price (per sq ft)	Comments
Jan-23	35 Dale Street	2,300	Couchbase	XLB	£33.00	3 years
Aug-23	35 Dale Street	7,701	SLR Recruitment	XLB	£33.00	5-year lease, 3 months
Nov-23	Fourways	5,700	Hamsard 3709 Ltd	XLB	£38.50	Turnkey - 5-year lease

Dec-23	Sevendale House	4,423	Wearehuman	PJD Holdings PLC	£33.00	5/3
Jan-24	Fourways	5,700	Levy Merchandising	XLB	£38.00	5-year lease
Jun-24	Sevendale House	1,980	Torque Consulting	PJD Holdings PLC	£33.00	5-year lease

8. Summary

- The third and fourth floors of Express Building each extend to c. 11,500 sq ft respectively and have been vacant for over 5 years.
- As outlined above the demand for office spaces of 10,000 sq ft plus in the Northern Quarter and Ancoats is limited.
- The tables above illustrate that the 2,000 to 6,000 sq ft size band is the most active.
- In order to present the greatest opportunity to secure an occupier in the final two floors of the building, it is critical that the target market is expanded by sub-dividing two of the vacant floors.