

5<sup>th</sup> August 2024

Michael Pearson  
Planning Department  
Manchester City Council  
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M60 2LA

Michael Pearson,

ELIZABETH SCHOOL OF LONDON LETTING, ARTHUR HOUSE, CHORLTON STREET, MANCHESTER

I write in relation to ESOL pending lease at Arthur House and the required Change of Use to Class F1. Sixteen Real Estate have been the Leasing Agent (alongside JLL who have been the incumbent agent since 2015) and Asset Manager on behalf the owner Custodian Capital since 2019.

Background:

Arthur House is located on Chorlton Street in close proximity to the NCP and coach station. Traditionally this micro location appeals to budget office users seeking accommodation sub £20 sq ft. The main schemes are Boulton House, Barlow House, Richmond House and Arthur House. The Key sectors include Educational, Service/Contact Centres, Consulates and tertiary professional sectors.

Marketing Period:

The building has benefited from two full marketing campaigns over the past 9 years

Campaign One (2015-2020) – market the space for £16.50 - £18.50 sq ft

- Brochure – £5,5000
- External banner - £2,000
- Online Subscriptions - £7,500
- Hard Copy Advertising - £10,000

The building secured 2 deals during this period equating to 8,500 sq ft

Campaign Two (2020-2024) – market future refurbished/repositioned building

- Brochure – £7,5000
- External banner - £5,000
- Social Media Campaign - £8,000
- Online Subscriptions - £10,500
- Hard Copy Advertising - £15,000

The building secured 3 deals during this period equating to 4,250 sq ft

In total Arthur House has had an average vacancy rate of 60% (18,000 sq ft) for 9 years and never been 100% occupied during this period.

#### Interest:

The building has been marketed on a split floor basis (from 500 sq ft) and whole building (30,000 sq ft). Sixteen and JLL have not secured any significant interest in the vacant floors for the past 3 years apart from the whole building interest from ESOL.

#### Manchester Office Market:

The Manchester City Centre office market has been subdued for 24 months after initially seeing a post covid boom. H1 2024 take-up stands at 510,000 sq ft over 102 transactions compared to a 10-year average of 750,000 sq ft over 160+ transactions.

The letting to ESOL would represent the largest transaction in the refurbished office market, YTD 2024. It would also set a new headline rent of £26 sq ft for the micro-location which in turn helps simulate both refurbishments and development.

#### Sixteen & JLL Joint Recommendation

After a lengthy and expensive marketing campaign the letting secured to ESOL represents a huge success for Custodian Capital and justifies their £3m investment into the building. In turn this gives them the confidence to roll out office refurbishments across their North West portfolio.

Yours sincerely,

Nick Nelson  
Managing Director  
Sixteen Real Estate

CC. James Devany, JLL  
CC. Javed Sattar, Custodian Capital  
CC. Emily Davies, Avison Young  
CC. Nicola Simpson, Avison Young