
61-65 Spear Street, Manchester, M1 1DF

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MARKET REPORT

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1 INTRODUCTION

Colliers have been instructed by Jadebricks Manchester Limited to provide an overview of the office accommodation within 61-65 Spear Street, Manchester.

We understand that the property was let in its entirety from May 2018 to July 2022 by way of 5 year FRI lease to Upside Energy Limited, subsequently Octopus Energy. The lease incorporated a tenant option to terminate the lease in May 2021, which it exercised and has since vacated the property.

We have been specifically asked to outline our thoughts and observations on the marketability and demand for the office space provided within the building and the likelihood of letting the space.

2 LOCATION

The property is situated on Spear Street, off Stevenson Square within the Northern Quarter District of Manchester City Centre.

The Northern Quarter is recognized as an area which is bounded by Piccadilly Station, Victoria Station and Ancoats and was defined in the 1990s, as part of the regeneration of Manchester.

The Northern Quarter is a district within the city which is recognized for its thriving independent shops, café bars, clubs, art galleries and restaurants. Piccadilly Railway Station and Piccadilly Gardens Metrolink & Bus Interchange are a relatively short walk away from the property. The City Centre's prime commercial district and established retail district of Market Street and Manchester Arndale Shopping Centre are also within relatively close proximity.

Spear Street is a narrow one-way road, connecting Great Ancoats Street (A665) to Back Piccadilly.

3 NORTHERN QUARTER

The Northern Quarter is popular today for its numerous bars and cafes, as well as its mix of music and clothes shops such as Affleck's Palace, a former department store, converted into a multi-storey bazaar for alternative clothing.

The area is also recognised for its connection to the music industry, with many music / record shops and studios within the area.

The Northern Quarter is home to a number of creative industries, and in particular fashion design, with large fashion occupiers such as Boohoo.com, N Brown and Pretty Little Thing occupying large HQ buildings within the area.

Many of the streets running through the area provide changing examples of street art and graffiti and in recent years, the area has become increasingly popular as a film and TV location

With an approximate total of 22,000,000 sqft of office accommodation within Manchester City Centre, the City has many micro locations for businesses to consider when relocating / expanding their business within the City. Such locations include First Street, NOMA, Circle Square, St Peter's Square, Spinningfields, Enterprise City, Piccadilly, Mayfield, the CBD and the Northern Quarter.

In relation to the Northern Quarter, many of the businesses tend to operate within the fashion, media, creative and design sectors, with many being attracted by the diverse cultural, leisure and retail experiences provided.

Following the 2020 - 2022 pandemic, it has been notable that occupiers have become more analytical and increasingly focused on occupying office space within buildings, that provide far more than just offices. There has been a 'flight to quality' and in order to retain and attract new talent, businesses now add more importance in their decision process, by considering an array of additional factors, including on site amenities and ESG credentials of a property.

In this regard and taking the above into account, within the Northern Quarter, there are a number of office buildings which have proven to be popular and well sought after, as detailed below. The overriding factor has been the offering of onsite amenities.

PROPERTY	LANDLORD	BUILDING AMENITIES
Hilton House, Hilton Street 	Cert Property	Cycle Storage Shower hub and drying room On site café / bars Atrium Event Space Community Events Gym Event Space
Sevendale House, 7 Dale Street 	Philip J Davies	Roof top communal
Fourways House, Hilton Street 	Helical Bar	

4 61-65 SPEAR STREET – PROPERTY DESCRIPTION

The property comprises a detached brick-built office building, configured over basement, ground and three upper floors.

Internally, the property currently provides office accommodation, accessed directly off Spear Street via a small reception area which leads into a central staircase, which together with the automatic passenger lift, affords access to all upper floors.

Each floor is fitted out to provide carpet tiles, perimeter cable management trunking system, part exposed brickwork and ceiling mounted light fittings. A small galley kitchen and WC is fitted to each floor.

The basement provides storage accommodation.

The property provides the below floor areas:

FLOOR	Sqft	SqM
Basement	1,398	129.88
Ground Reception	206	19.09
First	1,178	109.41
Second	1,226	113.93
Third	1,256	116.66
TOTAL	6,245	580.14

5 61-65 SPEAR STREET – MARKETABILITY

Having undertaken a full site inspection and taking into account a number of factors, we outline below our thoughts in relation to the marketability of the property.

(v) Historical Interest:

- Prior to the recent tenant, Upside Energy, occupying the property in May 2018, the entire property had been vacant for 5 years.
- Having spoken with the Manchester letting agent, Edwards & Co, who were appointed by the previous owners, despite the property presenting well photographically, the property proved extremely challenging in being able to attract any serious occupational interest.

(vi) Spear Street and the micro location:

Whilst the Northern Quarter appeals to certain office occupiers including creative, media and fashion, the immediate micro location of the property will deter many occupiers from considering the property as a suitable office location.

- Spear Street is a minor side road, which does not afford a safe working environment. The road and environment very much feel like a back water location, with no active street frontage. This will prove to be a challenge to HR personnel within an organization.
- The property is situated facing directly onto the rear of the servicing doors of The Hive office building.
- Although there are office occupiers within nearby office buildings, there are very few office occupiers on Spear Street – it is not considered as an attractive office location.
- The majority of nearby buildings are boarded up, vandalized / derelict (photos attached within Appendix 1)
- Many of the adjacent properties on Spear Street do not offer an office address and provide loading /

servicing access, with their main entrance being accessed off the adjacent established Oldham Street.

(vii) Building layout constraints

- Owing to the building configuration and general layout, access to all upper floors is achieved, by having to physically walk through each individual floor.
- This arrangement would not be acceptable to occupiers, were the property let on a floor by floor basis and has previously prevented any such lettings proceeding.
- The only way to resolve this issue would be to install an inner corridor / fire lobby, which would not only be costly, but fundamentally, would significantly reduce the net lettable area of the building, making it financially unviable.
- As a result of the inability to sublet on a floor by floor basis, the property is only likely to be attractive to a single occupier as an HQ office. The vast majority of businesses seeking to acquire 5,000 sqft to 7,000 sqft wish to occupy a single floor plate and not be split over 5 floors. There are many reasons for this approach including operational efficiencies and an increased demand for employees to collaborate over a single floor plate.

(viii) Competition and increased demand for flex office accommodation

- Post pandemic, the demand for flex office accommodation has significantly increased, with many flex operators represented within the Northern Quarter including Colony, Huckletree, Orega, X&Y and Instant Offices. A number of new additional operators are seeking to open within the Northern Quarter, with the average size requirement, being for a building of c. 20,000 sqft.

If the individual floors at the property were reconfigured to provide an inner fire corridor, each floor would provide office suites, each of c.700 sqft. The vast majority of businesses seeking to acquire sub 1,000 sqft require flexibility and as such, are predominantly attracted to flex space, offering offices on a short term basis with added on site amenities. Flex office space would be considered more attractive than office space at the property.

6 CONCLUSION

In summary, we consider that the property and its existing office use is unviable in terms of business operations, building age and format.

The existing use is incompatible with adjacent uses.

Owing to its internal arrangement (staircase position, internal circulation and multiple floors), the property is only realistically able to be let to a single occupier, without a significant, intrusive and economically unviable re-arrangement of the interior. However, we do not consider that there will be demand from a single office occupier for the property.

APPENDIX 1 – Spear Street





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