Marlsbro House – Justification for Proposed Sub Division

JLL

This trend is particularly pronounced in Manchester, and specifically within the Northern Quarter office market, which has historically attracted fast-growing tech and creative occupiers for whom smaller suites and flexibility are critical requirements. Many of the area's most successful buildings cater specifically to this demand, providing a range of smaller office suites in the size bracket proposed at Marlborough. Notably, several buildings initially offered larger suites but have since pivoted their strategies to meet the sustained demand for smaller, more flexible accommodation.

Buildings such as Sevendale House, Fourways House, The Hive, and 35 Dale Street have all had good success where they have split space to provide smaller fitted suite options and consistently achieve strong take-up with minimal void periods on smaller sub 1,000 sq ft suites.

The recent letting to X&Y serviced provider at The Hive further validates this approach. X&Y are taking larger floor plates and subdividing them into 4, 6, 8, and 10-desk configurations to meet this precise demand profile - https://www.placenorthwest.co.uk/september-target-for-xwhys-northern-quarter-opening/

Huckletree who opened a serviced centre in Ancoats in 2019 have also seen good take up and limited voids.

In our view, the strategy to create smaller, flexible suites at Marlsbro is strongly supported by current market dynamics and will position the building to capitalise on high demand in this size bracket.

A larger, undivided floor plate strategy would reduce the building's appeal to the core tenant demographic, creating a less diverse offering with higher letting risk and potential impact on business plan performance.

Sixteen Real Estate

Having reviewed our initial advice in relation to the smaller suite scheme on the lower floors of the planned Marlsbro House redevelopment, we stand by our advice that this is the most viable solution to deliver for several reasons.

Upon review of the office market over the last 5 years and the trends we continue to see in the Manchester Office market, smaller sub 1,000 sq ft suites are where the sector is most active. Flexibility is key for occupiers as they continue to manage and evolves working practices following the pandemic. Whilst circa 5 years on, working patterns are still a moving feast with business owners reluctant to commit to larger spaces, sign longer term lease terms and invest significant capital expenditure to fit out an office space. This is supported by the huge growth in the flexible office sectors with the likes of X+Y, Colony and Huckletree being so successful in this part of town.

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Proactive Landlords have recognised this and sought to carve spaces into smaller suites to meet market demands and to fully fit office spaces to secure occupiers who are favour the higher op-ex over cap-ex model. Occupiers simply cannot afford or justify front end capital expenditure for office fit outs and are focusing on fully fitted flexible solutions when relocating offices.

The Northern Quarter in particular has seen a number of schemes struggle to let spaces in the 2,500 sq ft – 4,000 sq ft size bracket with buildings including 35 Dale Street, Tribeca and Glassworks carrying voids for several years and being forced to the be reactive and source funds to retro-fit office spaces to meet the demand.

The Hive is a prime example of a building that really struggled to secure occupiers in the same size bracket as Marlsbro House and they have since completed a letting to an overriding serviced operator to carve the space into smaller suites. Given the significant cap ex requirements of this development, it is vital that this is offered from day one and not an expensive retrofit in 1-2 years' time.

The mindset here is to develop a product that appeals to all sectors and size brackets and does not pigeonhole occupiers based on size. The intention is to be able to accommodate exciting new business in a best-in-class product that has been missing in the Northern Quarter where occupiers can build a business and grown organically within the same building without having to move. The nature of the smaller suites will allow for a business to take a 6-desk office on flexible terms, but should they double in head count, they can relocate on the same floor or certainly within the same building.

The entire makeup of the amenity offering is built around a smaller suite operation to ensure that occupiers have an office but also an abundance of break out spaces, additional meeting rooms and health facilities to network and feel like they are part of a community. This building is very much targeting exciting new businesses from all different sectors and could be a hot bed of activity in the SME sector rather than just accommodating 3-4 occupiers only.

Given the scale of works and capital required to redevelop such a dilapidated asset, it will not be financially viable to include all the wider amenity and non-profitable space if let on a conventional floor by floor basis. The premiums secured from a larger number of smaller transactions ensure that the wider development project makes financial sense.

Euan Kellie/ 6 July 2026

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