



**MAKING  
PROPERTY  
WORK**

**SHW.CO.UK**



# **MARKET REPORT**

**CITY HOUSE, SUTTON PARK ROAD, SUTTON,  
SURREY, SM1 2AE**

**JANUARY 2024**

## LOCATION

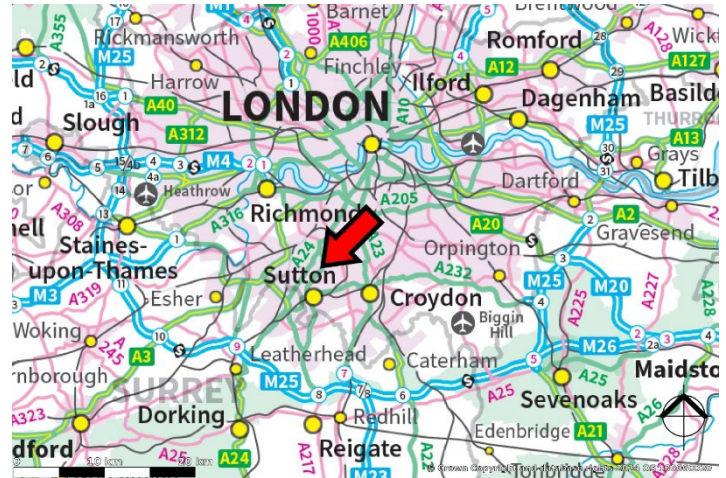
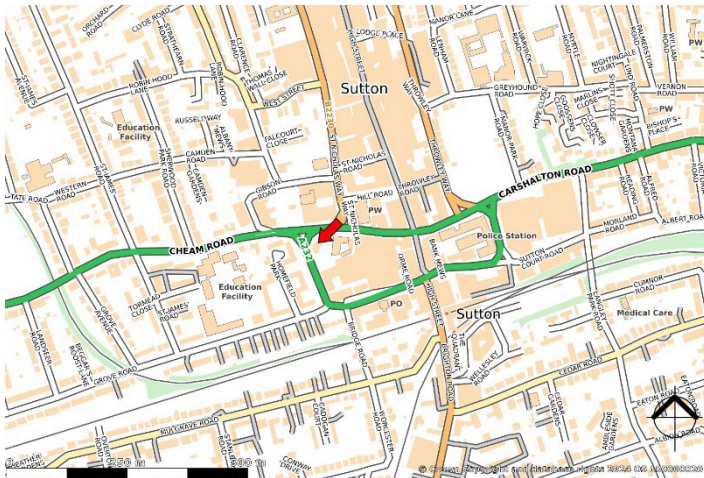
Sutton is located approximately 10 miles south-west of central London, approximately 5 miles south of Croydon and 4 miles north-east of Epsom.

The A217 provides fast access to the M25 J8 and M23 at Reigate approximately 10 miles away and connects with the A24 providing access into London, while the A232 links with Epsom and Croydon.

Sutton town centre provides a pedestrianised High Street with a high level of amenities including the St Nicholas Shopping Centre, numerous grocery and retail stores, bars, restaurants and coffee shops, gyms, a cinema and hotel.

The main line station provides direct services to Victoria and London Bridge with the fastest travel time of circa 32 mins.

City House is located on the fringe of the town centre on the one-way system approximately 250m to the high street, 0.3 miles to the station and is directly opposite The Holiday Inn and Council's Civic Centre.



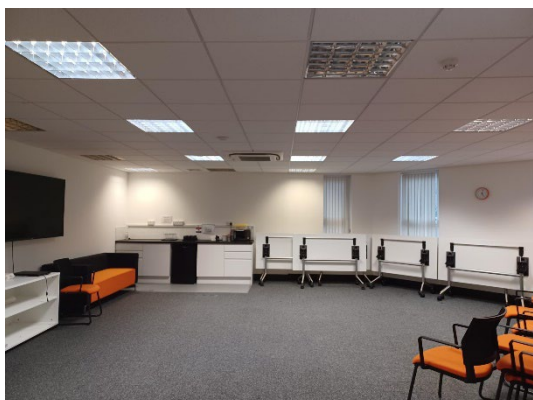
## DESCRIPTION

The property is a 3 storey office building with brick elevations and pitched slate roof of approximately 7750 sq.ft (NIA) with 26 on-site parking spaces built in the earlier 1990's. Specification includes:

- Suspended ceilings.
- Recessed cat II lighting.
- Cooling/heating cassettes in the ceiling.
- Raised floors.
- Double glazed windows.
- Lift.

The space is now dated and requires refurbishment to include new heating/cooling, ceiling tiles, LED lighting, upgrade of WCs.

The first and second floors are irregular in a gull wing which makes them awkward to use. Both floors have been divided into two parts. On the ground floor the space is divided by the large entrance / reception area.



The office space at City House as existing would be very difficult to let, being only medium grade quality and in need of upgrading. The floor plates are irregular which are inefficient and difficult to use.

It would be unlikely to let as a single building and would need to be offered in floors and part floors and with multiple transactions required it would take a long time to fully let. Rent free periods of 9-12 months increase the voids and empty costs which would make it unviable. With the lack of demand it would not be recommended to speculate the cost as it would take too long to let.

## OFFICE MARKET OVERVIEW

In general, the office market in Sutton is very weak with poor levels of demand. Enquiries are driven by lease events, breaks and expiries when occupiers may take the chance to downsize, typically by up to 50%, or older stock buildings are being redeveloped.

There is a trend to move to top quality space and buildings need to be of the highest specification, in the best locations and with excellent environmental credentials to attract occupiers.

New lettings are mostly tenants moving within their existing town, reluctant to move to other centres due to staff locations. Most activity is created by the existing businesses and unless there is a high level of office occupiers the market is restricted and it is difficult to attract new tenants.

Since the Covid-19 pandemic businesses have adopted hybrid and smart working to enable them to use less space and obtain substantial cost savings. Most businesses support working from home / remotely, hot desking and typically provide only 50-70% work stations to total staff, reducing the space they need. Smaller occupiers below 1500-1000 sq.ft now prefer staff to be home based with some serviced office base.

The way offices are used has fundamentally changed with much lower demand, and occupiers only requiring the top quality buildings in the best locations. The market is not rent sensitive. Occupiers are prepared to pay for quality and there is poor interest in secondary space even at lower rents.

## Sutton

Sutton has struggled as an office location for many years with occupiers preferring Croydon, Wimbledon, Kingston in South London and the M25 towns of Reigate, Redhill, Leatherhead and Epsom. Sutton is not a popular office location with very few enquiries ever specific for the town. Numerous large businesses have relocated out of Sutton.

Prior to the Covid-19 pandemic it was more typical to have occupiers in higher value locations such as Wimbledon, Croydon and Epsom who would look to secondary markets such as Sutton for better value options – which was a sizeable portion of enquiries. Post pandemic however, especially with the trend to downsize in favour of flexible work patterns, occupiers are far less rent sensitive and are instead gravitating towards the best located and best quality buildings.

Sutton's location is difficult falling between the other major business centres, and more desirable M25 Surrey commuter towns. If occupiers need access to London they tend to choose Croydon or Wimbledon, or by moving further out can locate to towns with less congestion, better parking, and quicker access to the M25 with faster train services with comparable journey times.

On site car parking is a major criteria for many occupiers and London Boroughs have lower provision than Surrey.

## DEMAND

Demand is very low and rare to obtain enquiries for Sutton specifically.

We act on Chancery House which is one of the best office buildings in the town. It is a high quality building with refurbished, flexible office space of various size suites - 1,000 sq.ft up to floors of 8,000 sq.ft totalling 24,000 sq.ft. SHW have not had any enquiries for some months or obtained any new lettings in over a year for this building.

The lack of demand in the town has meant it is not viable to refurbish space and a large amount of stock has been converted to residential reducing the office supply and shrinking the number of occupiers based in the town. Without high quality stock available, businesses relocate and there is now a lack of larger occupiers who would have created market activity. As such Sutton as an office location is now more of a dormitory town.

We would not recommend building any speculative new offices or refurbishing existing due to the high cost of construction, lack of demand and uncertainty over letting and void.

## SUPPLY

The only available space of any quality is Chancery House which provides high quality space from 1000 sq.ft to 8,000 sq.ft and totalling 24,000 sq.ft.

The lack of supply, particularly of high specification / new space has diminished the market further, and without good stock occupiers are not choosing to locate here. Even though there is a lack of supply across the town, the available space takes months/years to let.

## TRANSACTIONS

There are very few lettings in the town over 2-3,000 sq.ft in the last couple of years.

The exception to this is Sutton Park House that provides offices of appx 20,000 sq.ft, which has been refurbished to a top specification. This has been let to an occupier relocating from Quadrant House due to

their lease expiring, and which is subject to redevelopment. Two other occupiers have relocated from Quadrant House due to its redevelopment plans - Mark Allan publishing was considering part of Chancery House, and Orchard Hill Cottage took available space in Copthorne House. These transactions are only occurring due to the redevelopment plans for Quadrant House, but generally lettings are low, showing that there is an oversupply of stock, and lack of demand.

## RETAIL

It is understood that the Local Plan allocation for City House suggests that retail would be a preferred or suitable land use as part of a mixed-use development. The location of the site is 'off-pitch' and would not appeal to the majority of operators who require visible, High Street locations. The building, despite being on the corner fronting the A232, has poor visibility due to dense trees coverage and has a relatively poor pedestrian environment on the one-way system. It is physically and visibly disconnected to the main shopping area and does not provide the visibility or footfall that occupiers desire.

Sutton as a centre has a relatively strong retail core with 2 shopping centres and the main High Street thoroughfare. Despite this Sutton has not fared well after the Covid-19 pandemic, with the main retail thoroughfare in a worse position than it was in 2019.

Sutton Council purchased the St Nicholas Centre in 2021 and despite having plans to upgrade the centre, of the 385 units within it, approximately 15% are vacant. This level of vacancy is generally the same as the High Street where vacancy is circa 15% and just over the national average, which currently stands at circa 14%.

As with the office market, Sutton is not a particularly strong retail location. Long voids will need to be planned for and untested covenants / start-ups considered.

The cost of fitting out is a barrier for both local and national occupiers, with local retailers generally not being able to cover such costs, and the national retailers looking for high capital contributions to cover fit-outs. Capital contributions will be required for all incoming occupiers.

Rents in central Sutton have declined due to the oversupply of units, with incentives increasing. The average rent-free period now tends to be circa 12 - 18 months from the previous 6-9 months pre-pandemic, with a possible capital contribution dependent on operator and handover spec.

Most recently, Morrisons brought 12-14 Grove Road to the market, which is a former furniture store with good frontage to the A232 and currently part of Morrisons ownership. At just under 6,000 sq.ft it has a quoting rent of £90,000 pa with a rateable value of £120,000. Despite being on the market for 2 months, there has been no interest.

This building will be difficult to let for retail or leisure purposes with the change in appetite and requirements operators now seek.

## CONCLUSION

The office market in Sutton has changed dramatically and demand is very weak with most occupiers downsizing.

Space takes a long time to let, rents are low and rent-free periods have increased from circa 9-12 months to circa 12-18 months. The uncertainty over letting and void periods deters any office investment/development.

---

Occupiers want top specification and in the best locations. New office development is not financially viable due to the cost of construction, lack of demand and low rents.

Sutton is not considered a desirable office location with very few enquiries, relying on existing occupiers to move within the town. Even though supply is low the space remains on the market for many months/years.

We would not recommend refurbishing the existing building or developing new speculative offices in Sutton due to the lack of demand and high cost of construction with uncertainty of letting and long voids.

We would not recommend providing retail in this location, as it is too far from the High Street where most occupiers want to be. In addition there is sufficient retail provision on the High Street and within the two existing shopping centres, which has also struggled with vacancies post-pandemic.

Access into the site for retailers is not particularly good off Sutton Park Road which is shared with the Morrisons loading bay. Retail rents in this location would also be low and development unviable.

Yours sincerely

Mark Skelton MRICS  
Partner  
For and on behalf of  
Stiles Harold Williams Partnership LLP

**t.** 01372 840296  
**m.** 07885 743202  
**e.** [mskelton@shw.co.uk](mailto:mskelton@shw.co.uk)

**This report is for the sole purpose of marketing the unit and is not a valuation. If a valuation is required please let me know and I will put you in touch with one of SHW's registered valuers.**