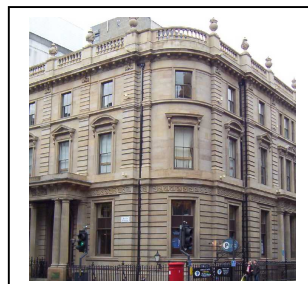


Prepared by:
Donaldsons
St Paul's House
23 Park Square South
Leeds
LS1 2ND
Telephone 0113 246 1161
Facsimile 0113 244 1637

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SOUTH DERBYSHIRE DISTRICT COUNCIL

Commercial Property Marketing Best Practice - A Review



Report

1	Introduction
2	Marketing
3	Conclusion

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Appendix 1 – Examples of Marketing Brochures

1 Introduction

- 1.1 Donaldsons has been instructed to undertake a review of property marketing techniques for employment sites and premises, and draw up a best practice guide as to what is considered reasonable in terms of how property is exposed to the market, and what is considered a period of proper marketing.
- 1.2 This advice is to be utilised in assessing applications against Policy EMP3 of the emerging local plan.
- 1.3 In the majority of cases, marketing strategy will be dictated by whether a property is likely to be of interest to the local, regional or national market.
- 1.4 Property Marketing can be defined by a number of key activities which raise awareness to potential occupiers that it is available.
- 1.5 These are:-
- Erection of a signboard
 - Production of Particulars
 - Mailing to registered enquiries – i.e. from in house database.
 - Target Mailing
 - Press Coverage
 - Inclusion of details on website
 - Registration of particulars with Local Authority/Regional Development Agency
- 1.6 When deciding upon a marketing strategy, the owner and agent must make a number of decisions. In making these decisions, they will have regard to the following factors:-
- Location
 - Age
 - Specification
 - Size
 - Accessibility
 - Likely Market Interest
 - Tenure
 - Rental/Price
- 1.7 The subsequent strategy will have regard to the above credentials and determine whether the marketing takes on a **local, regional or national focus**.

- 1.8 It is very difficult to prescribe what is a property of Regional/National interest, as it is very much dependent on all of the above factors. For example, a small 185.8m² (2,000 sq.ft) unit on a science park may be of national interest as it offers access to particular clusters or services. Equally, a 500m² (53,821 sq.ft) industrial unit may only be suited to the local market if its accessibility or the site layout does not meet the requirements of blue chip occupiers.
- 1.9 The appointed agent will draw up a marketing report, prior to the commencement of marketing. This will set out the strategy, and should be appropriate to the type of property to be marketed.
- 1.10 In broad terms, the wider the market from which interest in the property is anticipated, the more extensive the campaign required. It is also fair to say that the higher the anticipated Rent / Price, the more money owners are inclined to spend on marketing.

2 Marketing

- 2.1 It is difficult to prescribe how various initiatives should be undertaken, as marketing involves costs, and it would be unreasonable to require landlord/landowner/vendor/lessor to undertake extravagant marketing disproportionate to the anticipated return. For example, for a property of Regional/National interest, it would be normal for a landlord/landowner/vendor/lessor to have a glossy brochure produced, and a large eye-catching board erected on the site. The costs involved in achieving this would be greater than that of a standard in-house brochure and V type board.
- 2.2 We do believe, however, that a standard signboard should be erected and particulars produced as a minimum, to ensure that the property is fully exposed to the market. We have therefore set out what we consider to be the minimum requirement for each of the respective elements, to ensure full market exposure.
- 2.3 We have then set out what is most common in terms of more extensive marketing for more high profile buildings/sites.

Marketing Report – General Points

- 2.4 The strategy for marketing a property/site is contained within the marketing report. This document will also set out the basis of the instruction – e.g. sole agent, joint agent etc, and the terms on which the property is to be marketed.
- 2.5 If the property is being marketed correctly, the agent will have obtained comparable evidence, and applied a realistic sale/letting price, allowing room for negotiations.

It would therefore be reasonable to request a copy of the marketing report to ensure that a suitable asking price has been established, **and that all other aspects of marketing are realistic and suitable for the type of property being marketed.**

- 2.6 For both office and industrial premises, it is not uncommon for marketing to take in the region of 12 – 18 months, and in some instances up to 2 years. In our opinion, to expose a property to the market correctly, it would be reasonable to expect that it is marketed for a minimum of 12 months.
- 2.7 During this time period, the marketing strategy should be reviewed and we would expect the agent to provide regular updates to the client.

Again, it would be reasonable to request details of any marketing meetings, and updates in terms of changes to strategy.

- 2.8 The following section identifies each of the various marketing initiatives and sets out what should be undertaken and how this differs dependent on the target market.

Signboard – Local Interest

- 2.9 Standard 6' x 4' V type board displaying basic attributes of the property e.g. unit number and size, along with the telephone number of the agent. Should be placed in a prominent position.

Signboard – Regional Interest

- 2.10 As a minimum, a standard 6' x 4' V type board should be erected in a prominent position.
- 2.11 Potential for a larger signboard allowing for the various attributes of the property to be set out in more detail.

Signboard – National Interest

- 2.12 As a minimum, a standard 6' x 4' V type board should be erected in a prominent position.
- 2.13 It is more usual to have a large signboard perhaps, for example, denoting an artist's impression of a completed scheme or internal photographs of the building, and we would recommend this as a preferred course of action.

Brochures and Mailing - General Points

- 2.14 The production of a brochure must show an acceptable audit trail, under the Property Misdescription Act 1991, and should have been passed to the client for confirmation of content, clarity and acceptance. This is signed off, and kept on the file. If the property is being actively marketed, this exercise should be undertaken early on in the process.

It would be reasonable to request confirmation from the agent that this process was undertaken and the dates when it took place.

- 2.15 The production of a brochure enables mailing and target mailing to be undertaken. This is usually carried out by creation of a "mail shot" from a database of known enquiries, agents and developers in the market place, held on an in-house database.

It is our opinion that it would be reasonable to request details of when this exercise took place, a copy of the mailing list, and accompanying letter.

- 2.16 Target mailing should always be undertaken. It may be sector specific or specific to certain attributes, which the subject property has to offer. It will ideally be undertaken as soon as

brochures are available, however, in practice it is often undertaken after an initial mail shot to known enquiries has taken place.

Again, it would be reasonable to request dates of when this activity was undertaken and a copy of the mailing list, and accompanying letter.

Brochure - Local Interest

2.17 In-house particulars setting out, as a minimum :-

- Location
- Description
- Terms / Price / Price on Application
- Photograph of subject property

Brochure – Regional/National Interest

2.18 As a minimum requirement, agents should produce an in-house brochure. It would be more normal however, to produce a glossy brochure, through a design agency. These can range from an A4, double sided brochure, to a more grand document. We have included some examples for consideration in the appendix to this document.

Press Coverage – Local Interest

2.19 In terms of advertising, we would recommend an advert is placed in local property press on commencement of marketing.

2.20 A modest 6cm / 9cm x 2 column wide black and white advert is appropriate. We would anticipate that appropriate press could include the Burton Mail and Derby Evening Telegraph.

2.21 It is difficult to prescribe timescales as to the frequency with which adverts are placed, but we would expect advertising to be reviewed and adverts placed more than once if the property is on the market for a period of months. One advert every other month or every three months would be reasonable, as a minimum.

Press Coverage – Regional Interest

2.22 Press coverage for a property of Regional interest would include the above plus a ¼ page black and white or colour advert in the Estates Gazette or similar.

Press Coverage – National Interest

- 2.23 Press coverage for a property of National interest would include local press plus ¼ page black and white or colour advert in the Estates Gazette as a minimum. It is possible that a more extravagant advertising campaign would be undertaken to include a ½ page colour advert in the E.G.
- 2.24 Where a property is being targeted to a specific sector/sectors, an advert in the respective professional press may be relevant – for example – A food production unit – advertise in “The Grocer”.

It would be reasonable to request a copy of adverts and dates when placed by the agent.

Place Particulars on Website

- 2.25 Most commercial agents now have a website. We would recommend that particulars for all premises are registered on the respective agent’s website.

Register Particulars with Local Authority and Regional Development Agency

- 2.26 As a matter of course particulars for all types of property should be logged with the relevant department within the Local Authority, and the Regional Development Agency.

Responses to Marketing Enquiries

- 2.27 Having undertaken these activities, enquiries will have been received and recorded on the file.

It would be reasonable to request a copy of the enquiries received.

3 Conclusion

- 3.1 In our opinion there are a number of key steps required to market a property. The timing of these steps and the way in which they are undertaken is crucial to ensuring or indeed demonstrating that a property has been fully exposed to the market.
- 3.2 By requesting details/proof from agents of when these steps took place allows an audit trail to be established. This will ensure that the Local Authority is confident in its decision making process.
- 3.3 In terms of scrutinising marketing reports and making assessments of whether a suitable approach to marketing has been proposed/undertaken, the Council may wish to employ an independent surveyor to investigate the marketing process.

Signed:

Date: 6 April 2005

Name: Carole A Pullan

Position: Partner

For and on behalf of Donaldsons

St Paul's House
23 Park Square South
Leeds
LS1 2ND

APPENDICES

Appendix 1 – Examples of Marketing Brochures

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48 Warwick Street, London W1B 5NL
Tel: +44(0)20 7534 5000 Fax: +44(0)20 7434 0045
www.donaldsons.co.uk
enquiries@donaldsons.co.uk

Donaldsons UK Offices

Birmingham

120 Edmund Street, Birmingham,
B3 2ED
Tel: +44 (0)121 212 1090
Fax: +44 (0)121 212 1099

Cheltenham

Vittoria House, Vittoria Walk, Cheltenham,
GL50 1TW
Tel: +44 (0)1242 521 102
Fax: +44 (0)1242 221 754

Leeds

St Paul's House, 23 Park Square South,
Leeds, LS1 2ND
Tel: +44 (0)113 246 1161
Fax: +44 (0)113 244 1637

Bristol

Beech House, 6 St.Paul's Road, Clifton,
Bristol, BS8 1LT
Tel: +44 (0)117 923 9520
Fax: +44 (0)117 923 9521

Edinburgh

9 Hope Street, Edinburgh,
EH2 4EL
Tel: +44 (0)131 260 7300
Fax: +44 (0)131 225 8970

Manchester

Century House, 11 St.Peter's Square,
Manchester, M2 3DN
Tel: +44 (0)161 237 9977
Fax: +44 (0)161 237 3311

Glasgow

90 St.Vincent Street, Glasgow, G2 5UQ
Tel: +44 (0)141 221 2871
Fax: +44 (0)141 221 1099

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