



BARRETT FIRRELL

CHARTERED
SURVEYORS

69 Highgate High Street
Surveyor's Report on Existing buildings

to

Estimate the cost of renovation,
Establish the Freehold Value,
Assess whether renovation is viable,

February 2009



BARRETT FIRRELL LIMITED

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Part 1 - Introduction

Site Visit

Gerald Barrett BA FRICS, senior partner of Barrett Firrell Chartered Surveyors, completed an inspection of the buildings at 69 Highgate High Street, London, N6 on 6 February 2009 in order to assess their condition and to complete costs for remedial works to the property. An assessment has also been completed of the rental return in order to consider the viability of retaining the existing property.

The Existing Property

The existing buildings are of standard construction with brick external walls, solid and timber floor constructions, a pitched roof with felt coverings and plastic and metal gutters and downpipes, timber weatherboarding and external joinery items.

A corner section of the property is used as a flower stall. There are two stores, a small studio flat and a small clockmakers area.

The buildings are all in very poor order as detailed on the Schedule of Condition and there is limited headroom to the store areas. Full refurbishment and repair works are required to leave the property to acceptable standards. Future costs will arise to satisfactorily maintain the property.

The photographic survey of the building prepared by Birds Portsmouth Russum Architects dated January 2009 (Appended at the rear of this document) provides photographic evidence and sketch plan layouts of the accommodation.

Conclusion Summary

The property will require an investment of approximately £ 165 000 in order to bring it to an acceptable habitable standard. It is unlikely that such an investment will significantly increase the rental income from the property. The present rental income suggests that the property has a freehold value of approximately £ 85 000. The cost of the renovation of the property cannot therefore be justified and further deterioration of the building will result in an even further diminution in value. It is concluded that the retention of the buildings is not a viable option and that they are at the end of their useful life. It is recommended that demolition works are completed and alternative proposals developed which satisfy planning requirements.

Part 2 – Schedule Of Condition and Costs

Snow Hill Studio and Adjacent Buildings 69 Highgate High Street, London N6

Area	Condition	Repairs/Remedial Work	Cost
Exterior			
Roof structure and covering	Pitched roof with felt covering and roof light in worn and poor condition with unsatisfactory detailing and evidence of leaking.	Strip and recover to include an allowance for timber repairs and renewals, new boarding and insulation and provision of ventilation.	£10,000.00
Rainwater fittings	Plastic gutters and downpipes deflected and in worn condition.	Requiring overhaul/renewal.	£750.00
Main walls	Solid brick with part rendered, timber boarding, rotted and decayed, pointing loose, uneven brickwork.	Re-pointing to brickwork required, renewal of sections of cills, renewal to weatherboarding, re-facing render finishes.	£5,000.00
External joinery	Timber doors, windows and fanlights (not including weatherboarding), and gutter boarding, Worn and in dilapidated condition, rotted sections and poorly fitted glazing.	Renewal works required, to include renewal of window planting box.	£5,000.00
External decoration	Worn and dilapidated.	Renewal required.	£4,000.00
Grounds and boundaries		General joinery repair works required in the area of the flower stall, adjustment to levels required adjacent to external walls.	£2,000.00
Interior			
Ceilings	Plasterboard and missing sections, in poor order	Renew complete to comply with current regulations.	£4,500.00

Area	Condition	Repairs/Remedial Work	Cost
Floors	Part boarded to solid floor and with timber floor joists, boarding and solid floor in poor order. Renew cracked, broken and damp floor tiles. Worn and dilapidated. Floor joists undersized and strengthening works required.	Renewal of solid floor required as part of tanking works followed by replacement of boarding and tiles. Renewal of timber floor joists, retaining existing.	£10,000.00
Internal walls and partitions	Poor condition throughout. Tile finishes in poor order.	Renewal of plaster and plasterwork required following damp penetration and damaged sections. Waterproof render and tanking required in part. Re-tile.	£9,500.00
Internal joinery	Internal doors and shelves and architraves in poor order. Kitchen units require renewal. Boarding to walls, platform to bed area all in poor order.	Renewal required including provision of new door furniture.	£6,000.00
Internal decoration	Poor order throughout.	Following damp proofing works, full redecoration works are required.	£3,000.00
Services			
Electricity	Poor condition, testing required, evidence of unsatisfactory installation.	Renewal required to achieve acceptable present day standards.	£5,000.00
Water and plumbing	Poor condition throughout.	Renewal required in order to achieve acceptable standards. To include renewal of mains water intakes.	£7,500.00
Heating	Supply is run via the adjacent house.	Separate system required including new service intakes and heating sources and distribution pipework and radiators. Allowance for all areas to be included.	£7,500.00
Drainage	Reports of unsatisfactory drainage resulting in regular blockages.	Allowance must be made for further testing and camera survey, provisional allowance set at this stage for underground drainage works. Above ground drainage to be overhauled and renewed.	£4,000.00
Sanitary fittings	Poor order to shower, wc and wash hand basin.	Renew complete.	£2,000.00

Area	Condition	Repairs/Remedial Work	Cost
Damp proof coursework	Evidence of high damp readings and damp penetration typical of a basement condition.	General damp proofing works required to prevent rising dampness to include tanking works. Allowance to be completed to take up solid floor complete and to reinstate to include tanking detail to be carried through to wall areas to achieve satisfactory damp proof seal. Further damp proofing works required to internal areas. Allow for preparation and full reinstatement.	£7,500.00
Timber defects	Areas generally concealed. Evidence of damp penetration as a result of leaks through the roof covering, rising and penetrating dampness through the walls and via services lead to the probability that there are concealed defective timbers.	Allow a provisional sum for repair and renewal works.	£2,000.00
Insulation	Minimal insulation provided by means of glass fibre insulation to the timber floor dividing the stores.	Further insulation works required to bring up to current standards. Allow for roof and wall insulation.	£3,000.00

(It should be noted that there appeared to be no evidence of asbestos, however if these works are proposed a type 3 asbestos Survey should be carried out)

Cost of Schedules Work Items	£98,250.00
Preliminaries @ 10%	£9,825.00
Builders Profit and Attendance @ 15%	£16,211.00
VAT @ 15% on Builders Work	£18,643.00
Sub total	£142,929.00
Professional Fees @ 12.5%	£15,535.00
VAT @ 15% on Professional Fees	£2,330.00
Local Authority Charge, say	£3,500.00
Total Cost of Repair Works	<u>£164,294.00</u>

Part 3 – Valuation Assessment Based On Continued Use

The current rental returns do not include the flower stall which will be retained in use on completion of works. The rental returns for each area are noted to be as follows:

- | | | |
|----|----------------------------------|----------------|
| a) | High Street and Snow Hill Stores | £80 per week |
| b) | Clockmaker/repair area | £40 per week |
| c) | Snow Hill Studio flat | £550 per month |

<u>Gross Rental Returns</u>	£12,840.00 per annum
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Less: Water rates
Insurance
Travel costs
Repairs
Maintenance
Telephone
Postage
Accountancy
Wear and tear

It is reasonable to assume an average percentage to reflect these above running costs of 40% = £5,136.00

<u>Net rental return</u>	£7,704.00 per annum
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The property is held as a freehold and hence is assessed in perpetuity. The years purchase is taken at 9YP to reflect the quality of the buildings and the security of the rental stream whilst also allowing for market conditions (note: A higher YP could be assessed to allow for poor current market conditions – the YP inserted allows for an average over a longer period).

Capitalise at 9 YP in perpetuity	11.11
	£85,599.99
<u>Freehold Value, say</u>	<u>£85,600.00</u>

Therefore, a market value for the buildings at 69 Highgate, London, N6 can be assessed at a level of £85,600.

It is considered that following completion of full repair and renewal works that there will be little significant increase in the rental return. This is because there is limited headroom and use that can be applied to the stores, the clockmakers area comprises of approximately 50 sq ft only and the studio residential unit has very limited space and accommodation available.

As a consequence, a marginal increase in rent could be expected following completion of works however, the expenditure required is such that any marginal increase cannot be justified against the outlay required to achieve acceptable present day standards.

Part 4 – Conclusion

The cost of repairing the existing buildings is assessed at a level of £164,294. This cost which is assessed without a contingency sum is grossly in excess of the value that can be derived from the buildings continued use.

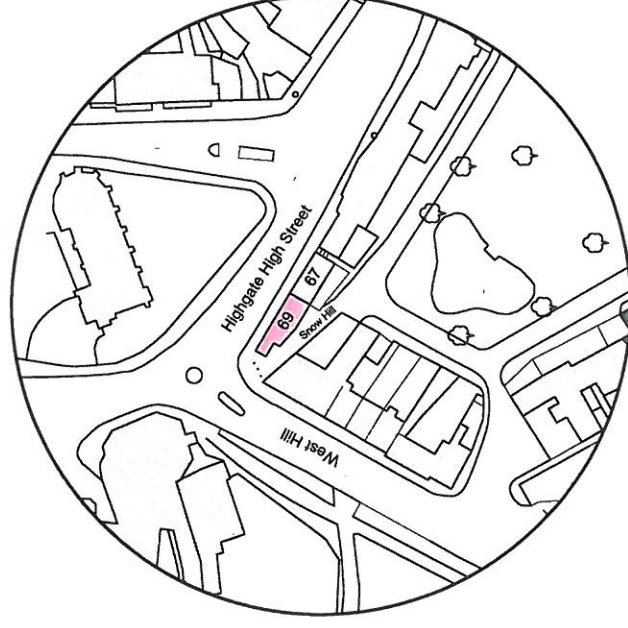
It can be clearly stated that the rental return by any means of assessment does not justify the outlay of the cost of current repair works and ongoing repairs to maintain the existing buildings in their current use.

It can be stated that such are the costs of repairs and maintenance that the freehold value is adversely affected and reduces the desirability of the property in a market situation.

An increase in rent cannot be expected to any significant degree following completion of remedial works and hence this makes the cost of completing essential repairs and renewal works to be not viable. Further deterioration of the buildings will arise as a consequence rendering them unfit for use over a longer term period with resultant further diminution in value.

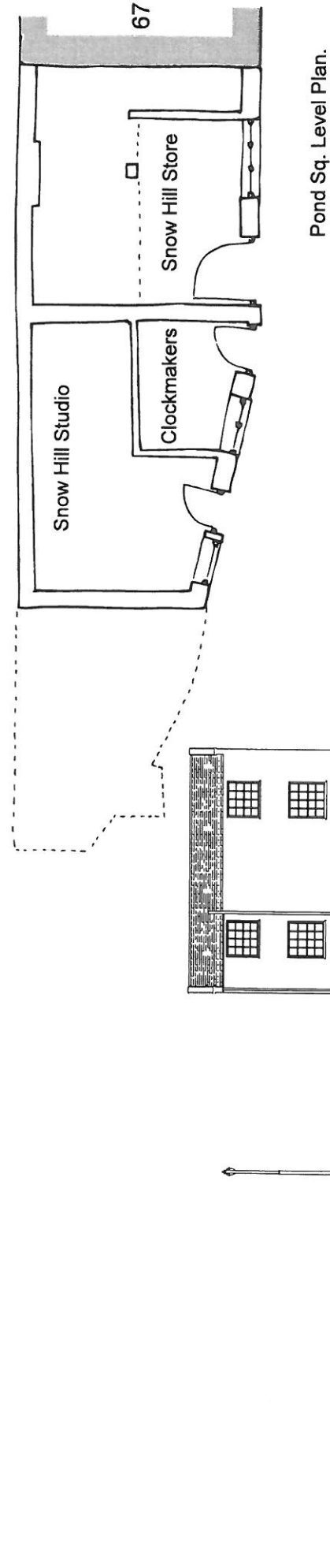
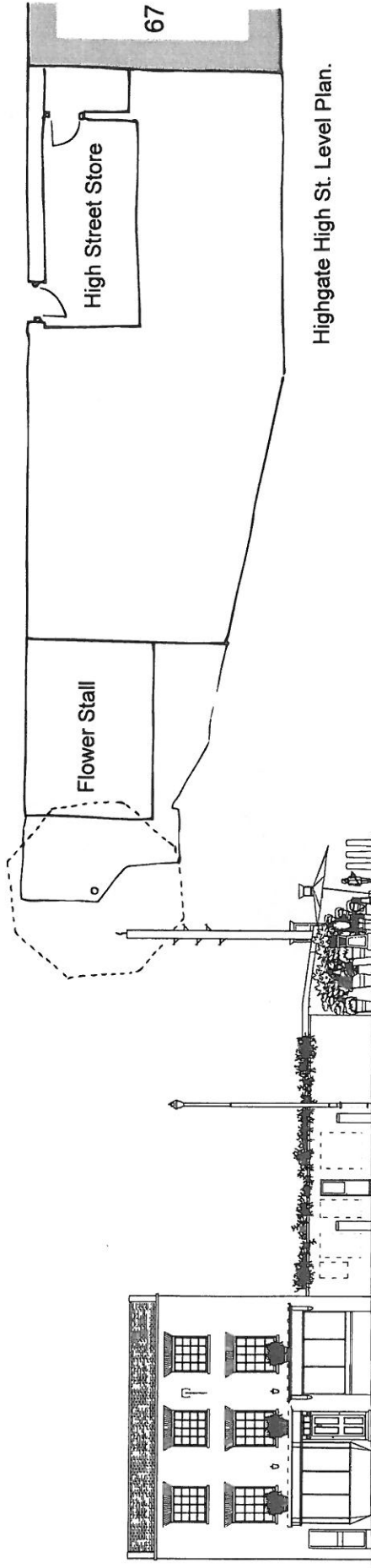
It is concluded that the retention of the buildings in their existing use both presently and over a longer term period, is not a viable option. The buildings are at the end of their useful life in their current use and it is recommended that demolition works are completed and alternative proposals accepted that satisfy planning requirements.

Photographic Survey - No 69. Highgate High St.



Birds Portsmouth Russum.

January 2009



0 1.0 2.0 3.0m

Scale 1:100 @ A4

Sketch Plans

Exterior views



Snow Hill Elevation collage



No. 67

No. 69

High Street Elevation collage

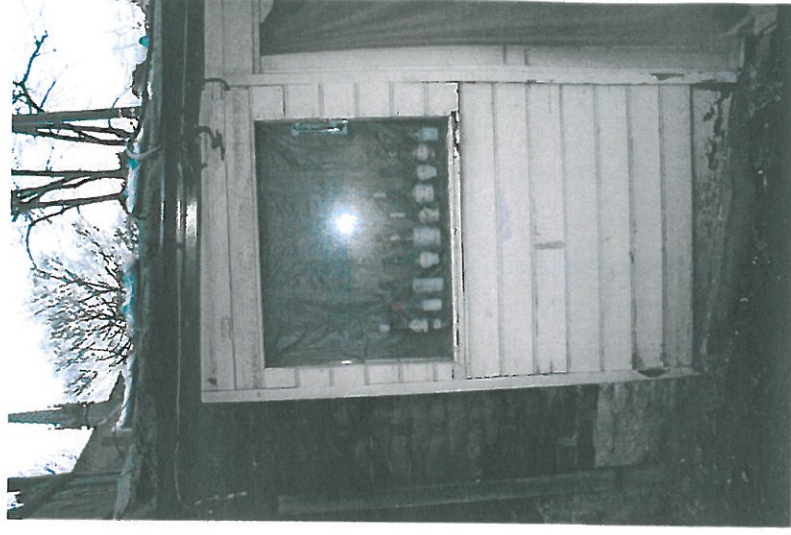
Exterior views



1. Flower Stall - ramshackle construction.



2. Studio - damp brickwork pier.



3. Studio - Poor condition timberwork.

Exterior views



4. Clockmaker - Rotten weather boarding.



5. Snow Hill Store



6. Snow Hill Store

Exterior views



7. Exterior felt roof - poor condition.

Interior views



8. Studio - rising damp.



9. Studio - damp ceiling.

Interior views

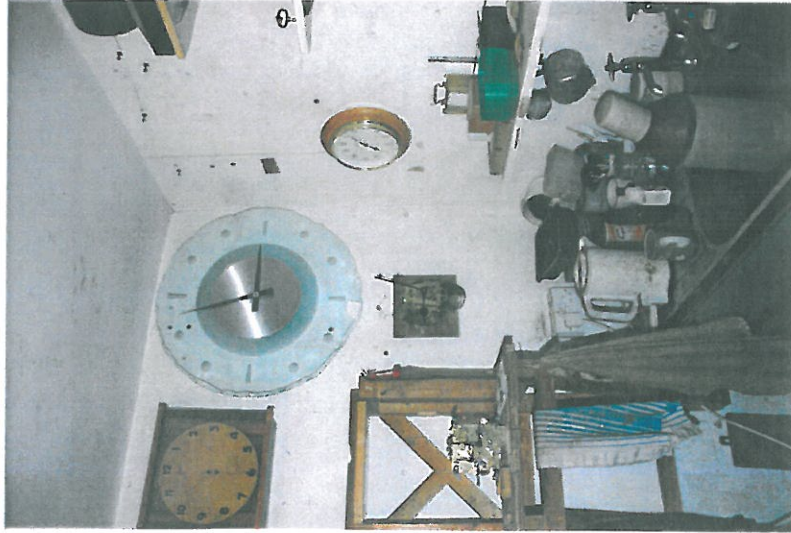


10. Studio - damp wall.



11. Studio - damp roof structure - velux roof light showing water penetration..

Interior views

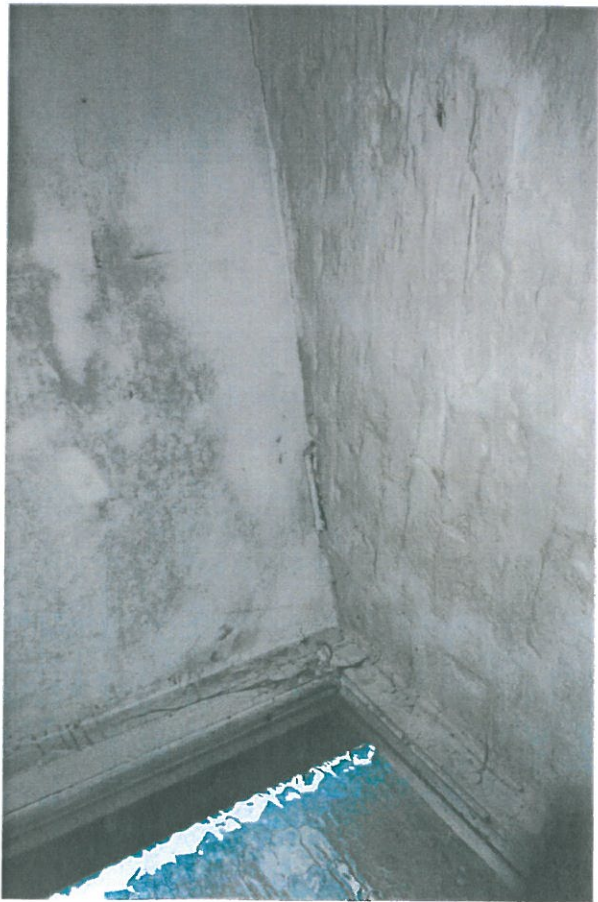


12. Clockmaker - damp walls.



13. SnowHill Store - collapsed ceiling.

Interior views



14. Snowhill Store - Damp penetration to wall + ceiling.



15. Snowhill Store - bowing damp ceiling.