

30 September 2010  
Our ref: 1452/HHM/LP

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Dear Sir

**Re: Proposed Planning Application  
2 Dumpton Place, Camden, London NW1 8JB**

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1.0 Thank you for your instructions dated 30 July 2010 following our various meeting including those with CGMS Consulting and subsequent correspondence with you relating to the above. I have now had an opportunity to inspect the subject property and to consider the matter. I have also inspected the site, the vehicle service centre at 1 Dumpton Place and the housing development on the former workshop area to the east of the site.

1.1 For the avoidance of doubt, I am a Fellow of the Royal Institution of Chartered Surveyors and an Associate of the Chartered Institute of Arbitrators and a Director of surveyors, valuers and estate agents, Pater Goodman Merriman of 43 St John Street, London, EC1M 4AN. I commenced practice in 1966 with the City firm of surveyors Messrs Chamberlain & Willows and was made an equity partner within that firm in 1976. In 1987 the partnership was sold to The Prudential Corporation and I was appointed a director of their subsidiary Prudential Commercial Properties Services Limited. The central London operation was ultimately sold to me in 1990 trading under the name of Merriman & Partners which in 2003 amalgamated with surveyors Pater Goodman to form Pater Goodman Merriman.

- 1.2 I divide my working time as a general practice surveyor about equally between agency and professional work.
- 1.3 My Company's business mainly consists of the sale, letting, acquisition, valuation and management of commercial property and I am concerned mainly with industrial/warehouse, retail and office property in London and the Home Counties. I have given evidence at numerous inquires both acting for Central and Local Government and private enterprise.
- 1.4 Since the early part of this Century the firm of Chamberlain & Willows and its successors have acted on behalf of a large number of property owners and occupiers within the general area of the subject site. Clients for whom I have acted include the Department of the Environment, the Home Office, Ministry of Defence, Greater London Council, Training and Enterprise Council, National Union of Journalism, J Sainsbury Plc, Tesco Plc, London Fire Brigade, British Rail, British Telecom, British Gas, The Post Office, City of London Corporation, London Borough of Islington and numerous industrial and commercial firms including Thorn EMI, Fairview New Homes Plc, Barratt Homes, Structadene Plc, London Merchant Securities, Rich Estates, Slough Estates, Yianis Group, Hogan Page, Baird and Company, Almeida Theatre, Trust House Forte, S.T.C. and numerous other industrial and commercial firms.
- 1.5 I am familiar with the location of the subject property my company currently being instructed to dispose/let a number of buildings in the area.
- 1.6 An inspection of the site was undertaken on two occasions during the month of August 2010 with my colleague, Timothy Freeland MRICS.

At the time of our inspection the existing commercial property briefly described below was largely vacant and partly demolished but was partially used by building contractors in respect of the storage of materials and plant relating to the approved residential development to the east of the subject site.

1.7 In accordance with our recent meeting you have requested that I provide my professional opinion on the following matters:-

- a) The condition and use of the existing site building falling with Use Class B2 of the Town & County Planning (Use Clauses) Order 1987.
- b) The planning application to be submitted by site owners.
- c) General availability and demand for industrial, commercial and office accommodation within the neighbourhood and related employment generation.
- d) Economic viability of development of b) above.

I have seen the following documents:-

1. A copy of a pre-application meeting report (undated) prepared by the London Borough of Camden in respect to a proposed planning application being submitted to the Authority for the redevelopment of the subject site for 4 residential dwellings (Class C3) and approximately 475.5 sq. metres of class B1 accommodation.
2. The Primrose Hill Conservation Area Statement issued by the London Borough of Camden and dated January 2001.
3. Camden Employment Land Review issued by the London Borough of Camden, prepared by Roger Tym and Partners and Ramidus Consulting and dated June 2008.
4. Draft planning proposal to be submitted to the London Borough of Camden.

**Location**

The property is situated within the London Borough of Camden on the eastern side of Dumpton Place which runs off Gloucester Avenue. The subject site on backland lies parallel to the main railway line serving Euston Station which also incorporates sidings adjacent to the site currently utilized for the cleaning, repair, maintenance and storage of railway carriages. An Ordnance Survey extract showing what is understood to be the extent of the site is attached edged red in Appendix A and a location plan within Appendix B showing the site spot green.

The neighbourhood was developed largely from the mid 19<sup>th</sup> Century through the general expansion of London and originally comprised mainly fashionable housing with small scale business tending to be to the east around the Regents Canal. Railway expansion led to a number of businesses located within easy distance of the main railway line serving Euston Station with access to Gloucester Avenue but this access to the railway has now been blocked off after a period of decline. (One access way onto the Railway Land was actually from Dumpton Place itself and the original entrance can still be seen.) Today much regeneration has taken place largely due to the neighbourhood being within reach of both the City and West End of London and having excellent public transport connections. I believe it is correct to state that the immediate area surrounding the subject property is predominantly residential in nature.

**Primrose Hill Conservation Area**

I have studied the Conservation Area document issued by the London Borough of Camden and published in January 2001. The statement as I interpret the document provides an indication of the Council's approach to the preservation and enhancement of the Primrose Hill Conservation Area. The subject site falls within sub-area Two – Central area. The report indicated that the residential terraces dominate this area but that 'In Gloucester Avenue, where the width of the land neighbouring the railway line is restricted, there are a number of industrial buildings.'

The document was issued in 2001 and since that time a number of these industrial buildings have either been demolished and redeveloped or refurbished to meet modern tenant demand.

In the immediate area to the subject site the industrial properties were mainly occupied by British Rail. At 36 Gloucester Avenue, the former B.R. furniture maintenance factory (B2 in nature) refurbishment has taken place to provide a mix of B1 units and residential flatted accommodation. 40 Gloucester Avenue again formerly occupied by BR, now is let to a mix of small office occupiers and design led operations. I have already referred to adjacent back land industrial sites but note that those at 110 and 122 Gloucester Avenue which were formerly industrial buildings now comprise small business B1 units.

Indeed the redevelopment of Dumpton Place and the adjacent land to the east have and will result in the demolition of a number of these older buildings. The structure on the site itself has been partially demolished to allow completion of the eastern developed land. It is acknowledged that it is important to enhance and develop the character of a Conservation Area.

The building on the subject site was until recently utilised for uses falling within Class B2 of the Town and County Planning (Use Classes) Order 1987 as amended. The last use was associated with the repair, maintenance and respraying etc. of motor vehicles. This use does not cohabit easily next to high value residential uses with not only high levels of noise and pollution but also conflict in respect to access road use and parking. Dumpton Place and the adjoining streets having residents only car parking bays.

The Use Classes Order itself issued by Central Government specifically refers to B2 uses as those being inappropriate within residential areas.

Within the London Borough of Camden document 'Shaping Camden – site allocations preferred approach' it states that in respect to Site 41 (Rear of 52-88 and 90-108 Gloucester Avenue which includes the subject site that 'replacement B2 floor space may prove acceptable if it can be demonstrated that the particular proposed use would not detract from the amenities of nearby residential occupiers'. By the very definition of B2 industrial uses they are inappropriate within residential areas and control once planning consent had been issued would be difficult if not impossible.

By reference to the Camden Primrose Hill Conservation Area Statement the site is within a predominantly residential area.

### **The Existing Site Building**

The existing site building originally incorporated a structure built on land comprising the subject site and land developed immediately to the east. (Photographs enclosed within Appendix C).

The building now partly demolished comprises a low single storey factory of brick construction with concrete floor and corrugated galvanised pitched roof carried on light steel trusses. Access to the property is through a metal up and over entrance door directly from Dumpton Place. The only natural lighting is from three metal framed window openings onto Dumpton Place. The building has no yard for parking of commercial vehicles or cars with parking restrictions in Dumpton Place and the surrounding area.

During my inspection I noted the following:-

- a) Evidence of rising dampness.
- b) Exposed steelwork non-compliant with EEC regulations.
- c) Very poor access facilities and no yard, again non-compliant with EEC regulations which include a requirement for vehicles to be driven both on site and off site in a forward direction.
- d) Various services disconnected and terminated due to the redevelopment of the land to the east referred to above.

As an industrial property I formed the view that:-

- e) The site was over developed having 100% site cover.
- f) Division of the existing structure would be virtually impossible due to circulation, toilet and service provision and fire safety requirements.

- g) The existing building has restricted ceiling heights which would affect economic return. If used for warehousing purposes storage could only be two pallets high which restricts operational use.
- h) There is conflict with adjacent residential occupation relating to loading/unloading and parking generally. The site has no parking and on-site delivery is difficult and limited resulting in hazardous movements to both pedestrians and other users of the public highway. Any conversion of the existing remaining structure is likely to exacerbate this problem and certainly not enhance the nature of the Conservation Area.

Whilst some redundant vacant properties can be converted to alternative uses or other commercial operations where economic conditions, position of site buildings, access provisions and prevailing structures allow, in this instance the existing building is considered for the reasons set out above to be at the end of its economic and functional life.

### **Market Conditions and Redevelopment Potential**

The property market in London continues to undergo some fairly dramatic changes generally as a result of the continuing global credit position and corresponding economic conditions relating to Great Britain which continue to be widely reported. The result has seen a dramatic decrease in the number of transactions being completed and a corresponding reduction in values obtained. Further more this has created a market place with abnormal uncertainty where macro economic crises can result in dramatic and sudden price change.

The slow down in the market can be clearly seen within the localised Primrose Hill Conservation Area where nine months ago there were twelve B1 units on the market for leasing ranging in size area from 69 sq. metres (745 sq. ft.) to 2,052 sq. metres (22,090 sq. ft.). Although there has been extensive marketing the accommodation is still on the open market at the date of this report with various other opportunities including the B1 consent on 1 Dumpton Place also now being available. At the present time there is approximately 5,110 sq. metres (55,000 sq. ft.) of B1 accommodation available to let. Within the Camden area generally over the last two years there has been a doubling of vacant B1 accommodation from an approximate level of 46,450 sq. metres (half a million sq ft) to 92,900 sq. metres (1 million sq. ft.)

A further problem when currently contemplating site development is the availability and access to finance which is required to commence and complete a scheme. At the present time finance is extremely difficult to obtain and certainly in secondary positions such as Dumpton Place commercial development funding is unlikely unless a prelet situation was forthcoming on a Lease to an undoubted covenant. Due to depressed values, high lending rates and incentives normally made available to occupiers' viability is a considerable issue now to be faced by developers. Owner occupiers have similar problems due normally to very high deposit amounts being required by lending institutions.

Having considered the development potential of the subject site I have formed the view that industrial and warehouse schemes would not be viable at present and in the foreseeable future and it is currently very marginal whether a B1 development would also be a viable proposition. This again is due to likely covenant strength, increasing building costs (mainly down to materials), rentals achieved and current vacancy rates which affect yields.

I have been advised that the planning application to be submitted to the London Borough of Camden prepared by Chartered Architects PMA includes a commercial B1 element extending to 534 sq. metres gross (5750 sq. ft.). The demand for accommodation tends to fall within a size range of about 100 sq metres (1000 sq. ft.) to 230 sq metres (approx. 2500 sq. ft.) and largely derives from "high tech", design and creative companies already represented within the Camden environment and who normally require a skilled workforce. Such a development would enhance the nature and environment of the surrounding Conservation Area and would replace the functionally and economically worn out structure on site at present. It would provide a flexible approach to marketing where if necessary the building could be occupied by one or two different users of a B1 nature.

I have been requested to briefly comment on employment generation on the subject site. Notwithstanding my comments on viability of development set out above there has been during the last fifteen years or so a tremendous loss of semi-skilled manufacturing jobs within the London Borough of Camden. The Council themselves recognise that there is a considerable need for manual employment as the Borough has a considerable percentage of industrial workers having low grade skills. However, the trend has been for industries requiring such manual labour to leave the area whilst the newer "hi-tech" companies



requiring a higher-skilled workforce have become established. This revolution has come about during a period of rapid advancement of technology and improvements in communications which helps to explain why established industrial companies operating in older, sometimes worn out building in Camden and surrounding areas have experienced very difficult trading conditions.

As mentioned above the existing site building is considered out moded and commercially obsolescent. If this view is accepted we are looking at a site redevelopment which includes a commercial element with less conflict with its residential neighbours.

A Camden Employment Land Review has been undertaken for the London Borough of Camden in respect to employment issues within the Borough by Roger Tym and Partners. The Report was issued in June 2008 shortly before the current economic collapse. It will be appreciated that demand has now greatly decreased which of course has not been reflected within the 2008 report. The document is detailed and specific in report terms and records the loss of industrial based jobs and the increase in office occupancy. I also note with interest the recommendation at point 8.3 of the Report relating to relocation of some traditional industrial activity. Not only could commercial B1 consent on part of the site serve basic B1 office requirements but also some users which fall into uses allied to that of offices, but are within a B1 light industrial class category.

Again considering a typical B1 office use the rate of floor area to worker is in the order of 140 sq. ft. (13 sq. metres) per person. This is against an industrial ratio of about 500 sq. ft. (46 sq. metre) and 950 sq. ft. (88 sq. metres) for warehouse/distribution use. A B1 development as envisaged on the subject site would provide considerable more job opportunities within this area of Camden than its industrial or warehouse alternative.

### **Summary**

- A) The existing commercial site building does not lend itself to continued use and has reached the end of its useful economic life. As against the existing use being suggested by Camden Planners, the planning use for the property currently falls within Class B2 of the Town & County Planning (Use Classes) Order 1987 which does not compliment the nature of the Conservation Area in which it is located.

- B) Alternative use of the existing property would likely be restricted to warehousing where access is difficult, loading not in line in EEC Directives, the building having no yard and with internal pallet stacking problems due to height.
- C) Financial viability to redevelop this land for commercial B1 use is marginal. Reduced levels of rents received and those likely to be achieved in the foreseeable future, coupled with shorter contractual lease terms and lower tenant demand clearly lead to a development scheme for B1 use being marginal at best.
- D) In the event of a suggested B1 scheme being developed on the site employment generation would be considerably higher than a scheme encompassing warehouse or B2 employment generated uses and would be in greater harmony with the adjoining residential uses of the Conservation Area.

In the very difficult economic times currently being experienced within both the private and public development sectors and likely to exist for the foreseeable future planning uses should be carefully considered that return sites into early economic and viable use. It is of little benefit to leave outmoded buildings unused or sites fallow.

It is trusted that the above is of use to you. I would be pleased to provide further information including worked viability studies if requested and indeed meet the Local Planning Authority if felt beneficial. It would appear beneficial to the neighbourhood if a carefully considered scheme was agreed with the local planning authority which could in today very difficult economic conditions be undertaken and the area enhanced.

Yours faithfully

**H H Merriman MA FRICS**  
**Director**  
**Pater Goodman Merriman**  
**Chartered Surveyors**

## **APPENDIX A**

### **ORDNANCE SURVEY**

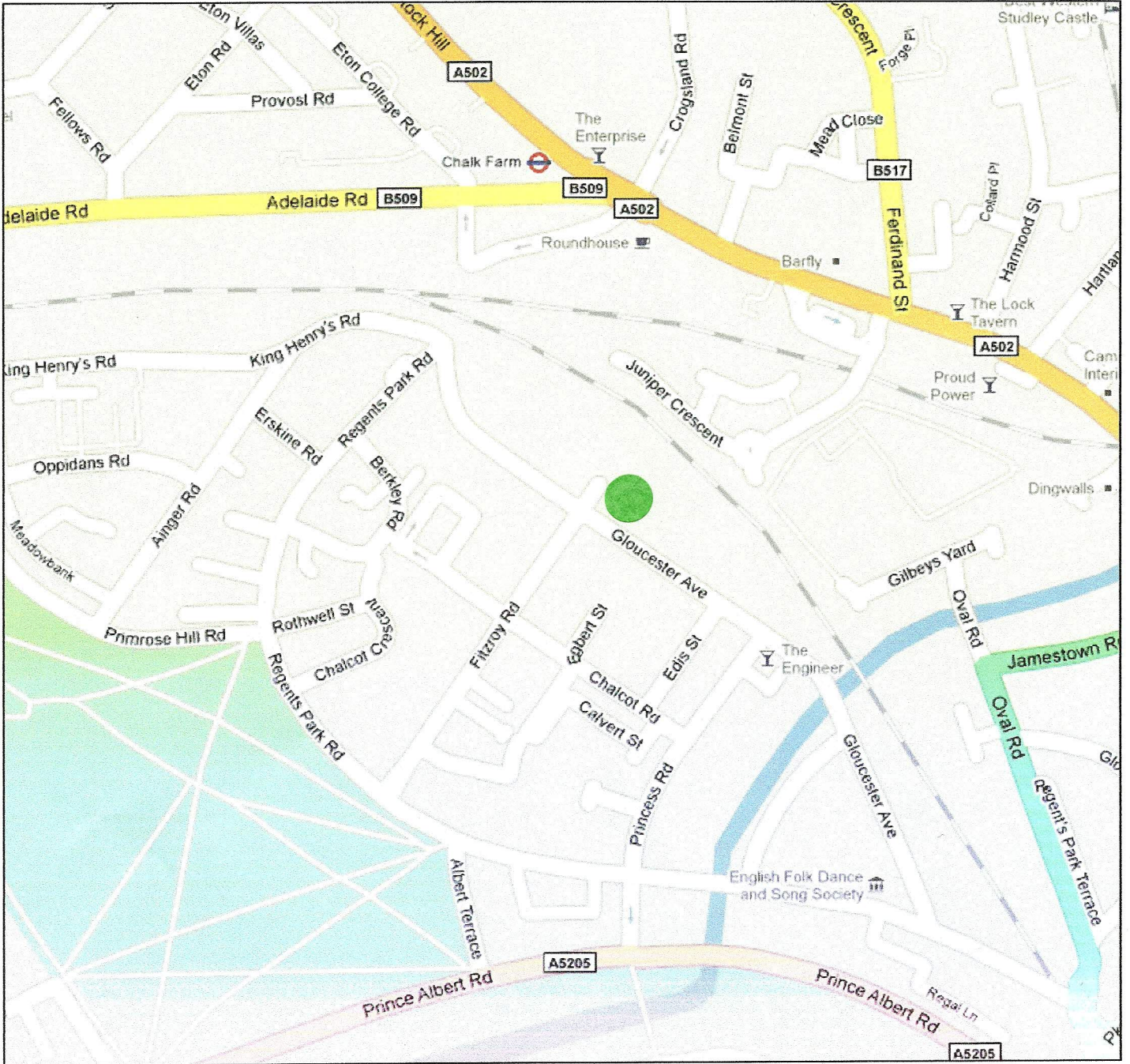
# Site Plan



## **APPENDIX B**

### **LOCATION PLAN**

# LOCATION PLAN



## **APPENDIX C**

### **PHOTOGRAPHS**





