

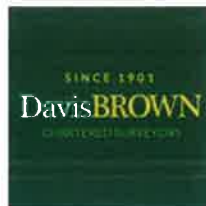
**VIABILITY REPORT
RELATING TO EMPLOYMENT FLOOR SPACE**

for

THE ESTATE CHARITY OF ELEANOR PALMER

on
**REAR OF 36-52 FORTRESS ROAD,
AND
FORTRESS GARAGE
LONDON NW5 2HD**

Prepared By



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CONTENTS

1. Introduction
2. Location
3. Description of Current Buildings
4. Previous and Current Uses
5. Condition of Buildings in Relation to Marketability
6. Economic Viability of Refurbishment
7. Suitability of Buildings for B2 and/or B8 Use
8. Conclusion
9. Non-Publication Clause

APPENDICES

- Appendix I - Location Plan
- Appendix II - Extract from BCIS Quarterly Review of Building Prices
- Appendix III - A selection of photographs

1.0 INTRODUCTION

- 1.1 Davis Brown has been instructed by the Trustees of the Estate Charity of Eleanor Palmer to carry out a Viability Report in respect of the premises known as Fortess Garage and the workshop at the rear of 36-52 Fortess Road. The report is to consider the viability of the current premises to remain or to be substantially refurbished for employment use.
- 1.2 Davis Brown is a firm of chartered surveyors and property consultants with roots dating back to 1901 based in central London. The company has extensive experience in dealing with commercial and industrial properties in London. They also have knowledge of these premises for over 25 years.
- 1.3 They have represented both landlords and tenants in finding and negotiating industrial units over many years and have recently advised tenants on the Bush Industrial Estate.

2.0 LOCATION

- 2.1 The properties comprise two large industrial units situated on the northern side of Fortess Grove. The site is shown outlined in red on the attached Ordnance Survey extract.
- 2.2 Fortess Grove is a cul-de-sac off Fortess Road which is a main bus route and the site is approximately $\frac{1}{4}$ of a mile to the north of Kentish Town Underground and Rail Station. The property is situated in a residential area and is surrounded by houses and flats. At the rear of the site, there is an access into Railey Mews which is a residential mews street.
- 2.3 The site is bounded by effectively three sides of residential and does not form part of any other industrial accommodation. The nearest industrial units are located in Regis Road and on the Bush Industrial Estate which is located further to the north off Junction Road. This comprises a modern industrial estate. There is a mix of older and new industrial and commercial

buildings in Regis Road which forms one of the main industrial estates in Camden.

2.4 The subject site is hemmed in by residential properties.

3.0 DESCRIPTION OF CURRENT BUILDINGS

3.1 The premises comprise two buildings.

- i) A workshop/warehouse known as Rear of 36-52 Fortess Road,
- ii) A workshop/garage known as Fortess Garage, and

3.2 Rear of 36-52 Fortess Road

This is a single storey industrial building of solid London Stock brick construction with intermediate brick piers supporting a metal truss roof and covered with corrugated asbestos cement double skin roof sheeting. The roof incorporates some translucent roof lights. The property has a metal roller shutter door on the front elevation and there are old metal windows in the flank elevation. The floor is of concrete. Within this building there is a small office structure and some limited toilet accommodation together with a metal clad spray booth which has been used by the existing tenants as a spray shop.

3.3 Fortess Garage

3.3.1 This is a single storey structure in effectively three sections and on sloping and split level floors. The main building is of solid brick construction having a metal profiled pitched roof incorporating some roof lights. This roof is supported by older style metal trusses. Metal pivot hung windows are provided in one of the elevations and there is a steel roller shutter door incorporated in the front elevation. Internally and at the rear, a small office has been provided which has some glazed walls.

3.3.2 The side addition building is of solid brick construction and has a corrugated asbestos cement roof which is laid over timber boarding and

light steel trusses. There are some old wire cast and glazed roof lights. The floor is concrete and there is a ramp between this structure and the main building.

3.3.3 There is a small single storey rear addition structure with an asphalt roof and solid brick walls.

3.4 **Floor Areas**

Rear of 36-42 Fortess Road	860 sq m	9,256 (sq ft) GIA
Warehouse Workshop		
Fortess Garage		
Warehouse/Garage	585 sq m	6,297 (sq ft) GIA
Total Floor Area	<u>1,445 sq m</u>	<u>15,553 (sq ft) GIA</u>

3.5 **Interior**

The interior of the industrial buildings is basic with unplastered walls, rough floor finishes, basic lighting and limited heating. The eaves height in both buildings is approximately 5m, which is below the industry's norm for modern industrial buildings of 6m.

4.0 **PREVIOUS AND CURRENT USES**

4.1 The building at the rear of 36-42 Fortess Road has a planning use for general industrial purposes, Class B2 in the Town & Country Planning (Use Classes) Order 1987. The property was used before 1975 for the repair of coachwork and lorries and, Camden Council, in a letter dated 11 February 1997 confirmed that this use would have come under Class 4 – General Industry, of Town & Country Planning (Use Classes) Order 1972.

4.2 This building has been used for more than 20 years as a repair bodyshop and spray shop by M&A Coachworks Ltd and, we believe, therefore has a B2 or Sui Generis Use. Over the years, there have been various representations made by the Nuisance Action Group (NAG) with regard to

the use of the building as being industrial and the noise associated therewith.

4.3 Fortess Garage has, we believe, been used for the storage of cars for many years but, previously, we understand there are underground petrol tanks in the forecourt area and this building was used as a garage workshop.

4.4 We understand that there between 13 and 15 persons employed in the current buildings which is a very low employment rate per floor area.

5.0 CONDITION OF BUILDINGS IN RELATION TO MARKETABILITY

5.1 The industrial buildings, we suspect, date back to the 1930s/40s and were constructed at that time with materials some of which are still in existence. The roofs to the building known as Rear of 36-42 and part of the roof to Fortess Garage are covered in corrugated asbestos cement sheeting. Such roof covering has been banned from use for many years and the roofs have reached the end of their life expectancy. The roof coverings do not meet with statutory and regulatory requirements in terms of health & safety. In order to comply with modern standards, it will be necessary to replace the existing roof coverings and provide the necessary insulation to meet with current high level of thermal regulations now being imposed by local authorities. In addition, the existing windows appear to be the original. They are single glazed pivot hung with a high heat loss. These windows would not meet with current Building regulations and, in any event, are unsuitable for industrial buildings.

5.2 The floors do not have a screed or composition floor finish. In Fortess Garage, the floor is not level and there is a ramp which has a high gradient. A ramp in an industrial building is far from ideal since this space cannot be used for industrial use. The use of any forklift up this gradient is dangerous.

We believe the floor loading capacity is unlikely to meet the recommended loading of 30k/Nm².

5.3 The access to the site is very restricted with no turning area for large vehicles. There is limited car parking for three or four cars and there is no proper facility for unloading/loading goods which is essential requirement for modern industrial accommodation. Any large articulated lorry would almost certainly block Fortess Road and cause considerable inconvenience and disturbance to local residents.

5.4 In the marketplace, and from our experience, occupiers are seeking modern-day facilities. The current buildings are economically, physically and functionally obsolete. The configuration is poor, the buildings are not well designed. Even if the buildings were refurbished, the constraints in the height of the building, the split level floors, the limited parking/unloading facilities, it would be extremely difficult to secure a tenant who would wish to take on such outdated buildings and structures in their present condition.

5.5 In summary, the buildings require substantial expenditure to bring them up to any form of modern standard. The buildings do not meet modern day standards required by an industrial/warehouse occupier. The costs of refurbishment would be prohibitive to any occupier who, given the choice, would take a more 'profiled' building with modern facilities.

6.0 ECONOMIC VIABILITY OF REFURBISHMENT

6.1 If a refurbishment of the existing buildings is proposed, it is necessary to consider the costs in relation to the proposed income receivable from a potential industrial occupier to ensure that it would be financially viable.

6.2 From our experience, industrial occupiers have preference for modern space with a good specification and, internally, fitted out to comprise

approximately 10% of office accommodation with the associated toilet, kitchen and other facilities for staff. Occupiers would also wish to ensure that the building has facilities including cabling, telecoms, adequate heating and also sufficient loading and unloading facilities. They would also expect to have a certain number of car parking spaces.

6.3 As such, the external works to both the industrial buildings would include the following:

External Works

- i) New roof coverings to include full insulation to meet with current Building Regulations incorporating at least 10% of natural lighting.
- ii) New windows to replace the existing to meet with current Building Regulations.
- iii) A new façade and more modern roller shutter/up and over electric doors.
- iv) Repairing/upgrading the forecourt area and the removal of the underground petrol tanks.

Internal Works

- i) The installation of satisfactory toilet facilities including a disabled WC.
- ii) The installation of a suitable kitchen/rest area for staff.
- iii) New heating system to the industrial area and some form of heating in the offices.
- iv) Complete internal redecoration.
- v) Rewiring and replumbing.
- vi) A thorough overhaul of the existing floor which would include providing a screed and an epoxy resin painted finish.
- vii) The provision of upgrading the electrical intake capacity depending on use.

- 6.4 Based on this brief criteria, a budget cost estimate would be in the region of £550 per sqm. This cost is based on rates taken from BCIS Quarterly Review of Building Prices Issue 134, August 2014, Table 4 CI/SfB classification 127 - Mean Cost £475 per sqm uplifted to London Postal Districts by a further 1.16 equals £551 per sqm. The two commercial buildings have a gross internal area of approximately 1,445 sq m. This would equate to an expenditure of approximately £800,000 for the works. The total cost including 10% for fees and 5% for contingencies, but excluding VAT, is therefore in the region of £920,000. The writer has been personally involved in a refurbishment project outside London of 6 small units which total 1,400 sqm, all of which had asbestos cement roofs, and the cost of refurbishment, including recladding analysed to £560 per sq metre excluding fees.
- 6.5 We have considered the estimated rental income that could be achieved if the commercial buildings were refurbished. We have had dealings with, and are aware of various lettings of modern industrial space, in the Bush Industrial Estate. These buildings are to a much higher specification, have a greater eaves height, have adequate loading and unloading facilities and sufficient car parking. Rental levels for this modern space is currently around £11 to £12 per sq ft. Taking into account the split level floors, the restricted access, the limited unloading and loading facilities and the location of the building, we consider that a rent in the order of £8 per sq ft would be appropriate. This would produce an income of approximately £124,500 per annum exclusive.
- 6.6 Based on this criteria, the refurbishment viability is unviable since it would take a minimum of 7 years of full rental income to recoup the capital expenditure. This assumes that both buildings are let immediately with no rent free periods. The market is such that in order to attract a tenant for a lease of more than 5 years, a significant rent free period will need to be offered. If a lease is granted of more than 10 years, a minimum 12 months'

rent free period will need to be offered. There is, therefore, additional costs in holding the property with no potential income for at least 6, possibly 12 months after the works have been completed.

- 6.7 We therefore consider that the building is not suitable and is indeed not viable to undertake a full refurbishment.

7.0 SUITABILITY OF BUILDINGS FOR B2 AND/OR B8 USE

7.1 We do not consider that Fortess Grove is an industrial location for buildings of this type and size. The site itself has almost a 90% site coverage and is surrounded by residential properties. For the reasons referred to above, in our view, very few, if any, industrial occupiers would require outdated, functionally and physically obsolete buildings. In our opinion, no tenant, professionally represented, would enter into a full repairing lease on these premises especially in view of the high degree of asbestos cement sheeting in the building.

7.2 We also believe that continuing an industrial use would not appeal to the majority of local residential tenants and this is borne out in the past by numerous complaints from neighbours and the NAG. Any refurbishments would therefore be highly controversial.

8.0 CONCLUSION

9.1 We believe that even if the buildings were refurbished it would be difficult to secure a commercial occupier and clearly the costs of undertaking such a project are uneconomic.

9.0 NON-PUBLICATION CLAUSE

9.1 Neither the whole, nor any part of the report or any reference to it may be included in any published document, circular or statement or otherwise reproduced in any way without our written approval of the form and context in which it may appear.

Yours faithfully

A. N. How FRICS
Registered Valuer
for and on behalf of DAVIS BROWN

28/10
Date of Report: October 2014

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**APPENDIX I
LOCATION PLAN**



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APPENDIX II
EXTRACT FROM BCIS QUARTERLY REVIEW OF BUILDING PRICES



Table 4: Average building prices (1st quarter 2014 estimates)

(Based on a Tender Price Index of 243)

CI/SfB	Building Function – Rehabilitation/Conversion Description	MEAN	MEAN	MEDIAN	MEDIAN	RANGE	INTER-QUARTILE RANGE	SAMPLE SIZE
		£/sq.ft	£/m ²	£/sq.ft	£/m ²	£/m ²	£/m ²	
100	Utilities, civil engineering facilities							
127	Road vehicle storage/repair buildings (incl car showrooms) (20)	44	475	39	420	320– 822	356– 553	10
127.3	Vehicle showrooms (20)	48	512	39	423	326– 822	418– 614	8
127.31	Vehicle showrooms with workshops, garages, etc (20)	52	561	51	549	326– 822		4
144	Air transport terminal buildings (30)	97	1048	104	1121	510–1673	742–1215	6
144.2	Specialist parts of air terminal buildings (30)	120	1290	110	1186	1116–1673		4
153	Television buildings (20)	73	784	74	793	426–1124		4
153.1	Television studios (20)	77	826	86	928	426–1124		3
154.1	Telephone exchanges (25)	71	763	84	899	53–1434	394–1024	6
157.1	Post Offices (30)	101	1083	107	1153	673–1423		3
157.2	Sorting Offices (20)	49	528	50	539	465– 563	515– 558	5
200	Industrial facilities							
273	Food/drink/tobacco factories (25)	83	893	52	562	251–2196		4
276.3	Factories for clothes, footwear (30)	24	256	22	235	80– 452		3
282	Factories–generally (30)	44	471	31	336	80–2196	213– 527	31
	Up to 500m ² GFA (30)	80	861	56	605	252–1983		4
	500 to 2000m ² GFA (30)	47	507	32	341	141–2196	250– 566	14
	Over 2000m ² GFA (30)	29	313	23	251	80– 605	178– 452	13
282.12	Advance factories/offices–mixed facilities (class B1) (25)	50	535	62	671	221– 712		3
282.2	Purpose built factories (30)	56	608	42	452	80–2196	219– 599	15
282.22	Purpose built factories/Offices–mixed facilities (25)	42	454	36	387	280– 771	316– 515	5
284	Warehouses/stores (15)	140	1508	144	1552	118–2809		4
284.2	Purpose built warehouses/stores (15)	140	1508	144	1552	118–2809		4
300	Administrative, commercial, protective facilities							
314.1	County, City, Town halls (15)	103	1106	105	1134	225–2209	662–1425	7
315	Local admin buildings (15)	99	1065	73	787	251–2473	536–1405	10
317	Law courts (20)	133	1434	85	918	544–2841		3
320	Offices–generally (15)	70	754	64	684	54–3546	356– 979	108
	Air-conditioned–generally (15)	80	859	62	664	235–3546	406– 975	22
	–1-2 storey (15)	105	1135	88	947	325–3546	402–1232	9
	–3-5 storey (15)	59	632	39	420	235–1624	294– 585	5
	–6+ storey (15)	67	725	66	713	357–1076	640– 835	6
	Not air-conditioned–generally (15)	76	816	70	753	61–1981	459– 964	38
	–1-2 storey (15)	79	845	73	786	240–1981	615– 968	19
	–3-5 storey (15)	66	709	67	721	292–1347	401– 874	11
	–6+ storey (15)	69	743	60	647	318–1362		4
320.1	Offices with shops, banks, flats, etc (15)	155	1666	171	1838	323–2943	1404–1874	7
338	Banks/Building Society branches (20)	90	973	97	1047	627–1501	754–1123	11
341.5	Market building providing accommodation for pens stalls etc (25)	33	351	28	305	160– 549	202– 540	5
342	Shopping centres (20)	87	941	86	927	286–1624		4
343	Department stores (30)	73	783	69	739	137–1810	538– 846	8
345	Shops (15)	99	1061	106	1143	185–2469	294–1215	5
345.1	Shops with domestic, office accommodation (25)	155	1666	122	1313	1206–2832		4
372	Fire stations (15)	89	961	83	894	391–1595	736–1203	6
374	Police stations (15)	98	1057	94	1017	851–1345		4
374.1	Police admin/control buildings (15)	88	950	90	974	586–1300	710–1178	5
375	Military buildings (25)	66	712	61	656	297–1239		4
375.35	Territorial Army Centres (25)	79	850	73	781	530–1239		3

APPENDIX III
A SELECTION OF PHOTOGRAPHS

No. 1



No. 2



No.3



No.4



No. 5



No. 6



No.7



No.8



No. 9



No. 10



No. 11



No. 12

