

JM 13 LTD

13-15 JOHN'S MEWS
LONDON
W1CN 2PA

LOSS OF PLANNING
SUPPORTING STATEMENT

JULY 2017

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1.0 INTRODUCTION

- 1.1. Montagu Evans has been appointed by JM 13 Limited to assess the need of the site at 13-15 John's Mews, London, WC1N 2PA to continue in employment use, having regard to the Council's planning policies, the condition of the building, and the alternative supply of B1 employment space in the area and occupier requirements.
- 1.2. This report sets out:
- A description of the application site;
 - The planning policy context relevant to the use of employment space for alternative uses;
 - The issues arising with the existing building's ability to contribute to providing appropriate B1 employment floorspace, in the context of the requirements of modern occupiers;
 - The supply of alternative B1 accommodation within the vicinity of the site, both from a quantitative and qualitative perspective; and
 - The likely demand for office space, in both qualitative and quantitative terms in the area.
- 1.3. The report sets out the factors relevant in this case to assessment of the scheme against Policy E2 of the adopted Local Plan 2017. We have also had regard to adopted Camden Planning Guidance 5 (CPG5) (Sept 13).
- 1.4. The report examines whether or not the loss of 13-15 John's Mews as an employment site would prejudice the Council's ability to ensure a continued supply of a range of employment floorspace to meet its economic development objectives from an employment perspective.
- 1.5. This report also aims to establish if there is sufficient supply in the Borough for current and forecast requirements, and whether the loss of 13-15 John's Mews would prejudice opportunities for businesses to locate successfully in the borough.

2.0 THE EXISTING BUILDING AND PLANNING HISTORY

Location

- 2.1. John's Mews runs north south, connecting Doughty Mews with Theobalds Road, crossing Northington Street at its middle. It runs parallel with John Street. 13-15 John's Mews is located north of Northington Street opposite St George the Martyr Church of England School and to the rear of 24 John Street, although no longer connected internally. It is located in the London Borough of Camden.
- 2.2. The nearest tube stations are Holborn and Chancery Lane which are approximately half a mile to the south west and south east respectively.
- 2.3. This section of John's Mews is comprised of a six mews buildings, five of which contain a mansard roof. To the north is a two and a half storey 1950s infill (the rear of Bedford House on John Street), which is in use as an office building. Beyond this is a 1930's infill of four storeys in height with the Duke of York Public House on the corner with Doughty Mews. Again this is part of much larger building at 21 John Street, also in office use.

The Building

- 2.4. Nos 13-15 John's Mews are two, two storey Mews buildings located in the Bloomsbury Conservation Area, which are interconnected. The corresponding townhouses are listed. The previous delegated planning report indicates the Council have taken the view that the Mews are not curtilage listed, and we have taken this to be the case.
- 2.5. The property is not presently capable of occupation as it does not benefit from floors, stairs, ceilings or any services, including lighting, heating or any form of sanitation. There is a significant hole in the first floor of no.13. While the roof across both properties is not watertight or even insulated.
- 2.6. It appears from the layout that the right-hand side (No.15) was used as office accommodation and an internal stair would have connected to the first floor across both properties. The ground floor of the left hand side, (No.13), would have performed as a garage capable of accommodating a single car or light van. The height of the garage door, means that it would struggle to accommodate a transit sized van.
- 2.7. To the rear of the garage were WC's and what appears may have been a kitchenette. No.15 is deeper, with no windows in the rear elevation.
- 2.8. The building does not provide level access.

Overall Building

- 2.9. The approximate floor to ceiling heights are set out in the following table:

Accommodation	Floor to Ceiling Height (Approx)
Ground Floor	3.18m
First Floor	3.08m

Areas

2.11 The accommodation comprises, approximately, of the following:

Accommodation	m2*	ft2*
Ground Floor	129.6	1395
First Floor	91.7	987
Total	221	2,382

*** Gross internal areas provided by MWA Architects**

General Condition

2.12 The building is in an inhabitable condition and is in need of a complete fit out to allow this to happen, as well as the substantial rebuilding of some elements of the building. We understand that the following works are required to enable occupation:

- New roof;
- External repairs of brickwork;
- Damp Treatment;
- Window / Door replacement;
- New floors;
- New heating system;
- New sanitary wear;
- Replacement hot and cold water systems;
- New Electrics; and
- Heating .

2.13 It should be noted that some of these are regulatory requirements as set out in Farebrother's letter at **Appendix 1**, which relate to Fire Regulations, Workplace Legislation, Access and Disability Discrimination Act, and Building Regulations. In summary, the building requires a significant overhaul and upgrade to comply with these regulations and also meet the demands of B1 occupiers in this location.

Planning History

- 2.14 On 1 February 1990, planning permission was granted (ref. 8970066) for the demolition of 11 – 15 John's Mews and its reconstruction with an additional mansard storey to provide additional office floorspace.
- 2.15 In more recent history, planning permission was granted on 5 March 2014 (ref. 2013/4967/P) for the following development:
- “Change of use from garage/workshop/offices (Class B1) to residential use (Class C3) to provide 2 dwellinghouses, including mansard roof extensions and elevational alterations to front and rear.”*
- 2.16 We understand that the permission was not implemented.
- 2.17 Following the grant of planning permission in 2014, the previous owner submitted a second planning application in May 2014 (ref. 2014/3330/P). The description of development is as follows:
- “Change of use from garage/workshop/offices (Class B1) to residential use (Class C3) to provide 2 dwellinghouses, including excavation works to create a new basement floor level, creation of 2 new courtyards, mansard roof extensions and elevational alterations to front and rear.”*
- 2.18 The new planning application, which also sought the conversion of the building to residential, proposed the excavation of a basement level for additional residential floorspace.
- 2.19 Following an extensive period of assessment in relation to basement impact, and the submission of additional information, the application was resolved to grant at planning committee on 29 September 2016, subject to the signing of a Section 106 Agreement.
- 2.20 The Section 106 Agreement was subsequently signed on 31 May 2017, with the decision notice issued on the same date. The permission expires in May 2020.
- 2.21 This confirms the fact the Council have previously assessed the building as not being capable of continuing in its existing use and that it is not suitable for any other business use.
- 2.22 Given the significantly advanced stage of the emerging Local Plan, the Council would have reviewed that resolution to grant planning permission prior to issuing the actual planning permission in May 2017. The Local Plan was subsequently adopted on the 3 July 2017.

3.0 RELEVANT PLANNING POLICY

- 3.1 This section sets out the local planning policy against which the loss of B1 floorspace, in this case, will be assessed.
- 3.2 The Camden Development Plan comprises of the London Plan (March 2016) and the Camden Local Plan 2017.
- 3.3 The most relevant policy is E2 of the adopted Local Plan. The Camden Planning Guidance 5: Town Centres, Retail and Employment (Sept 2013) is also a material consideration.
- 3.4 Other material considerations include the London Office Policy Review (2017), the Camden Employment Land Study by URS (2014) and the Council's Annual Monitoring Reports with respect to employment floorspace.

Core Strategy

- 3.5 Policy E1 sets out the Council's overall objectives for Employment Land. It notes that the majority of demand will be met through the implementation of 440,000 sq m permitted of office space at King's Cross and that in the region of 180,000sq m to 280,000 sq m being accommodated at Euston in the second half of the plan period. The Council's overall target is to deliver 695,000sq m by 2031, although we note that the London Office Policy Review 2017 forecasts a far lower requirement of 535,000 sqm by 2041, so we observe this figure of identified need with a little caution.
- 3.6 The borough's need for additional floorspace could therefore be met through the delivery of these two sites alone.
- 3.7 The supporting text notes that the borough has a shortage of good quality premises for Industrial and Light Industrial premises and also seeks to provide a range of premises to meet the varying needs of businesses.
- 3.8 Adopted policy E2 Policy states:

"The Council will encourage the provision of employment premises and sites in the borough. We will protect premises or sites that are suitable for continued business use, in particular premises for small businesses, businesses and services that provide employment for Camden residents and those that support the functioning of the Central Activities Zone (CAZ) or the local economy.

We will resist development of business premises and sites for non-business use unless it is demonstrated to the Council's satisfaction:

a. the site or building is no longer suitable for its existing business use; and

b. that the possibility of retaining, reusing or redeveloping the site or building

for similar or alternative type and size of business use has been fully explored over an appropriate period of time.”

3.9 Clearly there are circumstances when it is appropriate to release office to residential use. Supporting Paragraph 5.38 of Policy E2 goes on to state:

“When assessing proposals that involve the loss of a business use to a non-business use we will consider whether there is potential for that use to continue. We will take into account various factors including:

- the suitability of the location for any business use;*
- whether the premises are in a reasonable condition to allow the use to continue;*
- the range of unit sizes it provides, particularly suitability for small businesses; and*
- whether the business use is well related to nearby land uses.”*

3.10 While paragraph 5.40 of plan E2 states:

“In addition to the considerations above, where a change of use to a nonbusiness use is proposed, the applicant must demonstrate to the Council’s satisfaction that there is no realistic prospect of demand to use the site for an employment use. The applicant must submit evidence of a thorough marketing exercise, sustained over at least two years. The premises should be marketed at realistic prices, include a consideration of alternative business uses and layouts and marketing strategies, including management of the space by specialist third party providers.”

3.11 As the buildings are not capable of occupation, and in essence require substantial reconstruction. This is not a case of a re-occupation or light refurbishment. The buildings simply cannot be brought to the market in their current condition to secure a letting. They would have to be marketed on the basis of redevelopment. We discuss this further in section

Camden Planning Guidance 5 (Sept 13)

3.12 The Camden Planning Guidance 5 - Town Centres, retail and employment provides detailed advice on the circumstances where the Council will allow the release of office accommodation to alternative uses within the Borough, at Section 7 of the document.

“Camden’s Core Strategy sets out the projected demand and planned supply of office floorspace in the borough. We expect the supply of offices to meet the projected demand over the plan period and as a result we may allow a change from B1(a) offices to another use in some circumstances, such as older office premises or buildings that were originally built as residential dwellings. Our priority is for the replacement use to be permanent housing or community use. This approach is in line with policy DP13 Employment premises and sites in the Camden Development Policies.

7.4 There are a number of considerations that we will take into account when assessing applications for a change of use from office to a non-business use, specifically:

- the criteria listed in paragraph 13.3 of policy DP13 of the Camden Development Policies;*
- the age of the premises. Some older premises may be more suitable to conversion;*
- whether the premises include features required by tenants seeking modern office accommodation;*
- the quality of the premises and whether it is purpose built accommodation. Poor quality premises that require significant investment to bring up to modern standards may be suitable for conversion;*
- whether there are existing tenants in the building, and whether these tenants intend to relocate;*
- the location of the premises and evidence of demand for office space in this location; and*
- whether the premises currently provide accommodation for small and medium businesses.*

7.5 When it would be difficult to make an assessment using the above, we may also ask for additional evidence in the form of a marketing assessment.”

- 3.13 In light of the above, policy requires the assessment as to the premises suitability for office accommodation and on the ability of 13-15 John's Mews to accommodate B1 uses other than office.
- 3.14 Given the condition, layout and statutory constraints of the building, we do not consider it is difficult to make an assessment (as described in CPG5 paragraph 7.5). Therefore we do not consider marketing information is required. Indeed this was not submitted as part of the last application, which was granted planning permission.

4.0 RELEVANT NATIONAL GUIDANCE

4.1 The National Planning Policy Framework (2012) and the National Planning Policy Guidance (2014) are also a material consideration.

4.2 The Government Published the National Planning Policy Framework in March 2012. This emphasises the presumption in favour of sustainable development, specifically:

“approving development proposals that accord with the development plan without delay; and where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:

any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or specific policies in this Framework indicate development should be restricted.”

4.3 The Framework also provides guidance on how local authorities should consider applications for alternative uses on employment sites i.e. those in use for purposes within the 'B' Use Classes. At paragraph 22 the NPPF states that sites should not be protected for the long term and where vacant, alternative uses should be considered:

“22. Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.”

4.4 Furthermore the Framework places emphasis on the need for residential accommodation and states:

“51. Local planning authorities should identify and bring back into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers. They should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate.”

4.5 In this case, having regard to the condition of the property, occupier requirements and supply in the borough, we are of the view there are no strong economic reasons for retaining the property in Class B1 use.

5.0 ASSESSMENT AGAINST POLICY

- 5.1 This section assesses the proposed change of use against adopted development plan policy E2. The criteria set out in Camden Planning Guidance 5 provides clear guidance on whether a building is suitable for continued business use.
- 5.3 The condition of the building as set out in the sections above demonstrate that the property is not suitable for its continued business use by virtue of the fact it is not capable of occupation. In normal circumstances, sites are capable of occupation and it is therefore possible to market them. In this case the property is not in a lettable condition and requires redevelopment in order to bring it to the market. As such it is not possible to market the premises. The results of such an exercise would be futile. Indeed this has been acknowledged by the Council through the resolution to grant planning permission for residential use in 2013 and its subsequent issue in May 2017.
- 5.4 This planning permission is a significant material consideration as it is capable of implementation for a period of three years. It is also an indication that the property has only recently been assessed against the now adopted policy. While policy E2 was not adopted at the time the permission was granted, the Inspectors report on the Local Plan had been published and it would have been a significant material consideration. Therefore one only needs to consider what has changed in the four weeks since that decision was made. Notwithstanding, our view that there are no changes to the specific circumstances of this case, we have revisited the assessment of the proposals against Policy E2.
- 5.5 Policy E2 as adopted, does not set a specific period of time for premises to be marketed, merely that they should be marketed for an appropriate period of time. It is therefore possible to conclude that it is appropriate for premises not to be marketed, provided that it can be demonstrated *'that the possibility of retaining, reusing or redeveloping the site or building for similar or alternative type and size of business use has been fully explored.'*
- 5.6 In this case the building is not capable of being marketed due to its condition as we set out in section 2 of this report.
- 5.7 It is therefore necessary, to review whether it is possible for the site to be redeveloped to deliver new employment space. We have therefore undertaken the following:
1. Assessed the buildings against the criteria set out in CPG5 below;
 2. Costed two scenarios, 1. for the building's refurbishment to a medium office specification and 2. to a high quality office specification;
 3. Assessed the likely market rents for these two specifications; and
 4. Analysed the likely lease lengths.
- 5.8 From this it is possible to understand whether it is possible to redevelop the buildings for an alternative business use.

Camden Planning Guidance

5.9 We assess here the criteria set out under CPG 5

1. The criteria listed in paragraph 13.3 of policy DP13 of the Camden Development Policies;

5.10 As set out earlier this criteria relates to the premises ability to be used for employment uses other than B1 (a) office accommodation, i.e B1 Light industrial, B2, General Industrial, or B8 Storage and Distribution.

5.11 The property is located along a narrow mews adjoining residential properties and is opposite a school. B1 (Light Industrial) B2 (General Industrial) and B8 (Storage and distribution) uses would therefore be inappropriate on grounds of residential amenity and potentially highway safety, given the location opposite a school and the absence of any pavements.

5.12 Furthermore, the scale of the building is generally inappropriate for most activities within these uses because of the low floor to ceiling height, poor vehicular access and, low garage entrance height. The premises are only large enough to either store goods associated with the use or store a vehicle, not both. It has very shallow floor plates, which limits the range of activities that can be undertaken. Farebrother also point out in their letter at **Appendix 1** that there is limited demand for B8 uses and with a unit of this size, occupiers tend to accommodate storage within their own building or require a larger building.

2. The age of the premises. Some older premises may be more suitable to conversion;

5.13 The premises were originally constructed during the 1800s, as the mews to the properties on John Street. They were subsequently converted to provide a garage and office accommodation. They are therefore not purpose built, are in need of substantial repair and consequently have the physical constraints referred to above.

5.14 Even in a refurbished state, the floor to ceiling height is limited, the floor depth is too deep and suffers a lack of natural light in parts, and there is also an absence of level access. These do not make this an attractive office building.

3. Whether the premises include features required by tenants seeking modern office accommodation;

5.15 The property literally has no features sought by tenants. As set out in section 2, the property lacks the following features which are required by tenants seeking office accommodation or indeed other accommodation:

- Waterproof condition;
- Floors;
- Heating;

- Hot water;
- Electricity / IT connections;
- Air conditioning;
- Open plan layout;
- Level access to the building and within the building;
- Category 1 or 2 lighting;
- Suspended floors and ceiling to accommodate services;
- Staff Kitchens on each floor;
- Double or Secondary Glazing;
- Good floor to ceiling heights;
- Toilets for Male / Female / Wheelchair Accessible.

5.16 The applicant has costed two schemes that would bring the building back up to a good office standard which would address these issues. These are discussed further in section 6 of this report.

5.17 As can be seen from the attached schedule of accommodation at **Appendix 2** there are several offices available providing these services at reasonable rents within the vicinity.

4. The quality of the premises and whether it is purpose built accommodation. Poor quality premises that require significant investment to bring up to modern standards may be suitable for conversion;

5.18 The quality of the accommodation is exceptionally poor and is certainly not purpose built. As set out previously it requires significant investment. Local Agent's Farebrother have advised that in its current condition they would not be able to bring it to market to seek a tenant due to non-compliance with statutory regulations. Furthermore, there are competing premises which are available immediately, with better locations / attributes, which given the scale of work required would put the building at a significant disadvantage.

5. Whether there are existing tenants in the building, and whether these tenants intend to relocate;

5.19 The building has been vacant since 2013 since the occupier retired.

6. The location of the premises and evidence of demand for office space in this location; and

5.20 Local Agent Farebrother have advised that they would not be able to securing a letting on this building in its present condition. A letter from Farebrother commenting on the building and Midtown Market is enclosed at **Appendix 1**. We comment on this further in section 6 of this report.

7. Whether the premises currently provide accommodation for small and medium businesses.

- 5.21 As noted above the premises do not currently provide accommodation for small and medium businesses as they are vacant and not capable of occupation.
- 5.22 Efficient and flexible open plan layouts are crucial to optimising the capacity and use of space, on which the rent is being paid. The present layout and constraints of the building, dictate that the premises do not meet current market requirements and could not be adapted to do so.
- 5.23 Notwithstanding that, the rent that would be achieved (in a refurbished condition) would not be sufficient to fund the works that would be required to upgrade the building. In their present condition, they are not marketable and small office occupiers are unlikely to have the funds to carry out the works themselves.

Summary

- 5.24 Given that the condition of the property it would require significant and costly investment to bring it into a lettable condition, which if achieved would not reflect market demand and would still place the building at a competitive disadvantage.
- 5.25 It is clear from the above points that the building is not suitable for B Class uses and that it is not feasible to pursue the redevelopment of these.

6.0 DEMAND IN OFFICE MARKET ACROSS LONDON BOROUGH OF CAMDEN

6.1 This section seeks to understand the tenant requirements across this part of London and whether it is possible for this building to meet those requirements.

Demand

6.2 Local Agent Farebrother have advised that the building is not lettable in its current condition, as the building does not meet occupier demand or current regulations. Substantial works are required plus repairs in order to bring the building up to a marketable standard as set out in section 2 of this report.

6.3 Cost consultants Coll Associates have carried out two assessments on the basis of a medium specification and of a high specification for an office refurbishment. They have advised what works these would involve and the likely costs. For a medium specification the cost would be in the region of £411,705.06. For a high specification the cost would be in the region of 498,784.73. These costs are set out at **appendix 3**. Neither assume other associated costs such as the cost of borrowing.

6.4 Farebrother has assumed a maximum rent of £49.50 sq ft for either specification. Under current market conditions they expect a lease of three years, potentially five. The cost of the refurbishment is therefore in excess of four years rent, which after taking account of letting voids, rental voids, and rent free incentives, does not make commercial sense.

6.5 Furthermore this does not take account of construction period, cost of borrowing monies and the overall level of incentives to be offered to a tenant. It is also notable that not all of the building's issues would be resolved, particularly related to layout and access. Similar issues arise for Workshop or Garaging uses.

6.6 Farebrother also note that the rise of serviced offices have reduced the desirability of older buildings to meet demand, as they offer a huge degree of flexibility. The midtown market has seen major growth in this type of space for SME's. This provides far better quality space at comparable rents on more flexible terms for SME's.

6.7 Therefore, even with a significant upgrade, the building would not fully meet occupier requirements and would have limited appeal in the market when compared with other properties in a competitive market.

7.0 CONCLUSION

- 7.1 The condition of the building demonstrates that it is no longer suitable for occupation and its existing business use in compliance with part A of Policy E2.
- 7.2 The level of investment the building requires, together with site constraints, the current market conditions and supply of alternative forms of accommodation demonstrate that it is not possible to retain, reuse or redevelop the site for a similar or alternative type and size of business use.
- 7.3 While the Camden Planning Guidance may refer to previous development plan policies the criteria it sets out for assessing buildings is still relevant. From this it can be seen that the property performs poorly as an employment site.
- 7.4 Furthermore, permission was granted in May 2017 for the redevelopment of the site for residential purposes. This permission remains extant and capable of implementation.
- 7.5 Supply in the market at the current time shows there to be a good amount of accommodation for B1 offices at various grades and sizes across the borough. In particular there is good supply of Serviced office accommodation and supply is higher in the south of the borough, where the building is located, much of which provide a higher specification of accommodation at comparable rents with much greater flexibility.
- 7.6 Therefore, the release of 13-15 John's Mews will not prejudice the aims and objectives of the Council's employment policies and in this case it is not necessary to demonstrate the long term vacancy of the premises through marketing.

Appendix 1

Letter from Farebrother

Our Ref:

30th June 2017

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Dear Sir / Madam,

Re: 13-14 John's Mews, London, WC1.

Reference is made to your request for a brief Market Report relating to the premises 13-15 John's Mews, WC1. This report is for the purposes of clients of Marek Wojciechowski Architects to support their various planning documentation and to be used in conjunction with the feasibility appraisals that a reasonable landlord would undertake. We have not made any further investigations into the Title, and forms of restrictions on use and have assumed that the premises have unfettered vacant possession and were in the condition that we found on our inspection of the 2nd June 2017. Farebrother are a leading firm of local Chartered Surveyors that concentrate on the Midtown Office market and specialise in the letting, and acquiring of office buildings, but also providing generally consultancy advice to a wide range of Midtown owners, investors and occupiers.

We have relied on the various documentation that has been passed to us which includes:

- Budget Cost Estimates from Coll Associates.

Premises

13-15 John's Mews is a mid-terraced property on the eastern side of the street that appears to be a post war construction. John's Mews runs between Doughty Mews and Northington Street. The property lies within the Bloomsbury Conservation Area. 13-15 John's Mews is arranged of ground and first floors, the Mews is home to 29 commercial and residential properties dating back to the early 1800's. The building is currently not let and is currently in a derelict state. The building does not appear to be listed. It has very limited architectural appeal and is a non-descript building within the street with a roller shutter door on the northern half of the property. The property's last use was as a garage / workshop / office under B1 planning use.

Coll Associates measured the building to be 2,390 sq ft based on Net Internal Area basis under the 6th Edition of the Code of Measuring Practice. The general layout on the ground floor is 2 open plan rooms with a WC at the rear of the building. The building is in a very dilapidated state with staircases, floor coverings, insulation and any form of decoration all missing. The first floor is in a similar layout, but currently has a large piece of floor demolished. Access to the 1st Floor is via a ladder.

A member of



Farebrother Alistair Subba Row (Senior Partner), Julian Hind BSc MRICS, Malcolm Brackley BSc MRICS, Charles Thompson BSc (Hons) SIOR, Alastair Hilton BSc (Hons) MRICS, Mark Anstey BSc (Hons) MRICS

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Associates James Frost MA MRICS, Nick Willson BSc (Hons) MRICS, Kevin Lee BSc (Hons), Martyn Winslade BBS (VPM), Ben Fisher BSc (Hons) MRICS.

Regulated by RICS

Condition

The premises are in a derelict state, the premises are unlettable in their current state. Extensive repair works will be required to bring the property up to modern lettable standard whether this be for garaging, workshops or indeed for office uses.

The works required to make the premises lettable are extensive and include external works such as refurbishing or replacing the roof, repairing parapets and box gutter and refurbishing or even replacing windows. Internally works will include insulating internal walls and installing a new staircase. New ceilings will be required on both floors. All new services will have to be installed including heating and ventilation.

Letting agents would advise owners that a marketing campaign may be used to try and let the space, in the current condition, this would be a meaningless exercise that a commercial agent would simply not embark on. So, in this instance a marketing campaign would be a waste of resources, time and effort.

There are a series of Regulations that will need to be addressed to make the premise lettable to a new tenant who would seek to obtain assurances from the landlord as to what will need to be done to the property to ensure their occupation complies. These include:

Fire Precautions and Means of Escape – no emergency lighting, no proper fire detection system in place, no fire detection equipment in place.

Access and Disability Discrimination Act – elements of the property do not comply.

Workplace Legislation – not all the Workplace regulations are being met.

Services – the electrical installation is likely to be over 40 years old, there is no heating in the building, and the rear of the property is badly overgrown allowing access to the externals of the building difficult.

Garaging / Workshop Use

In order for a current modern business to operate in premises for a vehicle repair workshop or garaging there are a certain basic level of requirements that will need to be made to ensure that full compliance takes place. Businesses taking new space have a higher threshold of requirements than existing businesses continuing in existing premises.

Demand for workshops in this part of Camden are very limited and there has been a growing trend of premises of these types being either converted to a commercial use such as offices (where of a sufficient size?) or alternatively the conversion of premise to residential purposes. Whilst this is a combination of factors undoubtedly one of the key factors is the lack of demand for workshop premises in this part of London and this part of Midtown. As an active letting agency the amount of enquires that we get for workshop type uses are very, very limited.

As and when there is demand the occupiers are preferring purpose built workshops with all facilities required included within the design of the premises. So, viewing pits and other bespoke garaging features, are often high of the list of essentials. Repair workshops will need to spend substantial sums of equipment to allow them to perform as a going concern. Consequently, spending additional money on getting premises fit for purpose and meeting the regulations required will not be an attractive option to such an operator.

The premises are in a very poor condition and will need a substantial sum of money spent on it potentially well in excess of £150,000 just to get the premises back into repair and to make them lettable. We are of the view that no workshop occupier would be willing to take the premise in their current condition even if no rent were charged as the inherent liability whether it be through damp, disrepair or actual public liability would deter any sensible and sane business person from not leasing the premise until the landlord has spent substantial sums on getting the property back into full repair.

Garaging / Workshop Rental Levels

For a workshop in this part of Midtown it is our view that a fully repaired premises would command a likely rental of up to £15 per sq ft on the Ground floor garage and perhaps £5 per sq ft for the First Floor which would be used as a storage area or an ancillary office. This would equate to a total annual rent of approximately £23,000 per annum.

I would envisage that a workshop operator in this area would be nervous about taking any form of commitment that would be in excess of 3 years. So the 'payback' on these works for this use would be in excess of 8 years, therefore any sane or sensible landlord would not spend this level of money for such a paltry return.

Midtown Office Market

Farebrother undertake Quarterly research on the Midtown Office Market that we publish every quarter measuring the total level of take up and the levels of availability within the Midtown Market. Our research is well respected and is relied on by large numbers of investors, owners and occupiers of property within Midtown.

The leasing market regained momentum in the 1st quarter of 2017, with leasing volumes reaching a 15-month high. Take-up this quarter exceeded the long-term quarterly average by 4% and stood at 681,164 sq ft. This was 58% above the corresponding period in 2016 and in fact the strongest start to a year since 1st quarter 2011. New & Refurbished Take-up accounted for 47% of total volumes leased this quarter.

Take-up was mainly boosted by three large transactions this quarter, including McKinsey leasing of 96,999 sq ft at The Post Building, 21-31 New Oxford Street, WC1, ITV's transaction at 2 Waterhouse Square, EC1 (88,801 sq ft), and COS taking 60,505 sq ft at 1 New Oxford Street, WC1. As with previous quarters, the churn of smaller occupiers continued to be a key trend. Occupiers in the smaller size tiers, between 1,000 to 5,000 sq ft, were the most active end of the market, and accounted for 63% of total transactions by number.

Supply increased significantly by 26% over the quarter to stand at 2.1m sq ft at the end of the 1st quarter 2017. This equated to an Availability Rate of 4.9%, up from 3.9% in the final quarter of 2016. Total Availability at the end of the quarter remained 20% below the long-term quarterly average of 2.6m sq ft. The uplift in supply was mainly due to the completion of significant development schemes. Speculative completions in the 1st quarter totalled 361,600 sq ft, the highest level of deliveries since the 3rd quarter of 2014.

A building of this size and layout may well suit an occupier, as the space is open plan and only split over two floors. The type of occupiers willing to take leases on this amount of space are unlikely to be willing to

commit to anything more than 5 years, so the best letting outcome for this building in my opinion would be a 10-year lease with tenant only breaks at the 5th year anniversary. This would give 5 years term certain, although a 5-year lease with a 3rd year break option is a more likely outcome.

Small and medium-sized enterprises (SMEs) are unlikely to commit for the lease terms that landlords are seeking for them to get a suitable return on their capital investment in their properties. This has resulted in many buildings being converted to alternative uses as the level of demand for many of the less modern properties has dwindled and only large landlords, who have longer term views, are willing to undertake refurbishment to many buildings of a standard that occupiers are ideally looking for.

SMEs have also been provided with the growth of an alternative property solution. Service office providers have been around for many years and recently there has been an explosion of the number of differing types of providers whether they are collaborative working, flexible working solutions or the traditional work station model, the range of options and the types of provider have changed radically. New entrants into this field have attracted many SMEs who are looking for a flexible leasing structure, varying size capabilities and the ability to meet and be around similarly like-minded organisations. The demand seen from serviced office providers looking to acquire more space was over 1 million sq ft in 2016 which represent around 20% of total demand, this was reflected in the take up figures, where we saw 13% of take up (242,404 sq ft) coming from serviced office providers, this is a huge rise from just 2% in 2012 (46,765 sq ft).

SMEs are also looking for flexibility in their leasing arrangements and with potential growth occurring in their business model the likelihood of them requiring the same amount of space initially as they would in two three or even five years' time is unlikely. So tying to a fixed amount of space for a fixed period of time is a decision that business owners will, if they can resist, the increase in the amount of serviced office space reflects this dynamic in the small office market. Serviced office operators are now offering much more flexible leasing or licencing structures that fit people's requirements better these days. They may be more expensive but do provide better solutions. Starting up in a new premises is also costly in terms of capital costs of buying furniture, fitting out premises and getting communications up and running. The service operators provide this from day one with very little if any capital costs.

Rental Levels, Cost of Works & Economic Viability

We have been provided with two estimated budget cost plans for the office upgrade, one high-quality specification and one a medium range specification. The works that have been costed would bring the building into a lettable condition. The total estimated costs of the medium range specification works are £411,705. Whereas the high range specification works are £498,784. These costs were provided by Coll Associates Limited. Either of the specifications will make a vastly improved building to let and would encourage tenants to pay a higher rent, perhaps as much as £49.50 per sq ft. I would anticipate that the lease commitment is likely to be for a period of 3 years possibly 5 years as a maximum.

I calculate that the maximum likely aggregate rent, once an area for toilets is excluded in the rental calculation, would be up to £110,000 per annum, this assumes the high-quality option is chosen. As a proportion of years rent received compared to capital spend, this refurbishment is more than 4 years rent. After considering additional cost such as, the issues of marketing voids, letting voids and rent free incentives I cannot see the logic for any commercial landlord to do these works based upon these returns.

This assessment has not even considered the time it will take to do the works, the cost of borrowing monies to do the works and then the overall level of incentive that will need to be offered to an incoming tenant.

Considering it is unlikely a landlord will find a tenant willing to take a commitment beyond 5 years combined with the above factors, a project such as this does not make financial sense.

Only if an extremely large amount of work is undertaken would a commercial letting agent advise that a potential letting is possible in this building. For a small incoming tenant, the amount of works and level of risk that they would need to undertake to make this building usable as an office would most likely be way beyond their skillset. So, the combination of the size of the premise and the extremely large amount of works required to bring the building into a useable condition do not combine to create a commercial situation where a tenant would commit to a building of this type in advance of works or repairs being done.

The premises could potentially be used for Class B8 use. Our local experience is that there is very limited demand for this type of use in this location. The demand there is for B8 use is for high quality efficient storage with good traffic and parking access, the size of this unit does not assist as there is very limited demand for this type of size, as people tend to be able to accommodate their storage requirements in their existing premises or utilise larger building with basement storage that may have lift and loading accessibility. The level of work that would be required to get the premise into an acceptable state for the B8 demand would still be substantial.

Summary

The premises are in a very poor condition and there are substantial works for a garage / workshop or indeed offices to be undertaken simply to put the property into repair. To make the premises lettable the current lengthy list of regulations and standards will need to be complied with even though currently they do not. These works are substantial in cost too and I estimate that they will be more than £200,000 to do. Based upon my opinion of a rental value that could be achieved from a property of this nature in repair being only £23,000 per annum, the likelihood of a commercial landlord physically doing these works and spending that level of money for a return that will only start to pay for itself after 8 years is just not practical or likely to happen. Similarly, a tenant taking the space whilst may agree to a lower rental if he is undertaking some works but the extent of the works here are just too great for a tenant to justify doing themselves.

I do not envisage that the premises will be repaired for a workshop use. Even if rents grew massively, which for this property class is highly unlikely, the economics of doing the works still make no logical sense.

The levels of rents that are being achieved even in the current Midtown Office Market are not sufficient to offer owners of buildings in this condition the levels of return to required, after such substantial amounts of works are undertaken. Historically, when tenants were not looking for as flexible space as they are now, or they did not have the alternative of a differing myriad of occupational solutions, then the option of this type of property may have encouraged them to take longer leases. So currently it does not mean that occupiers will see buildings such as 13-15 Johns Mews as a solution to their occupational needs. This is forcing landlords to review their reasons for holding properties of this nature and to investigate economically viable alternative solutions.

Property solutions for office occupiers currently only tend to make economic sense if the buildings are in a good order and do not require such substantial investment, which for 13-15 Johns Mews certainly is not the case. The works for the high range specification have been costed at £498,784 in return for a finished level of aggregate rents of circa £110,000. This equates to approximately 4 years annual rent.

To find a landlord who would be willing to invest that level of capital in the building to achieve that return no matter how little or indeed how much money that have spent in purchasing the property, is not in my opinion a realistic proposition in the current Midtown Office Market. Neither is the prospect of a tenant

coming along willing to do the works themselves. Providing a marketing campaign for the property would be an exercise merely to fulfil a planning condition but the combination of disrepair, the costs of undertaking the works required and the relatively modest financial returns for doing the works means that a change of use is required or the property may sit in its current condition for many years as a sensible commercial landlord will not spend monies without the prospect of positive returns.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read "M Brackley".

Malcolm M Brackley
FAREBROTHER

Appendix 2

Building Redevelopment Costs – Ron Coll Associates



**BUDGET COST ESTIMATE
(Option 1)**

(MEDIUM RANGE SPECIFICATION - REFURBISHMENT
ONLY OF EXISTING BUILDING)

FOR

**13 - 15 JOHN MEWS
LONDON
WC1N, 2PA**

FOR

JM 13 LTD

COLL ASSOCIATES LIMITED

7 Curzon Street,
Mayfair
London
W1J 5HG

Tel: 0207 493 6228

Fax: 0207 493 3475

13 - 15 JOHN MEWS LONDON, WC1N, 2PA



1.1 INTRODUCTION - OPTION 01

1.1 This report has been prepared at the request of JM 13 LTD

1.2 The proposed unit has been estimated on the basis of the a gross internal floor area

13 - 15 John's Mews, London. WC1N 2PA

Existing	222	m ²	4,520	ft ²
Existing Office	205	m ²	2,207	ft ²
Existing Communal	17		183	ft ²

Constructed as one contract with no break in the programme.

1.3 The estimated costs have been built up using approximate quantities and appropriate rates applied to areas measured from MWA Architects drawings stated in Section 4 of this report.

1.4 Attention is drawn to the general comments and qualifications contained in Section 4 which details the assumptions made in preparing this report together with a list of general exclusions.

1.5 Assumptions that have been made in order to build up the Budget Estimate can broadly be determined from the cost breakdowns (See Sections 3 - 5).

1.6 Please note that we have included a contingency within this budget estimate option. We would strongly advise that an allowance is included in any development appraisal for design and general risk.

CONTENTS:

SECTION

- 1 INTRODUCTION
- 2 EXECUTIVE SUMMARY OF PRELIMINARY BUDGET ESTIMATE
- 3 DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE
SITE PREPARATION
- 4 GENERAL COMMENTS AND QUALIFICATIONS

SECTION 3**SUMMARY OF PRELIMINARY BUDGET ESTIMATE**

		EXISTING FLOOR AREA		
		222	m ²	2,390 ft ²
		£	£ / m ²	£ / ft ²
13 - 15 JOHN MEWS, LONDON, WC1N, 2PA				
4.1	SITE PREPARATION	£15,550.00	£70.05	£6.51
4.2	CONSTRUCTION	£198,981.00	£896.31	£83.26
4.2.1	Substructure	23,725		
4.2.2	Frame	32,770		
4.2.3	Upper floors	17,300		
4.2.4	Roof	28,370		
4.2.5	External walls	6,800		
4.2.6	External windows and Doors	28,000		
4.2.7	Internal Walls, Partitions and Doors	24,065		
4.2.8	Wall finishes	12,051		
4.2.9	Ceiling finishes	8,290		
4.2.10	Floor finishes	8,210		
4.2.11	Sanitary ware and fittings	3,400		
4.2.12	Fixtures and Fittings	6,000		
4.3	SERVICES	£77,983.50	£351.28	£32.63
4.4	EXTERNAL WORKS	£33,150.00	£149.32	£13.87
SECTION 5 - MAINS SERVICES				
5.1	MAINS SERVICES	£0.00	£0.00	£0.00
Sub-Total		£325,664.50	£1,466.96	£136.26
PRELIMINARIES @ 12%		£39,079.74	£176.03	£16.35
Sub-Total		£364,744.24	£1,642.99	£152.61
OVERHEADS AND PROFIT @ 7.5%		£27,355.82	£123.22	£11.45
Sub-Total		£392,100.06	£1,766.22	£164.06
CONTINGENCY @ 5%		£19,605.00	£88.31	£8.20
TOTAL £		£411,705.06	£1,854.53	£172.26

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
4.1 SITE PREPARATION						
4.1.1 Site Preparation						
a	Asbestos survey and removal	item	£10,000.00	£10,000.00	£45.05	£4.18
b	Remove existing lift	1	Nr.	N/A	Not Applicable	Not Applicable
c	Remove existing finishes to Ground and First Floors	222	m ²	£25.00	£5,550.00	£25.00
SITE PREPARATION TOTAL excl. OH&P, Preliminaries and Contingency				£15,550.00	£70.05	£6.51

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²	
4.2 CONSTRUCTION							
4.2.1 Substructure							
a	Make good where trial pits have been dug.	5	Nr.	£750.00	£3,750.00	£16.89	£1.57
b	Infill removed ground floor where substructure has been removed	113	m ²	£125.00	£14,125.00	£63.63	£5.91
c	Screed and Insulation to Ground Floor	130	m ²	£45.00	£5,850.00	£26.35	£2.45
4.2.2 Frame							
a	Fire protection between floors	222	m ²	£35.00	£7,770.00	£35.00	£3.25
b	Structural Alterations / Repairs	1	Item	£25,000.00	£25,000.00	£112.61	£10.46
4.2.3 Upper floors and stairs							
a	New core stairs incl. balustrade and handrails. (Ground to First)	1	Nr.	£7,500.00	£7,500.00	£33.78	£3.14
b	Allowance for leveling of First Floor	92	m ²	£25.00	£2,300.00	£10.36	£0.96
c	New floor boards where existing floor has been removed		Item	£7,500.00	£7,500.00	£33.78	£3.14
4.2.4 Roof							
a	Refurbish existing pitched roof	130	m ²	£125.00	£16,250.00	£73.20	£6.80
b	New rainwater gutters and downpipes	36	m ²	£80.00	£2,880.00	£12.97	£1.21
c	Repair existing box gutters & parapets	22	m	£220.00	£4,840.00	£21.80	£2.03
d	Refurbish existing flat roof to Ground Floor	40	m ²	£110.00	£4,400.00	£19.82	£1.84
4.2.5 External walls							
a	Repairs to external walls	136	m ²	£50.00	£6,800.00	£30.63	£2.85
4.2.6 External windows and Doors							
a	Existing front door to be re-hung and fully refurbished with new ironmongery	1	Nr.	£3,000.00	£3,000.00	£13.51	£1.26
b	Existing garage door to be refurbished.	1	Nr.	£1,500.00	£1,500.00	£6.76	£0.63
c	Existing windows to be retained. Refurbish and paint	10	Nr.	£850.00	£8,500.00	£38.29	£3.56
d	New rooflights to flat roof	5	Nr.	£1,500.00	£7,500.00	£33.78	£3.14
e	New rooflights to pitched roof	5	Nr.	£1,500.00	£7,500.00	£33.78	£3.14

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²	
4.2.7 Internal Walls, Partitions and Doors							
a	Partitions to WC units - GF	105	m ²	£35.00	£3,675.00	£16.55	£1.54
b	Drylining and Insulation to internal face of external wall (Ground and First Floor)	226	m ²	£45.00	£10,170.00	£45.81	£4.26
c	Hack off loose plaster and replaster partition walls (Ground and First Floor)	122	m ²	£35.00	£4,270.00	£19.23	£1.79
d	Non fire rated internal doors	5	Nr.	£950.00	£4,750.00	£21.40	£1.99
e	Repair Openings	3	Nr.	£400.00	£1,200.00	£5.41	£0.50
4.2.8 Wall finishes							
a	Plastered walls to receive 2 coats of emulsion paint to internal walls.	348	m ²	£12.00	£4,176.00	£18.81	£1.75
b	Wall tiles to WC's & Shower Rooms	105	m ²	£75.00	£7,875.00	£35.47	£3.30
c	Emulsion to plastered walls		m ²	N/A	Included	Included	Included
4.2.9 Ceiling finishes							
a	Ceilings to W.C. area	17	m ²	£45.00	£765.00	£3.45	£0.32
b	New ceilings to ground floor office	113	m ²	£35.00	£3,955.00	£17.82	£1.66
c	New ceilings to vaulted first floor office	102	m ²	£35.00	£3,570.00	£16.08	£1.49
d	Ceilings to Reception room		m ²	N/A	Not Applicable	Not Applicable	Not Applicable
4.2.10 Floor finishes							
a	Raised flooring to offices		m ²	£35.00	Not Applicable	Not Applicable	Not Applicable
b	Carpet flooring to office areas	205	m ²	£35.00	£7,175.00	£32.32	£3.00
c	Ceramic floor finishes to wet areas	9	m ²	£75.00	£675.00	£3.04	£0.28
d	Flooring to staircores		m ²	Incl. in item 4.2.3 a (New Stairs)			
e	Flooring to Kitchen	8	m ²	£45.00	£360.00	£1.62	£0.15

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
4.2.11 Sanitary ware and fittings						
a WC's	2	Nr.	£400.00	£800.00	£3.60	£0.33
b Wash hand basins	2	Nr.	£300.00	£600.00	£2.70	£0.25
c Disabled WC fittings	1	Nr.	£1,000.00	£1,000.00	£4.50	£0.42
d Coat rails, hooks and sundry fittings	2	Nr.	£500.00	£1,000.00	£4.50	£0.42
4.2.12 Fixtures and Fittings						
a Kithenette fit out (1 per floor)	2	Nr.	£3,000.00	£6,000.00	£27.03	£2.51
b Reception desk		Nr.	N/A	Not Applicable	Not Applicable	Not Applicable
4.3 SERVICES						
a Incoming gas supply (Provisional allowance)	1	Item	£5,000.00	£5,000.00	£22.52	£2.09
b Incoming electricity supply - (Provisional Allowance)	1	Item	£5,000.00	£5,000.00	£22.52	£2.09
c Incoming water supply (Provisional allowance)	1	Item	£3,000.00	£3,000.00	£13.51	£1.26
d Incoming telecom (Provisional allowance)	1	Item	£2,500.00	£2,500.00	£11.26	£1.05
e Heating and ventilation	222	m ²	£115.00	£25,530.00	£115.00	£10.68
f Hot and cold water installation to wc areas	2	Nr.	£1,250.00	£2,500.00	£11.26	£1.05
g Lighting & small power supply to office areas	205	m ²	£100.00	£20,500.00	£92.34	£8.58
h Lighting & small power supply to other areas	17	m ²	£80.00	£1,360.00	£6.13	£0.57
j Communication installations	222	m ²	£15.00	£3,330.00	£15.00	£1.39
k Comfort Cooling to offices		m ²	£110.00	Excluded	Excluded	Excluded
l Special installations : BMS	222	m ²	£25.00	£5,550.00	£25.00	£2.32
m Sprinkler installation (excluded)		m ²		Excluded		
n New Lift		Nr.	N/A	Not Applicable	Not Applicable	Not Applicable
o BWIC with services installation	1	Nr.	£3,713.50	£3,713.50	£16.73	£1.55
CONSTRUCTION WORKS TOTAL excl. OH&P, Preliminaries and Contingency				£276,964.50	£756.73	£70.32

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
4.4 EXTERNAL WORKS						
a Works to front entrance		item	£2,000.00	£2,000.00	£9.01	£0.84
b Landscaping		item	£3,000.00	£3,000.00	£13.51	£1.26
c Refuse enclosures	1	Nr.	£1,500.00	£1,500.00	£6.76	£0.63
d Foul and surface water drainage	222	m ²	£75.00	£16,650.00	£75.00	£6.97
e Allowance for signage		item	£1,500.00	£1,500.00	£6.76	£0.63
f BWIC with mains services installation	1	Item	£5,000.00	£5,000.00	£22.52	£2.09
g Galvanised cycle hoops		Nr.		Excluded		
h External Feature Lighting		item	£3,500.00	£3,500.00	£15.77	£1.46

EXTERNAL WORKS TOTAL excl. OH&P, Preliminaries and Contingency	£33,150.00	£149.33	£13.88
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DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

SECTION 5 - MAINS SERVICES

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
5.1 MAINS SERVICES						
5.11 Site Preparation						
a Provisional allowance for provision of new mains gas, electrics and water supplies and upgrade	1	Nr.	Incl.	Incl.		

TOTAL excl. OH&P, Preliminaries and Contingency (carried to Executive Summary) £

SECTION 6 - GENERAL COMMENTS AND QUALIFICATIONS

- 1) The preliminary budget estimate has been based on the following information:
 - a MWA Architects Drawings:
 - D_08 Demolition Section AA_DRAFT
 - P_00 Location Plan
 - P_01 Demolition & Proposed Ground Floor Plan_DRAFT
 - P_02 Demolition & Proposed Basement Plan_DRAFT
 - P_03 Demolition & Proposed First Floor Plan_DRAFT
 - P_04 Demolition & Proposed Second Floor Plan_DRAFT
 - P_05 Demolition & Proposed Roof Plan_DRAFT
 - P_06 Demolition & Proposed Front West Elevation_DRAFT
 - P_07 Demolition & Proposed Rear East Elevation_DRAFT
 - P_08 Proposed Section AA_DRAFT
 - P_09 Demolition & Proposed Section BB_DRAFT
- Images from Dropbox. Please see link below for photos of the site.
<https://www.dropbox.com/sh/ot2e3aeq27a0224/AADf5Fflm-szuWB27uwUIEjqa?dl=0>
- 2) No allowance has been made for additional floors to the Building.
- 3) Contingency has been included within the reported costs.
- 4) No Provisional allowances have been made for encountering obstructions.
- 5) No allowance has been made for encountering groundwater.
- 6) Costs have been prepared on a first run through basis.
- 7) The estimated costs have been built on an approximate quantities basis using rates from schemes of a similar nature.
- 8) No allowance has been made for any acoustic enhancement of the external envelope or external works.
- 9) There is no allowance for additional piling or foundations works to the building
- 10) No allowance has been made for drainage related attenuation.
- 11) We have assumed that the site has a good percolation rate.
- 12) No C.C.T.V. security or the like is included within the estimated costs.
- 13) No allowance has been made for alterations to existing roads.
- 14) Provisional allowances have been made for Public Utilities / Statutory Services supplies. Firm quotations from the relevant authorities will be required for greater cost certainty.
- 15) We have made no allowance for sprinklers to any areas
- 16) No works to party walls
- 17) The estimate has been compiled using Present Day Costs and no allowance has been made for Tender Price increases past 3rd Quarter 2017.
- 18) No allowance has been made for archaeological investigations or any implications of encountering issues of an archaeological interest.
- 19) Costs detailed exclude the following:
 - i) Value added tax, Site Acquisition, Legal Fees and the cost of finance during construction.
 - ii) Professional Fees, Planning and Building Control Fees, Building Regulations, Site surveys, Local Authority Section 38, 104, 106 and 278 works and Investigation works. We suggest a 16% allowance to cover these items.



**BUDGET COST ESTIMATE
(Option 2)**

(HIGH QUALITY SPECIFICATION - REFURBISHMENT
ONLY OF EXISTING BUILDING)

FOR

**13 - 15 JOHN MEWS
LONDON
WC1N, 2PA**

FOR

JM 13 LTD

COLL ASSOCIATES LIMITED

7 Curzon Street,
Mayfair
London
W1J 5HG

Tel: 0207 493 6228

Fax: 0207 493 3475

13 - 15 JOHN MEWS LONDON, WC1N, 2PA



coll associates
Construction Cost Consultants

1.1 INTRODUCTION - OPTION 02

1.1 This report has been prepared at the request of JM 13 LTD

1.2 The proposed unit has been estimated on the basis of the a gross internal floor area

13 - 15 John's Mews, London. WC1N 2PA

Existing	222	m ²	4,520	ft ²
Existing Office	205	m ²	2,207	ft ²
Existing Communal	17		183	ft ²

Constructed as one contract with no break in the programme.

1.3 The estimated costs have been built up using approximate quantities and appropriate rates applied to areas measured from MWA Architects drawings stated in Section 4 of this report.

1.4 Attention is drawn to the general comments and qualifications contained in Section 4 which details the assumptions made in preparing this report together with a list of general exclusions.

1.5 Assumptions that have been made in order to build up the Budget Estimate can broadly be determined from the cost breakdowns (See Sections 3 - 5).

1.6 Please note that we have included a contingency within this budget estimate option. We would strongly advise that an allowance is included in any development appraisal for design and general risk.

CONTENTS:

SECTION

- 1 INTRODUCTION
- 2 EXECUTIVE SUMMARY OF PRELIMINARY BUDGET ESTIMATE
- 3 DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE
SITE PREPARATION
- 4 GENERAL COMMENTS AND QUALIFICATIONS

SECTION 3**SUMMARY OF PRELIMINARY BUDGET ESTIMATE**

		EXISTING FLOOR AREA	222	m ²	2,390	ft ²
			£	£ / m ²	£ / ft ²	
13 - 15 JOHN MEWS, LONDON, WC1N, 2PA						
4.1	SITE PREPARATION		£15,550.00	£70.05	£6.51	
4.2	CONSTRUCTION		£240,956.00	£1,085.39	£100.82	
4.2.1	Substructure	23,725				
4.2.2	Frame	32,770				
4.2.3	Upper floors	22,300				
4.2.4	Roof	34,870				
4.2.5	External walls	6,800				
4.2.6	External windows and Doors	33,250				
4.2.7	Internal Walls, Partitions and Doors	25,115				
4.2.8	Wall finishes	16,251				
4.2.9	Ceiling finishes	8,290				
4.2.10	Floor finishes	24,185				
4.2.11	Sanitary ware and fittings	3,400				
4.2.12	Fixtures and Fittings	10,000				
4.3	SERVICES		£104,889.75	£472.48	£43.89	
4.4	EXTERNAL WORKS		£33,150.00	£149.32	£13.87	
SECTION 5 - MAINS SERVICES						
5.1	MAINS SERVICES		£0.00	£0.00	£0.00	
Sub-Total			£394,545.75	£1,777.23	£165.08	
PRELIMINARIES @ 12%			£47,345.49	£213.27	£19.81	
Sub-Total			£441,891.24	£1,990.50	£184.89	
OVERHEADS AND PROFIT @ 7.5%			£33,141.84	£149.29	£13.87	
Sub-Total			£475,033.08	£2,139.79	£198.76	
CONTINGENCY @ 5%			£23,751.65	£106.99	£9.94	
TOTAL £			£498,784.73	£2,246.78	£208.70	

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
4.1 SITE PREPARATION						
4.1.1 Site Preparation						
a	Asbestos survey and removal	item	£10,000.00	£10,000.00	£45.05	£4.18
b	Remove existing lift	1	Nr.	N/A	Not Applicable	Not Applicable
c	Remove existing finishes to Ground and First Floors	222	m ²	£25.00	£5,550.00	£25.00
SITE PREPARATION TOTAL excl. OH&P, Preliminaries and Contingency				£15,550.00	£70.05	£6.51

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²	
4.2 CONSTRUCTION							
4.2.1 Substructure							
a	Make good where trial pits have been dug.	5	Nr.	£750.00	£3,750.00	£16.89	£1.57
b	Infill removed ground floor where substructure has been removed	113	m ²	£125.00	£14,125.00	£63.63	£5.91
c	Screed and Insulation to Ground Floor	130	m ²	£45.00	£5,850.00	£26.35	£2.45
4.2.2 Frame							
a	Fire protection between floors	222	m ²	£35.00	£7,770.00	£35.00	£3.25
b	Structural Alterations / Repairs	1	Item	£25,000.00	£25,000.00	£112.61	£10.46
4.2.3 Upper floors and stairs							
a	New core stairs incl. balustrade and handrails. (Ground to First)	1	Nr.	£12,500.00	£12,500.00	£56.31	£5.23
b	Allowance for leveling of First Floor	92	m ²	£25.00	£2,300.00	£10.36	£0.96
c	New floor boards where existing floor has been removed		Item	£7,500.00	£7,500.00	£33.78	£3.14
4.2.4 Roof							
a	New pitched roof	130	m ²	£175.00	£22,750.00	£102.48	£9.52
b	New rainwater gutters and downpipes	36	m ²	£80.00	£2,880.00	£12.97	£1.21
c	Repair existing box gutters & parapets	22	m	£220.00	£4,840.00	£21.80	£2.03
d	Refurbish existing flat roof to Ground Floor	40	m ²	£110.00	£4,400.00	£19.82	£1.84
4.2.5 External walls							
a	Repairs to external walls	136	m ²	£50.00	£6,800.00	£30.63	£2.85
4.2.6 External windows and Doors							
a	Existing front door to be re-hung and fully refurbished with new ironmongery	1	Nr.	£3,000.00	£3,000.00	£13.51	£1.26
b	Existing garage door to be refurbished.	1	Nr.	£1,500.00	£1,500.00	£6.76	£0.63
c	New windows	25	m ²	£550.00	£13,750.00	£61.94	£5.75
d	New rooflights to flat roof	5	Nr.	£1,500.00	£7,500.00	£33.78	£3.14
e	New rooflights to pitched roof	5	Nr.	£1,500.00	£7,500.00	£33.78	£3.14

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
PROPOSED COMMON AREAS (GIA)	17	m ²	183	ft ²
PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²	
4.2.7 Internal Walls, Partitions and Doors							
a	Partitions to WC units - GF	105	m ²	£35.00	£3,675.00	£16.55	£1.54
b	Drylining and Insulation to internal face of external wall (Ground and First Floor)	226	m ²	£45.00	£10,170.00	£45.81	£4.26
c	Hack off loose plaster and replaster partition walls (Ground and First Floor)	122	m ²	£35.00	£4,270.00	£19.23	£1.79
d	Non fire rated internal doors	5	Nr.	£950.00	£4,750.00	£21.40	£1.99
e	Repair Openings	3	Nr.	£750.00	£2,250.00	£10.14	£0.94
4.2.8 Wall finishes							
a	Plastered walls to receive 2 coats of emulsion paint to internal walls.	348	m ²	£12.00	£4,176.00	£18.81	£1.75
b	Wall tiles to WC's & Shower Rooms	105	m ²	£115.00	£12,075.00	£54.39	£5.05
c	Emulsion to plastered walls		m ²	N/A	Included	Included	Included
4.2.9 Ceiling finishes							
a	Ceilings to W.C. area	17	m ²	£45.00	£765.00	£3.45	£0.32
b	New ceilings to ground floor office	113	m ²	£35.00	£3,955.00	£17.82	£1.66
c	New ceilings to vaulted first floor office	102	m ²	£35.00	£3,570.00	£16.08	£1.49
d	Ceilings to Reception room		m ²	N/A	Not Applicable	Not Applicable	Not Applicable
4.2.10 Floor finishes							
a	Raised flooring to offices		m ²	£35.00	Not Applicable	Not Applicable	Not Applicable
b	Timber flooring to office areas	205	m ²	£110.00	£22,550.00	£101.58	£9.44
c	Ceramic floor finishes to wet areas	9	m ²	£115.00	£1,035.00	£4.66	£0.43
d	Flooring to staircores		m ²	Incl. in item 4.2.3 a (New Stairs)			
e	Flooring to Kitchen	8	m ²	£75.00	£600.00	£2.70	£0.25

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
PROPOSED FLOOR AREAS (GIA)	222	m ²	2,390	ft ²
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PROPOSED OFFICE FLOOR AREAS (GIA)	205	m ²	2,207	ft ²

SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
4.2.11 Sanitary ware and fittings						
a WC's	2	Nr.	£400.00	£800.00	£3.60	£0.33
b Wash hand basins	2	Nr.	£300.00	£600.00	£2.70	£0.25
c Disabled WC fittings	1	Nr.	£1,000.00	£1,000.00	£4.50	£0.42
d Coat rails, hooks and sundry fittings	2	Nr.	£500.00	£1,000.00	£4.50	£0.42
4.2.12 Fixtures and Fittings						
a Kithenette fit out (1 per floor)	2	Nr.	£5,000.00	£10,000.00	£45.05	£4.18
b Reception desk		Nr.	N/A	Not Applicable	Not Applicable	Not Applicable
4.3 SERVICES						
a Incoming gas supply (Provisional allowance)	1	Item	£5,000.00	£5,000.00	£22.52	£2.09
b Incoming electricity supply - (Provisional Allowance)	1	Item	£5,000.00	£5,000.00	£22.52	£2.09
c Incoming water supply (Provisional allowance)	1	Item	£3,000.00	£3,000.00	£13.51	£1.26
d Incoming telecom (Provisional allowance)	1	Item	£2,500.00	£2,500.00	£11.26	£1.05
e Heating and ventilation	222	m ²	£115.00	£25,530.00	£115.00	£10.68
f Hot and cold water installation to wc areas	2	Nr.	£1,250.00	£2,500.00	£11.26	£1.05
g Lighting & small power supply to office areas	205	m ²	£100.00	£20,500.00	£92.34	£8.58
h Lighting & small power supply to other areas	17	m ²	£80.00	£1,360.00	£6.13	£0.57
j Communication installations	222	m ²	£15.00	£3,330.00	£15.00	£1.39
k Comfort Cooling to offices	205	m ²	£125.00	£25,625.00	£115.43	£10.72
l Special installations : BMS	222	m ²	£25.00	£5,550.00	£25.00	£2.32
m Sprinkler installation (excluded)		m ²		Excluded		
n New Lift		Nr.	N/A	Not Applicable	Not Applicable	Not Applicable
o BWIC with services installation	1	Nr.	£4,994.75	£4,994.75	£22.50	£2.09
CONSTRUCTION WORKS TOTAL excl. OH&P, Preliminaries and Contingency				£345,845.75	£1,015.21	£94.32

DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

EXISTING FLOOR AREA (GIA)	222	m ²	2,390	ft ²
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SECTION 4 - 13 - 15 JOHN'S MEWS, LONDON. WC1N 2PA

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
4.4 EXTERNAL WORKS						
a Works to front entrance		item	£2,000.00	£2,000.00	£9.01	£0.84
b Landscaping		item	£3,000.00	£3,000.00	£13.51	£1.26
c Refuse enclosures	1	Nr.	£1,500.00	£1,500.00	£6.76	£0.63
d Foul and surface water drainage	222	m ²	£75.00	£16,650.00	£75.00	£6.97
e Allowance for signage		item	£1,500.00	£1,500.00	£6.76	£0.63
f BWIC with mains services installation	1	Item	£5,000.00	£5,000.00	£22.52	£2.09
g Galvanised cycle hoops		Nr.		Excluded		
h External Feature Lighting		item	£3,500.00	£3,500.00	£15.77	£1.46

EXTERNAL WORKS TOTAL excl. OH&P, Preliminaries and Contingency	£33,150.00	£149.33	£13.88
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DETAILED BREAKDOWN OF PRELIMINARY BUDGET ESTIMATE

SECTION 5 - MAINS SERVICES

ITEM	QUANTITY	UNIT	RATE	£	£ / m ²	£ / ft ²
5.1 MAINS SERVICES						
5.11 Site Preparation						
a	1	Nr.	Incl.	Incl.		
Provisional allowance for provision of new mains gas, electrics and water supplies and upgrade						

TOTAL excl. OH&P, Preliminaries and Contingency (carried to Executive Summary) £

SECTION 6 - GENERAL COMMENTS AND QUALIFICATIONS

- 1) The preliminary budget estimate has been based on the following information:
 - a MWA Architects Drawings:
 - D_08 Demolition Section AA_DRAFT
 - P_00 Location Plan
 - P_01 Demolition & Proposed Ground Floor Plan_DRAFT
 - P_02 Demolition & Proposed Basement Plan_DRAFT
 - P_03 Demolition & Proposed First Floor Plan_DRAFT
 - P_04 Demolition & Proposed Second Floor Plan_DRAFT
 - P_05 Demolition & Proposed Roof Plan_DRAFT
 - P_06 Demolition & Proposed Front West Elevation_DRAFT
 - P_07 Demolition & Proposed Rear East Elevation_DRAFT
 - P_08 Proposed Section AA_DRAFT
 - P_09 Demolition & Proposed Section BB_DRAFT
- Images from Dropbox. Please see link below for photos of the site.
<https://www.dropbox.com/sh/ot2e3aeq27a0224/AADf5Fflm-szuWB27uwUIEjqa?dl=0>
- 2) No allowance has been made for additional floors to the Building.
- 3) Contingency has been included within the reported costs.
- 4) No Provisional allowances have been made for encountering obstructions.
- 5) No allowance has been made for encountering groundwater.
- 6) Costs have been prepared on a first run through basis.
- 7) The estimated costs have been built on an approximate quantities basis using rates from schemes of a similar nature.
- 8) No allowance has been made for any acoustic enhancement of the external envelope or external works.
- 9) There is no allowance for additional piling or foundations works to the building
- 10) No allowance has been made for drainage related attenuation.
- 11) We have assumed that the site has a good percolation rate.
- 12) No C.C.T.V. security or the like is included within the estimated costs.
- 13) No allowance has been made for alterations to existing roads.
- 14) Provisional allowances have been made for Public Utilities / Statutory Services supplies. Firm quotations from the relevant authorities will be required for greater cost certainty.
- 15) We have made no allowance for sprinklers to any areas
- 16) No works to party walls
- 17) The estimate has been compiled using Present Day Costs and no allowance has been made for Tender Price increases past 3rd Quarter 2017.
- 18) No allowance has been made for archaeological investigations or any implications of encountering issues of an archaeological interest.
- 19) Costs detailed exclude the following:
 - i) Value added tax, Site Acquisition, Legal Fees and the cost of finance during construction.
 - ii) Professional Fees, Planning and Building Control Fees, Building Regulations, Site surveys, Local Authority Section 38, 104, 106 and 278 works and Investigation works. We suggest a 16% allowance to cover these items.

