

VIABILITY REPORT

On the Property Known as:

**New Commercial Building
Kings Orchard
Stoke Gabriel
Totnes
Devon**

Made on the Instructions of and for the Sole Use
and Benefit of:

Stoke Gabriel Parish Council

Prepared by:

Stephen Lofthouse MRICS
RICS Registered Valuer
Bettesworths Ltd
29/30 Fleet Street
Torquay
Devon
TQ1 1BB

E: stephen@bettesworths.co.uk




Bettesworths

29/30 Fleet Street, Torquay, TQ1 1BB
T. 01803 212021

www.bettesworths.co.uk
enquiries@bettesworths.co.uk

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29/30 Fleet Street, Torquay, TQ1 1BB
Company No. 3614819



Instructions:

Stoke Gabriel Parish Council have an opportunity, for a nominal sum, to acquire the new commercial building being constructed on the edge of the Kings Orchard Estate, a residential housing development by Cavanna Homes.

The Parish Council, as part of their due diligence process have instructed Bettesworths to undertake a Report which provides clarification on the risk and rewards of owning this property.

We report as follows:

The Property:

The property is currently under the course of construction and comprises a detached single storey building, with a Gross Internal Area of approximately 120 m².

The property is to be internally arranged to provide:

Open Plan Office	8.7m x 6.5m (57 m ²)
Meeting Room Office	6.5m x 3.8m (25 m ²)
Meeting Room 2	4.3m x 2.5m (11 m ²)

In addition, there are three WC's plus an accessible WC and a Kitchen of approximately 2.7m x 2.5m (6.75m).

The Net Internal Area equates to 100 m².

To the side of the property there is a car park.

We are informed that the building, will be finished to a specification which comprises plastered walls with light and power fittings, carpeted and vinyl floor coverings and appropriate fixtures and fittings.

Planning:

We are informed that the permitted use of the building is Business Use within Class B1 of the use Classes Order, or Local Village Community Uses within Class D1 of the Use Classes Order, together with ancillary parking.

From September 2020, these Use Classes will be combined into a more generic Class E (Commercial and Business and Service Users).

The Market:

The market for office accommodation has declined steadily over a period of years. However, this has principally affected the supply of older, former residential buildings that have been converted to office use, mainly in town centre locations with limited parking.

There is demand for office and work spaces in modern buildings with good parking in South Devon.

There is also a limited supply of this type of accommodation at an affordable price.

The costs of construction are often higher than the value of the finished unit. The premises that are constructed often have to be pre-let at higher than market rents to justify the initial investment.

This can be highlighted by the sites at Dartington and Totnes which have not been developed speculatively due to the high build costs and risk.

Additionally, we often experience high demand from more community focused businesses and charities who are seeking accommodation at a more affordable price than can often be found in town centre locations.

For the subject building, which is located on the edge of a residential village, yet less than three miles from the Yalberton Industrial Estate and four miles from Paignton town centre.

We are of the opinion that this would attract a good level of interest, in the open market, from a range of possible users, including general office, nursery/crèche, as well as community groups.

Comparables:

Bettesworths have recently dealt with other office buildings that have been built as part of residential developments, including:

St Bartholomews Way, East Ogwell:

An office building of 90 m² on a housing estate, which was sold in shell condition in June 2018 for £95,000, equating to £1,055 per m². The building was subsequently let at a rent of £9,000, equating to £100 per m².

Units at Palm Cross, Modbury:

Three office buildings, built on the edge of Modbury town centre, adjoining a housing estate. Nearing completion and each about 120 m² net internal area. Offered to the market in shell condition, with the purchaser to finish the internal fit out, including wiring, plumbing, plastering etc. Two of the units have been sale agreed at £105,000 and £110,000, equating around £920 per m², with an estimated £20,000 - £25,000 further purchaser's costs for fit out.

In providing this advice, we have also considered office accommodation which has been let. The best comparable is:

Office 1, Dainton Manor, Ipplepen:

An office of 120 m². Let in 2019 for £13,000, equating to £108.3 per m².

St Bartholomews Way, East Ogwell:

The letting of St Bartholomews Way at Ogwell (see above) was let at £9,000 in 2018, equating to £100 per m².

For the subject property, let too commercial tenants, we would suggest a rent of £12,000 per annum, based upon £100 per m² on Net Internal Area, or if the Parish Council to try and limit to attract a more community-type use, a rent of £9,000 per annum, equating to £77.00 m².

Alternatively, the Parish Council could operate the premises as a Business Centre, letting the three individual rooms separately and sharing the kitchen and WC facilities, with the services, heat and

light being paid for as part of an additional Service Charge on rent. However, this will significantly increase the management and any income benefits will be outweighed by the extra time and costs of this option.

Should the Parish Councilors decide that they wish to explore this option, we would be happy to provide further advice and comparables.

Terms:

If the property were to be offered on commercial lease terms for a business operator, we would suggest an initial 5 year Lease on full repairing and insuring terms, with the tenants having Security of Tenure under the provisions of the Landlord and Tenant Act 1954.

If the property were to be offered on a more restricted community basis, then it is more likely that the users will require 1 year renewable Leases.

Summary and Conclusion:

The building provides well designed office space that would suit a variety of business and other users. The car parking is considered to be a considerable asset.

There is demand for this type of accommodation in this area and we would recommend it be marketed and offered as a single property.

The rents which might be achieved will range between £9,000 and £12,000 per annum, on full repairing and insuring terms, exclusive of costs.

A rent-free period of 1-3 months may be requested at the start of the Lease.

There is a shortage of this type of modern office building in the market at sensible rents.

The hand-over specification from the developer would mean the property would be ready for occupation on completion.

If the building was let as separate rooms on an all-inclusive basis, then management costs and time would be higher.

Overall, the building represents an asset opportunity for the Parish Council.

Yours faithfully

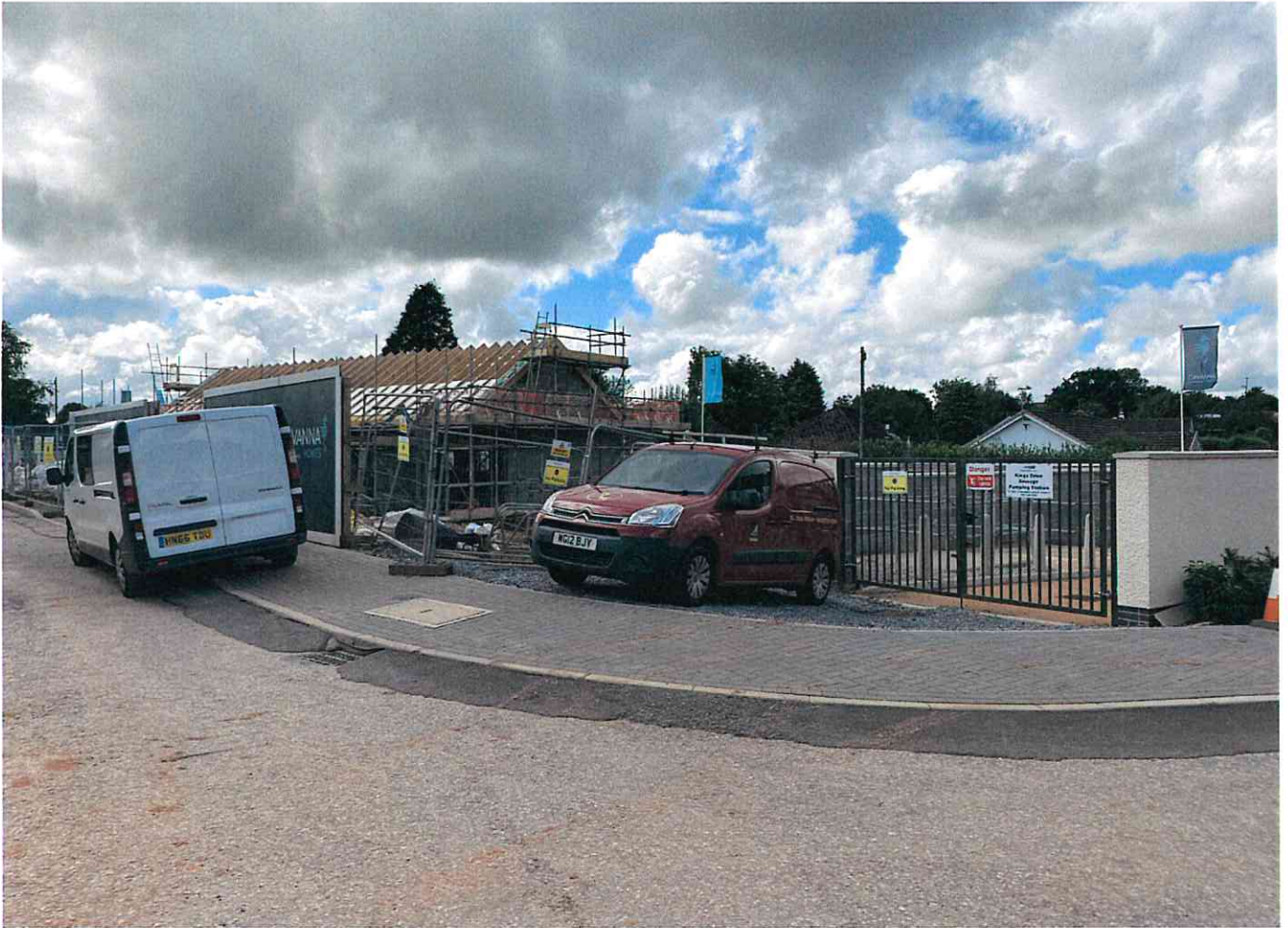


Stephen Lofthouse MRICS
Bettesworths

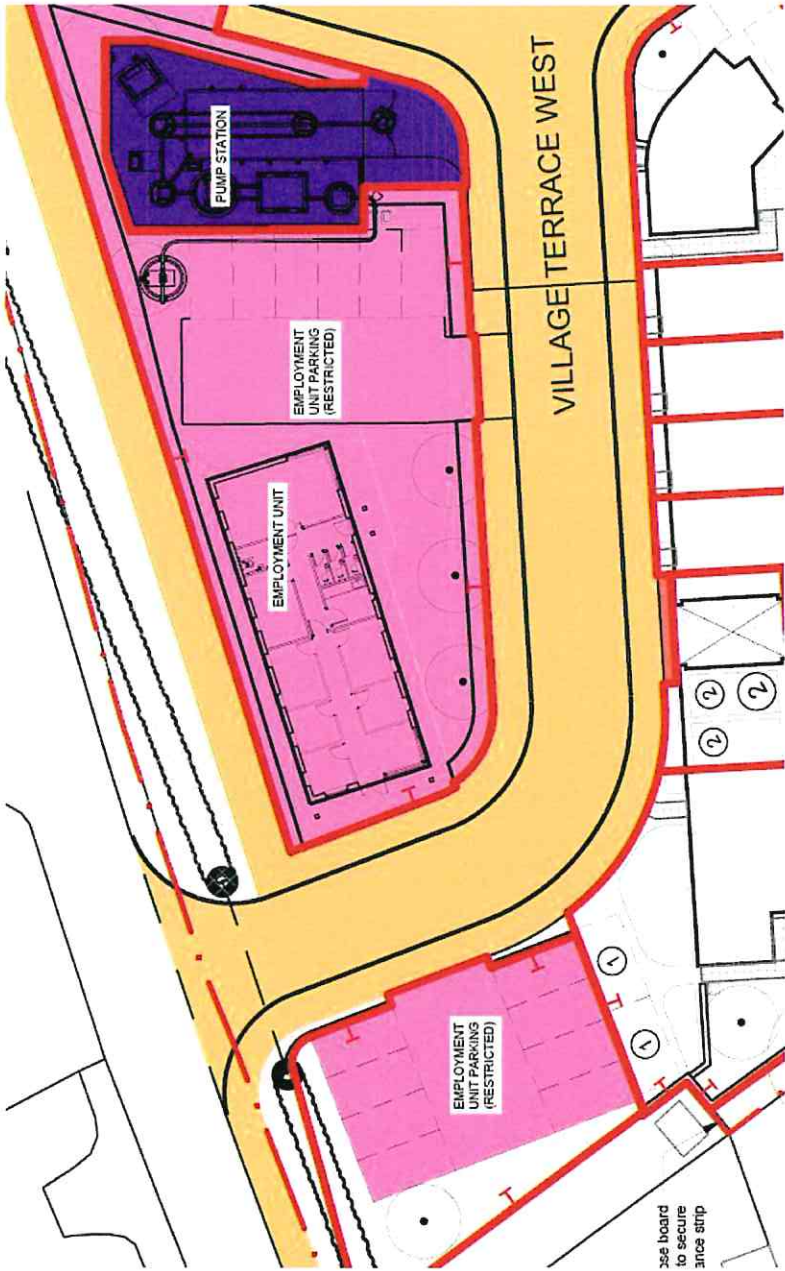
Email: stephen@bettesworths.co.uk

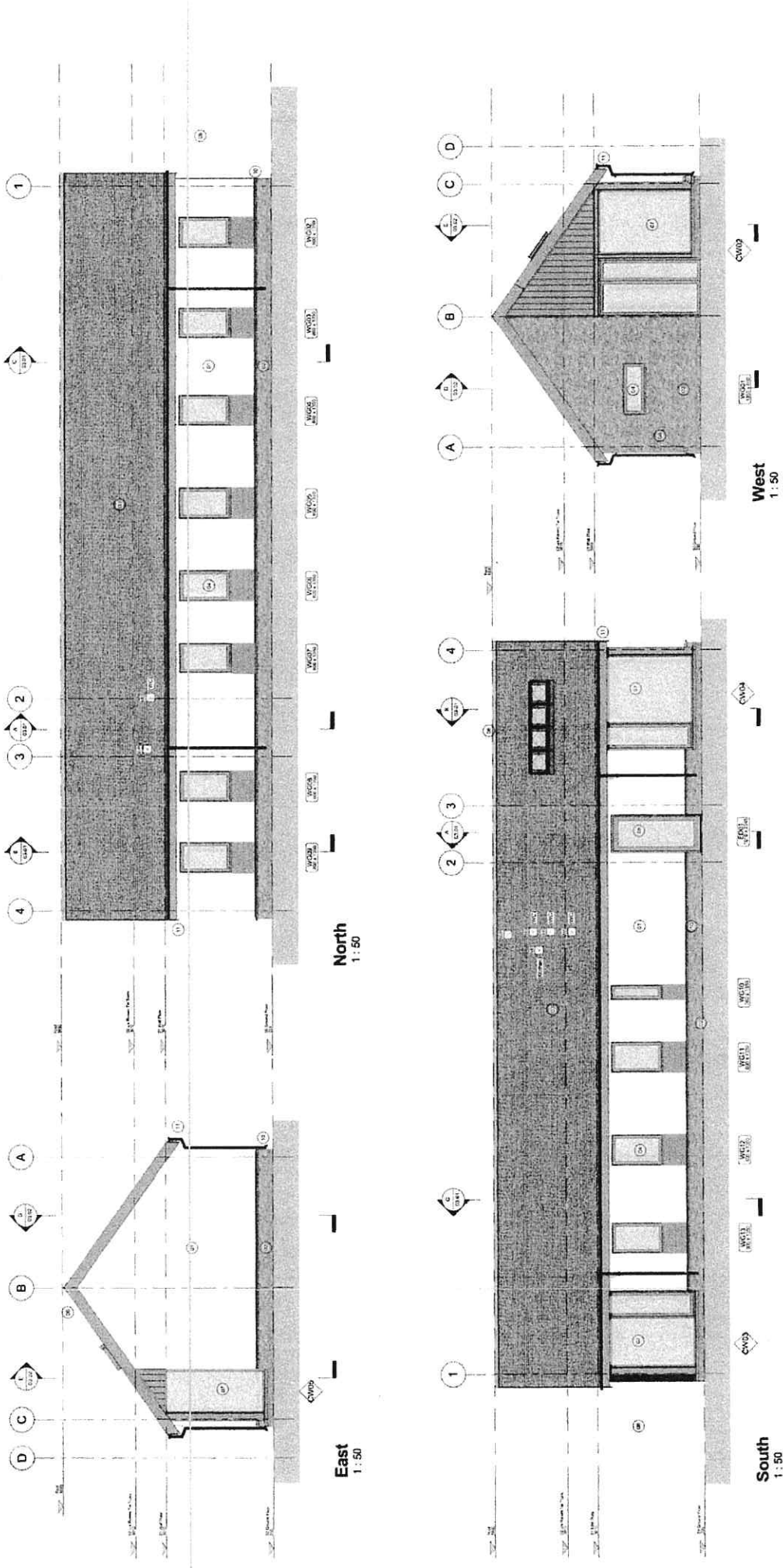
Dated: 21st August 2020











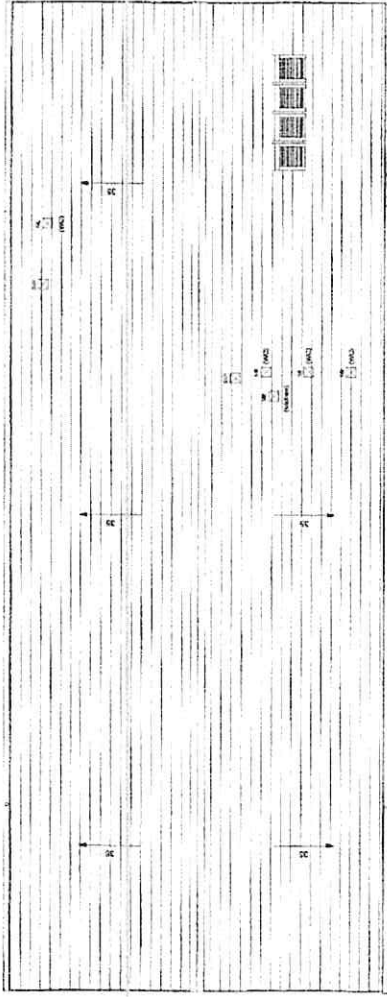
Kings Orchard, Sbike Gabriel
 Employment Building - Elevations Proposed
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 Construction Issue
 October 2016 1:50@A1

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 LHC ARCHITECTURE
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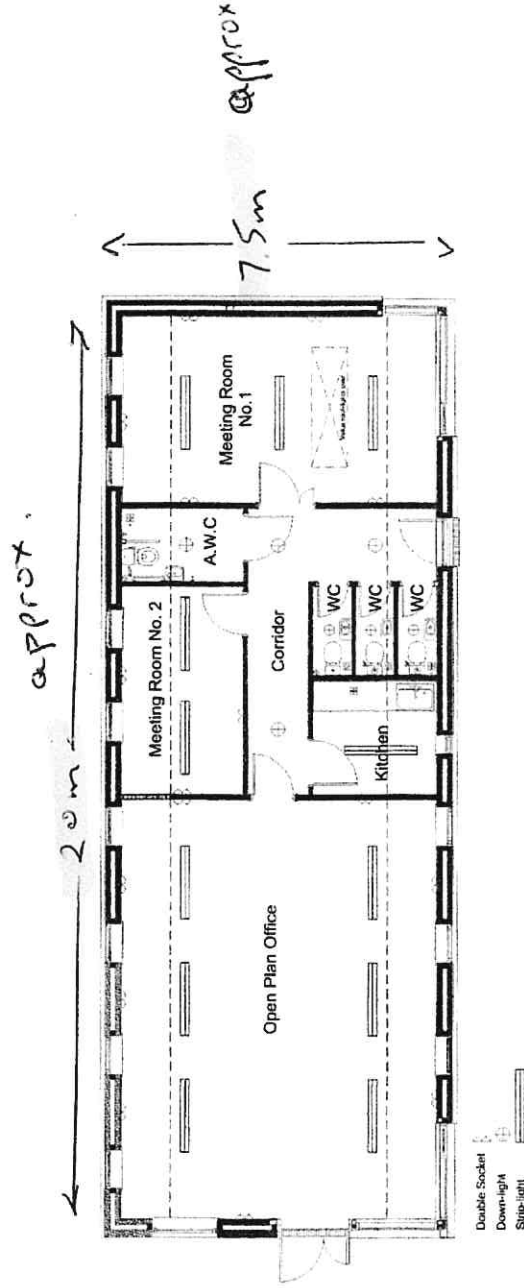
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NOTES: FOR DOOR AND WINDOW SCHEDULE REFER TO 12732EPB - S31.01

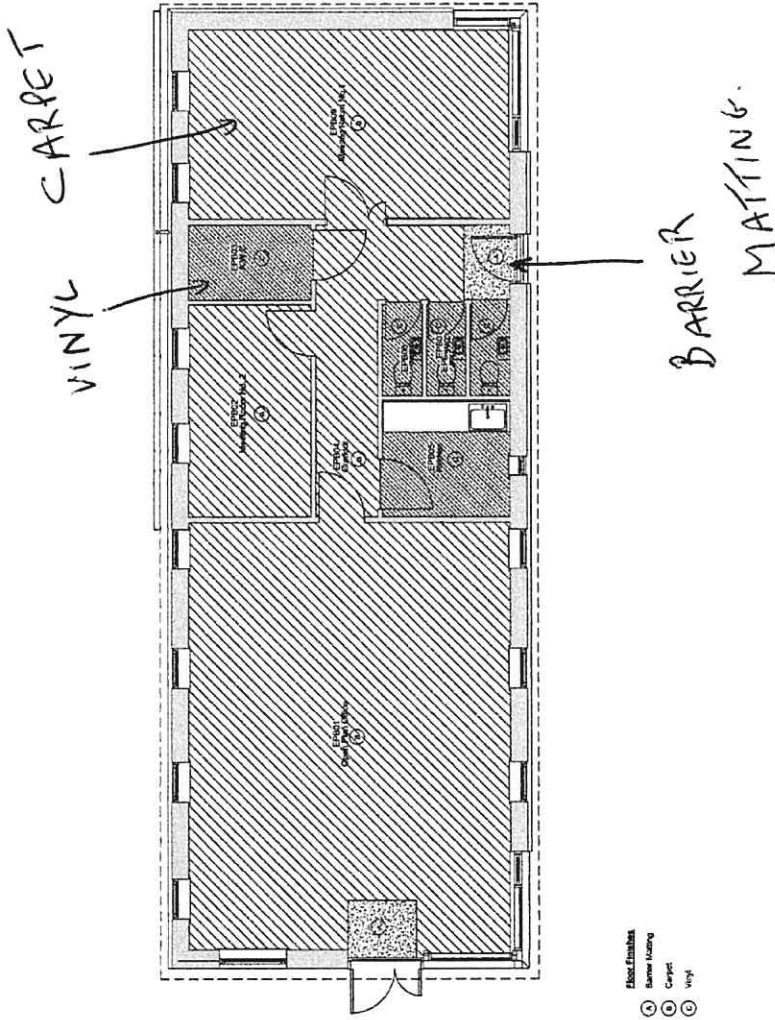
- MATERIALS KEY**
- D1. Through colour render
 - D2. Local stone
 - D3. Local stone
 - D4. UPVC windows and associated frame colour (colour)
 - D5. UPVC fully glazed door and associated frame colour (colour to match)
 - D6. Vitex modular splaylights (or equal approved)
 - D7. Aluminium curtain walling powder coated, colour to match other windows
 - D8. Mineral microcapsules cladding under windows
 - D9. Thick, slate sub dividing render and stone
 - D10. UPVC rainwater goods



Roof Plan
(1:50 scale)



Ground Floor Plan
1:50 scale



2. 000117 Study (Architectural) 10/17/17
 000117 Update to LHC, Appendix A and E (Appendix A and E) 10/17/17
 Daniel L. DeWitt, L.A.C. 10/17/17

Project Title: Kings Orchard, Stoke Gabriel

Project No.	Originator	Volume	Level	Type	Job Number
12732EPB	LHC	00	GF	DR	A - 43.01
Sheet	C1	Construction Issues			
Revision	B	Date	October 2016	Scale	1:50@A1

Architecture: lhc architecture urbanism landscape
 LHC ARCHITECTS
 10000 Kings Orchard Road, Stoke Gabriel, PL12 8AA, Cornwall, UK
 Tel: +44 (0)1571 822000 Fax: +44 (0)1571 822001
 Email: info@lhcad.com www.lhcad.com

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TTWL
Earth & Stone
41.48

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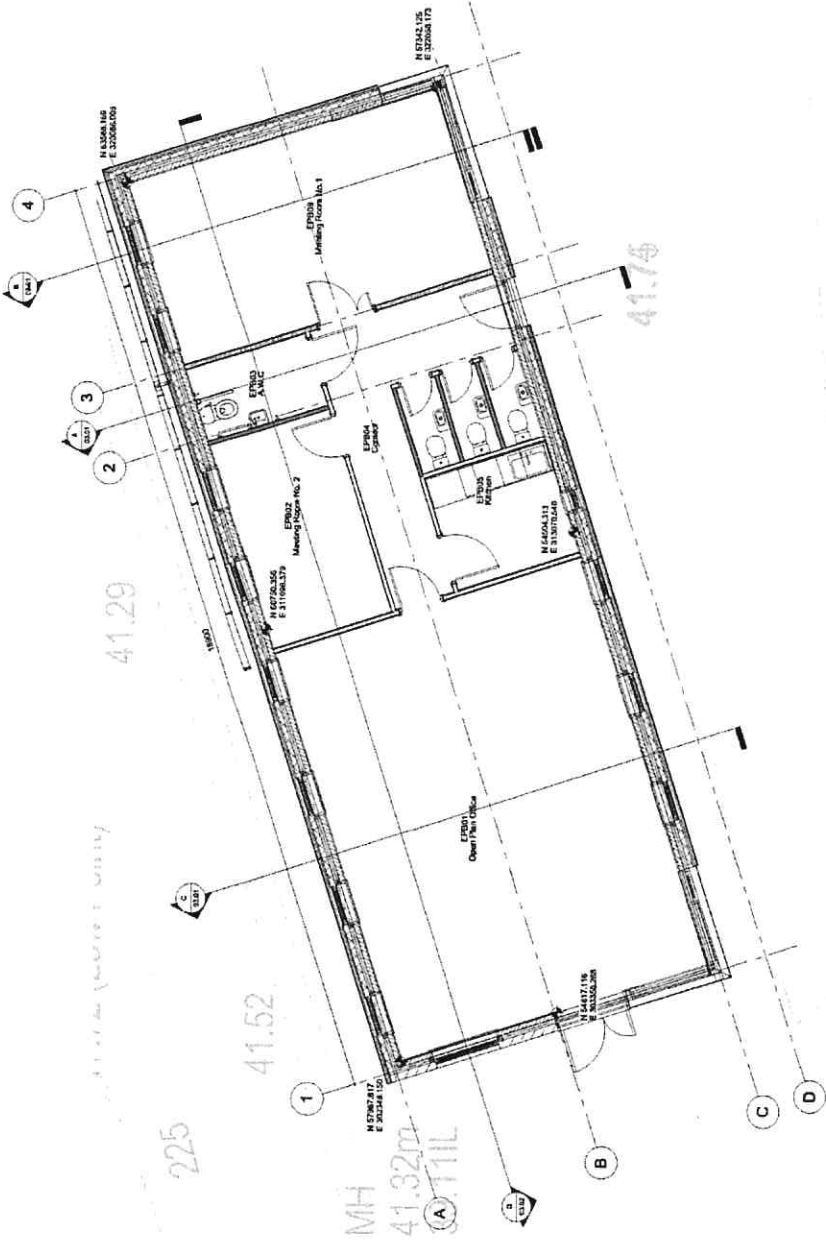
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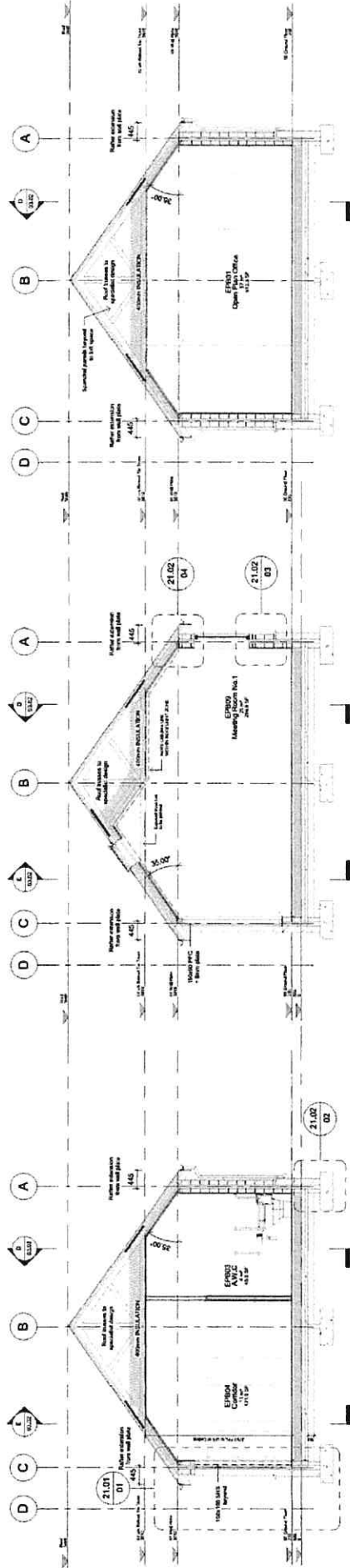
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Project File
Kings Orchard, Stoke Gabriel
Employment Building - Co-ordinate Plan
Project No. 12732EPB-LHC-00-GF-DR-A-0110
Scale: Construction Issue
Revision: B
Date: October 2016
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Author/Checker
Project File
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Section A
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Section B
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Section C
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C 04.01.17 Issue building and structural engineering details
 A 04.01.17 Issue building and structural engineering details
 B 04.01.17 Issue building and structural engineering details

Project Title: Kings Orchard, Stoke Gabriel
 Client: Employment Building - GA Sections
 Project No: 12732EPB-LHC-00-XX-DR-A-03.01
 Date: October 2016
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