

## Open Market Appraisal



139-143 STATION ROAD, HAMPTON, MIDDLESEX, TW12 2AL

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30th September 2019

## 1. Introduction

This report has been prepared by a local independent commercial property agency to provide an opinion of the specific local market only for business use premises in Hampton. The purpose of the report is to assess the existing local market in relation to demand for the consented use of B1(C). The premises are currently being openly marketed as such with a view to securing offers with the potential to revisit internal layout for occupation on practical completion.

The report will cover current and future demand for new build business premises and the likely viability of such a proposed scheme within the conditions in the consent. For clarity, we have tried to avoid any duplication of other supporting evidence. Instead we have provided a brief and concise reading of market conditions for the Hampton and wider Richmond and neighbouring boroughs.

In concentrating on the appetite and viability for the preferred use for B1(c) units the report will also offer sequential testing for other B class uses, noting the local authority's (LBRUT) implementation of Article 4 and key industrial land policy.

## 2. Site Context

Hampton is noted as a desirable residential area of predominantly period terraced family homes made ever popular by the local schools and riverside location whilst still commutable into central London. A branch of Waitrose is located on the adjacent corner in former office premises.

Located opposite the entrance to Hampton railway station in a tertiary parade of largely retail, café and takeaway premises, 139 Station Road provided a large showroom and sales area of Peco's, a purveyor of period fireplaces and stripped pine and door furniture over two floors. A small area to the rear ground floor was set aside for a caustic stripping bath.

141-143 was a repairing and MOT garage, presuming B2 use. We note that the final garage occupiers relocated into the workshop from Tudor Road garage on a temporary, short-term lease. The previous premises were a ramshackle affair in a very poor state of repair and low build-quality. There appears to have been little resistance from the local authority to the proposed redevelopment to incorporate 9 residential units over retained commercial space.

Figure 1. Consented ground-floor plan.

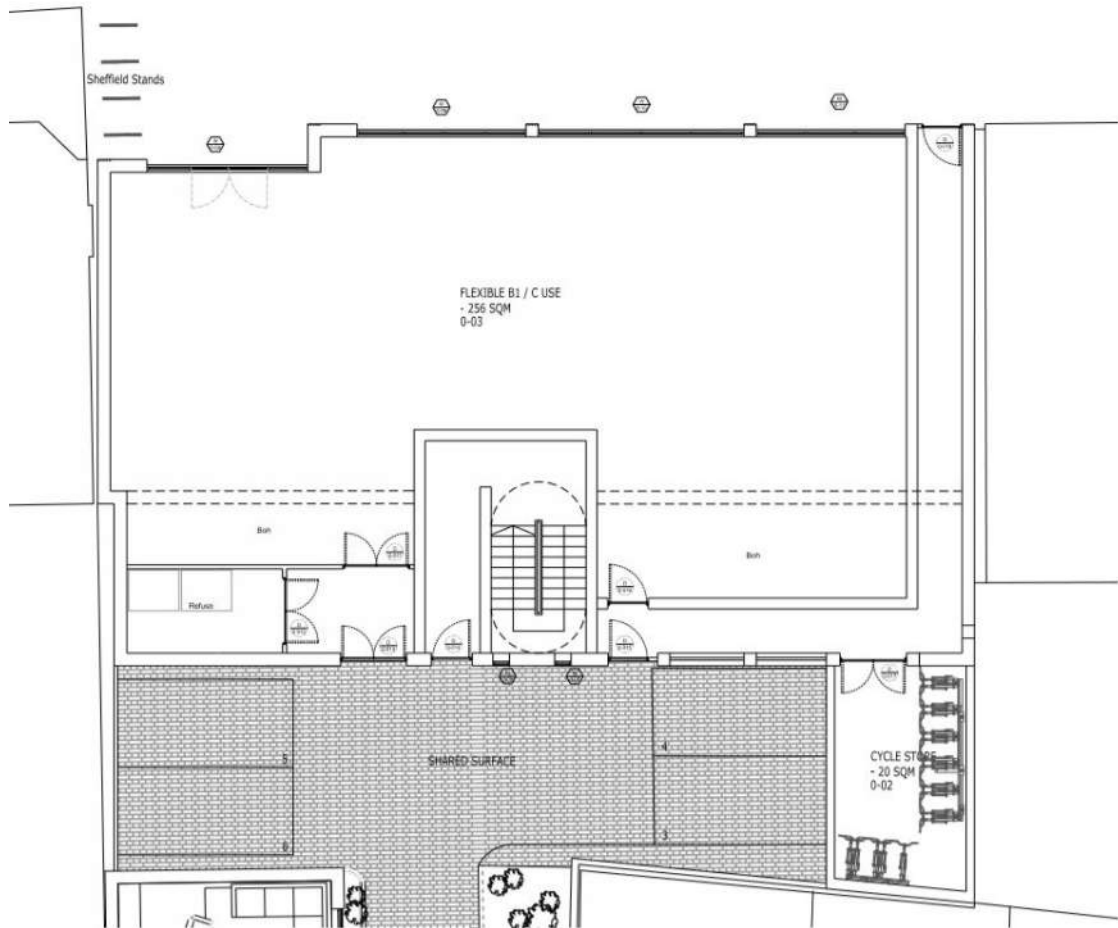


Figure 2. Consented front elevations.



## Infrastructure and services

The site benefits from a direct service to London Waterloo, although it is noted the line is a slow stopping service and somewhat plagued by a lack of investment. The line is often the first to close in inclement weather and the last to reopen, similarly during industrial action. The street provides some unrestricted parking and short stay spaces for rail users in what is an otherwise tightly controlled parking regime with a mix of single and double yellow lines, bus stops and commercial clearway access. Consequently, there is little if any on-street parking as most visitors will arrive during the permitted working hours.

We note the existing street scene from 129 to 143 Station Road has a deep private forecourt area, which in turn appears to be used as parking for several properties. The consented scheme appears to retain this curtilage with bicycle parking extending out to the pavement.

## Previous Employment Use

As a long-established local agency, both previous occupiers were well known to Milestone Commercial having availed of the services of both businesses. Peco's being a family affair that was wound down over the years as fashions changed. The garage occupiers were not the original owners but sub-tenants on a short-term contract. We would estimate that the combined sites provided no more than 5 full time employees.

## Existing local workspace

This paragraph ignores the office-rich estates at Castle Business Park, Mount Mews and Kingsway Business Park all of which have B1 use and much of which is now under article 4 directions.

Following implementation of Article 4 directives and the industrial workspace strategy, Hampton and its environs continues to be successful in retaining its B1, B2 and B8 units. The area has long benefits from purpose-built trading estates, primarily:

- 74 & 136 Oldfield Road combining to provide 116,800 sq. ft.
- Kempton Gate, which provides light industrial and logistics warehousing to 70,000 sq. ft.
- The Oldfield Works site which covers some 85,000 sq. ft.

These modern and adaptable, purpose-built sites offer excellent logistics and facilities, being a short drive from junction 1 of the M3 at Sunbury. They offer full articulated-lorry access incorporating wide entrances, access roads and turning areas with ample allocated onsite parking. The units are secure and being primarily double-ridge heights, they can incorporate mezzanines and racking for forklift deliveries and dispatch, essential for economy of scale.

Figure 3. Kempton Gate marketing details

The image is a screenshot of a website for 'KEMPTON GATE'. At the top left, the name 'KEMPTON GATE' is displayed in white on a dark red background. Below it, the address 'OLDFIELD ROAD HAMPTON TW12 2AF' is listed. To the right, there is a navigation menu with links: 'INTRO', 'LOCATION', 'LOCAL AREA', 'ACCOMMODATION', 'GALLERY', and 'CONTACT'. A contact icon and the text 'Contact us for more info.' are also present. The main content area features an aerial photograph of the industrial estate, which consists of several large, modern industrial units with white roofs and blue accents. A long, narrow parking lot filled with cars runs alongside the buildings. Text overlaid on the image provides details: 'Kempton Gate provides a total of 17 business units. The estate was developed in 2006 to provide a total of approximately 70,685 sq ft (6,566.85 sq m) in unit sizes from 2,620 sq ft (243.4 sq m) upwards. The original planning allowed the units to be used for B1 light industrial, B2 general industrial and B8 storage and distribution.' A smaller inset image shows a close-up of a unit's entrance. At the bottom of the main image, it states: 'Ranging in size from approx. 2,620 SQ FT (244 SQ M) to 9,205 SQ FT (855 SQ M)'.

### 3. Instruction

Following initial contact from the property owners on March 12<sup>th</sup> 2019 we were asked to carry out an appraisal of the ground floor commercial space in the pending application. On the 14<sup>th</sup> we sought clarification if the B1(c) use was likely to be a condition without recourse to other B class use. This was confirmed and at this point we first raised concerns this would have a wholly detrimental impact on

- a) The ability to successfully market the premises and
- b) Any resident living above an industrial process.

Our concern was noted as was our suggestion to revisit planning as a matter of urgency to seek a more flexible consent, ideally incorporating D1, D2, B1 office, A1 and A2 use classes.

We provided valuations based on the proposed ground-floor scheme to provide some 2754 sq. ft. gross internal area. The property owners accepted the valuation and this formed the basis of an instruction to sell the ground floor on either a long-lease basis or with the benefit of the entire freehold investment.

## 4. Marketing & appraisal

### Marketing Strategy

Prior to consent we had made some provisional approaches on a 'coming soon' basis to our database of applicants. We have adopted a flexible approach, assuming the conditions in the consent would in all probability allow for a revisit of the scheme's approved use class.

It is worth noting that our client has neither expressed a preference for additional residential space nor would accept offers from third parties on that basis.

Our marketing details were prepared in PDF format and print versions and were uploaded to our successful website at [www.milestonecommercial.co.uk](http://www.milestonecommercial.co.uk) where they remain to this day. We also uploaded the premises to Zoopla, the preeminent portal for commercial property, which in turn uploads to other portals in the ZPG group.

Figure 4. Zoopla listing 05/09/2019

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Last 30 days: <b>23 page views</b>	Since listed: <b>238 page views</b>
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### Description

Nb B1(C) use class only for light-industrial use in a residential setting. Consented new-build scheme providing 256 M2 workspace. The premises will be offered up in shell and core condition ready for fit out. Boldly positioned in a parade of similar apartment blocks, independent retailers, cafes and restaurants serving an affluent local neighbourhood in a desirable riverside suburb of the London Borough of Richmond. Rarely available investment or owner-occupation opportunity. Occupying a bold street front position in Hampton village opposite the mainline station (stopping

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### Links for this property

- [Document](#)
- [See all commercial properties for sale in Hampton](#)
- [Report listing](#)

## The Agent

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**Milestone Commercial**

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Planning permission was approved on the 24<sup>th</sup> of April 2019. Our instruction was reconfirmed and widened to an 'all-enquiries' marketing campaign to attract any and all end users assuming conditional offers for any subsequent change of use required.

Two marketing boards were attached to the pre-demolition hoardings. The boards were subsequently reattached to the site hoardings post-demolition. We can confirm that following a site visit the boards remain in situ.

Figure 5. Marketing Board



Figure 6. Text as supplied to Shepperton Signs



We have considered leaflet drops in the North Sheen and Lower Richmond area but as this is such a specialist market it is unlikely that this would draw any serious responses and the cost of this exercise would fall to the owners of the site as exceptional marketing. The wholesale shift to online marketing through portals also precludes traditional print advertising.

As mentioned, our marketing campaign has been open-minded and is aimed at any and all potential end-users including those requiring change of use from the existing consent. As such, we have assumed showroom A1, small-scale supermarkets, A2 professional services, D1, D2 and B1 office use would be of interest.

We have avoided where possible the possibility of extending marketing as A3 / A5 food use. Our immediate concern is the reluctance of mortgage providers to lend on apartments over food, the antisocial hours and the lack of access in order to comply with AC/extraction systems being affixed to the premises without considerable disruption to the neighbouring properties.

Interest in the site since day one has been muted. Below is a redacted table of logged enquiries:

Figure 7. Logged enquires

Date	Name	Via	Enquiry	Follow up	Contact
26/05/2019		Zoopla	purchase whole site/ tender		
31/05/2019		call/board	purchase whole site as is		
31/05/2019		call/board	purchase whole site as is		
6/2/2019		call/ board	Brewing. Rent only		
6/6/2019		Call/ Board	Development Group		
7/7/2019		call/board	Retail use for antique carpets		
7/7/2019		call/board	Retail space.		
10/7/2019		call/ Board	Motor repairs /MOT		
6/11/2019		Zoopla	Accountancy B1 - conditional		
20/06/2019		Gen enq.	24 hour Security providers		
8/10/2019		drive by	acquire the whole site		
8/23/2010		Zoopla	Nursery use		
8/27/2019		direct app	food		
8/27/2019		direct app	food		

We have been in constant contact with our clients throughout this brief marketing period, reiterating our concern that there is no hope of finding an occupier for the premises in such a narrow field. We have continued to provide practical suggestions, recommending that an alternative to the open-plan nature of the consented scheme be reconsidered as three separate smaller units with shared WC facilities.

This would alleviate the void burden parking and delivery constraints in finding a single occupier, allowing small component production and distribution similar to the Teddington business park, albeit the units there have two allocated parking spaces each and double-height loading bays.



## Market appraisal

### Suitability

The local authority has a clearly defined policy in protecting key industrial land use in the borough villages. This site is located in a mixed-use parade in a predominantly residential area. The site has consent for a development of 9 apartments with associated parking over a narrowly defined and conditioned consent for B1(c) use.

Whilst fully supporting the policy to maintain a diverse local economy we are concerned that both consents will detrimentally impact on one another.

The consent would reasonably expect mechanical noise and possibly fumes during working hours via air-compressors or any fabrication processes. We note Cavan Bakery in Hampton Hill High Street was enforced for noise despite 80 years continuous occupation after complaints from local residents.

With regard to deliveries we note that none of the consented parking to the rear is allocated to the ground floor meaning deliveries on or off commercial vehicles will require either stopping on already congested streets or bumping over the pedestrian pavements onto the private forecourt, a situation that cannot be guaranteed to continue as per the bollards installed on Powder Mill Lane and Hampton Road Teddington.

Conversely, a ground-floor ceiling height of only 3m would preclude any facility for forklift truck access or, in the case of the previous use, vehicle inspection lifts (the MOT requirement being a minimum of 4m clearance).

### Demand

The market for industrial space remains muted in the post-Brexit economy. The trend towards relocation to edge-of-town purpose-built units generally benefiting from extended floor-to-ridge height, ample parking, delivery and waste management space continues.

We enclose a spreadsheet (figure 7.) of available commercial workspace gathered on the day of this report from local agents only and within a four-mile radius of Hampton station which we assume to be a sensible commute for local business owners. All of the below is described as 'light-industrial' or 'industrial' in agents' details.

Figure 8. Available industrial space within a 4-mile radius

address	size (Sq. Ft.)	agent
J1 Brooklands Close, Sunbury on Thames	7,292	snellers
Unit 8 Browells Lane Business Complex, Feltham	1,770	Snellers
Unit E, Crown Yard, Twickenham	1,130	Snellers
Unit A, Crown Yard, Twickenham	951	Snellers
Unit 4 St Lawrence Business Centre, Feltham	1,681	Snellers
7 High Street, Hampton Hill	179	Snellers
J1 Brooklands Close, Sunbury on Thames	7,292	Snellers
123-127 Kneller Road, Twickenham	4,706	Snellers
Platts Eyot, Hampton	1500	Snellers
Lockcorp House, Norcutt Road , Twickenham	3,475	Snellers
Unit 4 Lion Centre, Hanworth	1,862	Snellers
Unit B, Swan Island, Twickenham	2,245	Snellers
2-6 Wades Lane Teddington TW11 8HF	2,854	Milestone
99 Staines Road West, Sunbury-On-Thames	12,943	Snellers
12 Teddington Business Park, Teddington	1,140	Snellers
Central Park Estate, Unit D, West Molesey, KT8 2QZ	4,653	Cattaneo
Glebe House, Armfield Close, West Molesey, KT8 2UP	1,740	Cattaneo
Central Park Estate, Unit C, West Molesey, KT8 2QZ	2,316	Cattaneo
Units 3 & 4, Armfield Close Estate, West Molesey, KT8	9,895	Cattaneo
Aaron House, Island Farm Avenue, West Molesey, KT8	15,160	Cattaneo
Columbian House, Alderson Park, Pool Road, West Mol	50,342	Cattaneo
Britannia House, Alderson Park, Pool Road, West Molesey, KT8 2AB	65,635	Cattaneo
Hampton Waterworks Upper Sunbury Rd TW12 2DS	14,594	M Campbell
Unit 12 Mont Rd Feltham TW13 6AR	4,370	Vokins
Unit 3 Hanworth Trading Estate Hampton rd west Middx TW13 6DH	4,172	De Souza
Unit 1 Fiveways Business centre Feltham TW13 7AQ	10,850	De Souza
646 River Gardens Business Centre North Feltham TW14 0SN	4,791	De Souza
645 River Gardens Business centre Spur Road Feltham TW14 0SN	3,974	De Souza
Tudor Road Hampton TW12	4,036	Christopher St J
Unit 8 Maple Industrial Estate Feltham TW13	812	Capital Industrial
765 Brwells Lane Feltham TW13	13,996	Altus Group
Unit 3 St Margaretes Business Centre TW1 1JN	4,113	Knight Frank
Unit 4 St Margaretes Business Estate TW1 1JS	4,821	Knight Frank
Unit 4 Heathlands Industrial Estate Twickenham TW1 4BP	2,373	Knight Frank
Unit 5 Heathlands Industrial Estate Twickenham TW1 4BP	2,413	Knight Frank
Unit 13 Mount Road Industrial Estate Feltham TW13 6AR	15,398	Telsar
	291,474	

We would add that we have now been marketing 2-6 Wades Lane for 6 months providing 3000 sq. ft. of purpose-built, steel-framed and open-plan premises in Teddington. The property benefits from ample daylight, 3x double doors, and 2 parking spaces. We have barely received a call save the usual enquiries for dance schools, yoga/pilates, nurseries, architects' studios.

Figure 9. Wades Lane



We attribute this lack of demand to various shifts in working practices over recent years. Following the rapid rise of online sales and distribution from remote third-party warehousing and delivery, few companies are required to manufacture, pack and distribute from the same location.

Since the banking crisis in 2008 demand for extended workspace has been in steady decline. This abated following overarching central government policy for permitted development rights for change of use from B1 to residential. This has subsequently been extended to other B classes. However, much of this respite has been lost following the protracted Brexit negotiations. Regardless of the outcome It seems difficult to envisage a return to previous occupancy rates.

## Viability

We note the owners of the premises are not seeking to extend the residential element of the property but only to extend the permitted use to a more flexible consent.

Several schemes have been consented as apartments with retained commercial space or employment space on the ground floor, notably Beaumont House, Heath Road in Twickenham, Brewery Wharf and now Twickenham Gateway at the station. It is an understatement to say that demand for this space is muted. Beaumont House has subsequently been converted to a nursery, one of the restaurants consented at Brewery Wharf has never been occupied, similarly the Heathlands trading estate development pictured below.

Figure 10. Heath Road Twickenham



The purchase of this site to redevelop as light-industrial use in the current market to provide a meaningful return on investment would be high risk.

We note the local authority's preference for two years of clear marketing. As local agents we support this policy but we cannot see how, in the face of the overwhelming evidence, this is beneficial in this instance seeking only to extend the use within the B class.

## 5. Sequential testing

D1

Demand for nursery space is buoyant. We are in contact with providers, the brief includes outside play space or access to parks within a short stroll.

We would suggest the location would fail to garner support in any transport and parking impact assessments with a requirement for multiple pick-up and drop-offs in a very short time frame.

Sui Generis

Alternative uses within this class include car showrooms, amusement arcades, launderettes and builders yards / scrap yards. Tenancies for such uses are usually short term, inferior quality and offer little in the way of employment or benefits to the local community. Consequently, we cannot see any viable use within this use class, certainly not one that would not entirely devalue to zero in any viability strength-test for lending purposes or without a substantial loss being made for any developer. One assumes the residents would rigorously contest any such applications and again the transport impact would be considerable.

B1 office

Whilst there continues to be an oversupply of office space in the local area we understand that the developers have been approached by a long-established firm of Kingston-based accountants so far unable to secure freehold offices, the preference to paying rent.

The accountants currently employ 12 full time staff and the space on offer at Station Road allows sufficient growing space to reach the target of 17 full-time qualified and support staff. An assessment of staff transport requirements determines that the public transport on offer (the 111 bus to Kingston stops in the parade) is sufficient for current needs. Negotiations are also underway to secure parking permits in local private parking spaces.

## 8. Conclusion

As local agents we are fully aware of the local authority's preference for 2 years of marketing to accompany any change of use outside of permitted development. However, we cannot offer any meaningful hope to our clients whereby the requirement is for some form of industrial process under and adjacent to residential premises is somehow viable.

We do not foresee any circumstances whereby the lack of success to date in the last months of genuine open marketing will improve with the passing of a further 18 months. The setting is entirely incongruous in a residential apartment block and as evidenced there is ample supply of exiting void space within a manageable commute.

Commercial property demand remains muted and the narrow existing consent severely hampers the ability to successfully market the ground floor commercial space.

Bank lending against commercial property remains stubbornly expensive and uncompetitive, with LTV ratios commonly being 70% compared to 95% under the help to buy scheme for residential property. Repayments are usually in the region of 4% over base. Leases on commercial property have been shortened to an average of 3-5 years for office space and banks will routinely only lend for a period co-terminus with the lease length.

Business rates remain a major deterrent to commercial letting and sales. The negative impact of the decision to implement the revaluation in 2017 from 2008 values is palpable in the borough villages. Void periods are extending to years not months with the burden of 100% business rates and insurance falling to the owner.

As the focus of the tech industries in London has shifted east, we routinely accompany expanding businesses on tours of available space in Hampton Hill and the feedback is always that they would struggle to retain and attract staff so from tech hubs in Shoreditch and beyond. With this in mind we are effectively seeking a local existing business with a need for single storey light industrial use with no delivery or parking area.

Wholesale suppliers now operate online and outsource for third party warehousing and delivery, slashing operating costs. Remote working, either in the field or home-based, leaves the requirement for associated office space negligible.

We wholly agree with the overarching policy in protecting B1 class workspace across the borough providing valuable employment and community cohesion, avoiding dormitory towns but the economics for such a scheme is not viable in this location.

## Background Information on Author

Milestone Commercial refers to Milestone Commercial Agency Ltd (Registered in England Company No. 4216695), which provides specialist local commercial property agency services. Established for 25 years from our Teddington offices we can offer associated professional services via our retained FRICS surveyors Milestone and Collis and Chapman Consulting. We provide valuation services, advice and marketing in all aspects of commercial property including retail, office, light industrial and industrial for both landlord and tenant. We also provide development appraisals and specialise in freehold sales and acquisitions. The market appraisal of this property has been conducted by Michael P Martin of Milestone Commercial Agency Ltd. who has 20 years of direct experience in the local property market and has been managing director of the above-named agency for 11 years. Milestone Commercial Agency Ltd. does not operate in the residential market and is a separate business to any similar named Estate Agency.

Please note this information is provided in good faith and without prejudice.

Signed:

Michael P Martin  
Managing Director

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