

**REPORT ON THE VIABILITY OF
COMMERCIAL USE OF
FORMER MERCERS GARAGE, TENTERDEN, KENT, TN30 6HE**

FOR

FOREGATE DEVELOPMENTS LIMITED

**DATED
OCTOBER 2024**

1. Instructions

Sibley Pares Chartered Surveyors has been instructed by Foregate Development Limited to prepare a Report on the potential use for commercial purposes of the Former Mercers Garage, Tenterden, Kent, TN30 6HE following a marketing campaign of circa 3 years commencing in October 2021.



2. Background

The property comprises former commercial workshop buildings that were demolished and replaced with 5 residential blocks and two commercial units. We have been asked to consider potential commercial uses and the likelihood of these succeeding in the market to let or for sale and to report with our opinions and recommendations which will be submitted to the Local Planning Authority.

3. Location

The site is known as Mercers of Tenterden. It is located towards the ends of Coombe Lane and Church Path which leads off Station Road and within a conservation area.

4. Description

The property comprises two new build mixed use office courtyard development located within walking distance of the Tenterden High Street. The development will include two newly developed commercial premises which will provide open plan office space on the ground floor of 1,033 sq. ft. (96 sq. m) with a further 937 sq. ft. (87 sq. m) on the first floor. The premises will benefit from 7 parking spaces per building, separate male and female and disabled access WCs. In addition to the parking allocation each unit will benefit from their own cycle store and air con/climate controlled heating systems. We understand the planning has been amended to include only one commercial unit.

5. Accommodation/Floor Areas

The floor areas are taken from plans provided:

| Net Internal Area (NIA) | | |
|-------------------------|------------|--------------|
| Property | Sq M | Sq Ft |
| Ground Floor | 96 | 1,033 |
| First Floor | 87 | 937 |
| | 183 | 1,970 |

The office will be allocated 7 car parking spaces

6. Planning History

The local planning authority website provided the following history online:

| Proposal | Date Valid | Status | Decision |
|---|------------|---------------|-------------------------|
| Demolition of existing industrial buildings. Proposed residential building with No 5 units with private amenity space and parking. Proposed No 2 commercial units with private parking. Proposed landscaping and hard paving throughout (Revised scheme to approved application 16/00111/AS) (Part Retrospective) | 10/02/2023 | Decision Made | Approve with Conditions |
| Discharge of Conditions 2 (materials) & 10 (measurements) on planning permission 16/00111/AS | 21/07/2022 | Decision Made | Refuse |
| Demolition of existing industrial buildings. Proposed residential building with No 5 units with private amenity space and parking. Proposed No 2 commercial units with private parking Proposed landscaping and hard paving throughout | 22/01/2016 | Decision Made | Permit |
| Demolition of existing industrial buildings and erection of 3 dwellings with car barns and parking and 2 B1 (office) units | 29/04/2015 | Decision Made | Refuse |
| Demolition of buildings and the erection of 9 apartments and a B1 office building together with access and parking | 10/01/2008 | Decision Made | Refuse |
| Demolition of existing buildings on site | 02/07/2007 | Decision Made | Permit |

| | | | |
|-----------------------------------|------------|---------------|--------|
| Replacement workshop and showroom | 03/02/1988 | Decision Made | Permit |
|-----------------------------------|------------|---------------|--------|

7. Statutory Enquiries

The property would be assessed for its EPC once complete.

The property would be assessed for business rates by the VOA once complete.

9. Commercial Market

The office market has slowed significantly and certainly patterns established during Lockdown of home working will continue beyond, although there is still a need for office space and indeed provincial areas may benefit with city centre businesses looking for more regional hubs. In addition, flexible working space may become more popular as not every home can provide for the needs of a business activity. However, the requirement is for quality space rural properties can attract tenants usually due to the higher parking ratios but this may be less of an issue with flexible working in the future. The creation of Class E has impacted this sector and uses within D1 are open to a wider variety of accommodation and generally look for densely populated areas with an inbuilt catchment.

In terms of development we are aware that there is still demand for commercial and residential development and in terms of industrial/warehouse there has been some speculative development. In these cases, developers have constructed to a fairly standard formula of a portal frame, roller shutter good loading and ability to install a mezzanine with the ability to fit out for partial office use. There are limited speculative office developments as without an end user this is considered too risky.

10. Market Factors Impacting Market Value

Strengths

- Will be newly developed, which attracts a premium.
- Located within popular market town

Weaknesses

- Lack of active office market in area, with limited enquiries
- Surplus of vacant office space within the town
- Rental values in rural towns lower than more established office locations

11. Marketing Summary

We were instructed on October 2021 by the current owners to market the property for rent. The property was marketed as an office with a quoting rent of £30,000 per annum.

Attached as Appendix is a copy of our marketing particulars.

Our marketing strategy since October 2021 included the following: -

- a) The property was placed on various web sites including www.sibleypares.co.uk, www.egpropertylink.co.uk, www.rightmove.co.uk, and www.zoopla.co.uk. It has also been marketed by third party sites including locate in Kent and Estate Agents Clearing House.
- b) We have an extensive applicant’s database and particulars were mailed/emailed to all the interested parties when we commenced the marketing and the particulars have also been sent to potentially interested parties as they joined the database over the marketing period.
- c) In addition to the above advertising, the property was also put to various interested parties who may have been looking generally for commercial office properties.

12. Enquiry Summary

Across the past eighteen months we have received the following enquiries:

| Name | Date Viewed | Date of Enquiry | Comments |
|----------------|-------------|-----------------|---|
| Gravity Global | N/A | February 2024 | Decided not to relocate from existing location. |
| Imperium Homes | N/A | January 2023 | Required 15 + parking spaces so office was not suitable. |
| V Well | N/A | October 2024 | Looking to set up Pilates/yoga studio. Insufficient parking for use. |
| Claire Wills | N/A | October 2024 | Enquiring on basis of nail bar, would require change of use as this is a sui generis use. |

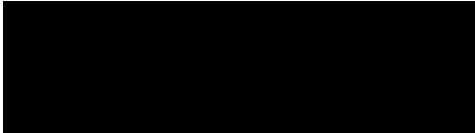
13. Conclusions

The property has been marketed for around 3 years. It has been listed on the most common property portals and failed to generate strong interest. In order to rent the property out successfully it is likely that rents would need to be between £15 psf - £17.50 psf. If you were to then sell the office building on the investment market with a tenant in situ this is likely to achieve yields in the region of 9%. This result in capital values between £330,000 - £390,000. The cost of building office properties of this nature is high. Given that the market requires for them to be fitted out to a high specification in order to be considered and to achieve the rents mentioned above. According to the BCIS the mean build costs for 2 storey office buildings in Kent is £212.65 psf. This would lead to build costs of circa £420,000 without factoring in profit or contingencies or professional fees. For these reasons, it would appear that the building to be used as an office

would not be commercially viable. In addition to this, once the property is fitted out as an office, there is still not a guarantee that there would be demand for the property, given the lack of substantial interest at present.

I hope this report is sufficient for your purposes however if you have any further questions please do not hesitate to contact me.

Yours sincerely



Matthew Carpenter MRICS
SIBLEY PARES CHARTERED SURVEYORS