



Bruton Knowles

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04 DEC 2006
MUNICIPAL
RESOLUTION CENTRE

Viability Report

**Former Bonsoir Factory
3 Abbey Street, Crewkerne,
Somerset, TA18 7HY**

W: bkonline.co.uk

Contact Details

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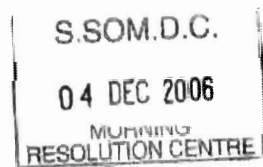
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Prepared for: **South Somerset District Council**
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Client Contacts: **John Shaw**

Date: 18th April 2005

Ref: DJF/106758



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1. Executive Summary and Photographs

Location Within a mixed use are of Crewkerne being mainly residential and adjacent to the primary town centre designation.

Description A Period Grade 11 Listed property constructed during the mid 19th Century used until recently for light industrial purposes, now vacant.

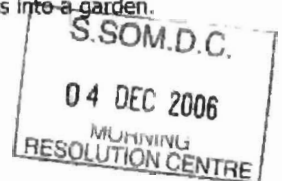
Originally a late Georgian private dwelling but with two later purpose built 3 storey factories added. The house having at some time in the far past reverted to ancillary employment use.

To the rear is a later portal frame addition.

On the eastern road frontage is a further 3 storey detached barn with a timber interlink.

On the western end elevation is a covered rear access into a garden.

Floor Areas	(Gross Internal Area)	No 3 Abbey Street	285 sq m
		The Palazzo Style Factory	439 sq m
		The Victorian Factory	683 sq m
		The Barn	219 sq m
		Rear Factory Addition	417 sq m
		TOTAL	2043 sq m (22,000 sq ft)



Condition The property is at the end of its useful economic life and requires extensive refurbishment/redevelopment. In particular The Barn is close to collapse with extensive internal shoring.

Environmental No obvious sign of contamination upon inspection

Tenure Vacant Freehold

Viability The property is considered unsuitable for continued use within the manufacturing sector given its location within a residential district, limited loading access and 3 storey configuration.

Alternative uses would include residential, office or leisure (D2/A3). The conversion costs for alternative use are however very high in comparison to the Gross Development Values achievable in Crewkerne. Any speculative conversion would therefore require good levels of demand to ensure viability.

The property is within an established residential area of the town. The residential sector has readily identifiable demand. It is likely to be a viable option.

There is no recognisable office sector within Crewkerne and in consequence a speculative conversion of a building of this size could not be forward funded. It is not therefore a viable option. The property could however be of interest to an owner-occupier in whole or part but the costs of conversion are likely to exceed gross development value notwithstanding any existing value attributable. Any conversion must therefore be undertaken by a special purchaser/occupier. Such an eventuality is outside the scope of this report, which only has regard to the current open market and values.

There is no recognisable leisure (D2/A3) sector within Crewkerne. While the building itself would appeal to the market, its location in both a local and regional context would almost certainly preclude occupier interest. Further we are concerned that although in a mixed-use area the property it is outside the designated centre, in a residential street and a change of use inevitably problematic.

Note

The above is merely a summary of the viability report and reference should be made to the remainder of the document for a more detailed report of the property.

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3 ABBEY STREET CREWKERNE

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3 Abbey Street Crewkerne

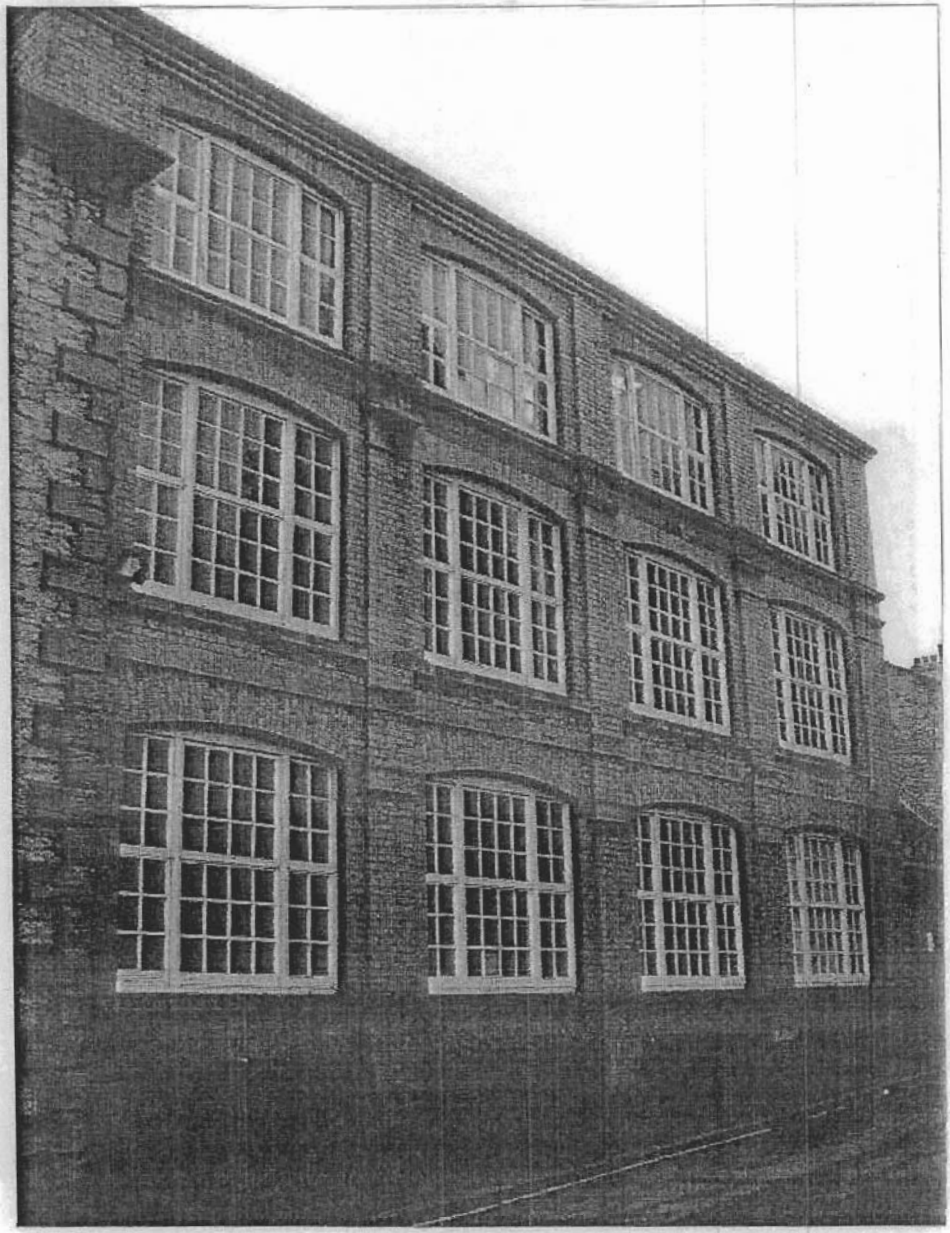


Palazzo Style Factory

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3 Abbey Street Crewkerne



Victorian Factory

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2. Terms of Instruction

- 2.1 In accordance with the letter of instruction dated 18th March 2005, as confirmed in our letter of confirmation dated 29th March 2005, we have inspected the subject property in order to advise you of our opinion of its viability for modern commercial use and in the alternative its suitability for residential conversion.
- 2.2 DJ Foot MRICS a Partner of BK inspected the subject property on the 31st March 2005. The electricity being off prevented an inspection of the basement.

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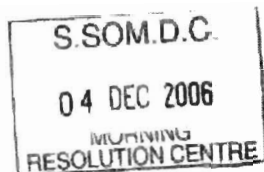
3. Property Report

3.1 Location

- 3.1.1 Crewkerne is a small former market town situated in the south west corner of South Somerset District. It is well located on the A30, the former London to Exeter road which provides good access to Yeovil, approximately 10 miles to the north east and Chard, approximately 6 miles to the South West.
- 3.1.2 The town has a population of around 7,800 people (1998 estimate) up from some 6,500 in 1991. Around 75% of all households are owner occupied and around 43% of all households are classed as blue collar owners within the demographic profile provided by Somerset County Council. The town has good local facilities including a range of shops, sports club and municipal swimming pool.
- 3.1.3 Crewkerne benefits from some medium and small manufacturing companies occupying the local trading estate. There is, however, no specific focus in terms of employment with the majority of the working population travelling elsewhere to work.
- 3.1.4 The retail offer within the town is limited being anchored by Boots and Woolworth. The other retails comprise mainly local traders.
- 3.1.5 There are good communication links from the town including a main line rail station giving access to London Waterloo (journey time approximately 2 hours 30 minutes), Salisbury (1 hour) and Exeter (1 hour). The A303 trunk road is approximately 4 miles to the north giving reasonable access to the motorway network, most readily accessible via Junction 25 of the M5 at Taunton, approximately 25 miles to the north.
- 3.1.6 The subject property is located approximately 100 m from the Market Square of the town centre. It is situated on the south side of Abbey Street just east of its junction with North Street and virtually opposite a small public car park.
- 3.1.7 A Location Plan and an Ordnance Survey extract are attached at Appendix One. Our understanding of the extent of the subject property is outlined in red on the extract which is provided for identification purposes only.

3.2 Description

- 3.2.1 The property comprises a Listed Grade 11 late Georgian town house on three storeys constructed mainly of Ham stone under a pitched slate roof. The house lies immediately to the south of Abbey Street and stands within approximately 0.5 acres. The property has until recently been used for ancillary employment purposes and it would appear from our inspection that this use has continued for some considerable time.



3.2.2 The Listed Building entry provides a date of construction some time around 1840. Historical records show that by 1875 the property was the home of the West Somerset & Devon shirt factory.

3.2.3 At around this time further factories were constructed either side of the main dwelling.

Palazzo Style factory

3.2.4 To the east side of No 3 Abbey Street, is a palazzo style three storey, purpose-built factory. The front elevation comprises 5 bays and an extensive range of windows.

3.2.5 Access to the factory is off a covered side entrance and it is interconnected with the house on each level.

3.2.6 The most recent use of the factory has been manufacturing purposes on the ground floor, office use on the first and storage on the top floor.

Victorian Factory

3.2.7 To the west of the house has been constructed a Victorian factory, again of three storeys. The property has been listed as of group value.

3.2.8 It has been constructed mainly of brick under a half-hipped, slated roof. Again the front elevation benefits from extensive glazing on all levels.

3.2.9 The Victorian factory benefits from covered side access and again inter-linked with the main house on all three levels. It leads into a modern single storey factory extension.

3.2.10 Its most recent use has been manufacturing on the ground floor. The upper floors have been used for ancillary storage.

The Rear Factory Addition

3.2.11 The Victorian factory has been interconnected with a modern rear addition through removal of its rear elevation. The factory is of modern construction being mainly block under a steel fabricated roof covered in cement fibre sheets.

The Barn

3.2.12 To the east of the palazzo style factory is a detached stone barn again constructed on three floors being of stone under a pitched cement fibre roof incorporating modern wooden casement windows to the front elevation.

3.2.13 The barn is in perilous condition and has been extensively shored internally by way of steel supports.

Highway and Access Issues

- 3.2.14 The property is on Abbey Street with extensive road frontage. There are two side access points in order to facilitate loading one of which in turn leads into the rear garden. There is no parking provision with the property.
- 3.2.15 Abbey Street is of restricted width providing only access to the immediate residential district. It is unsuitable for lorry access.
- 3.2.16 Photographs of the main elevations of the subject property are attached at the front of this report. Further photographs are provided within Appendix Four.

3.3 Accommodation

- 3.3.1 We took internal check measurements of the subject property at the time of our inspection. We have been provided with scale floor plans and can therefore report the following approximately gross internal floor areas calculated in accordance with the RICS' Code of Measuring Practice (5th Edition):-

Building	Use	Gross Internal Area Approx	
		Sq M	Sq Ft
3 Abbey Street		285	
Palazzo style	Factory	439	
Victorian	Factory	683	
The Barn		219	
Rear Addition	Factory	417	
TOTAL		2,043	22,000

- 3.3.2 We calculate that the site extends to approximately 0.5 acres.

3.4 Services

- 3.4.1 We understand that the property is connected to all mains services – gas, electricity, drainage and water, but have not carried out any tests in this regard.
- 3.4.2 From our purely cursory inspection it was apparent that the internal fit out regarding services requires modernisation throughout.

3.5 Condition

- 3.5.1 We confirm that we have not carried out a building condition survey. These comments result from our purely cursory inspection.



- 3.5.2 During the course of our inspection we noted that the property generally appeared to have been poorly maintained having regard to its age, use and construction.
- 3.5.3 There are a considerable number of items of repair, structural defects and symptoms of which, likely to impact on the value and re-lettable of the property.
- 3.5.4 It is our view that given the age, use and construction of the building, its condition is past remedial repair and is in consequence at the end of its useful economic life.
- 3.5.5 Given the age and style of construction of the subject property it is likely that asbestos has been used in subsequent alterations.

3.6 Environmental Matters

- 3.6.1 We noted no obvious signs of contamination during our inspection but we are not qualified to give assurances on environmental issues. Our report has been undertaken on the basis that the property contains and no other contamination other than the asbestos cement-fibre sheets. Should it be established subsequently that further contamination exists, this might reduce the figures now reported.

3.7 Local Authority Enquiries

Planning

- 3.7.1 We have made enquiries of the Local Authority to determine the relevant planning. The property is in a mixed use area of Crewkerne on the edge of the designated town centre.
- 3.7.2 The property is within an archaeological site of local importance and conservation area of the town.
- 3.7.3 The building is listed as follows:
- No 3 Abbey Street (south side) GV II 06-09 1974
 - Factory to east of No 3 Abbey Street GV II 06-09 1974
 - Former shirt factory to west of No 3 Abbey Street GV II (included for group value)

Uniform Business Rates

- 3.7.4 Interrogation of the Valuation Office Agency website suggest that, as at the date of this report, the subject property has the following 2000 List entry:-

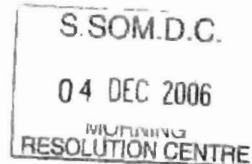
Address	Description	Rateable Value
No 3 Abbey Street	Factory & premises	19,000

3.7.5 Industrial property is exempt from paying empty rates.

3.8 Tenure

3.8.1 We have not been provided with any Title documentation. We understand that the property is owned freehold and we have assumed that the Title is unencumbered and would not affect this viability report. Further at the time of our inspection the property was vacant.

3.9 Factors Affecting Viability



Location

3.9.1 The property is within an established residential district of Crewkerne close to the Market Square. At the time of our inspection there were no empty properties on the street and no properties available on the open market. From our knowledge of the area we are able to confirm that Abbey Street is a popular place to live with demand exceeding supply for residential property.

3.9.2 Abbey Street is restricted in width and therefore suitable really only for light vehicles. This adds to its overall attractiveness to the residents who are also drawn to Abbey Street because of its historic architecture and proximity to St Bartholomew's Church.

3.9.3 The location is suitable for residential but when looking at possible alternative uses as a location it is hard to identify other options. Office use would seem the most likely in location terms being within the town centre and close to public parking and transport. It is not a suitable location to continue manufacturing from.

3.9.4 When looking at leisure options Crewkerne as a town is not considered a viable location for the sector. There is very little activity within the town outside normal business hours and the evening economy is not quantifiable. This when combined with a trading location without passing trade in a dense residential district would be enough to preclude any demand from even the most aggressive of operators such as JD Weatherspoon.

The property

3.9.5 The property is an historic factory from the mid 19th Century that appears from the front largely unaltered since its original construction. The rear of the property has, however, be altered dramatically and to allow for a modern extension. The property is precominantly on three floors with limited internal access arrangements and vehicular loading provision. Given its design and configuration

It is no longer suitable for manufacturing use and could not compete with modern premises on the open market.

- 3.9.6 We have been asked to consider viable alternative uses and which from our knowledge of Crewkerne and the region in general we consider to include offices, leisure and residential. The property would readily convert to any of these alternative uses.

Condition and conversion

- 3.9.7 The property as previously stated now requires redevelopment. When looking at any redevelopment the fundamental question is the likely cost of conversion. We understand that Chartered Quantity Surveyors have provided a conversion cost of some £1,000 per sq m to convert the palazzo style factory, barn and link to modern open plan space. We assume as part of a possible mixed-use residential/office redevelopment. This figure is within the range of conversion costs as published by the RICS.
- 3.9.8 The area in question amounts to a gross internal area of some 803 sq m. Were you take some 15% off this area to calculate the likely net internal area for occupation purposes, then you are approaching a figure of £1,200 per sq m to enable beneficial occupation.
- 3.9.9 Looking firstly at an office conversion. To justify an investment of this nature at a yield of, say, 8% to quantify an average return required, would indicate that an investor would be seeking something in the order of £65,000 per annum by way of rent. This figure equates to a figure in the order of £95 sq m. While certainly high, in itself this figure could be a justifiable rent for a property such as this. But no account has been taken of any profit, funding costs or even existing use value. For investment appraisal purposes an office conversion of this nature would not be viable, notwithstanding demand, which will be looked at later in the report.
- 3.9.10 Turning to owner occupation while looking at the difference in likely values it is already clear from the above that funding such a development would be very difficult. Anticipated costs could well exceed the conversion figure of £809,350 by at least 50% after allowing only a relatively modest sum for purchase and funding. An appraisal for the purposes of owner occupation would certainly conclude that costs would far exceed value. Indeed it could be argued that the conversion costs alone are likely to exceed value in themselves. There would be few companies able to take such a risk.
- 3.9.11 We have not looked in detail at the residential conversion costs but would not expect them to exceed the office conversion budget. We would expect the completed units to attract interest in excess of £2000/sq m. This should therefore leave a reasonable margin for purchase, funding and profit. We anticipate the property will be of interest on the open market with the benefit of an appropriate planning consent.



3.10 Market Conditions

- 3.10.1 For the purposes of this viability report we do not consider continued manufacturing use on the site viable given its location within a residential district and three-storey configuration. We do not propose, therefore, to look at the industrial sector any further.
- 3.10.2 Notwithstanding our concerns on the office conversion costs it is worth looking at demand in a little detail. The office sector within Crewkerne is characterised by local professional firms marketing their services to the mainly rural hinterland. Recognised office locations within the region are centred on the larger centres of Taunton and Yeovil. It is not considered likely that in the immediate future the situation will change. The larger towns continue to attract inward investment with the advantage of modern, well-located premises with good car parking.
- 3.10.3 The smaller rural towns such as Crewkerne, Chard, Ilminster and Wincanton tend to accommodate demand within existing premises, many of which are on the upper floors of retail units. There has been no speculative office development in Crewkerne with demand and supply being broadly in balance from existing building stock.
- 3.10.4 Where speculative office development has taken place outside the regional towns it has mainly been an unmitigated disaster. By way of an example Bruton Knowles are actively involved in a modern upper floor office development within the centre of Chard. The suites provide modern open plan accommodation with good floor loadings and ample car parking. The main suite comprises some 3,000 sq ft of accommodation and has been empty for over ten years. It is available to rent at a figure in the order of £53 per sq m. Smaller suites in the building have also been largely empty attracting only sporadic short-term occupation.
- 3.10.5 The office sector in rural towns is characterised by the desire of a limited number of office occupiers to own their own premises and remain in them for a considerable number of years. As a result there is little market activity with limited identifiable demand and inward investment.
- 3.10.6 The above figures illustrate only too clearly the viability of office schemes within small market towns, which can be seen in most instances to make no sense whatsoever.

3.11 Summary

- 3.11.1 While it is unfortunate that further employment uses will be lost from within the town centre there is fundamental conflict in this instance between likely demand, conversion costs and value. Modern employers are on the whole looking to occupy suitable premises in the most cost-effective manner. While the leisure and retail

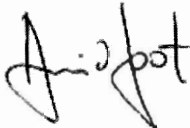
sectors can justify reasonably high property values for the right building in the right location this is not so true for the employment sector.

- 3.11.2 It is clear that in this instance the historic building must be preserved for future generations to enjoy. This is not typically a cost businesses are prepared to take on. The question of viability must therefore be balanced between the likely costs of the work in modernising a Listed building and identifying those who would be prepared to pay such a premium. Those companies looking to invest in Crewkerne will weigh these factors.
- 3.11.3 We are of the opinion that the only likely sector able to justify such a development within the open market aside from a special purchaser is residential.

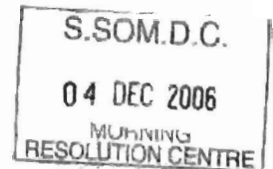
3.12 Verification

- 3.12.1 This report has been based, to some extent, on information provided verbally which could need verification. In particular, this applies to tenure and planning. Searches may also reveal whether any historical use of the property is likely to have resulted in contamination or whether there are any encumbrances or other third party rights affecting the title or use of the property

We trust that this report is satisfactory for your immediate purposes but, should any matter require further clarification, we shall be pleased to hear from you. Neither the whole nor any part of this Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.



David Foot MRICS
Bruton Knowles

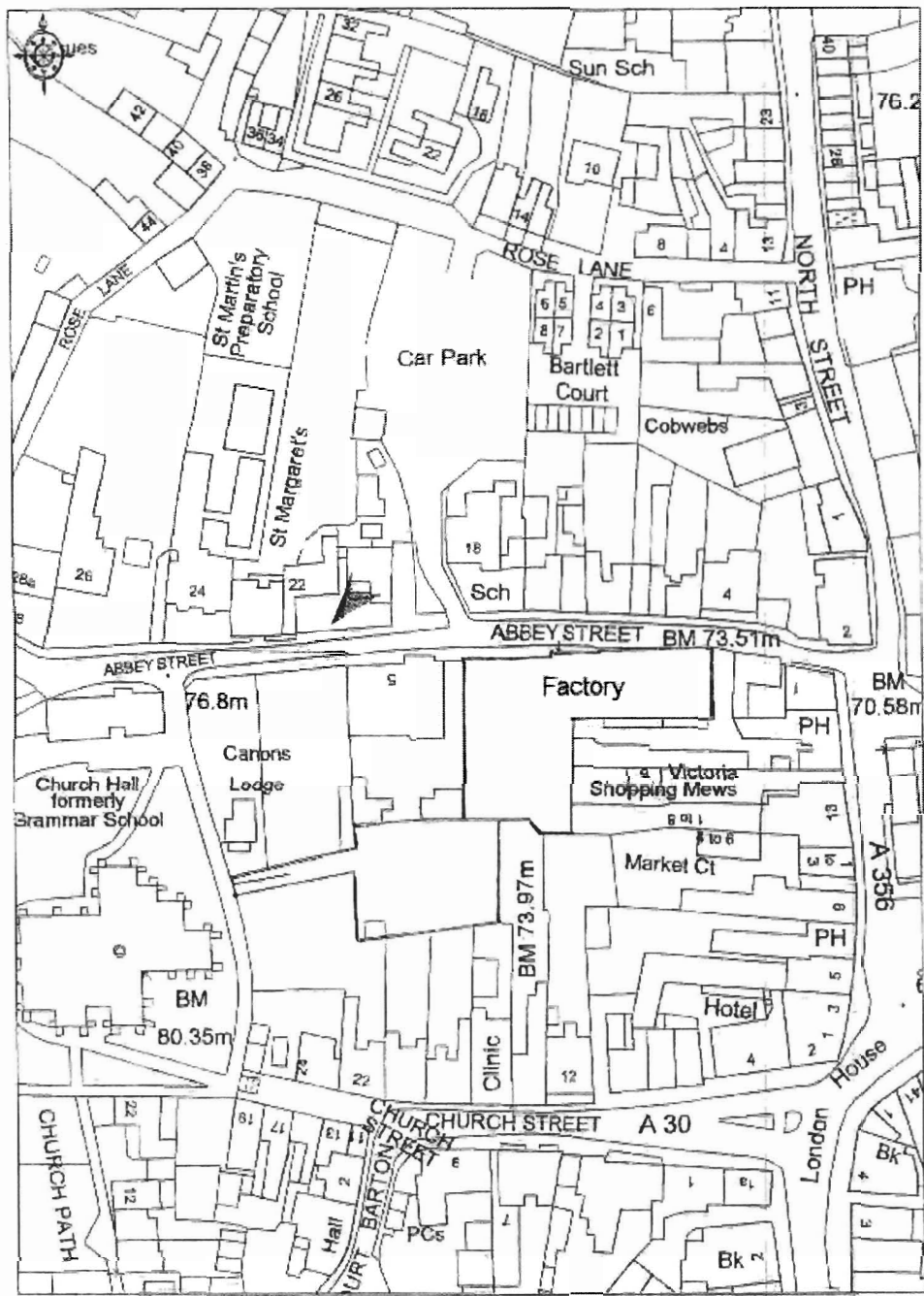


Appendix One

Location and Site Plans

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 MAPPING
 RESOLUTION CENTRE



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Appendix Two

Letter of Instruction

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Humberts

CHARTERED SURVEYORS

C O M M E R C I A L

32 HENDFORD • YEOVIL • SOMERSET BA20 1TG
TELEPHONE 01935 415454 • FACSIMILE 01935 415400
E Mail: enquiries@humbertscomm.co.uk

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04 DEC 2006
PLANNING
RESOLUTION CENTRE

D Foot Esq
Messrs Bruton Knowles
Taunfield
South Road
TAUNTON
Somerset TA1 3ND

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18 March 2005

Dear Mr Foot

BONSOIR, ABBEY STREET, CREWKERNE.

I refer to recent correspondence in relation to the above factory premises which is owned by my clients, Bonsoir of London Limited. These premises are now redundant and my client wishes to promote a residential redevelopment of the whole. It is our contention that the premises are wholly unsuitable for modern commercial purposes, but in order to progress a planning application, the District Council have advised that a viability study is prepared from an independent firm of Chartered Surveyors to confirm or otherwise my client's views in this matter.

I would therefore be grateful if you would arrange to inspect the property, and prepare a report which should in the first instance be addressed to South Somerset District Council (for the attention of John Shaw), The Council Offices, Brympton Way, Yeovil, Somerset. It should cover, inter alia, the physical nature of the buildings, their potential for conversion into commercial purposes and the demand for such premises, together with an indicative view as to the costs of conversion. As a result it should advise whether or not a redevelopment for further commercial purposes would be a realistic and viable alternative for the premises in current market conditions.

I understand from you that your fees for this report will be the sum of £750 plus vat. Those fees will be paid by my client, and if you would arrange for your invoice to be submitted via my own office, I will then arrange for appropriate payment. I hope this is all self-explanatory, and I have of course copied this letter to Mr Shaw at South Somerset District Council. Would you therefore please contact me to arrange an appropriate inspection of the property.

Yours sincerely



N L Jones BSc FRICS ACI Arb

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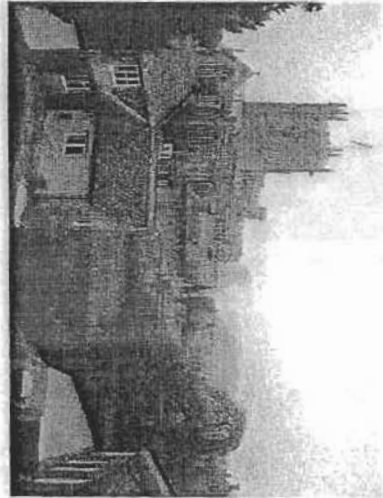
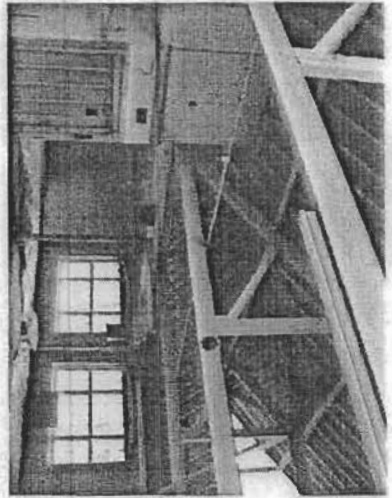
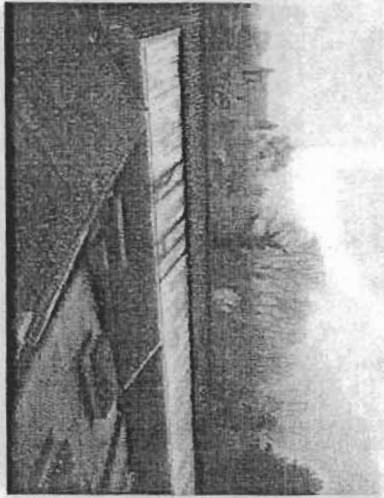
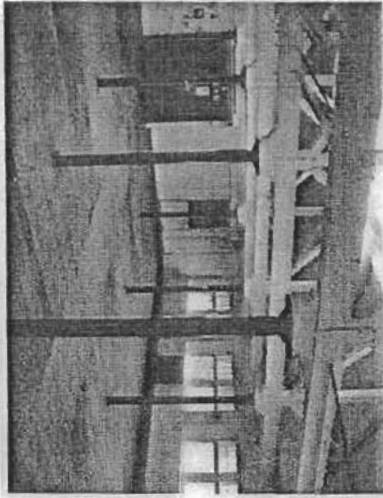
Humberts Commercial (Yeovil) Ltd • Director N.L. Jones BSc (Hons) FRICS ACI Arb
Registered office: 32 Hendford, Yeovil, Somerset BA20 1TG • Registered in England No: 4140302 • VAT Reg. No: 6758 162 01

Appendix Three

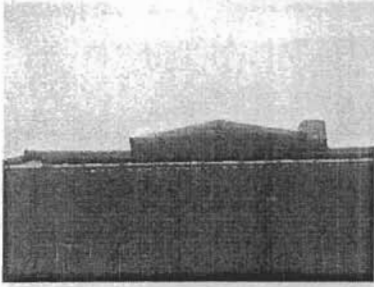
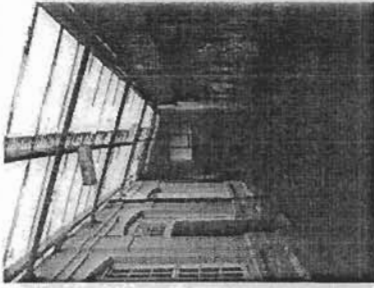
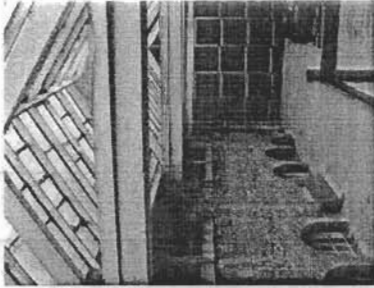
Photographs

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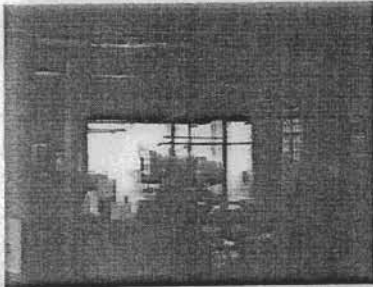
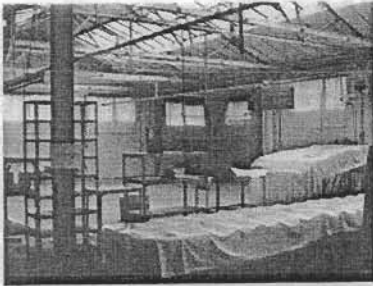
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MANAGING
RESOLUTION CENTRE



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