

10 ACORN BUSINESS PARK
NORTHARBOUR ROAD
PORTSMOUTH
HAMPSHIRE
PO6 3TH

t 023 9237 7800
f 023 9237 7801
info@hi-m.co.uk
www.hi-m.co.uk

Marketing Report

Relating to

EMPLOYMENT FLOOR SPACE

For and behalf of

Wilson House Limited

in respect of

**Dolphin Quay
Queen Street
Emsworth
Hampshire PO10 7BU**



prepared by

Tom Holloway BA (Hons) MRICS
Ref: Tomlets/EL/120216

As at: 12th February 2016



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1.0 INTRODUCTION

Holloway Iliffe & Mitchell have been established in Portsmouth since 1998 as a leading firm of Chartered Surveyors and Commercial Agents. Prior to this, the Directors and previous owners of the Company were partners of other firms of Chartered Surveyors in the region for 20 years prior to this.

The company therefore has years of commercial agency experience including working for multi-national clients, private sector clients and all aspects of commercial property and all commercial property types including shops, offices, industrial / warehouse space and retail, along the South Coast and South Hampshire areas.

Holloway Iliffe & Mitchell have been very active in the Emsworth and Havant areas for many years and have been involved in attracting many businesses from the industrial, retail and office sectors into the surrounding area.

This Report is intended to show the demand for commercial space for the subject buildings. It is also intended to show the viability of the current buildings with their existing uses.

We were instructed to market the property on 8th January 2015 confirmed in our instruction letter as attached as Appendix I.

2.0 LOCATION

Emsworth is an affluent Town situated approximately 2½ miles to the east of Havant, a short distance from A27 which runs eastbound towards the City of Chichester and westbound towards Portsmouth the A3 and northwards towards Guildford, the M25 and ultimately London.

The subject building is located on the fringe of the Town Centre, close to the junction where Queen Street meets Main Road (A259) which leads eastbound towards Southborne and ultimately further to the east, Chichester. Westbound, the A259 leads out of Emsworth, towards the A27 out towards Havant, Portsmouth and the A3.

The subject premises are located on the southern side of Queen Street, to the west of The Lord Raglan pub.

Location plans are attached in Appendix II.

The immediate surrounding properties include a garage / petrol filling station, a pub, a business centre containing mainly offices, but otherwise residential on the remaining boundaries.



3.0 DESCRIPTION

The site comprises of three main buildings that appear to have been constructed at different times.

Fronting Queen Street is a two-storey office building of brick and block construction under a tiled pitched roof. To the east of this building is a single-storey building that has been historically used as a shop premises. Towards the front is a tile pitched roof, with the rear sections being a combination of flat and pitched roofs with varying roof coverings.

To the rear of both the office and retail premises is a concrete framed workshop that appears to have been added on to the side of the retail premises at a later date. This workshop has corrugated asbestos sheet roofing, loading door and windows all along the western elevation. Again, this a single-storey with low eaves.

Retail showroom	136.06 sq.m	1,465 sq.ft
Rear of shop (workshop)	102.24 sq.m	1,100 sq.ft
Ground floor office	21.55 sq.m	232 sq.ft
First floor office	29.08 sq.m	313 sq.ft
Office total net internal area	50.63 sq.m	545 sq.ft
Workshop next to slipway	110.46 sq.m	1,189 sq.ft
Total area	399.39 sq.m	4,299 sq.ft

4.0 CONDITION

All the buildings are in various states of repair with the small office being presented in relatively good order, however, there is still evidence of watermarks on the ground floor where this has previously flooded.

The former antiques centre is currently in a poor state of repair internally, with many of the previous shop fittings having been left behind and where the roof is in a poor state of repair, this has led to water ingress in many areas.

Having looked at the roof and construction towards the rear of the site, this would need completely replacing, or even removing as it is clear that the roof covering is not substantial enough and deteriorating, allowing water to continue to percolate into the building.

With regards to the workshop area, this is a pre-fabricated concrete structure and internally has been left in a terrible state as shown in the photographs in Appendix III. As with other parts of the building there are areas of water ingress and also with this unit, there are issues with the electrical supply, in that it does not look safe. The structure of the building and access ways are in poor condition and where some parts of the concrete structure have eroded showing the steel supports within showing evidence of rust. In our opinion, this building needs to be removed as it is not economically viable to repair. The workshop also doesn't have a toilet, however there is an external toilet on site.



5.0 RATES

The property lies within Havant Borough Council for rating purposes and our enquiries indicate that the premises are currently assessed within the 2010 assessment as follows:

Workshop	Workshop and premises	Rateable Value:	£ 4,500
Former Antiques Centre	Shop and premises	Rateable Value:	£17,000
Office	Office and premises	Rateable Value:	£ 3,450

6.0 MARKETING ACTIVITIES

We have been instructed to market the property fully and have carried out a number of activities in order to help dispose of the properties, which is including the erection of a marketing board on the building front Queen Street. Photo in Appendix IV.

Marketing details were prepared showing the full extent of the properties and what is available in terms of size, with the rent being available upon request. We took the decision to not publish any rent because we felt this would help engage with interested parties, particularly if they are only looking to rent part of the building. We have been quoting a rent of £50,000 per annum for the whole site. The marketing details are available either from our office as a hard copy, or are available to download from our web-site and also from various websites we list on. Our marketing details are also emailed to all applicants who are live on our database and anyone making enquiries. Marketing details in Appendix V

We have ensured that the property has had suitable exposure in the press, and to this end, we have put full colour adverts in The BUSINESS magazine produced by The News. Examples in Appendix VI.

We have not undertaken advertising in the local newspaper as this tends to not be an effective method of marketing commercial premises.

One of the most effective forms of advertising we do with all our commercial properties is advertising the properties on commercial property web-sites and these are becoming increasingly more sophisticated and important to our clients and through our experience in the market, we feel we put the properties on the most relevant web-sites and the list below is every web-site we have used to try and dispose of the subject premises, with screenshots attached in Appendix VII.



These are as follows:

- HI&M Interactive web-site: www.hi-m.co.uk
- Estates Gazette - Propertylink: www.estatesgazette.com/propertylink
- Wants Space Got Space: www.wantspacegotspace.co.uk
- Property Pilot: www.propertypilot.co.uk
- Invest-In-Portsmouth: www.invest-in-portsmouth.co.uk
- Invest-In-Southampton: www.invest-in-southampton.co.uk
- Invest-In-Hampshire: www.invest-in-hampshire.co.uk
- Boxpod: www.boxpod.co.uk
- Commercial People: www.commercialpeople.co.uk
- Zoopla: www.zoopla.co.uk
- Movehut: www.movehut.co.uk

Other forms of marketing we have carried out include blanket mailshots to all our live applicants on our database, along with targeted hard mailers to commercial occupiers in and around the area.

7.0 MARKET CONDITIONS

Over the past 12-18 months, the general commercial property market has steadily improved having been through an extremely damaging downturn which has left certain sectors in disarray, particularly the retail sector. Other markets such as office and industrial sectors have gradually improved, but as with all sectors where buildings are not in good condition, they tend to struggle to be attractive to occupiers, particularly where there is too much work for an occupier to do prior to starting their own fit out. An example of this is over at Royal Clarence Marina which is a mixed retail, office and residential scheme produced by Berkeley Homes. This was finished in around 2009 and the retail units have stood empty ever since. This is partly due to the fact that Berkeley Homes did not fit the units out and expected incoming parties to do a full re-fit including floors, walls, ceilings, electric, toilet etc before they did their own fit out. These units still stand empty with little prospect on the horizon of the them being occupied any time soon.

The subject units suffer from being in such poor condition and this has put off virtually all interest that has been in the site. The lack of parking and outside yard space has an impact on the workshop and the office premises and these combined factors are items that most occupiers would expect to see.



8.0 FUTURE MARKET CONDITIONS

As with all future predictions, it is difficult to know what is likely to happen, however, we feel the ongoing difficulty in the retail market will make tertiary retail units increasingly difficult to let and particularly where buildings have issues, such as being presented in poor condition, limited parking and generally in a weaker trading location tend to fall off retailer's radar and quickly become difficult to re-let. With the location of the subject unit, the retail unit is off pitch by quite a bit and combined with its size will always make it difficult to find a suitable tenant.

The office and industrial sectors have benefitted from there being a lack of stock and this has pushed up rents and prices. However, as with all markets, secondary and tertiary locations for industrial and office stock will have its limitations and again specification, location and quality all factor in and despite there being a lack of stock in the market, occupiers will not take buildings in any condition.

The future of the office and industrial market will continue to see an increase in rent and capital values due to the shortage of stock and the lack of development and where buildings become redundant through being low quality specification, poor condition and not being viable to refurbish and the market generally demanding units in different locations, then alternative uses must be sought.

9.0 ALTERNATIVE USE CONSIDERATION

As with all commercial property, whilst marketing we will report any interest to our client and this means a potential change of use.

Our view is that any interest is worth pursuing, unless we have been specifically instructed not to entertain a certain use. On this occasion, we have had an open mind to all types of users who are likely to occupy the subject units and through the marketing period a variety of operators have approached us in relation to the whole site or part of the site and this interest is scheduled later in the report.

10.0 PRICING OF THE UNIT

As previously mentioned in the report, rent has been quoted at £50,000 per annum for the whole site to include the offices, retail unit and workshop and we have taken the decision to market the property with rent being available upon request. This strategy was put in place in order to engage with interested parties to establish their requirements and to discuss their budget so that we can try and tailor a deal to suit their needs.



11.0 COMPETING MARKET

As the subject site covers all the major commercial sectors, retail, office and industrial, we are mindful of the surrounding market place where all of these sectors are catered for. The retail focus is mainly in and around the High Street of Emsworth with good quality national and local occupiers supplying a full range of retail needs for the local demographic.

With regards to the office and industrial sectors, there are better quality units at Palmers Industrial Estate, Station Approach and the surrounding environment, along with the business centre at the Wren Centre in Westbourne. Also further to the West and well located around the A27, Havant, are many industrial and office units around the A27 (Harts Farm Way, Southmoor Lane, Solent Road etc) along with Langstone Technology Park and Langstone Gate. With all this space, albeit mostly occupied, it was evident from the commencement of our marketing that the quality of the subject space was sub-standard and with excessive remedial work required for any occupier to commence their processes / business meant this could be an unviable site.

12.0 INTEREST

Throughout the marketing period we have had multiple interested parties discuss with us their requirements and their initial interest in the site has been more through curiosity, rather than whether it would suit their business. The main interest we have had to date includes various viewings and below is a list of these interested parties, along with the outcomes that occurred.

Date	Applicant	Outcome
18/02/15	Treagus & Co Estate Agents	Were interested in only the office. They were looking for a cheap deal and ended up staying put where they are currently based at the Westbourne Centre.
05/03/15	Sofabed Heaven	Interested in the whole site for the storage of sofas, presentation and sale of sofas and offices for admin and internet sales. This looked like a perfect tenant, however, they discounted the site due to its condition, the risk of flooding and lack of loading and parking. They have now gone to Greywell Shopping Centre in Leigh Park.
25/03/15	Highland Tubular	This is a business relocating from Scotland and were focusing on the workshop space for their manufacturing facility for metal fabrication. They discounted the site due to its condition.
10/03/15	Garden Machinery Southbourne	This is a business looking to relocate from Southbourne who were looking at the workshop space, however the condition put of this occupier and after the first viewing, interest did not progress.



Date	Applicant	Outcome
21/08/15	Seateach	This was a boat chandlery business looking to occupy the retail unit. They discounted this for its configuration and condition. They were looking for a retail unit that had a wider shop front.
28/09/15	Waypoint Lift Rafts	Looked to relocate and take the workshop premises, and possibly the offices, however, they were looking at a very flexible arrangement and wanted the Landlord invest heavily in the building and with the short term nature of the lease, this was not viable.
05/10/15	Swallow Bakery	Looked at the retail unit for a bakery, however this would probably need a change of use and the condition was off putting and did not progress any further.
28/10/15	SKR	Wanted to rent the workshop space for boatbuilding, however, the condition was off putting and they only wanted to take the lease at a nominal rent, if any. Suffice to say, this did not progress and they have since taken commercial space at The Tanneries, in Havant.

Other interest to note.

Applicant	Comments
Trafalgar Properties	Looking to purchase for re-development
Tony Callard	Looking to purchase for re-development
West Sussex County Council	Enquiring whether this could be acquired for development purposes.
Citicentric	Looking to acquire for re-development
Charles Marks Properties Limited	Looking to acquire for re-development
ICS Estates	Looking to acquire for re-development

It is worth noting, that we were approached by a third party that had not actually viewed the premises on behalf of a London based charity. They have submitted an offer of £517,125.00. However, after enquiring as to who the actual charity was and if they could substantiate the offer through proof of funds and therefore this did not progress any further.



13.0 CONCLUSION

Throughout the marketing of the site, it has become apparent that many of the local businesses and occupiers have been quite inquisitive about the site and this I feel has been more through curiosity than anything else.

The parties that have shown a general interest in potentially relocating their businesses to the site have found that the site is problematic, not just because of the flooding issue, but because the building is in such a state of disrepair that this has become an issue. The dilemma has been that for any Landlord to invest heavily in the refurbishment of this building would mean a substantial lease term is entered into to make this viable and the types of businesses that have been interested are mainly young, small companies who cannot commit to such a deal and therefore the Landlord cannot invest heavily in the building without this sort of commitment and therefore it all becomes unviable.

With the surrounding competition providing better quality industrial, office and retail space this has put pressure on this site. It is our view that the buildings have reached the end of their economic life and alternative uses should be considered for the site in order to make way for a new scheme to fit into the surrounding environment. It is worth noting that some of the concrete structure to the workshop are crumbling and the reinforced steel within the concrete is exposed and rusting and much of the roof over the workshop and retail space is degrading rapidly and it will only be a matter of time before this becomes potentially dangerous unless something radical is done.

We feel a comprehensive redevelopment of this site would benefit the surrounding environment and the local community greatly.

Tom Holloway BA Hons MRICS
RICS Registered Valuer

For and on behalf of;
HOLLOWAY ILIFFE & MITCHELL LIMITED
tom@hi-m.co.uk

Dated: 10th March 2016



Appendix I

Instruction Letter

Our Ref: Tomlets/EL/231214
23rd December 2014



**HOLLOWAY
ILIFFE &
MITCHELL**
CHARTERED SURVEYORS
COMMERCIAL PROPERTY CONSULTANTS

Julian House
Wilson House Limited
Wilson House
Brambles Business Park
Waterberry Drive
Waterlooville PO7 7XX

10 ACORN BUSINESS PARK
NORTHARBOUR ROAD
PORTSMOUTH
HAMPSHIRE
PO6 3TH

t 023 9237 7800
f 023 9237 7801

info@hi-m.co.uk
www.hi-m.co.uk

Dear Julian

Re: Dolphin Quay Queen Street Emsworth Hampshire

I am writing to thank you for and confirm your kind instructions in respect of the above and I will prepare our details as soon as we have had access to the site and can present them to you early in the New Year.

Once prepared, I will send across our draft marketing particulars and having regard to compliance with the CPR (Consumer Protection from Unfair Trading) Regulations 2008 and the BPR (Business Protection from Misleading Marketing Regulations) 2008, I would be grateful if you would kindly check these carefully and let me know immediately if there are any discrepancies therein; particularly in relation to any information which you may have provided.

I would confirm that copies of these particulars will be sent to numerous applicants with whom we are in contact. It would be useful if you would consider allowing us to erect a suitable board on the property as in our experience, this does generate a number of useful enquiries.

I attach a copy of our Terms of Business and would confirm that whilst we remain sole agents, our fees in this instance will be based on 1.5% (usual fee is 2%) of the sale price or based on 10% of the headline rent, disregarding incentives. Should you instruct other agents, I would confirm our multiple agency fees are based on 3% of the sale price or based on 12.5% of the headline rent, disregarding incentives. We however reserve a minimum fee of £1500.00 exclusive of travelling and other incidental expenses if applicable. In the event that the property is withdrawn for a reason outside our control, we reserve the right to make a charge to cover our abortive work, in the order of £250.

Our fees are subject to VAT at the appropriate rate, and become payable upon occupation of the unit, or on completion, whichever is the sooner.

In accordance with legislation emanating from the Estate Agents Act 1979, I attach an extra copy of this letter which perhaps you would be kind enough to sign and return as soon as possible. *Please note, we shall not commence marketing until we have your confirmation of instructions returned to us.*

Current legislation requires all non-domestic property over 50 sq.m to be let or sold to have a valid Energy Performance Certificate (EPC) before it is offered to the market.

If a property is offered to the market before an EPC is available or within 14 days from the date of order, there may be a fine up to £5,000. Exempt properties include temporary buildings in use for less than 2 years, stand-alone buildings of less than 50m², industrial sites and properties to be demolished or redeveloped for which all the relevant planning permissions and consents relating to the demolition of redevelopment have been obtained and exist.

Holloway Iliffe & Mitchell can help by enabling you to quickly obtain comparative quotations from our panel of accredited suppliers. Please confirm your instructions to us to proceed in obtaining a quotation.

Cont/d...





-2- Dolphin Quay Queen Street Emsworth Hampshire

The Government has recently enacted E.U. Legislation which has extended the requirements under the Money Laundering Act and Proceeds of Crime Act, Estate Agents and ancillary services are required to ascertain the identity of their instructing client on the basis that there will be a business relationship where money changes hands. It is possible therefore that at some time, we will require confirmation as to your identity, which may mean production of your birth certificate, passport or similar document and proof of residency, such as a Council Tax demand, Utilities Bill or similar. If this is required to meet the Regulations, bearing in mind that it is a criminal offence not to obtain such confirmation, we will advise you at the appropriate time. Alternatively it may be possible to obtain the confirmation required from your Bankers or Solicitors in which case they will need your instructions to provide the same.

You can be assured I will use our best endeavours to dispose of your premises and will keep you updated of our activities and of course all interest in the property that may materialise.

I would recommend that as part of a comprehensive marketing campaign, the property should have additional exposure to the market over and above our own block advertising and mailings. The following schedule is what I feel should be considered to achieve that exposure. On your approval the invoice will be prepared for the agreed sum and these marketing initiatives will be implemented on receipt of payment.

Adverts	Amount	Costs per advert	TOTAL	YES	NO
The News - 5 cm x 7.5 cm black & white	4	98	£392.00	☒	☐
THE BUSINESS (publication by The News)	4	85	£340.00	☒	☐
Special board	Size	Cost with/out slip			
V board	4 X 3	150	£150.00	☒	☐
Brochure & Artwork	Quantity	Cost			
	n/a	0	£0.00	☐	☐
Mailers					
Direct Approach - Targeted Postal Mailer		Price to be agreed	POA	☒	☐
Applicant emailer		Free	free	☒	☐
Online Marketing		Cost			
HI & M interactive web site - www.hi-m.co.uk		0	free	☒	☐
Online Marketing Bundle (Various Commercial Property Websites)		75	£75.00	☒	☐
www.rightmove.co.uk - for a period of 12 months		300	£300.00	☒	☐
EPC			POA	☒	☐
			Sub total	£1,257.00	
			Plus VAT @ 20 %	£251.40	
				£1,508.40	

For your convenience, we have pre-marked the schedule. If you do not agree to any item within our suggested marketing, please tick NO in the relevant box .

I look forward to hearing from you with confirmation of our instructions and to my suggested marketing budget, as above.

Kind regards.

Yours sincerely

Tom Holloway BA (Hons) MRICS
HOLLOWAY ILIFFE & MITCHELL
tom@hi-m.co.uk

Signed
Dated 08/01/15

Enc. - Terms of Business



Appendix II

Location Plans

