

PROPERTY REPORT

Riverside House, Milverton Hill, Leamington Spa CV32 5HZ

Property Summary

Inspection Date: 27 July 2016

Location The property is located on the western fringe of Leamington Town Centre at the junction of the Warwick New Road and Milverton Hill, approximately 0.25 miles east of the town centre. Warwick town centre is approximately 1.9 miles east of the property, via the A452.

The immediate surrounding area is predominantly residential in nature albeit within a short walk of the town centre.

Leamington Spa is a popular Warwickshire commuter town with good road and rail communications. Junction 14 of the M40 motorway is approximately 6.4 miles south of the Town Centre via the A452 and junction 15 is 5.2 miles via the A429. The A456 and A458 Trunk Roads provide further local access to Birmingham to the east and the towns of Stourbridge, Kidderminster and Worcester to the west/south-west.

Leamington Spa railway station is located approximately ½ mile to the south of the property providing a direct service between Birmingham Snow Hill Station and London Marylebone on the Chiltern Mainline.



Description The subject property comprises a 4 storey office building, originally constructed in the early 1980's of concrete frame construction with brick and block elevations, surmounted by a hipped tiled roof.

Externally the property benefits from a large tarmacadam car park, for approximately 120 vehicles to the side and rear of the building with 2 vehicular access / egress points directly off Milverton Hill. The topography of the site slopes from north to south and there are a number of mature trees across the site.

We have not carried out an internal inspection of the property however the property appeared to be in generally reasonable condition commensurate with its age and use.

There is a small parcel of land directly to the rear of the property, which separates the car park and the River Leam.

Areas We have electronically measured the site area in accordance with the title plan held at Land Registry and we calculate the site area to be approximately 4.65 acres (1.88 ha).

The building to site ratio is approximately 30% which is relatively low for an office building and reflects the large car park.

Tenure We understand the property is held Freehold

Rateable Value The Rateable Value is £640,000 pa.

Site Plan



Condition The building appears to be in good condition commensurate with its age and use.

Environmental We have not had sight of any environmental reports for the subject property. Prior to its current use the land was the site of Feldon School.

Planning The adopted local planning policy is set out in the saved policies of the Warwick District Council Local Plan (1996 – 2011) which is currently being reviewed. A new Local Plan was submitted for examination in January 2015 and is currently under examination by the Planning Inspectorate for adoption. The subject property has been identified in the new Local Plan as an Urban Brownfield Site, allocated for housing development under policy H14, and considered suitable for an estimated 100 dwellings.

The property is not Listed and is situated outside of the Royal Leamington Spa Conservation Area.

The property is located in the proposed Royal Leamington Spa Neighbourhood Plan which has been prepared by Royal Leamington Town Council.

The property has been identified and allocated for residential development, subject to adoption of the new Local Plan and therefore we consider the property has very good residential development potential. We understand the property is still occupied by Warwick District Council and therefore the timescales for development will need to take into consideration moving the workforce to new premises and preparing and submitting a planning application in the short to medium term.

<i>Development Potential</i>	<i>Development Timeframe</i>
Good	Short

Market Commentary

Market Overview

Offices

The office market in Leamington Spa has witnessed very little activity over the past few years with very few freehold sales having occurred since January 2010. The majority of transactions have been investment deals at Warwick Technology Park and Tachbrook Park with limited other comparable transactions.

Demand for headquarters offices in Leamington Spa / Warwick is limited, with the majority being located on Tachbrook Park which is the main employment site in the area and home to a number of blue chip companies such as Wolseley Plc and Accenture. The emerging planning policy seeks to encourage commercial development around the Tachbrook area, such as the new 60,000 sqft TATA headquarters building, which is a joint venture with Warwick Manufacturing Group.

Property Fundamentals

The property is an established headquarters office building dating back to the early 1980's albeit it is situated in an established residential area and has been identified as a potential residential development site in the draft Local Plan. We have therefore valued the property as residential development opportunity.

Valuation Summary

Valuation Rationale

The subject property comprises a 60,000 sq ft headquarters office building within close proximity to Leamington Spa Town Centre. The immediate surrounding area is of a residential nature and because of the Local Plan allocation our valuation assumes that the subject property would be viewed by purchasers as a residential development opportunity for either a housing development or retirement living. Leamington Spa is an affluent commuter town and therefore we are of the opinion that the site would be of interest to a wide range of residential / senior living developers..

Due to the proximity to the town centre and the topography of the site, we believe the site would be suitable for a higher density scheme, particularly given the proximity to the River Leam at the rear of the site. We are of the opinion the optimum use / value of the site would be driven by the wholesale redevelopment of the site as opposed to a residential conversion of the existing buildings.

Comparable Evidence:

As you note from the Valuation Rationale section above, we have approached our Market Value on the basis of comparable freehold sales of vacant offices/other building types within the West Midlands. The majority of transactions in this market have all been larger office investment which are not appropriate for this building.

- Wireless House, Warwick Technology Park, Warwick – Sept 2015 – Freehold . 50,000 sq ft office building, located on Warwick Technology Park sold for £5,500,000 reflecting £109 per sq ft. This was a quasi-investment deal with 10,000 sq ft let at £100,000 pa.
- 1 Chapel Street, Leamington Spa – December 2013: 2 storey office building of 6,000 sq ft sold for £500,000 reflecting £79 per sq ft.
- Bridgestone House, Tachbrook Park – July 2013. 2 storey office building comprising 13,000 sq ft sold for £1,070,000 at auction reflecting £82 per sq ft.
- Victoria Court, Leamington Spa – November 2011. 31,000 sq ft office building, close to Leamington Spa town centre sold for £2,265,000 reflecting £71 per sq ft.

The evidence suggests a range of values between £50 to £120 per sq ft dependent upon location, condition, planning/development prospects and size.

We are of the opinion that the subject property is not suitable for continued use as offices and is a residential development opportunity when taking into account the surrounding uses and proximity to the town centre, other complementary amenities and the River Leam. We are therefore of the opinion that in its existing condition the property is worth £56 per sq ft which equates to a current Market Value of £3,440,000. This reflects a land value of £800,000 per acre.

Valuation as at 12 August 2016

Market Value £3,440,000 (Three Million, Five hundred thousand Pounds)