

# Hearing Statement Part 2 East Herts District Plan

Hertford Industrial Estate

Boyer

## Report Control

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## 1. INTRODUCTION

- 1.1 This statement has been prepared by Boyer on behalf of LaSalle Investment Management in response to the Inspector's Matters and Issues, Part 2.
- 1.2 LaSalle Investment Management has interest in land at Hertford Industrial Estate, Hertford and has previously promoted the site for a residential allocation through the District Plan process.
- 1.3 This statement relates to Chapter 7 concerning Hertford, specifically to Issue 7 and Issue 8 which we feel hold the most relevance to the Hertford Industrial Estate and the evidence we have submitted previously as part of the Examination in Public ("EIP").
- 1.4 The below responses to Issue 7 and Issue 8 should be read alongside Boyer's Regulation 19 consultation response and further Hearing Statement concerning Matters and Issues, Part 1, Matter 3. In this regard the below answers supplement the information already submitted.
- 1.5 To date we remain disappointed with the Council's lack of response to our evidence and reluctance to discuss the realistic role the Hertford Industrial Estate can play in meeting the Council's future employment needs. We believe the evidence presented clearly demonstrates the site cannot be viably redeveloped or refurbished for employment only purposes. It is not only Boyer's evidence which highlights the significant challenges the site faces for continued employment; but also the Council's own employment studies. The conclusions of these studies have also not been addressed in a meaningful way by the Council.

## 2. CHAPTER 7 - HERTFORD

***Issue 7 - Would the employment sites in HERT6 be the most suitable sites, would they deliver the right amount of employment land to meet the identified need?***

- 2.1 No. The evidence presented by Boyer and within the Council's own evidence base studies demonstrates the site (HERT6) is a poor employment location. We summarised the key conclusions from the Council's employment evidence within our Hearing Statement, Part 1. Despite this evidence the Council has rolled forward the existing employment designation covering the Hertford Industrial Estate with no meaningful response to its poor accessibility; poor visibility and poor viability for both office and industrial redevelopment and for refurbishment of the existing buildings.
- 2.2 The Council has appeared to only consider specific conclusions from the most recent Hertford focussed employment study – the Hertford and Ware Employment Study (2016) by Wessex Economics (EER/005) – rather than the Study as a whole. For instance the Council's Employment Topic Paper (TPA/005) quotes the following from the Wessex Economic study – the Council '*should resist the loss of further employment sites, unless it is convincingly proved they are not fit for purpose; even then the aim should be to ensure some element for employment floorspace provision through mixed use development*' (para 12; p12).
- 2.3 We consider the more pertinent conclusion from the Wessex Economics Study (EER/005) to be the following paragraph (para 13; page 2) which states – '*However, it will not be easy to resist the further loss of employment sites, so it is important that EHDC develop a strategy for re-provision of employment sites and making the most of existing employment sites in terms of land still available for development and improving the overall appearance, access, and visibility of industrial estates such as Marsh Lane, Crane Mead and Mead Lane; and that the scope to allocate a new site (or sites) around the intersection of the A414 and A10 on land not suited to residential development is investigated.*'
- 2.4 The Study's conclusion does not mention the Hertford Industrial Estate but those locations it considers to have better prospects for continued employment use. The omission of any reference to the Hertford Industrial Estate is presumably because the Wessex Economics Study (EER/005) considers the Estate to be '*the least satisfactory industrial estate in terms of both quality and access*' (para 10; p2). The Wessex Study also states '*the estate is in need of modernisation and refurbishment, although the larger obstacles of access and visibility would need to be tackled in order to make the estate truly attractive.*' (para 5.25; p33).

- 2.5 Boyer has discussed the achievement of alternative access through the Foxholes Business Park at length in our previous written submissions. The access is controlled by multiple owners and is not a feasible option despite previous approaches by our client. Even if this was achievable, it would only enable one way access given current on-street parking and would create localised traffic issues. Given the lack of viability coupled with the poor accessibility and poor visibility of the Estate from major roads; we feel the need to designate the site from employment in accordance with NPPF paragraph 22 has been clearly demonstrated.
- 2.6 At the Public Hearing, Part 1. Matter 3; the Council regularly referred to their Settlement Appraisals. The Hertford Settlement Appraisal (SSS/004) makes reference to the Hertford Industrial Estate as follows –

*'This brownfield site of 2.9ha is located within the settlement boundary and is proposed for residential use. The site is a designated Employment Area and forms a key part of the local employment offer. It is also located adjacent to the Foxholes Business Park, which consolidates the employment offer in this area.'*

*'The findings of the Hertford and Ware Employment Study, June 2016, conclude that, where not required for release to meet housing need, remaining Employment Sites in the towns should be protected. It is therefore the view of Officers that the site is unsuitable for residential development.' (para 7.32-7.33).*

- 2.7 Firstly we are interested to understand the basis upon which the Hertford Industrial Estate is considered a key part of the local employment offer. As outlined in detail in our previous written submissions the Estate is currently a poor performing employment location –
- Vacancy on the Estate is approximately 50% both in terms of units and overall floorspace
  - The employment density on the site is low at approximately 150 full time equivalent jobs resulting in an overall job density of 1 job per 90 sqm;
  - This is significantly less dense than HCA guidance and compares poorly against adjacent businesses such as Stephen Austin and Fluorocarbon which have employment densities of approximately 1 job per 50 sqm;
  - The Estate currently provides approximately 186 car spaces; this is 42% below the 319 car spaces required under current parking policy; and
  - The average rent across the Estate is £4.79 psqft, which is significantly below average rents in other locations within the Functional Economic Market Area (FEMA) including the nearby Mead Lane industrial area.
- 2.8 While the Estate lies adjacent to the Foxhole Business Park they are in no way an integrated employment cluster having separate road access; they differ significantly in terms of building quality; and provide different employment uses: Foxholes provides primarily offices while the Hertford Industrial Estate provides poor quality industrial / warehouse premises.

- 2.9 Boyer is not aware of the evidence behind the Hertford Settlement Appraisal's assertion that the Estate is not needed for housing; which in turn warrants the Estate's protection for employment and it being unsuitable for residential. Firstly, the Council's current 5 year housing land supply is uncertain and seemingly requires a number of large Greenfield sites to come forward quickly alongside supporting infrastructure. Secondly, the Council, irrespective of the site's suitability for residential, needs to demonstrate the site is appropriate for employment designation in accordance with NPPF Paragraph 22. As discussed we feel this has not been done. Also the Council has failed to demonstrate that the site is not suitable for residential or even mixed use and pre-application material submitted to the Council in 2016 presented this case in detail. National policy and the Council's proposed Local Plan within its 'Guiding Principles' (p28) prioritises the development of Brownfield land. Redevelopment of the Hertford Industrial Estate could potentially deliver 100+ homes, significantly aiding the Council's 5 year housing delivery.
- 2.10 Boyer contends that compliance with the NPPF / NPPG and the deliverability of the Hertford Industrial Estate has not been demonstrated and the site constraints; market signals and viability evidence submitted has seemingly been ignored by the Council. The Council has been far more rigorous with respect to the HERT2 allocation and new employment allocations whereby the deliverability of new and better quality employment floorspace has been considered. To aid deliverability residential is promoted alongside employment floorspace in these cases. It is not clear why similar considerations have not been investigated for the Hertford Industrial Estate given –
- Brownfield sites generally have a higher land value than Greenfield and vacant sites; and therefore the Residual Land Value of redevelopment schemes on Brownfield sites need to be higher for redevelopment to be viable – thereby supporting the case for residential development to help cross-subsidise new employment floorspace;
  - Brownfield sites containing existing floorspace; such as the Hertford Industrial Estate; will incur significant demolition costs and site preparation costs further impacting viability; and
  - Many of the site constraints facing the HERT2 allocation are evident at the Hertford Industrial Estate including physical and environmental constraints of poor townscape, dereliction and site preparation, noise pollution, as well as access issues, road restrictions and obstacles to movement.
- 2.11 Whilst the Local Plan examination has been taking place, the Council have published a new employment study (West Essex and East Hertfordshire Assessment of Employment Needs (Ref ED144) undertaken by consultants Hardisty Jones Associates (HJA). This document was published on Friday 6th October 2017 ahead of the employment hearing session on Tuesday 10<sup>th</sup> October. This did not give participants sufficient time to read, understand and respond to the document. Whilst the time we have had to consider this has still been fairly limited, we have now read the document fully and have a number of concerns.

- 2.12 Our concerns primarily relate to the process for identifying the final floorspace / land requirement. The NPPG<sup>1</sup> states that:

*'When translating employment and output forecasts into land requirements, there are 4 key relationships which need to be quantified. This information should be used to inform the assessment of land requirements. The 4 key relationships are:*

- *Standard Industrial Classification sectors to use classes;*
- *Standard Industrial Classification sectors to type of property;*
- *Employment to floorspace (employment density); and*
- *Floorspace to site area (plot ratio based on industry proxies).'*

- 2.13 The HJA report seems to follow these steps, however then includes a further process called 'Phase 2' which includes an 'allowance for replacement floorspace' and an 'allowance for choice and flexibility' which then equates to the final total requirement. We are concerned these additional calculations are not in accordance with the NPPG and may significantly over-estimate the amount of floorspace required.
- 2.14 Whilst we do not take issue with the allowance for choice and flexibility, the logic for the allowance for 'replacement provision' is difficult to comprehend and seems to have a significant impact on the final requirement. As shown in Figure 4.7 (page 31) of the HJA report, the replacement provision for industrial (A) is 412,200sqm compared with an identified net additional need figure of 92,800sqm (B) across the FEMA. The replacement requirement is therefore around 4.4 times the additional net requirement figure. In East Herts, the replacement figure for industrial is 113,400sqm compared to a net reduction in requirement based on sector analysis of -21,200sqm. These figures are then added together to calculate the final gross requirement.
- 2.15 The replacement requirement figure is calculated as 1% of existing stock per annum and is based on stock figures from 2012, which are now 5 years out of date. That aside, it is unclear how this figure of 1% has been calculated and more importantly why it is necessary to add this to the net requirement figure. No consideration seems to have been given to the fact that replacement floorspace often results in intensification of either jobs and/or floorspace.
- 2.16 The logic of estimating a further requirement based on a proportion of the existing supply does not make sense, particularly when considered against the Council's previous employment evidence which shows that the majority of growth is expected to be in the service sectors (requiring office space) and decline is expected in the manufacturing sectors (requiring industrial space) - see East Hertfordshire Employment Forecasts and Strategic Economic Development Advice Report, DTZ 2012.

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<sup>1</sup> Paragraph: 034 Reference ID: 2a-034-20140306

- 2.17 Whilst consideration of the need to replace existing older units in poor condition is important, we believe that adding this to the overall net requirement figure in this way is fundamentally flawed. A separate analysis of supply should be undertaken which identifies precisely where replacement of existing units may be required and how much floorspace could be accommodated. Usually this process identifies where intensification of floorspace could occur. However, this should be a separate process to the identification of the net additional floorspace requirement.
- 2.18 In summary, given the late publication of this document, we do not believe that it should be used as part of the Council's employment evidence. In any case, we also have concerns that this report is flawed and may over-estimate the actual requirement for employment floorspace (particularly industrial) in the FEMA.

***Issue 8 - Are the allocated sites appropriate and deliverable, having regard to the provision of the necessary infrastructure and facilities, and taking account of environmental constraints?***

- 2.19 No. As discussed throughout our various representations the Council has seemingly ignored Boyer's evidence and that of its own consultants regarding the deliverability of the Hertford Industrial Estate for continued 'employment-only' use. The inability, despite attempts by our client, to secure alternative access through Foxholes appears to have been given limited regard by the Council. Even if alternative access could be secured it would create localised traffic and parking congestion within the Foxholes Business Park and still would not support the required uplift in values necessary to make either employment redevelopment or refurbishment viable.
- 2.20 As outlined in our Regulation 19 response we have completed a high level appraisal for industrial / warehouse redevelopment of the site as well as office redevelopment. Both appraisals generated a negative residual land value of -£2.3 million for industrial redevelopment and -£11.5 million for office redevelopment respectively. To be considered viable a development's Residual Land Value needs to at least equal a sites Existing Use Value (inclusive of a suitable landowner's premium).
- 2.21 Even if, for the purposes of this exercise, the 50% of the Hertford Industrial Estate that currently lies vacant is assigned a nil value (which would not reflect standard market practice) the site has a conservative land value of circa £4 million. This is based on the current situation whereby only half of the floorspace at circa 6,000 sqm NIA is let at an average rent of £4.79 psft (£51.56 psqm). Based on the Estate's poor condition; access and visibility an appropriate capitalisation rate (yield) is considered to be 8%. After subtracting purchaser's cost and adding a 20% landowner's premium a conservative land value of £4 million is generated.

- 2.22 When the Boyer appraisals were completed in 2016 they used values based at the upper end of local rental comparables and used generous plot ratios to calculate approximate floorspace quantums achievable through redevelopment. Even when significantly higher values are used in the appraisals, the output Residual Land Values of industrial and office redevelopment still fall significantly below the Estate's current existing use value of circa £4 million, which clearly demonstrates redevelopment is not a viable option.

**Table 1 – Residual Land Values based on optimistic industrial rents and yields**

	8% yield	7.5% yield	7% yield
£80 psqm	-£2.3 million (baseline appraisal results)	-£1.6 million	-£800,000
£85 psqm	-£1.7 million	-£1.0 million	-£130,000
£90 psqm	-£1.1 million	-£350,000	+£500,000

- 2.23 The higher rental values of £85-£90 psqm and stronger yields of 7-7.5% are included for illustrative purposes only and are not considered deliverable at the Hertford Industrial Estate given the strength of the local market and the site's access issues; lack of visibility and distance from a motorway. This is illustrated by the fact that better quality distribution and industrial units are currently being marketed at asking rents of between £7.25-£7.50 psqft (£78-£81 psqm). These include The Azelis Building in the Foxholes Business Park; and good quality industrial premises in Mead Lane (see Appendix 1).
- 2.24 Similarly, sensitivity testing higher rents and stronger yields for the office redevelopment scheme still do not generate residual land values comparable to the Estate's conservative existing use value. Better located good quality offices in the local area fail to achieve the higher rents tested below in most cases (see Appendix 2).

**Table 2 - Residual Land Values based on optimistic office rents and yields**

	8% yield	7.5% yield	7% yield
£170 psqm	-£11.5 million (baseline appraisal results)	-£10.6 million	-£9.2 million
£190 psqm	-£9.9 million	-£8.5 million	-£7.0 million
£210 psqm	-£8.0 million	-£6.5 million	-£4.8 million

- 2.25 Boyer has also considered the viability of refurbishing the existing buildings for continued employment use. Two issues are pertinent here. Firstly the high cost of refurbishing the existing buildings which date back approximately 60 years and are in a poor state of repair; and secondly even if refurbished the existing buildings would remain single storey, with low ceiling heights, and therefore less suitable for stacking and mezzanine floors provided in modern industrial / warehouses premises.
- 2.26 The overall cost of refurbishing the Estate has been estimated following the completion of a Condition Report prepared by JLL, a summary of which is included as Appendix 3. The overall refurbishment cost is estimated to be £10.5 million. By way of a comparison the industrial redevelopment scheme tested by Boyer assumes a build cost, based on applicable BCIS rates (and inclusive of external works; contingency and professional fees), of £11.5 million. Given the estimated cost of refurbishment is only marginally lower than the assumed new build costs, it is not considered feasible. The refurbished buildings would also remain single story; with inadequate parking and the wider site configuration would remain less efficient than a new build scheme. These issues place a ceiling on achievable rents that do not justify the significant refurbishment costs.

## **APPENDIX 1 – LOCAL INDUSTRIAL COMPARABLES**

## Lease Comparables

<b>1</b> 	<p>37,695 SF Industrial Lease Signed Mar 2017 for £7.50/SF (Asking)          The Azelis Building - John Tate Rd - Ground Direct          Hertford, SG13 7YH - East Hertfordshire Ind Submarket</p>	<span style="color: orange;">★★★★★</span>
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Asking Rent:	£7.50/SF	Start Date:	Aug 2017	Rent Free:		Deal Type:	New Lease	Property Type:	Industrial Class B
Achieved Rent:		Term:		Breaks:		On Market:	10 Mos	Building Area:	37,994 SF
Effective Rent:		Exp. Date:		Reviews:		Build-Out:	Full Build-Out	Rates:	£0.00/SF

Office Area:

Dock/Drive In:

No/2

Parking Ratio:

Leasing Rep: Davies & Co - Daniel Hiller

Landlord:

Tenant Rep:

Tenant SIC:

Lease Notes: A tenant has taken 3,501 sq m of industrial space.

ID# 130073271

<b>2</b> 	<p>7,915 SF Industrial Lease Signed Nov 2016 for £7.25/SF (Asking)          Suite - Mead Ln - Direct, Leased by MidMeds          Hertford, SG13 7AY - East Hertfordshire Ind Submarket</p>	<span style="color: orange;">★★★★★</span>
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Asking Rent:	£7.25/SF	Start Date:	May 2017	Rent Free:		Deal Type:	New Lease	Property Type:	Industrial Class B
Achieved Rent:		Term:		Breaks:		On Market:	5 Mos	Building Area:	33,561 SF
Effective Rent:		Exp. Date:		Reviews:		Build-Out:	Full Build-Out	Rates:	£3.27/SF

Office Area: 982 SF

Dock/Drive In: No (GRND), N...

Parking Ratio:

Leasing Rep: Davies & Co - Daniel Hiller

Landlord:

Tenant Rep:

Tenant SIC:

Lease Notes: A new tenant has taken unit 20 comprising 7,915 sq ft (735.33 sq m) of ground and first floor industrial accommodation. Davies & Co acted on behalf of the landlord. The deal was confirmed by Daniel Hiller at Davies & Co.

ID# 127174901

## **APPENDIX 2 - LOCAL OFFICE COMPARABLES**

## Lease Comparables



2,961 SF Office Lease Signed Aug 2017 for £21.50/SF (Asking)  
Unit E1 - John Tate Rd - Ground Direct, Leased by Mobile Account Solutions  
Hertford, SG13 7NN - East Hertfordshire Submarket



Asking Rent:	£21.50/SF	Start Date:	Oct 2017	Rent Free:		Deal Type:	New Lease	Property Type:	Office Class B
Achieved Rent:		Term:		Breaks:		On Market:	74 Mos	Building Area:	11,125 SF
Effective Rent:		Exp. Date:		Reviews:		Build-Out:	Full Build-Out	Rates:	£7.26/SF

Amenities: Raised Floor

Leasing Rep: Davies & Co - Daniel Hiller

Landlord:

Tenant Rep:

Tenant SIC:

Lease Notes: A tenant has taken 275.08 sq m of ground floor office space.

ID# 131840301



3,559 SF Office Lease Signed Jun 2016 for £18.50/SF (Asking)  
Stag House - Old London Rd - 3rd Floor Direct  
Hertford, SG13 7LA - East Hertfordshire Submarket



Asking Rent:	£18.50/SF	Start Date:	Jul 2016	Rent Free:		Deal Type:	New Lease	Property Type:	Office Class B
Achieved Rent:		Term:		Breaks:		On Market:	29 Mos	Building Area:	27,725 SF
Effective Rent:		Exp. Date:		Reviews:		Build-Out:	Full Build-Out	Rates:	

Amenities:

Leasing Rep: Michael Rogers LLP - Chris Bulmer, Niall Christian

Landlord: Hermes Real Estate Investmen...

Tenant Rep:

Tenant SIC:

Lease Notes: A new tenant has taken 3,559 sq ft of third floor office accommodation on confidential terms. Michael Rogers LLP acted on behalf of Hermes Real Estate Investment Management Ltd. The deal was confirmed by Chris Bulmer at Michael Rogers LLP.

ID# 125812221



2,664 SF Office Lease Signed Jan 2016 for £17.00/SF (Asking)  
Stag House - Old London Rd - 3rd Floor Direct  
Hertford, SG13 7LA - East Hertfordshire Submarket



Asking Rent:	£17.00/SF	Start Date:	Feb 2016	Rent Free:		Deal Type:	New Lease	Property Type:	Office Class B
Achieved Rent:		Term:		Breaks:		On Market:	22 Mos	Building Area:	27,725 SF
Effective Rent:		Exp. Date:		Reviews:		Build-Out:	Full Build-Out	Rates:	£16.37/SF

Amenities:

Leasing Rep: Michael Rogers LLP - Chris Bulmer

Landlord: Hermes Real Estate Investmen...

Tenant Rep:

Tenant SIC:

Lease Notes: An undisclosed tenant has taken 2,664 sq ft (247.49 sq m) of part third floor office space at £45,288 pa, equating to £17 psf (£182.98 psm) on confidential terms. Michael Rogers LLP acted on behalf of the landlord. The quoting rent was £45,288 pa, equating to £17 psf (£182.98 psm). Deal confirmed by Chris Bulmer at Michael Rogers LLP

ID# 122458471

## Lease Comparables

4



2,073 SF Office Lease Signed Aug 2016 for £15.00/SF (Asking)

Unit 1 - Mead Ln - 1st Floor Direct

Hertford, SG13 7AX - East Hertfordshire Ind Submarket



Asking Rent:	£15.00/SF	Start Date:	Aug 2016	Rent Free:		Deal Type:	New Lease	Property Type:	Industrial Class B
Achieved Rent:		Term:		Breaks:		On Market:	1 Mo	Building Area:	16,582 SF
Effective Rent:		Exp. Date:		Reviews:		Build-Out:	Full Build-Out	Rates:	£5.87/SF

Amenities: Air Conditioning, Car Parking, Demised WC facilities, Open-Plan, Raised Floor, Reception

Leasing Rep: Davies & Co - Michael Davies

Landlord: Hermes Real Estate Investmen...

Tenant Rep:

Tenant SIC:

Lease Notes: A new tenant has taken unit 1 comprising 2,073 sq ft (192.59 sq m) of first floor office accommodation. Davies & Co acted on behalf of the landlord. The deal was confirmed by Daniel Hiller at Davies & Co.

ID# 125353301

## **APPENDIX 3 – JLL CONDITION REPORT SUMMARY**

## Condition Survey – Summary Comments

The following are summary comments following an inspection of the above estate all of which is in accordance with our instruction and associated terms and conditions. It reflects our findings to date and the comments should be read in conjunction with the full report.

The majority of the buildings comprise an office block, adjoining or integral and either one or two storey, with an adjoining single storey warehouse. Within this general description there are the following specific building types: Starting at the entrance to the estate:

### Description:

- Unit 11 is a two storey brick built office building with manufacturing facility with a flat felt roof.
- Units 12 and 12a have similarly formed two storey office blocks with dual pitched asbestos clad single storey warehouses. Unit 12 has a single storey side addition with flat roof.
- Units 1-8 are broadly of similar construction with solid brickwork office blocks, either one or two storey, with predominantly single glazed metal casement windows and single storey dual pitched asbestos clad roofs to the adjoining warehouses with roof lights set in the slope. The roofs are steel portal framed with the columns set in the brickwork elevations. Units 1 and 2 are connected with a first floor walkway and to ground level.
- Unit 9 is formed of steel portal frame with dual pitched roof with integral roof lights set in the slopes and is clad with asbestos cement corrugated cladding externally and lining panels internally. The external elevations are predominantly clad with corrugated asbestos cement cladding. There is a small brickwork section to the end gable to Unit 9 with blockwork ancillary office and toilet accommodation internally.
- Units 10 and 10a comprise a large single storey warehouse which has been sub divided with dual pitched roofs clad with corrugated asbestos cement sheeting with integrated roof light strips/ribbons. The external walls are formed of patterned concrete blocks. The structure is formed of multi-bay steel portal frames.
- Unit 10b is a single storey, multi-bay, dual pitched roof with integral roof lights which is part asbestos cement clad and part patterned blockwork and is formed with a steel portal frame. A single storey brick clad side addition has been added providing ancillary office accommodation.
- Units 14-35 inclusive are single storey warehouses with double pitched asbestos clad roofs with integral roof light strips formed of steel portal frames and are predominantly clad with corrugated asbestos sheeting with small brickwork sections to the gable ends facing Caxton Hill which contains receptions and ancillary office areas. These units are let as a combination of single and double units.

There is parking adjacent to Unit 11 and to either side of Caxton Hill to the front of the respective units and behind Units 14-35 with isolated additional yards and parking areas to the remainder of the site. The rear left hand extremity of the site access road has a series of bollards and obstructions formed which prevents vehicular access. There is access between the various units and blocks of units with limited areas to the rear to the units to the eastern section of the site (Units 11 and 12 are taken to be at the northern end of the site with Units 10 and 10b at the southern end for the purposes of orientation).

The service roads and parking areas are a combination of concrete hardstandings and tarmacadam covered areas. The boundary walls and fences are a combination of concrete posts with chain link fencing together with sections of brick and blockwork retaining walls. The retaining wall adjacent to Units 11 and 12 is substantial and retains a considerable height and contains steel columns. There are various shrubs and trees within the curtilage of the site and some significant trees immediately adjacent to the site. There is an

overgrown area to the southern end of the site immediately outside and adjacent to Units 10b and 10a and what is expected to be Japanese Knotweed was noted to this and other areas.

## Condition

Generally the buildings to the estate are in poor order with structural defects noted to a number of units.

Isolated building are in relatively better order although offer very basic accommodation, for example Unit 11.

The majority of the units with very limited exceptions have the original, what is suspected to be, asbestos cement clad roofs, with integral roof lights. In each instance the roofs leak. Unit 7 has been lined internally although the original asbestos clad roof remains and this roof still leaks.

Substantial works are required to the roofs. Although there are options complete replacement or complete over cladding will be required with new roof lights and new rainwater disposal systems. Carrying out these works while the units are occupied notably if roofs are replaced would be very difficult and would considerably increase the costs. Ideally the units should be vacant.

The roofs to the office blocks are predominately flat and felt covered and were leaking in the majority of instances. Isolated roofs have had the felt covering overlaid/replaced. These roofs will require recovering where this has not been carried out previously in the recent past.

Stepped cracking is evident to Units 10,10a & 10b indicating significant structural movement. Stepped and other cracking was also noted to the majority of the remaining units to the brickwork and blockwork walls.

The units with corrugated asbestos sheet cladding are in poor order with numerous broken and damaged sheets evident. Consideration should be given to replacing this cladding, alternatively substantial repairs will be required.

The brick built office blocks require general backlog maintenance and repairs.

The majority of the windows to the units are single glazed metal framed casements and are in poor decorative order and generally require completely overhauling including the ironmongery. This type of window has very poor thermal and sound insulation properties and should be considered for replacement with PVCu double glazed units. In isolated instances limited replacement windows have been installed although a number of the double glazed units have failed.

The external joinery including fascia's, soffit, doors and isolated windows are generally in poor order with rotten sections evident. The loading doors generally including where metal clad are in poor order and in instances require replacing.

Similarly the external joinery requires overhauling including replacement of elements.

The external areas are in variable condition with significant sections of the road surface, service yard areas and car parking cracked, broken and otherwise defective and require relaying. Clarification is required concerning which areas are adopted. We have assumed the unmade sections will remain broadly as existing although the hardstandings will require repairing/replacing. The fences and boundary walls generally require overhauling.

Internally the buildings are generally in a correspondingly poor condition. Isolated office areas have been upgraded and fitted out by the existing tenants although the overall standard of accommodation including toilet facilities is considerably below that of modern equivalent units.

All buildings would require a complete refurbishment when the existing tenants vacate.

In addition to the above general comments a number of the floors slabs are showing signs of movement. This is in addition to worn areas particularly adjacent to movement and other joints. The movement appears to be progressive in instances and Unit 10, 10a & 10b are particularly badly affected.

Generally further structural investigation will need to be carried out although significant work is likely to be necessary.

Due to long-standing water ingress there is a likelihood of dry rot and other timber defects having occurred together with corrosion of ferrous elements and general degradation of the fabric. This will require investigative and exploratory work to determine the extent.

Although we have not carried out an asbestos survey there are likely to be asbestos containing materials within the majority of building. This is in addition to the roof sheeting which is likely to be asbestos cement sheeting.

We have not assessed the units from a health and safety, fire precaution or work place and similar statutory requirements relating to the tenant's occupation although the units would generally be expected to be non-complaint.

### **Mechanical and Electrical Installation (Extract from FHP ESS report)**

There is no dating evidence for Hertford Industrial Estate however it appears to have been constructed in phases between the 1930s and 1950s. Engineering services are generally at or approaching the end of economic service. Tenant fit out has introduced items such as comfort cooling and process equipment.

No maintenance or statutory documents were available to view and with the exception of Unit 11 the Tenants appeared to be unaware of their responsibilities for basic record keeping and system inspection such as periodic test and inspection of the electrical fixed wiring to British Standard BS: 7671 and testing of emergency lights to BS: 5266.

We were unable to gain access to the following units Unit 4, Unit 12A, Unit 15, Unit 16-17, Unit 18-19, Unit 20-21, Unit 30-31 and Unit 32-33.

### **Estate Services:**

Estate engineering services comprise street lighting and below ground drainage. A network of telecom and cable television (CATV) cables from third party providers are installed below roads and footpaths with control boxes to the side of unit 34-35.

Drains were inspected by a specialist and their report is attached as Appendix Three. We recommend that the report is read in full but draw your attention to a manhole access shaft collapsed walls within a chamber between Unit 26 and Unit 24. The foul drains are blocked by an unknown cause at the first manhole outside the site boundary and sections of the storm drain are inaccessible due to partial blockages.

### **Engineering Services Generally:**

Where two units are identified in one heading they are occupied by the same Tenant and there is evidence of interconnection between them. Budget costs make no allowance for separating services.

Where installed the heating services are at or approaching the end of economic service and we recommend replacement. Budget costs allow for replacement with gas fired boilers generating low temperature hot water (LTHW). Chemical and microbiological certification for the LTHW closed loop systems were not available for review and therefore the water quality of these closed loop systems could not be ascertained. Although no issues were reported at the time of the survey, it is not possible to assess if there are water quality issues in the absence of this information. However, if there are issues then there is the potential that the cost of corrective action could be significantly higher than normal maintenance levels would allow.

Gas, electricity and water utilities serve individual units and the gas supply has been capped off in some of them. Meter Point Reference Numbers (MPRN) were not displayed in most units and are identified in the itemised unit descriptions that follow.

There is generally no mechanical fresh air ventilation or extraction of vitiated air and we have allowed for installation of toilet extract ventilation.

Electrical service supply heads are generally at the end of economic life and we recommend replacement. The electrical service head in three of the units show signs of electrical overheating in the past and we recommend inspection and resealing in the short term. The distribution systems are identified in each Unit report where they require replacement. Lighting is provided by a variety of fittings and there is generally a lack of emergency lighting throughout. We have allowed budget costs for replacement light fittings including emergency lighting.

Most units do not have working fire detection and alarm systems and we recommend installation of them in the short term.

Public health services are installed in all units and range from serviceable to vandalised equipment. Water services are isolated in some of the vacant units and storage tanks generally do not meet the requirements of the Water Fittings Regulations. We recommend replacement in the short term.

Rain water is collected in a variety of gutters and pipes including plastic, cast iron and cement based products. The fittings have generally failed and are at the end of economic life. We recommend replacement in the short term and advise that an Asbestos Survey should be commissioned and the findings analysed before starting any work.

Tenants have installed services and equipment to suit their requirements and we have made no allowance for replacements. Refrigerant R22 may be present in Unit 11, see limitations in Section 5.

The EPC's for the estate, taken from the Landmark database, give ratings for the units on the estate which vary from G (165) to C (55). Several of the assessments which were completed in 2014 do not appear to be credible upon comparison with the older assessments and when compared to similar units on the estate. It would be expected, in line with the up to date software algorithms, that a worse rating would be returned for updated assessments. Currently there are five units with an F or G rating, 5 with an E rating and 4 with a D rating.

## **Summary Budget Refurbishment Costs Estimate**

Significant backlog maintenance works and rebuilding and improvement works will need to be carried out to bring the units up to a reasonable standard. An estimate of the likely costs of the required refurbishment works is provided in the table below.

Unit No.	Fabric Costs	M&E Costs	Total
Unit 1 & 2	£542,000.00	£191,750.00	£733,750
Unit 3	£235,000.00	£79,300.00	£314,300.00
Unit 4	£235,000.00	£85,000.00	£320,000.00
Unit 5	£243,000.00	£85,000.00	£328,000.00
Unit 6	£264,000.00	£88,650.00	£352,650.00
Unit 7	£247,000.00	£80,100.00	£327,100.00
Unit 8	£272,000.00	£92,850.00	£364,850.00
Unit 9	£240,000.00	£67,300.00	£307,300.00
Unit 10	£149,000.00	£15,100.00	£164,100.00
Unit 10a	£1,030,000.00	£271,500.00	£1,301,500.00
Unit 10b	£348,000.00	£113,100.00	£461,100.00
Unit 11	£460,000.00	£183,450.00	£643,450.00
Unit 12	£298,000.00	£121,100.00	£419,100.00
Unit 12a	£271,000.00	£50,000.00	£321,000.00
Unit 14	£87,000.00	£36,500.00	£123,500.00
Unit 15	£87,000.00	£50,000.00	£137,000.00
Units 16 / 17	£158,000.00	£100,000.00	£258,000.00
Units 18 / 19	£172,000.00	£100,000.00	£272,000.00
Units 20 / 21	£175,000.00	£100,000.00	£275,000.00
Units 22 / 23	£160,000.00	£54,600.00	£214,600.00
Units 24 / 25	£172,000.00	£54,750.00	£226,750.00
Unit 26	£86,000.00	£50,000.00	£136,000.00
Unit 27	£86,000.00	£55,300.00	£141,300.00
Unit 28	£80,000.00	£50,000.00	£130,000.00
Unit 29	£80,000.00	£55,200.00	£135,200.00
Units 30 / 31	£158,221.55	£100,000.00	£258,221.55
Units 32 / 33	£159,000.00	£100,000.00	£259,000.00
Units 34 / 35	£171,000.00	£54,000.00	£225,000.00
Site and Externals	£1,250,000.00	£103,400.00	£1,353,400.00
<b>Totals:</b>	<b>£7,915,221.55</b>	<b>£2,587,950.00</b>	<b>£10,503,172</b>

### Third Party Clause

In accordance with our standard practice we must state this report is confidential to the party to whom it is addressed and their professional advisors, and no responsibility is accepted to any third party whether under the Contracts (Rights of Third Parties) Act 1999 as amended or otherwise for the whole or any part of its contents.

Neither the whole, nor any part of this report, or any reference thereto, may be included in any document or statement, nor published or reproduced in any way, without our prior approval in writing as to the form or context in which it will appear.

*Photographs of Site and Surrounding Area  
15.448 Hertford Industrial Estate*



*Unit 11 Caxton Hill*



*Unit 12a Caxton Hill*

**Boyer**

*Photographs of Site and Surrounding Area  
15.448 Hertford Industrial Estate*



*Front and side elevation of Unit 27 Caxton Hill*



*Front elevation of Units 33-35 Caxton Hill terrace*

**Boyer**

*Photographs of Site and Surrounding Area  
15.448 Hertford Industrial Estate*



*White painted -brick units 3 (left), 4 (centre) & 6 (right) to northern boundary of Caxton Hill*



*Unit 14 Caxton Hill*

**Boyer**

*Photographs of Site and Surrounding Area  
15.448 Hertford Industrial Estate*



*Front and side elevation to Unit 8 Caxton Hill*



*Unit 12 Caxton Hill*

**Boyer**

*Photographs of Site and Surrounding Area  
15.448 Hertford Industrial Estate*



*Caxton Hill looking towards Ware Road*



*Hertford Industrial Estate, Caxton Hill*

**Boyer**

*Photographs of Site and Surrounding Area  
15.448 Hertford Industrial Estate*

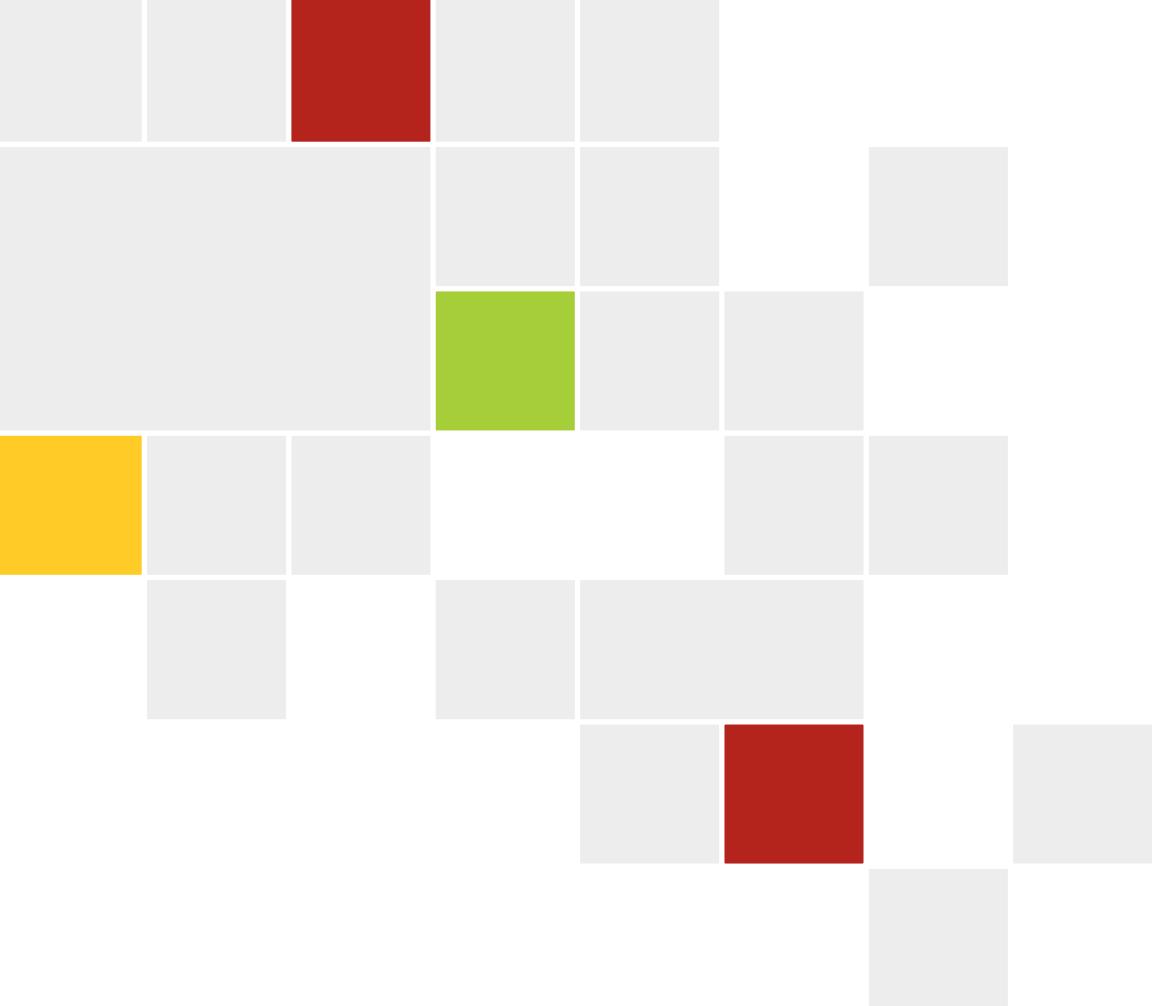


*Unit 10 Caxton Hill*



*Open storage area to Unit 10 Caxton Hill*

**Boyer**



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