**The White Pension Fund**

Hi Emily

Here is the market report/valuation I had last March. There is a fair amount of waffle, so I have highlit the actual valuation of £395,000 in red.

Please do talk to Gavin before you resubmit, because we did touch on a few other topics that may be relevant….

Many thanks for your help.

Yours,

Michael

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Many thanks for arranging an inspection for me at the above property last week with your son and I have included our marketing report for 2A Merrow Business Park, Merrow, below:

Location:

Merrow Business Park is a popular and well located out of town development situated 2.4 miles from the centre of Guildford and 1.1 miles from the A3 London to Portsmouth trunk road.

Guildford benefits from a fast and frequent train service to London Waterloo and Portsmouth Harbour, offering good connectivity to the capital and south coast.

Nearby there is also a regular bus service that runs from Merrow Lane into Merrow and Guildford on the no. 36 bus.

Description:

Unit 2A is an end of terrace light industrial unit of brick and block construction and a pitched aluminium sheet roof. The unit has the benefit of roller shutter door and front door access.

Internally the property is part carpeted on the ground floor and part solid concrete screed at the rear. Parts of the ground floor have been partitioned off to create offices, one of which has been let out as a serviced office on an all-inclusive Licence basis. The rear section of the ground floor is being used as a workshop area and is currently owner occupied.

A mezzanine first floor has also been created and additional open plan office space, with a kitchenette, WC and storage has been created. This space currently remains empty following expiry of the previous tenancy arrangements.

There are separate 3 phase electricity supplies for the ground and first floors, I believe the gas is shared but confirmation is needed and it has been assumed that all other mains services are connected to the building.

These can either be split on a meter by meter, floor by floor basis, or if there is only one supply expenditure can be apportioned on a % of the floor area occupied basis.

The unit has 4 car parking spaces associated with it; although neighbouring roads offer unrestricted parking all day.

Accommodation (Gross Internal Area):

Ground Floor 96.54 m² 1,039 sq. ft.

1st Floor 76.42 m² 822 sq. ft. (less restricted height element)

Total 172.96 m² 1,861 sq. ft.

x2 Kitchens (GF/FF)

x2 WC’s (GF/FF)

Roller shutter door

Condition:

Both internally and externally the properties appear to be in an acceptable state of repair. The Ground floor rear could be turned into additional office space if carpeted like the other suite, or upstairs, and turned into good serviced office accommodation if carried out correctly. The first floor space is a perfect example of this and would offer good quality serviced out of town office space with the benefit of cool air A/C.

Alternatively; the ground floor partitioning could all be removed and this turned into light industrial space; with the upstairs used as an office area.

On the external elements is there a separate shared service charge for the terrace of light industrial units or are external repairs the responsibility of each individual unit?

Rateable Values:

Unfortunately due to the new financial year coming up soon the VOA website has been down for the last 5 days and I have been unable to check the RV of the unit; my apologies.

From 1st April 2017 the rateable value threshold for 100% small business rate relief (SBRR) is going up from £6,000 to £12,000 which will reduce the business rates liability for occupiers below this level to nil and will increase the desirability of space rated below this level to occupiers in general.

If you have not already split the ratings assessment for the building into floors/suites, I would suggest doing so as this is perfectly acceptable and would almost certainly mean each occupier would receive full SBRR. This can be done via the VOA and we usually charge £750 + VAT for carrying this out.

Local governments then have their own ability to apply phased relief between £12,000 - £18,000 RV; so both floors may well fall within this level and receive a reduced business rate liability as a result.

Comparables:

Office Sale Comparables:

1D Merrow Business Park, Guildford

Whole: Size 1,436 sq. ft. GIA (5 parking spaces) – currently under offer at £380,000 (£264 psf)

Previous highs were around £225 psf for these units; but we managed to achieve additional offers of £330,000 (£230 psf) and £360,000 (£351 psf) as well as the one currently accepted.

This is a purpose built office unit, rather than a light industrial unit like Unit 2A Merrow Business Park, so would have an inherently higher value as result.

Serviced Office Comparables:

Bury House, Bury Street Guildford:

Upper Ground Floor: Size 753 sq. ft. Total Inclusive Rent £25,280 p.a. Rental Rate £33.57 / sq. ft.

Lower Ground Floor: 209 sq. ft. £6,600 p.a. £31.58 / sq. ft.

Webb House, Ripley:

Suite 1: 333 sq. ft. £9,300 p.a. £27.93 / sq. ft.

Suite 8: 160 sq. ft. £4,500 p.a. £28.13 / sq. ft.

These two units are purpose built offices; where “Business Centres” have been created and units are let on an all-inclusive licence basis; rather than a light industrial building conversion with mezzanine first floor.

9 Romans Ind. Estate, Farnham

A variety of suites currently on the market with Owen Shipp commercial for £20-25 psf all inclusive; these suites are located on the upper floors of an industrial unit situated in the middle of Roman’s Ind. Estate.

Rent/Price:

Current market rents for offices tend to range hugely for serviced offices, depending on the condition of the premises, location and available parking.

Current market rents for Freehold’s tend to range between £225 - £265 psf, depending on the condition of the premises.

Based on this the rents I would apply to the two floors (assuming the ground floor is fitted out in line with the first floor and either partitioned off to create additional suites or stripped out to open plan office) would be:

Ground Floor: £15,500 p.a.

First Floor: £12,500 p.a.

These would be based on all-inclusive rents for both spaces; including utilities, buildings insurance, internal and external repairs and heating. Business rates and telecoms would need to be dealt with directly by each individual occupier.

Based on the above we would market at – £395,000 (£212 psf).

The intention would be to create a scenario where we go to a “Best Bids” situation; receiving several offers in the first instance before going to best and final offers from all parties.

Tenure:

If you were looking at renting the office suites out on an all-inclusive basis you would most likely be looking at 1 year licence

Marketing:

In order to market the office property we will prepare PDF details to be listed on our own website and all the major commercial property portal websites. We would also carry out email marketing to any suitable existing applicants on our database and accompany all viewings of the property as well as the installation of a 4x3 V board for marketing.

We charge a total fee of £300 + VAT for the board and marketing.

Fees:

Our fees for marketing the office on a rental basis would be 10% of the annual rent; with a minimum fee of £1,500, paid upon completion.

Our fees for marketing the building for sale on a sole agency basis would be 1.5% of the sale price, paid upon completion.

Please let me know your thoughts on the above proposals and if you are happy to instruct Owen Shipp commercial I will send over our Agency Agreement for your signature and we can begin marketing of the property in due course.

If you do have any additional questions regarding the above then please do not hesitate to contact me.

I was aware that Daniel was potentially looking for rental premises just south of Godalming, I said it may have come too soon but please do see attached which I think may suit quite well!

If you have his email address as well I will send this over directly and get his requirement registered on our internal applicant’s database for future reference.

Regards,

Alex Bellion BSc (Hons) MRICS

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