



Marketing Assessment

Conversion of the ground floor from Class E to C3 to create 8 residential units

Queens Wharf Commercial, Queens Wharf, Reading, RG1 4QE

20.12.23_rev_A

1.0 Introduction

- 1.1 This report accompanies the full planning application for the Conversion of the ground floor from Class E to C3 to create 8 residential units, including minor external changes to create additional external balconies.
- 1.2 The aim of this report is to provide background information highlighting the lack of demand for the unit for rental and sale.
- 1.3 This report should be read in conjunction with the Planning Statement and Design and Access statement, accompanying the planning submission.
- 1.4 Information contained within this report has been provided by the Applicant, local agents and online property sources. Refer to supporting information contained within the appendix.

2.0 Current Arrangements

- 2.1 The application site forms part of 47 Queens Road, an 8 storey building situated between Kennetside to the north, and Queens road to the south.
- 2.2 The application site is located within the Central Area of Reading designated employment zone.
- 2.3 The application site comprises the partial ground floor accommodation on the southerly side facing onto Queens Road.
- 2.4 The buildings surrounding 47 Queens Road comprise a mixture of residential and commercial spaces, predominantly 3-4 storeys in a brick finish.
- 2.5 The building at 47 Queens road comprises 8 storeys, the lowest floor of which is the main entrance from Kennetside, and access to the undercroft parking. The ground floor is a mixture of residential and commercial use, with the upper six storeys in full residential use.



- 2.6 The existing building at 47 Queens Road is primarily residential in use, having been converted in the early 2000s from a governmental office building. The application site is the last remaining non-residential floor space in the building. This floorspace is served by the same Managing Agents as the commercial space.
- 2.7 The building at 47 Queens Road has a rendered finish, with powder coated aluminium window frames. At upper levels, there is a metal cladding finish to the top floors, along with timber balconies.
- 2.8 The existing building is currently undergoing refurbishment works to enhance the fire safety of the building, including replacement of insulated render, balcony decking and handrails.
- 2.9 The application site is raised above ground level, accessed via steps and a ramp into a reception area, from which further steps lead into a shared reception.
- 2.10 The existing office accommodation is around 600 sqm and comprises a largely open plan space. The accommodation is fairly dated, with suspended ceilings and carpet finishes. In our opinion not up to the standard expected from modern office spaces. Refer to the Design and Access document for images of existing.
- 2.11 The space is currently leased to a commercial travel agent, albeit the space has not been occupied since the Covid 19 pandemic, when the premises became empty with the current tenant opting to have staff work from home due to financial and staffing requirements.

3.0 Marketing History

- 3.1 The Applicant has owned the application site at Queens Wharf for over 20 years, having occupied the space themselves for a period of time.
- 3.2 For the past 5 years, the application site has been let to a tenant, with the site unoccupied since the Covid 19 pandemic.
- 3.3 The property has been actively marked for sale through Haslams since 07.2022; *refer to appendix for copy of advert.*
- 3.4 The property has been actively marked for rental through Haslams since 03.2023; *refer to appendix for copy of advert.*
- 3.5 During this time there has been a clear lack of interest in the property, with only one viewing arranged. Feedback from this viewing was that the property was not suitable for the viewer's business due to challenges surrounding level access.



4.0 Supply & Demand

- 4.1 The Applicant's agent, Haslams, has advised there is over 1,000,000 square feet of commercial space on the market within the Central Area of Reading zone, which highlights a further reason for the lack in interest in the application site. There is higher quality accommodation elsewhere in the Central Area of Reading, which is better suited to the modern needs of occupants. *Refer to Appendix for further information.*
- 4.2 The negative feedback received from the single viewing compounds our view that the existing building is not fit for future purpose as continued office space use.
- 4.3 The recently withdrawn Prior Approval powers for the conversion of office space to residential means this process cannot now happen automatically. However, a number of nearby buildings have already benefitted from this allowance. As such, the immediate context of the application site has changed from a predominantly commercial environment, to a predominantly residential context.
- 4.4 This in turn has meant facilities aimed to support commercial spaces [*administration / food / support services*] have also relocated. As the application site is positioned within this newly established residential context, the change of use to residential is more appropriate to create a longer term, meaningful community, rather than having empty space unable to be used.
- 4.5 The application site is set within a fully residential block. The change of use to residential would create a singular block use, which is particularly appropriate in maintaining good building safety, especially in light of the current change in fire regulations.
- 4.6 The application site is land-locked within the building and there is little opportunity to enhance the existing commercial space to provide the facilities needed for modern office use, such as; outdoor amenity space, health and fitness spaces and such like.
- 4.7 The trend for office space is towards smaller units, supported by a range of services on site. The limitation of expanding the existing accommodation to provide such services further compounds the lack of attraction/ interest in the existing space.
- 4.8 A particular challenge is respected of Discrimination and Disability Act is level access into the site, and future proofing the accommodation.
- 4.9 Agent's feedback – Neil Seager [Director]

To confirm whilst we continue to market the above unfortunately, we have received very little interest. The office market in Reading is extremely challenging particularly for space that is not grade A and/or near the station. To give you an idea of the size of the task there are over 140 competing offices being marketed in the town. The year to date take up (demand) figures are already struggling to keep up with 2022 which themselves were down approximately 50% on the five-year average. The current



challenging market conditions have been brought about by the change in the approach to working following the pandemic, the cost-of-living crisis, high inflation, rising interest rates, the business rates revaluation and declining business confidence. Whilst some indicators point to some improvement in business sentiment, few expect a swift turnaround, and the market is in urgent need of more positive economic news. It is hoped that an interest rate reduction would start improving market conditions later in the year. This should also coincide with further vacant offices being taken out of the market through conversion to alternative uses. We will of course continue to do our best but wanted to provide you with a clear picture of the challenging market conditions we are currently operating within.

- 4.10 Using Rightmove property portal, there are currently 28 vacant commercial units within a 0.25 mile radius, 53 vacant commercial units within a 0.5 mile radius and 92 vacant commercial units within a 1 mile radius. It is also worth noting that not all agents advertise with Rightmove, and therefore this is likely to be a minimum estimate of current availability.

5.0 Proposals

- 5.1 The proposed development comprises the conversion of existing office accommodation into 8no. residential units.
- 5.2 The proposed development will provide 4x2bed, 3x1bed and 1xstudio dwelling within the existing footprint of the office space. There are some additional minor proposals to optimise the quality of the residential accommodation, including a new window on the west side, new balconies and secondary glazing.
- 5.3 A Pre-application enquiry was submitted to Reading Borough Council in July 2023, with the headline feedback provided in respect of the Change of use:

The proposal would result in the loss of office floorspace in the Central Area of Reading. Justification of this loss would have to be made as part of a full planning submission, which covers the criteria as set out in Policy EM3. The application should demonstrate that the office floorspace is no longer needed with evidence of marketing and an assessment of its suitability as office space. Should the loss of office be justified, introducing additional residential units to a primarily residential building would be considered acceptable in principle

- 5.4 The application site is not located within the Core Employment Zones, as identified in the 2019 Local Plan.
- 5.5 The lack of demand for the unit, either through rental or sale, forms the basis of the application for conversion into residential accommodation.

5.0 Conclusion



- 5.1 The proposed developed seeks to provide high quality residential accommodation, to replace existing the office space. This will seek to enhance both the context of the host building, which is already residential use, whilst supporting the wider context.
- 5.2 Evidence from the marketing agents demonstrate a lack of demand for the current office space is clear, both in terms of rental or purchase. This indicates the location, condition and size of the office space does not currently meet market demands.
- 5.3 There are significant physical limitations to upgrading the existing accommodation to meet modern needs, which is a critical factor that can dictate if a business succeeds or fails.
- 5.4 The character of the local area is moving away from office space, and is becoming predominantly residential. This is not a sustainable context for a thriving, productive and profitable commercial space.
- 5.5 Within a short distance, there is an excess supply of high quality office space within the Central Area of Reading.
- 5.6 The proposed residential accommodation is high quality, meeting the local and national space standards, as evidenced in the supporting documentation.
- 5.7 In conclusion, the above points provide a robust and strong argument for the conversion of the office accommodation into high quality residential dwellings.



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6.0 Appendix

6.1 Rental Brochure by Haslams



(<https://haslams.co.uk>)

(<https://www.mapbox.com/>)

© Mapbox (<https://www.mapbox.com/about/maps/>) © OpenStreetMap (<https://www.openstreetmap.org/about/>)

QUEENS WHARF, 47 QUEENS ROAD READING RG1 4QE

Reading, RG1 4QE

1,138 to 6,077 sq ft

To Let

Office

Get in touch

Add to shortlist

View shortlist (0) (<https://haslams.co.uk/find-a-property/shortlist>)

< Back to properties



Modern ground floor offices available to let in Reading Town Centre

Property Type

Office

Tenure

To Let

Size

1,138 to 6,077 sq ft

Rent

£18 per sq ft

Business Rates

£11.12 per sq ft



This property has been graded as D (88)

Key Features

- > Modern ground floor offices
- > Air conditioning
- > Reception area
- > Disabled access

Location

The property is situated to the north side of Queens Road which forms part of the towns Inner Distribution Road.

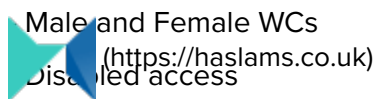
Reading town centre lies a short walk away, and the A329(M) and junction 11 of the M4 motorway are approximately 1 mile to the east and 4.3 miles to the south respectively.

Description

The accommodation occupies the ground floor of a prestige City Lofts Conran Designed apartment building. The space has consent for office use, and is currently divided into 3 large open plan offices. Accommodation is available from 1,138 – 6,077 sq ft NIA.

Specifications

- Raised floors
- Fitted kitchen and separate kitchenette area
- Air conditioning
- CAT 5 cabling
- CAT 2 lighting
- Entry phone system
- Reception area



Available area

We understand the Net Internal Areas (NIA) are as follows;

Name	sq ft	sq m
Ground - Front Left	1,138	105.72
Ground - Front Right	1,967	182.74
Ground - Rear	2,972	276.11
Total	6,077	564.57

Terms

The property is available as a whole or as 3 separate suites by way of sub lease to 28th February 2026 or a new longer lease directly from the landlord.

Legal Costs & VAT

Each party to bear their own legal costs.

This property is elected for VAT.

Business Rates (2023/2024)

The Rateable Value for the whole of the ground floor (6,077 sq ft) property is £132,000 which equates to approximately £11.12 per sq ft per annum payable.



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6.2 Sale Brochure by Haslams



GROUND FLOOR OFFICE QUEENS WHARF
INVESTMENT FOR SALE
47 Queens Road Reading Berkshire RG1 4QE



INVESTMENT SUMMARY

- Sale of ground floor office held on a 999 year long leasehold from 1st January 2001.
- Prominently situated within a short walk of Reading town centre with frontage to the Inner Distribution Road.
- Ground floor offices measuring 6,077 sq ft (NIA).
- Let to Altour International Limited (D&B rated 2A) on a 5 year effective FRI lease without break from 1 March 2021 expiring 28th February 2026.
- Rent: £110,000 per annum exclusive (£18.10 psf).
- Upward only rent review at the 3rd anniversary of the term (1st March 2024).
- The lease has security of tenure from the Landlord and Tenant Act 1954 but is excluded from the act's compensation provisions.
- Offers are sought in excess of £1,450,000 (one million four hundred and fifty thousand pounds) subject to contract and exclusive of VAT. A purchase at this level reflects an attractive net initial yield of 7.15%, assuming standard purchaser's costs of 6.08%.



LOCATION

The property is situated to the north side of Queens Road which forms part of the towns Inner Distribution Road.

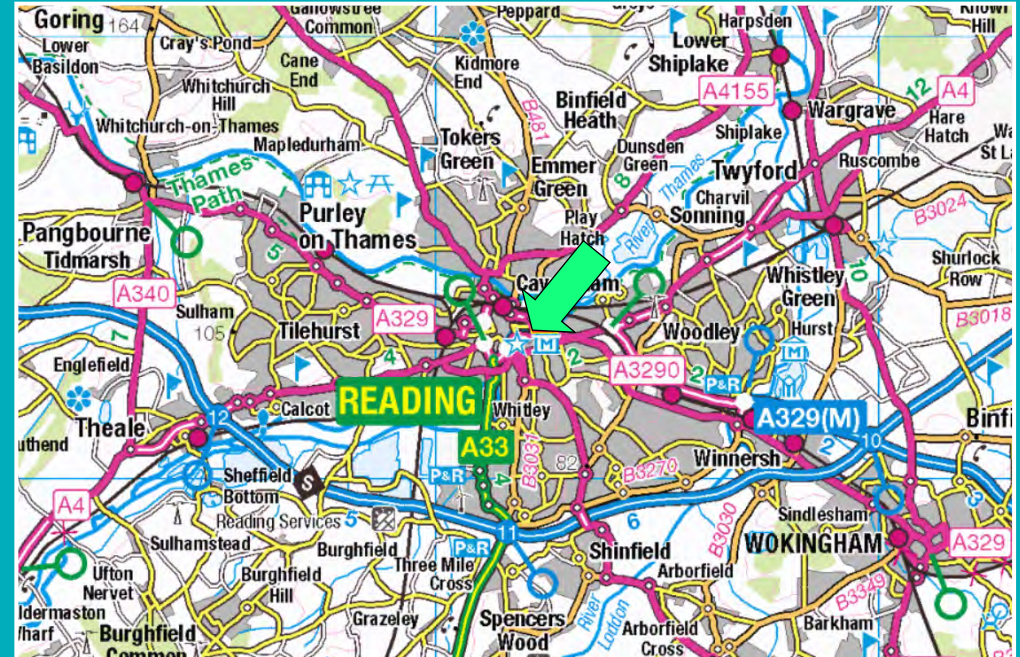
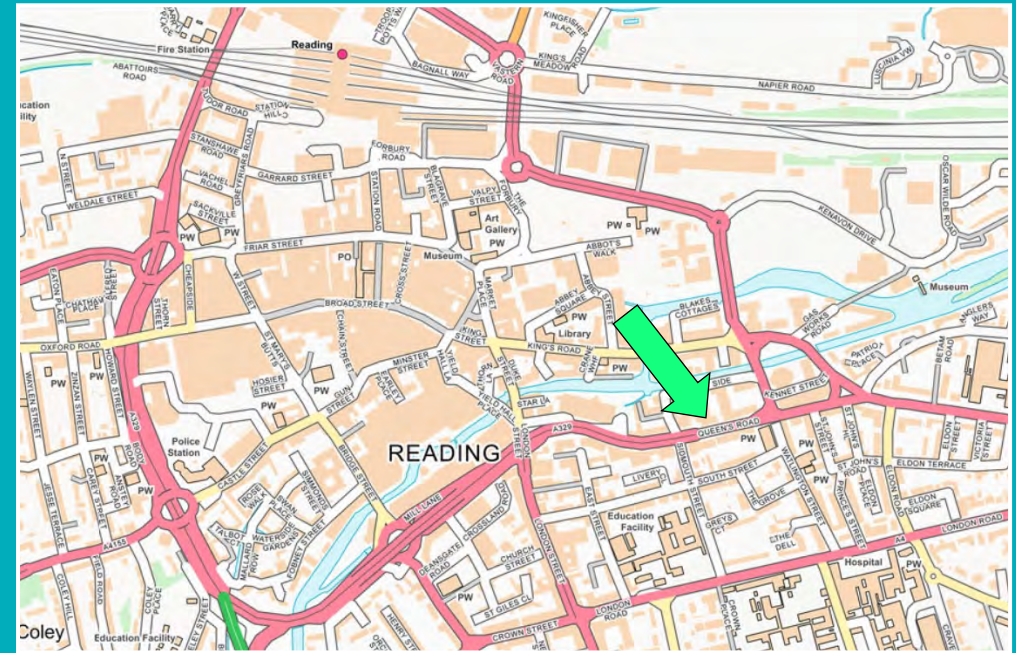
Reading town centre lies a short walk away, and the A329(M) and junction 11 of the M4 motorway are approximately 1 mile to the east and 4.3 miles to the south respectively.

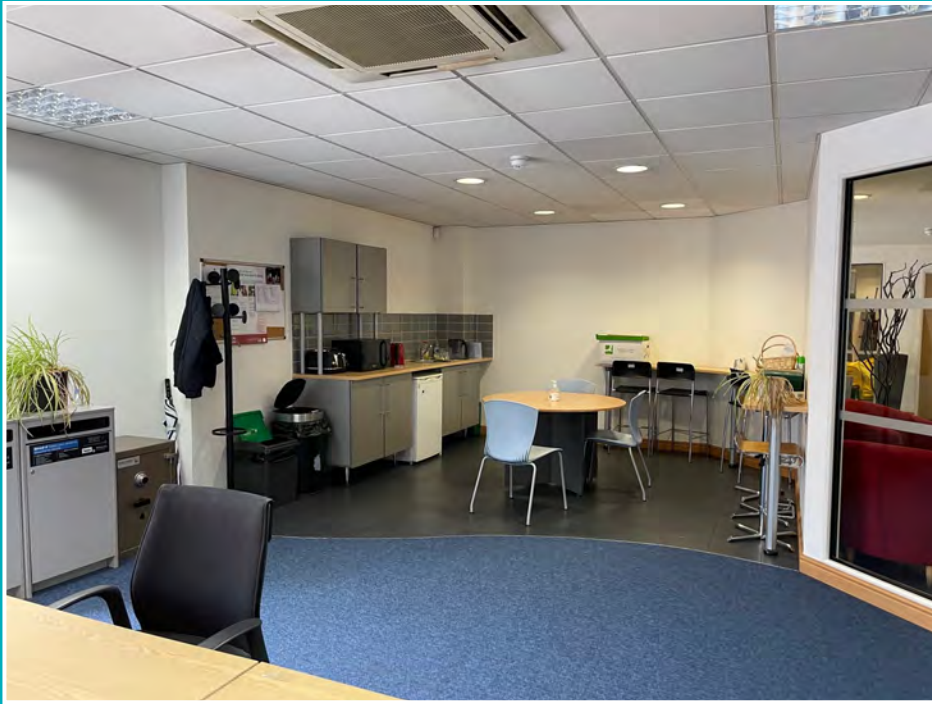
DESCRIPTION

The accommodation occupies the ground floor of a prestige City Lofts Conran Designed apartment building. The space has consent for office use,. And is currently divided into 3 large open plan offices.

The accommodation benefits from the following:-

- Raised floors
- Fitted kitchen and separate kitchenette area
- Air conditioning
- CAT 5 cabling
- CAT 2 lighting
- Entry phone system
- Reception area
- Male and Female WCs
- Disabled access





TENURE

Sale of ground floor office held on a 999 year long leasehold from 1st January 2001.

VAT

The property has been elected for VAT. A sale of the asset will be treated as a transfer of a going concern (TOGC).

ENERGY PERFORMANCE ASSET RATING

EPC: D:88

RATEABLE VALUE

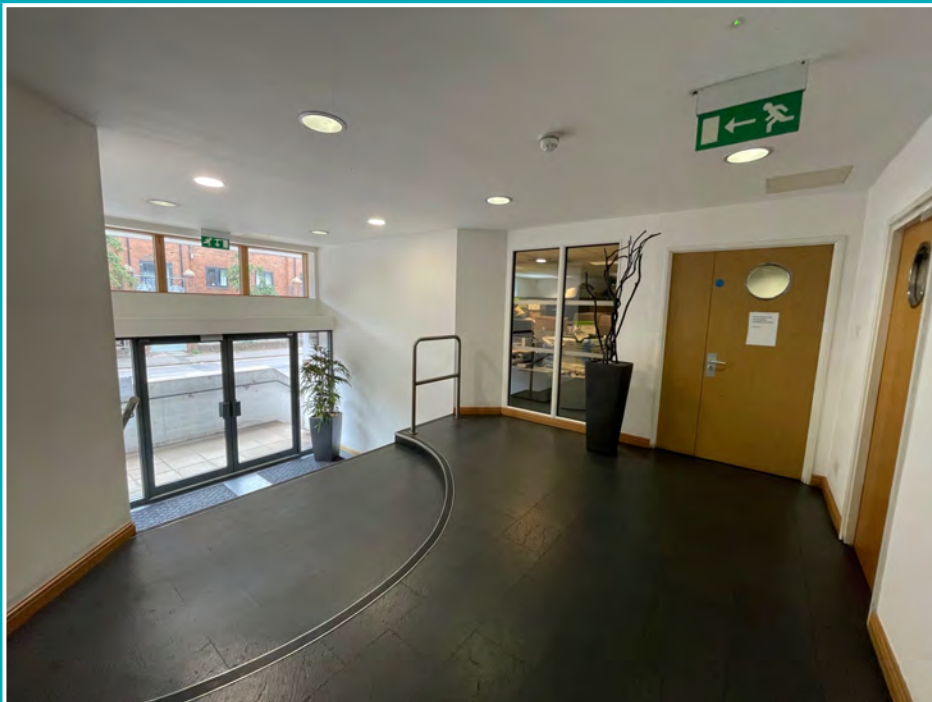
£105,000

SERVICE CHARGE

£12,841.73 biannually

INSURANCE

£4,781.96 per annum



ACCOMMODATION

The property provides the following accommodation measured on a Net Internal Area (NIA) basis in accordance with the RICS Code of Measuring Practice (6th Edition):-

Accommodation	sq m	sq ft
Front Left Office	105.71	1,138
Front Right Office	182.75	1,967
Rear Office	276.12	2,972
Total Area	564.58	6,077



Misrepresentation Clause: The accuracy of any description, dimensions, references to condition, necessary permissions for use and occupation and other details contained herein are not guaranteed and are for general guidance only and prospective purchasers or tenants must not rely on them as statements of fact or representations and must satisfy themselves of their accuracy. Haslams Surveyors LLP, nor any of their employees or representatives has any authority to make or give any representation or warranty or enter into any contract whatever in relation to the property. Prices and rents quoted in these particulars may be subject to VAT in addition. The reference to any mechanical or electrical equipment or other facilities at the property shall not constitute a representation (unless otherwise stated) as to its state or condition or that it is capable of fulfilling its intended function. Prospective tenants/purchasers should satisfy themselves as to the condition of such equipment for their requirements. September 2022

PROPOSAL

Offers are sought in excess of £1,450,000 (one million four hundred and fifty thousand pounds) subject to contract and exclusive of VAT. A purchase at this level reflects an attractive net initial yield of 7.15%, assuming standard purchaser's costs of 6.08%.

TECHNICAL INFORMATION PACK

A copy of the Technical Information Pack is available to interested parties upon request.

LEGAL COSTS AND VAT

Each party to bear their own legal costs.

Prices are quoted exclusive of VAT. It is anticipated that the sale of the property will be treated as a Transfer of a Going Concern. (TOGC)

VIEWING AND FURTHER INFORMATION

Please contact the sole agents for further information or an appointment to view.

Neil Seager

0118 921 1516
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Catherine de Billot

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6.3 Example modern office development; One Station Hill, Reading





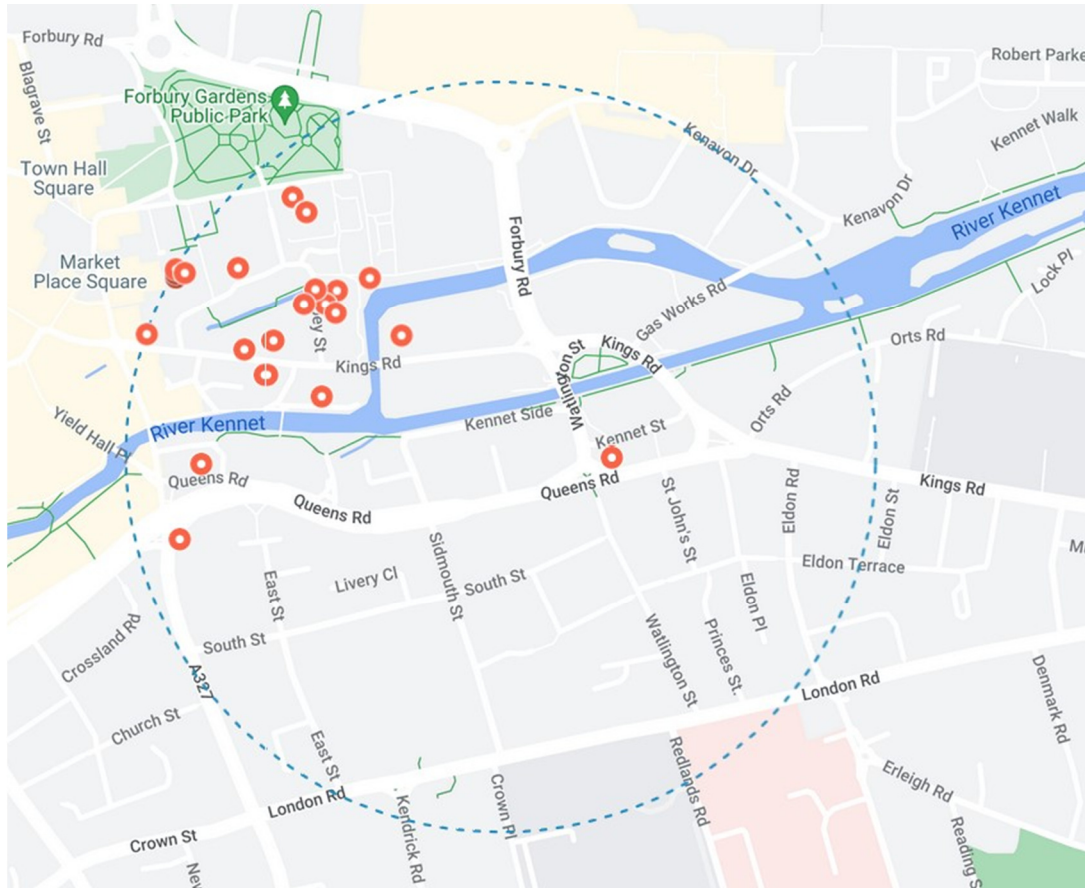
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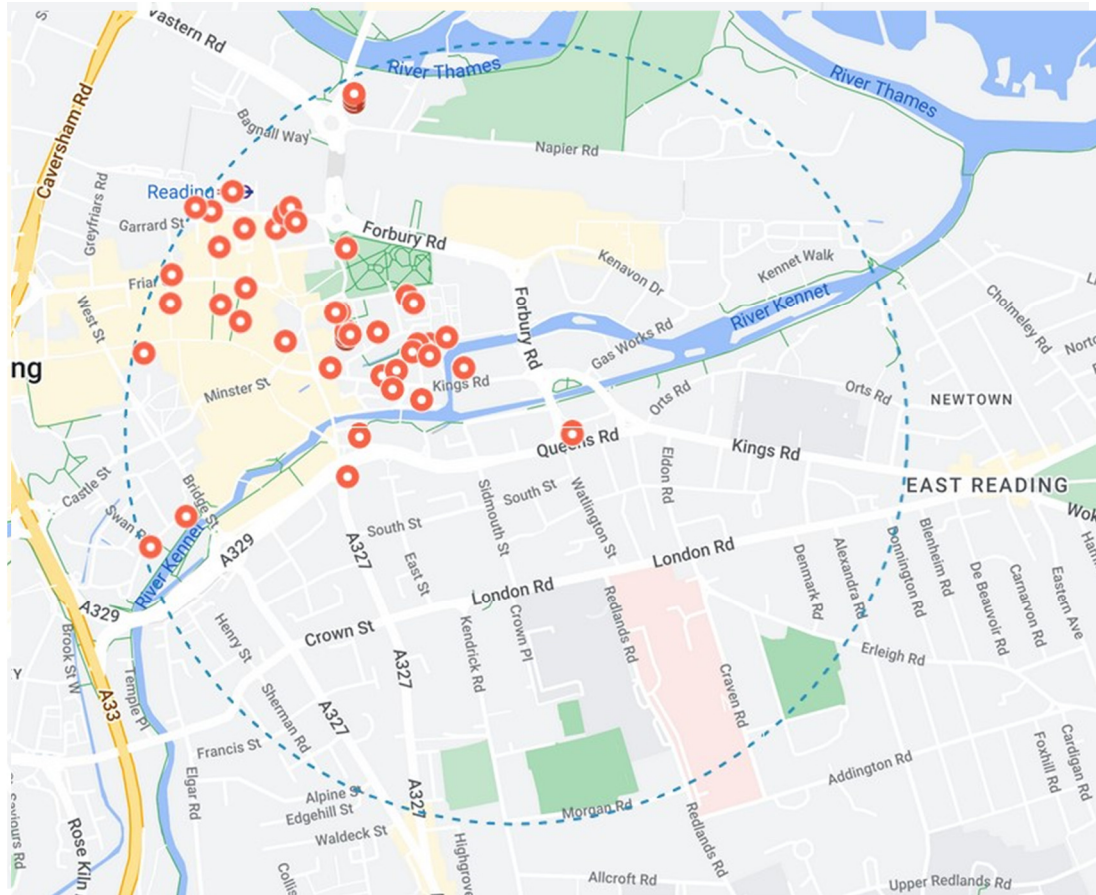


6.4 Map of similar properties for let within 0.25 mile radius; Rightmove





6.5 Map of similar properties for let within 0.5 mile radius; Rightmove





6.6 Map of similar properties for let within 1.0 mile radius; Rightmove

