

# SHOWCASE

OCTOBER 2018

**SHW**

**MAKING  
PROPERTY  
WORK**  
[SHW.CO.UK](http://SHW.CO.UK)



# FOREWORD

## SHW'S MANAGING PARTNER MARTIN CLARK LOOKS BACK ON THE LAST NINE MONTHS OF 2018

Welcome to the second edition of SHOWCASE, which highlights the depth and breadth of SHW's expertise in providing property advice across a broad range of specialist areas.

As we enter the last six months before the country leaves the EU, there has never been a more important time for owners, investors and occupiers to get clear professional property advice. At SHW all our professionally qualified surveyors are specialist practitioners in their field. As you can read in the following pages, it is not just the standard agency, building surveying or professional work that we pride ourselves on - but we also have forensic working knowledge in niche areas ranging from retail/food and beverage in Chinatown to valuing of schools and academies, block management as well as town centre redevelopment and regeneration.

Working with organisations and companies also gives us great pleasure as it allows us to utilise our full gamut of services to offer clients a seamless and joined-up service. Examples of this can be seen through our work with the charity Cats Protection as well as clients such as Day Lewis, a fast-growing pharmaceutical chain.

The main commercial property sectors of offices, industrial and retail have fared very differently. Prime offices in excellent locations continue to do well and once again we have seen the flexible workspace operators being acquisitive in our region. More secondary locations or poorer quality space has seen less activity which highlights the need for owners and landlords to make sure their space reflects the increasing demands from prospective occupiers or examine their PDR options.

Industrial is once again the star performer, with the continued migration of retail to online and last-mile delivery. We have seen prime industrial

investment yields reach sub-4% in some situations reflecting the desperate scramble of funds – both established and the arrivistes, to compete for the finite opportunities that exist.

The challenges facing retail has been extensively covered in the national press and we are already seeing from our work in the sector re-invention is in hand. Through active management and understanding the position of the property within the immediate and wider market, landlords are taking action to create a product which people want to visit whether that be a focus on community or the incorporation of leisure and food and beverage to attract and increase dwell times. Re-invention will need to be aided by way of flexibility from local government on planning use classes, to encourage activity in town centres and to help areas where there is disparate ownership, as well as help from the Chancellor by way of rates reductions. Currently, however, the inequality of overheads continue between online businesses and those also operating within bricks and mortar. So...further change is expected on the High Street, but there are emerging occupiers, both retail and leisure who are seeking units, but great advice is the key.

Whatever the effects of the EU negotiations and outcomes of discussion in the next six months, SHW will be best placed to offer our clients the highest quality advice and we look forward to Making Property Work for you.

**MARTIN CLARK** FRICS  
Managing Partner



# CONTENTS

**7.6 ACRE SITE ACQUISITION,** GATWICK

**MARKET LEADERS IN CHINATOWN,** LONDON

**PLANNING SECURED,** PEASE POTTAGE

**DAY LEWIS PHARMACY**

**THE VALUE OF EDUCATION**

**BEDFORD POINT,** CROYDON

**CATS PROTECTION**

**COMMERCIAL MANAGEMENT**

**TRANSFORMING THORNTON HEATH,** SOUTH LONDON

**BUILDING CONSULTANCY**

**PROVIDING RESEARCH FOR THE REGION...**





## 7.6 ACRE SITE ACQUISITION

### CREATING A MUCH NEEDED NEW WAREHOUSE AND LIGHT INDUSTRIAL PARK FOR GATWICK

SHW Business Space have advised on the purchase of the 7.6 acre former Phillips/Aerotron site in North Gatwick for a new 170,000 sq ft speculative high quality warehouse and light industrial scheme with units available from 20,000 sq ft upwards.

The acquisition - to be known as North Gatwick Gateway - is the first in a JV between Goya Developments and Hillwood to create a £50m multi-warehouse development which is much needed to satisfy the ongoing demand and very limited supply within the Gatwick Diamond.

Goya have an exceptional track record of identifying, acquiring and developing similar projects across the South East, including Gatwick 55, a 55,000 sq ft single-unit warehouse let by SHW in March 2016 to furniture retailer Barker & Stonehouse prior to construction starting onsite.

*"This site is a great opportunity for occupiers to lease what will be some of the best units in the area. Goya are well known for providing a high quality product which tick occupiers' requirements. As a result we are already discussing the site with a number of parties who are looking to take leases on units and expect a large proportion will be pre-let prior to construction. It is great to see another quality development by Goya in the area."*

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## SHW MARKET LEADERS IN CHINATOWN

Upward spiralling rents and business rate demands have put the future of Chinatown as a dining and cultural centre under threat – working strictly with tenants only, the SHW London Professional team are playing a part in helping to protect this unique and vibrant part of the capital from excessive demands.

We represent a significant proportion of restaurateurs in Chinatown, dealing with all occupational client needs, with particular emphasis on Landlord and Tenant issues, but also covering rating appeals and dilapidation matters.

Intimate district and sector specialist knowledge enable us to help clients amidst the impact of very challenging economic conditions and the rising costs of raw materials and staff as well as complying with regulatory controls. Our principal objective is to ensure all occupational outgoings are kept to a minimum and do not exceed the correct interpretation of market forces, which in the case of rental values involves the detailed analysis of market conditions and rental evidence and their application to the peculiarities of Chinatown. We also

have expertise in pursuing third-party action if necessary.

SHW have additionally been an active advocate with and on behalf of the Chinatown community – we feel passionately that the iconic status of this part of London should be protected as a long term and viable contribution to the international status of the West End.

*“Chinatown is a fascinating and unique trading area within Soho, and I believe SHW are the market leaders in representing tenants in order to ensure the sustainable future of the district.”*

**NIGEL AMOS**

Partner, Professional Division



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## PLANNING SECURED BY SHW FOR STATE-OF-THE ART SCANIA SOUTH EAST OUTLET

SHW Planning have been working on behalf of Gallagher Properties Limited in order to achieve consent for a cutting-edge HGV workshop facility for Scania GB on a three acre site in Pease Pottage, West Sussex.

The site was successfully marketed by SHW Business Space and the pre-application was warmly received for transforming the vacant land to a suitable alternative use generating employment.

Working with Gallagher Properties, their award-winning architects Corstorphine + Wright and wider team, SHW submitted a planning application to Mid Sussex District Council after a thorough pre-application process examining:

- ▶ Recent applications in the vicinity
- ▶ The scheme in relation to government policy and directives
- ▶ Economic development benefits
- ▶ Design

Gallagher Properties gleaned considerable experience from delivering a near identical new-build facility in Maidstone for Scania GB. This was opened by Her Excellency Nicola Clase, Sweden's Ambassador to the UK and this was a helpful platform to demonstrate the calibre of the new development. Scania had been searching for a suitable site for another South East workshop for a number of years.

The application was presented to the Mid Sussex Planning Committee which unanimously supported the proposals.

**Joe Heathfield**, Director of Gallagher Properties said: "We've enjoyed working with SHW on this important scheme, their local knowledge proved invaluable to us having not worked in the Mid Sussex area before."

*"It was a pleasure working on such an exciting commercial project. Scania are a well-known company and their aim of increasing employment in Mid Sussex was welcomed by all involved."*

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## DAY LEWIS PHARMACY A CROSS-FIRM CASE STUDY

Croydon-based Day Lewis Plc have grown from one pharmacy in Southborough, Kent to more than 300 outlets to become one of the largest independent pharmacy chains in Europe.

SHW began the relationship with Day Lewis in 2009 undertaking rent reviews and general Lease Advisory work as well as some investment advice. We were able to accommodate their rapid expansion amid acquisitions of new businesses such as ABC Pharmacies in South London.

Day Lewis' property requirements increased to include more service lines, such as:

- ▶ Professional – lease events across the occupational portfolio
- ▶ Building Consultancy – dilapidations and party wall work on a variety of properties
- ▶ Agency – disposal of surplus retail space as required
- ▶ Town Planning – obtained planning permission for a housing development in Croydon

The management of the residential Day Lewis portfolio came over to SHW in May 2014. The majority of the portfolio is situated between London and the South Coast, but with some properties spread across the whole country. SHW has the facility to cover these management requirements including refurbishment and procurement of contractors; compliance and best practice and many other aspects within a bespoke monthly reporting schedule.

**Rupa Patel**, Executive Director for Day Lewis said: “SHW not only have the versatility and scalability to deal with our requirements, they also provide a considerable level of expertise from department to department and a strategic, co-ordinated approach.”

“Nearly a decade on from our initial involvement we are still delighted to be handling Day Lewis' lease events as well as a variety of other services – a highly valued client who utilise us for a considerable proportion of their property requirements.”

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## THE VALUE OF EDUCATION SPECIALIST EXPERTISE IN A GROWTH AREA

Over recent years there has been a significant growth in Academy schools and colleges. SHW has acted on behalf of a number of large Academy Trusts and colleges in providing valuations for accounting purposes.

The properties were of a size and nature which would not normally be sold on the open market and the valuations undertaken on the basis of a Depreciated Replacement Cost (DRC) approach in order to assess the Fair Value in accordance with the Financial Reporting Standards and RICS Valuation – Global Standards 2017.

The methodology of a DRC relies on the principle of substitution. Essentially it is a cost-based approach making adjustment for obsolescence and other factors.

This is a highly specialised and technical practice area involving the ability to make complex considerations and judgement calls as to replacement costs based on a range of actual and hypothetical criteria.

*"Over recent years SHW has valued a variety of school and college properties ranging from a large college in North London comprising a substantial number of purpose-built educational buildings of various ages, styles and conditions, to converted period mansions in rural locations with ancillary buildings and large areas of grounds, woodlands and lakes. We have a long history of advising educational sector clients on a wide range of property matters including Open Market Valuations, Rent Reviews and Planning, Rating and other matters."*

**PETER TURNER**

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## BEDFORD POINT

### MULTI-DIVISIONAL VERSATILE SERVICE

Bedford Point is a 13,115 sq ft self-contained office building in central Croydon. SHW were recently instructed by the owner in a variety of ways – namely to fill it; look after it; represent the Landlord in leasing matters and finally to sell it.

- Our Professional Department were instructed to act for the Landlord during lease renewal and interim rent matters with the previous tenants who subsequently vacated the building
- SHW Building Consultancy prepared and negotiated a dilapidations claim with the outgoing tenant, reaching a good settlement for the client under demanding timescales
- Our Business Space team let the whole building to a single occupier at a rent of £27.50 per sq ft
- SHW's Investment Department subsequently sold Bedford Point at an all-risk yield of 5.8%

Client Michael McGinn said: "SHW combined excellent market knowledge with professional application to provide me with a complete service package for Bedford Point – from the interim rent settlement right across to the eventual freehold sale. I have been extremely satisfied with the service received and would have no hesitation to use SHW again in the future."

"We have the capability to offer a one-stop corporate property service for those who require it – and have a track record of delivering on every level across Agency, Building Consultancy, Lease Advisory, Management and much more."

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## OUR WORK WITH CATS PROTECTION

### FOUR DIVISIONS INVOLVED

SHW are instructed to carry out a significant array of work for Cats Protection – the UK's leading feline welfare charity. Each of the firm's four Divisions are involved.

Our Building Consultancy team have successfully delivered Condition Surveys and Insurance Reinstatement Cost Assessments across the charity's UK portfolio. In addition the Building Consultancy team are appointed as Project Managers to deliver extensive building projects upon National Cat Centre Headquarters and Adoption Centre within the portfolio.

In terms of Property Management we have provided temporary secondments as support to help deal with workload demands ensuring the client can focus on their core business.

Our Agency team have successfully acquired a new Homing Centre in Harrow whilst also completing further property searches to achieve client objective to expand the portfolio.

SHW's Professional Division have been advising Cats Protection on a range of matters for more than 15 years.

Simon Haste, Head of Property for Cats Protection said: "Our in-house property team is very small relative to the size of the Charity's property portfolio, so it is always reassuring to know that we have the support of SHW across a broad range of surveying specialisms when the need arises."

*"It is a pleasure to assist such a large charitable organisation in delivering their objectives across the portfolio. SHW's professional and experienced teams enables the client to be assured that all their property related matters can be handled in-house."*

**RUSSELL MARKHAM**

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## COMMERCIAL MANAGEMENT

### DANWORTH HOLDINGS, A CASE STUDY

Danworth Holdings was established in 1994, specialising in residential and commercial investments. The firm owns a number of properties comprising of retail, offices, warehouses and flats.

Our duties include:

- Rent collection
- Service charge administration
- Quarterly inspections of service charge property and annually for FRI
- Health & Safety and other regulatory requirements
- Advising on alterations / building surveying requirements
- Accounts, VAT and financial services
- Insurance recharge and collection

Since being instructed SHW has increased collection of rent to 97.5% within 7 days post the quarter due date.

Kevin Redmond, Partner of Danworth Holdings Ltd said: "Having client level access into the management software QUBE enables us to obtain information quickly so that we can prioritise our time on meeting our own targets and aims. Having a vehicle such as this and a firm like SHW that offers a one-stop shop means we are maximising our time effectively and efficiently to the best possible use." SHW was appointed to manage their portfolio of 32 properties in November 2017.

"We enjoy working closely with our clients as part of their team and not just as an external agent. This enables us to work in partnership to assist in achieving their objective of optimisation of their assets and constantly striving to add value."

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## TRANSFORMING THORNTON HEATH MULTIPLE SIMULTANEOUS PROJECTS IN SOUTH LONDON HOTSPOT

Property development is a vital part of the revitalisation of any urban area – and Thornton Heath, South London is no exception, with much of the recent change led by SHW Development Consultancy, strategically laying the groundworks for the near-simultaneous sale of four adjacent sites.

In recent months the team have formulated the following deals:

- Obtaining planning consent on the former Horseshoe public house (745 London Road) for a four/five storey mixed-use development comprising 2,500 sq ft of retail space, 20 new dwellings and 3,100 sq ft of new parking (CGI pictured above). The site was subsequently sold to a developer in July 2018
- SHW Development Consultancy successfully sought and obtained planning permission for 28 self-contained flats to be built at 777 London Road, a former van sales centre.

This included the formulation of detailed local market reports for the client so the optimum sale/exit schedule could be planned. The site was subsequently sold to a developer for more than the estimated price in July 2018

- The car park of the nearby former Wheatsheaf public house (759 London Road) was also sold to a developer in July 2018
- The sale of 10 Willett Road, a half-acre multi-let industrial site in May 2018 as a going concern but with residential planning consent secured for the future

*"Thornton Heath is the epitome of an up-and-coming area with a projected £1.4bn to have been spent on recent developments through to 2020. House prices there are said to be moving faster than anywhere in the capital – basically it's a very smart place to transform sites."*

**RICHARD PLANT**

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## SHW BUILDING CONSULTANCY

### PROVIDING LONG-TERM SOLUTIONS TO RECTIFY DANGEROUS STRUCTURE

With crumbling masonry and four large gables in danger of collapse the residents of Burnham Court, Bayswater were facing a serious Health & Safety situation with regard to their building.

Westminster City Council had been notified and were also concerned. Therefore, the building was classified a dangerous structure and a notice served on the residents' association. SHW Building Consultancy were instructed to rectify the situation as Project Manager, Contract Administrator, Principal Designer and CDM Advisor.

Following a full investigation, emergency repairs were undertaken along with removal of large parts of the gables. In addition, specialist masonry work was required to remedy erosion of the historic Bath Stone which included new lead work to bring the building into the 21st century.

Our strategy involved:

- Selection and appointment of: Principal Contractor, Structural Designer, sub-contractors and consultants
- Application of full planning with consent obtained to reduce the height of the gables
- Creation of detailed future maintenance Health & Safety plan

Lauren Brookes, Senior Property Manager for Kinleigh Folkard & Hayward said: "SHW were extremely responsive and dealt with matters quickly and professionally. Our client was very happy with the way that the work was managed and we look forward to working with them again."

"This was an interesting and challenging project which required careful planning. SHW were able to utilise core Building Surveying and Project Management skills and the end result was very satisfying."

**MATTHEW DAVIES**

Building Surveyor, Building Consultancy



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## PROVIDING RESEARCH FOR THE REGION... TWICE-YEARLY 'FOCUS' DOCUMENTS

In order to support our clients investment in property in our core area, SHW produce twice-yearly research documents, these informative 'Focus' documents detail demand/supply/price variables providing both historical data as well as our predictions for the period ahead. Having the support of SHW's unrivaled knowledge in the region can make a real difference in deciding as to whether to invest in an area or not.

If you're after the latest commercial land prices in Crawley, office rents in Brighton or vacancy rates that indicate in Croydon – chances are we have better data on that than pretty much any other firm.

*"Our clients find this information useful and informative and we do our level best to share this valuable data with those we value most – our clients."*

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