

Our ref: C610/JS

24 April 2013

The Directors
53N Bowland Limited
9-13 Silver Street
Bury
BL9 0EU

Direct Line: 0161 763 0823
Email: mike@nolanredshaw.co.uk

Dear Sirs,

Re: Kirk Mills, Chipping – Supporting Statement

Please find enclosed our Supporting Statement which, as you are aware, was completed in August 2011.

I reinspected the site on 17 April 2013 and would report as follows:

Clearly, the site has deteriorated significantly since my report and I believe that travellers have occupied the site at some stage over the last two years and removed many of the cables and services to the buildings. The complex was obviously in extremely poor condition in August 2011 and the subsequent deterioration makes the buildings now totally incapable of beneficial use, even if there was any demand for them.

There was no demand for the complex at the time of my report, in which I made it clear that *“the substantial deterioration in market conditions has further rendered the premises unmarketable to any sector of the employment market at the current time”* (Point 4.4) and this situation has not changed and it could be argued, with the main banks now beginning to bring their toxic property loans to the market, has deteriorated further.

Our “Acquired By” marketing board has continued to passively advertise the site, but the only enquiries we have received over the last 18 months have been from members of the public enquiring about the future use of the site, or people moving in to the village making further enquiries on the site’s future.

In Section 5 of the report, I considered the Employment Land Assessment, published by the Local Authority, all points of which are still valid other than the slight further deterioration in the employment property market. Recent evidence from the RICS seems to show that values now appear to have stabilised and remain static.

Due to the further deterioration in the complex, the refurbishment costs will have increased, which will make the Development Appraisal more negative.

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My conclusions have not changed in that the complex is no longer suited for employment use due to liability, access, specification, flood plain and the total lack of demand.

If you require any further information, please do not hesitate to contact me.

Kind regards.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, sweeping loop followed by a smaller loop and a long horizontal stroke.

MIKE REDSHAW M A FRICS
For and on behalf of Nolan Redshaw Ltd

Enc

cc Richard Barton, How Planning, 40 Peter Street, Manchester, M2 5GP



SUPPORTING STATEMENT

With Regard To

MIXED USE PLANNING APPLICATION

At

KIRK MILLS

CHIPPING

NR. PRESTON

PR3 2RA

On Behalf Of

53N BOWLAND LIMITED

9-13 SILVER STREET

BURY

GREATER MANCHESTER

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Prepared By

M A REDSHAW M A FRICS

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DATE: AUGUST 2011



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1. Executive Summary

- 1.1 This Supporting Statement considers the potential for the commercial re-use, refurbishment or redevelopment of the former H.J. Berry & Sons Limited Kirk Mills site at Chipping, Near Preston.
- 1.2 The report considers the viability of all these potential options and attempts to give full consideration to the future of the site, based on my knowledge of the area and the market for employment land and premises in the Ribble Valley Borough Council area.
- 1.3 My report shows that it would not be possible to refurbish or redevelop the premises for purely employment purposes without incurring a substantial financial loss. Whilst this loss has been exacerbated by current market conditions, this location is unlikely to have ever been viable for redevelopment for employment purposes. The reasons for this are described in detail in the report.
- 1.4 The Supporting Statement goes on to show that an alternative non-commercial development could proceed without prejudicing the supply of employment land in the area.
- 1.5 I believe that the development of the site for some form of mixed use development would be generally beneficial, as it would enable a severely constrained development site to be redeveloped which otherwise would not be viable to do so.



2. Instructions and Qualifications

Instructions

- 2.1 I have been instructed by 53N Limited to provide a Supporting Statement and evidence in relation to employment land and viability issues with regard to the site and premises at Kirk Mills, Chipping, Nr. Preston, PR3 2RA.

Qualifications

- 2.2 My name is Michael Andrew Redshaw.
- 2.3 I am a Director of Nolan Redshaw Limited, Chartered Surveyors in Bury, Greater Manchester.
- 2.4 I have a Master of Arts Degree from the University of Cambridge (Land Economy) and I am a Fellow of the Royal Institution of Chartered Surveyors. I am also an Examiner for the RICS Professional Qualification Examination Board and a previous Member of the RICS North West Regional Board.
- 2.5 I have practiced within commercial property for over twenty years, specialising in commercial property throughout the North West of England.
- 2.6 Having resigned my commission from the army in 1987, I read Land Economy at Cambridge University and commenced my surveying career with Matthews & Goodman in Manchester, training to be a Commercial Chartered Surveyor. I qualified as a Chartered Surveyor in 1992 and became a Fellow of the Institution in 2001.
- 2.7 Having left Matthews & Goodman's Manchester office in 1993, I joined Acland Bracewell, near Preston, as the Senior Commercial Surveyor and became a Director in 1997.
- 2.8 I joined with Paul Nolan, who had been practicing on his own account as Paul Nolan & Company, to form Nolan Redshaw Limited in December 2003. We specialise in commercial agency and professional work throughout the north-west of England, but with particular reference to the north of Manchester and Lancashire.
- 2.9 The Company provides a full range of property services to major corporations, financial institutions, property developers and SME's and we regularly advise industry, commerce and Local Authorities. We advised Bury MBC on their Employment Land Review of March 2009.



2.10 Both Directors of Nolan Redshaw have extensive experience in advising on both industrial premises and development proposals, including industrial, office and retail schemes.

2.11 In the past twenty years I have specialised in general commercial property matters throughout the North West of England, but with particular reference to Lancashire. My office is based adjacent to the M66 motorway at Junction 2. We are the only firm of Chartered Surveyors in this area of Greater Manchester who specialise in industrial and commercial property work.



3. The Subject Premises

Location

- 3.1 The subject premises are located within Chipping, which is approximately 5 miles to the north of Longridge, which in turn is approximately 5 miles from Junction 31A of the M6, this being the closest motorway link. Chipping is within the Trough of Bowland Area of Outstanding Natural Beauty, on the southern perimeter of the Forest of Bowland. Apart from Longridge, there are only small rural villages such as Whitewell and Bleasdale within 5 miles of Chipping. Longridge is the closest centre of any size.
- 3.2 The Kirk Mills complex lies just to the north of the village, accessed via Malt Kiln Brow, which is effectively a single track road leading from the north of the village through the site. The location is shown on the attached Plans at Appendix 1.
- 3.3 In relation to its former employment use, we noted that access to the site for HGV's did not appear to be particularly suitable. Entering Chipping from Longridge, on Windy Street, which would be the normal route to the premises, there is a pinch point for a length of approximately 80 metres. This effectively results in the traffic being single lane only and from our inspection it appeared unsuitable for HGV's or abnormal loads and, in my opinion, would not be seen as an acceptable route for industrial/logistics traffic.
- 3.4 From the village centre, which we have taken as being by the village shop and Sun Inn, in Windy Street, the site is accessed via Talbot Street and Church Raike, which is just to the north of the village and, again, Church Raike is narrow on the corner with the Church and, again, does not appear suitable for modern industrial and warehousing traffic.
- 3.5 The former use as a furniture factory, which went into administration in 2010, appears to have been an historic use through particular circumstances and presumably grew from small beginnings on the original site, despite what would appear to be access problems.

Building Description

- 3.6 A Site Plan is attached at Appendix 2 and this shows the main sections of the site. The Kirk Mills complex comprises of an historic, three-storey, former mill building in the north-west of the complex with the main factory complex of more recent construction on the east side of Malt Kiln Brow. The main site comprises of a number of separate buildings which have been constructed at various times throughout the site's history.



3.7 The main buildings within the site are as follows:

Kirk Mills


A 3-storey, traditional stone constructed former mill under a pitched timber roof, clad partly in slate and partly with asbestos sheeting. The majority of the mill is now derelict, other than where part of the building was used as a showroom for the former furniture factory. The building is over three floors, with timber framed, single glazed windows and a yard area to the front adjacent to the river. Despite its current condition, due to the stone construction of the building coupled with its historic context, I believe the property does have potential for conversion to some form of alternative use such as residential, leisure or potentially offices (subject to demand), however, as a factory premises, it is now functionally obsolete. As this is a listed building, I have assumed that it will have to be repaired and refurbished to allow some form of alternative use.

The Windsor Building

The building, which is over two floors, is of brick and blockwork construction under a pitched, steel truss roof, overclad with single skin trench profile asbestos sheeting, with 10% roof lights. The ground floor has a concrete floor, exposed painted blockwork and brickwork walls, with various partitioned areas and different floor levels throughout. It has a roller shutter door on the northern elevation leading to a garage/store loading area with clear eaves to the roof. The remainder of the ground floor has a restricted eaves height of approximately 2.4 metres. From the ground floor, there are two concrete staircases leading to the first floor and a "Wadsworth" 20 Kw goods lift.

The first floor has more open plan space with painted blockwork walls, a concrete slab floor and an eaves height of approximately 2.5 metres to the underside of the steel truss roof.

Although presumably functional for its previous use, the building is close to obsolescence for modern industrial/warehousing requirements. It is over two floors with low eaves height to both and has an historic steel truss roof with single skin asbestos roof cladding and differing floor levels on the ground floor. Although the ground floor could presumably be used for some form of storage, it no longer meets the requirements of the modern industrial/warehousing market.



Although the building does have a 3-phase power supply and heating, there are no toilet facilities within the premises.

The building has almost no loading areas other than a small tarmaced area on the northern elevation facing the roller shutter door and suffers from restricted access to it. This is inherent of the whole site, which is over-developed and does not have sufficient loading/access areas for any kind of modern industrial/warehouse use.

The Traditional Stone Barn

This is a traditional barn with stone elevations and with more recent single-storey blockwork buildings adjoining the southern elevation of the barn and wrapping round the eastern elevation, of blockwork construction, under a pitched roof clad in corrugated asbestos sheeting.

The barn itself is of traditional stone construction with a stone flagged floor, exposed stone walls and a timber truss roof, with approximately 50% clad in slate and 50% clad in corrugated asbestos cement sheeting. There is a timber mezzanine floor over the majority of the first floor, apart from the entrance area. Access to the mezzanine is via a fixed metal ladder and presumably the mezzanine was only used on a temporary basis.

The southern section of the barn, which has a concrete floor and cast iron pillars, would have been the original “shippon” area of the barn.

Although in poor condition and unsuitable for any form of modern industrial warehousing use, it does appear to be structurally sound and could presumably be converted to some form of residential or possibly office use.

Main Factory

This was the main factory premises on the site and has a 2-storey office building on the front elevation clad in plastic coated, trench profile metal cladding with the factory areas to the rear. It is mainly of single-storey, traditional construction with brick elevations under a mix of largely corrugated asbestos sheet roofing, with various different sections of the building which were probably constructed at various stages in the factory's history. It is a traditional and now obsolete factory premises, probably constructed in the early 1950's and, as suited manufacturing/factory premises of that time, has no real access or loading facilities and very little space for access or loading surrounding it. There is a tower section



at the northern elevation, previously used to house machinery with hoppers, and this tower is again of traditional standard brick construction. The tower is redundant and the whole of the factory premises gives a derelict appearance. It is effectively functionally obsolete, being low bay and having no effective loading or access areas, on an over-developed site, providing space which is no longer suitable for modern employment uses.

The whole building is in particularly poor condition and is effectively derelict. Damp is endemic throughout both the offices and the factory floor, the roof appears to be leaking in numerous areas, the floor is damaged, the walls are both damp and damaged, none of the services appeared to be either working or in a usable state, the eaves height is limited, there are no loading or access doors of a modern standard and essentially, although presumably the building was functional for the previous specialised use, it has now reached functional obsolescence.

To the east of the factory premises are some ancillary buildings of brick construction, probably built in the 1940's, presumably housing some miscellaneous use to the original factory, but which are now derelict.


Main Storage Warehouse

To the southern part of the site, on the other side of the river which dissects the site, is the main storage warehouse and the open sided timber store.

The main storage warehouse is a more recent building of concrete portal frame construction with brick elevations under corrugated asbestos cement sheet roofing, underlined with insulation boarding and with concrete floors and an eaves height of approximately 6.3 metres.

This is essentially good open warehousing space in reasonable condition, with a good eaves height and two large, automatically operated roller shutter doors on the north elevation.

Although giving a slightly dilapidated appearance with missing areas of roof underlining, damage and damp to the walls and general disrepair throughout, it is essentially functional, if somewhat dated, warehousing accommodation and could, in my view, be brought back into effective use at a reasonable cost.



The drawback to this building, however, is inadequate external loading, turning and access to the premises.

Open Sided Timber Store

This is next to the main warehouse and is of concrete frame construction under a corrugated asbestos clad roof and is an open sided store, presumably previously used for the storage of timber. This is an "Atco" concrete portal frame construction with a solid concrete floor, but with open elevations. It has a tarmac surfaced yard area on its eastern elevation, of which large areas are pot-holed and becoming quite overgrown, as are other parts of the site where in some areas hard-core and rubbish has been tipped.

Most of the external areas within the site are uneven with pot-holes and with vegetation growing due to a general lack of maintenance.

- 3.8 As can be seen from the Site Plan at Appendix 2, the complex has been over-developed and there is a lack of external loading, access areas, parking and access to the individual buildings within the complex.
- 3.9 The site is vacant and the buildings extend to approximately 65,000 sq.ft. (6,038 sq.m.) and this is confirmed by the original sale details prepared by Savills, which are attached at Appendix 3.
- 3.10 A Photographic Schedule of the complex, which I undertook as part of my inspections on the 6 May and 2 June 2011, is attached at Appendix 4.

Condition

- 3.11 The complex is in extremely poor condition, as detailed in Section 3.7 above. A full Condition Survey has been carried out by Crowther Turnbull Booth, a copy of this is attached at Appendix 5 together with their costings for the repair and refurbishment of the buildings, which is attached at Appendix 6. The main issues highlighted within the Defect Survey Report are as follows:
 - 3.11.1 The premises are overall in very poor condition, especially the main factory. The survey identified significant deterioration to the external elements, with water and damp penetration found to be an ongoing problem throughout the complex, together with the use of asbestos containing materials.



3.11.2 Within the main factory building, the main problem were the roofing elements, where both the profiled roof sheets and roof lights, together with the roof drainage, is in a poor and dilapidated condition, effectively requiring the replacement of the whole roof.

3.11.3 Within the Windsor building, the main problem appears to be the elevations, which are subject to impact damage and with sections of the rendered finish having debonded, with sections of the blockwork also having been displaced. Cracking has also appeared on one of the elevations.

3.11.4 With regard to the warehouse buildings and the open sided timber store, again, there are problems with the roof, with the wholesale replacement of the roof coverings required. The prefabricated concrete frames within the open sided timber store have been damaged due to corrosion to the steel re-enforcement bars.

3.11.5 The substantial remedial works highlighted in the Building Survey Costings at Appendix 6 are clearly prohibitively expensive to carry out in relation to the overriding value of the site. The buildings which are clearly salvageable are the traditional stone barn and possibly the main storage warehouse, however, as detailed in Section 3.7 above, the main drawback to the latter building would be the inadequate external loading, turning and access to the premises.

3.11.6 It should also be noted that these inspections were carried out in June 2011 and we have noted that the premises are continuing to deteriorate.

Brief Planning Synopsis

3.12 The site is outside the village inset, within a proposed extension to the Chipping Conservation Area and within the greenbelt, as shown within the Ribble Valley District Wide Local Plan (1998).

3.13 Kirk Mill has now been formerly assessed by English Heritage as a Grade II listed building, as an example within the North-West of an Arkwright type cotton spinning mill.

3.14 This is a previously developed brown field site, located outside the boundary of the village and within an Area of Outstanding Natural Beauty.



Brief Flood Synopsis

3.15 The site is partly located in the functional flood plain of Chipping Brook. An initial flood risk assessment has been carried out by Weetwood Environmental Engineering and highlights that elements of the site can be taken out of the flood plain and the surrounding area greatly reduced from flood risk if the site is re-profiled. The cost for undertaking this work and for dealing with other abnormal flood risk constraints of the site has been estimated by Crowther Turnbull Booth and these estimates are attached in Appendix 7, together with the Weetwood briefing note.



4. Market Overview

4.1 Since 53N acquired the site in December 2010, we have passively advertised the site with our “Acquired By” marketing board placed on the site, however, the only enquiries we have received have been neighbours or residents within Chipping enquiring about the future use of the site. Previous to that, the whole site was on the market with Savills without any interest from the market for employment uses. The Savills marketing particulars are attached at Appendix 3.

4.2 Additional marketing would, in my opinion, be pointless due to a number of reasons, these being:

- i. The unsatisfactory access to the site for any form of industrial/warehousing use.
- ii. Concerns of restrictions over hours of usage because of the residential and rural nature of the immediate area.
- iii. The very poor condition of the buildings and dilapidated appearance.
- iv. Inadequate specification, i.e. limited eaves height, restricted access and loading, etc.
- v. Lack of services.
- vi. Inability to provide quick possession because of the poor condition of the premises.
- vii. Concern as to the potential change of use to B8 distribution in view of the fact as previously mentioned.

4.3 I believe that the premises are unmarketable in their current condition, effectively due to functional obsolescence.

4.4 The substantial deterioration in market conditions has further rendered the premises unmarketable to any sector of the employment market at the current time.




5. Employment Land Assessment

- 5.1 In October 2008 the Council published the Ribble Valley Employment Land and Retail Study, part of which reviewed the supply and demand for employment land and premises (industrial and office accommodation under use class B1, B2 and B8) in the Ribble Valley up to 2018. The study is attached at Appendix 8. It was commissioned to inform the then Local Development Framework and it should be noted that it was published at the start of the property crash and subsequent recession, which is still ongoing. The demise of Lehman Brothers in September 2008 sent the market into free-fall. In the UK as a whole, commercial property values fell by 14.4% in the final three months of 2008 alone and 45% from the peak of July 2007. Not surprisingly, therefore, it is my opinion that there has been a rapid decline in demand for commercial premises since the publication of the report, which is still ongoing, although we have seen values begin to stabilise during the past three months.
- 5.2 The report starts by looking at the geographic location of businesses within the borough and notes that the bulk of businesses and employers are located in the south of the borough, near to the boundary with Burnley and Hyndburn. It also points out that the provision of business premises is dominated by Clitheroe, but that there are also important areas in Longridge, Simonstone (close to the M65 motorway) and settlements close to the A59 corridor.
- 5.3 The report then looks at the property market in general, pointing out that most demand for industrial premises were weighted to properties below 300 sq.m., with 50% of demand being for premises less than 100 sq.m. and it also makes reference to the large areas of potential employment land being put forward by Blackburn and Hyndburn at Whitebirk and Great Harwood, pointing out the major impact these proposals would have on the Ribble Valley. This section of the report also points out that the Economic Development Department of Lancashire County Council considers that employment uses should be supported and focused on the A59 corridor. The study also describes that developers at that time required greenfield, easy to develop sites close to arterial roads or motorways, as they would obviously want land that is attractive to end users. I would agree with these views, other than the fact that speculative development is now almost non-existent, other than some limited schemes which were commenced prior to the recession. The report also goes on within this section to point out that the type of industrial premises that are required



by modern occupiers need to provide: dock level loading, 40 metre turning circles and eaves heights of 6 metres or more, which I would agree with. It mentions that freehold demand remains strong, which was the situation in October 2008 but is now no longer the case, and that most companies now require shorter leases (5 years) with break clauses (3 years), which I would concur with. The report points out that commercial property stock is generally well occupied within the borough, however, due to the drastic change in market conditions, this is no longer the case.

- 5.4 The report concentrates on an analysis of the property market and pointed out that, due to business rate changes, developers were then holding back on speculative development schemes. Following the report, both empty rates on commercial property and the recession has essentially ended speculative development upto the current time and it also points out that, compared to neighbouring boroughs, rents in Ribble Valley were low for both industrial and office premises. I would agree with the summary of this section of the report, which essentially concludes that potential developers are holding back from any speculative schemes due to the downturn in the economy and the empty business rates schemes and that developers and businesses increasingly want good quality, modern space located close to the M65 or A59 corridors.
- 5.5 The next section of the report analyses a business survey that was carried out to establish some empirical evidence of demand and although Chipping did not feature, the survey concluded that most requirements were for industrial units up to 1,000 sq.m. and small office suites up to 100 sq.ft. It also looked at the supply of available premises at that time against business requirements and concluded that there was a plentiful supply of small office space and industrial premises compared to the number of requirements.
- 5.6 Section 6 of the report looked at the availability of employment land within the borough and considered how much land was needed up to 2018. The total supply of employment land over 11 sites was calculated as being 15.33 hectares, which did not include the BAE Aerospace Enterprise Park site, which would have raised the total to 19.93 hectares. This section of the report also graded sites, scoring a site for certain factors such as proximity to the strategic highway network, proximity to the motorway network, prominence, access to public transport, etc. and we would surmise that if the subject site had been included within such a system, it would have received a very low score due to its location. The highest scoring sites were those in high profile locations, adjacent to the A59 at Barrow



Brook Business Park. This section concluded that there was 15.33 hectares of employment land with 11.42 hectares immediately available and that there would be plentiful supply of good quality office space available, for either sale or lease, at Barrow Brook Business Park, should the development proceed (which it has not due to market conditions). The final section of the employment land section of the report looked at the land need forecast and, although it shows that the average take-up of employment land over the last 10 years on average has been 1.07 ha/year, take-up was slow at the start of the 10 year period and no take-up had taken place for the last 2 years leading up to the publication of the report. The majority of the take-up was between 2003-2005 and related to larger sites at Link 59 and Salthill Industrial Estate. In my opinion, the fact that demand peaked between 2003-2005 and the fact that there had been no take-up during the whole of 2007 and 2008 (which was effectively the peak of the commercial property market within the UK) shows that the average demand is, in reality, much lower than the 1.07 hectares shown in the report and under current market conditions will, in fact, be non-existent.

- 5.7 This section of the report goes on to look at the demand for land required under the regional spatial strategy, which is now no longer policy, but if it was it suggests that a further 14.28 hectares is needed up to 2016, but there is 15.33 hectares in the study area. Of this, a number of the sites that were available at that time were constrained, however, in our opinion, under current market conditions, clearly demand for development land is minimal and the current availability is more than adequate, certainly for the short-to-medium term. This section concludes with the comment that *“the economic forecasts should be used merely to indicate a trend – or “direction of travel”. They are not necessarily meant to be used literally.”* I would agree with these views and reiterate that, since the report was published, the commercial property market and demand for employment premises has effectively collapsed. There has been a steep decline in economic and market activity, which has substantially reduced the demand for employment accommodation in the borough and throughout the UK.
- 5.8 The RICS Monthly Update has recently shown the least commercial property enquiries for 16 years. A substantial downturn in commercial property development has occurred, with no sign of improvement in market conditions discernible as yet.



5.9 As part of this employment land assessment, Regenerate Pennine Lancashire have also produced an up-to-date report looking at the demand for commercial property within the area, which is attached at Appendix 8. The report is very useful in that it concurs with our views within the employment land assessment and comes to very similar conclusions. It reports that:

5.9.1 The general trend due to the current economic climate is the rise in available premises in the majority of sectors and the fall in the level of enquiries. Demand statistics for the first 2 months of 2011 indicate a fall in the number of enquiries and therefore a fall in the amount of space being demanded (pro rata) across RVBC for both industrial and office space, concluding from the statistics that there is a clear and common trend for falling demand for office and industrial space across RVBC.

5.9.2 The former H.J. Berry site is not well located for HGV and other vehicle movements and that the specification of the units does not suit industrial demand requirements.

5.9.3 It also points out that across Pennine Lancashire there is a growing surplus of reasonably well priced and located office accommodation, with demand for this type of office space having reduced considerably over the last 2 years and with Regenerate predicting further over-supply in the market over the next 12 months.

5.9.4 It points out that there could be demand for office space within the listed Kirk Mill if it was targeted towards growth sectors, which would be leisure and tourism, but makes a very valid point that the listed Kirk Mill would need to be subsidised in some way to make it commercially viable.



6. Refurbishment/Redevelopment Options

Refurbishment

6.1 Following on from the survey carried out by Crowther Turnbull Booth in June 2011 (Appendix 5), it is clear that the refurbishment of the existing vacant complex would have to include:

- Demolition of all redundant outbuildings.
- Construction of new loading concrete yard areas.
- Re-roofing the majority of the complex.
- Relaying floors where damaged.
- Refurbishment of the existing remaining premises to a standard to allow reoccupation.
- The demolition of all redundant plant areas.
- Carrying out a complete refurbishment of all the internal areas, including reinstating lifts where appropriate.
- Repairs to the external surfacing of the site, including the provision of new fencing to the perimeter and works to repair and reinstate sub-surface drainage and external lighting.

Cost

6.2 The total cost of the building works estimated for the site would be £1,874.169 (Appendix 6). This is before any sub-division works.

6.3 I am of the opinion that carrying out a full redevelopment appraisal would be totally abortive as, without question, refurbishment would not be viable.

The final point to note is that, even if fully refurbished, the complex is deficient in eaves height, over-developed, bespoke in nature and with the majority of the site within the flood plain.



7. Development Appraisals

- 7.1 We have looked at a redevelopment scenario, which would involve the construction of new warehouse and industrial accommodation to provide approximately 45,000 sq.ft. (4,180 sq.m.) of new accommodation, plus the refurbishment of the existing Kirk Mills.

The total site area for the construction of the new warehouse industrial accommodation is approximately 3.4 acres. Given the narrow nature of the roads which provide access to the site, coupled with the congested nature of the current layout, we have assumed 30% site coverage.

This means that the 45,000 sq.ft. of new accommodation is to be split in order to provide five x 5,000 sq.ft. units and two x 10,000 sq.ft. units. The notes and assumptions for the rental figures are attached as part of the Development Appraisal Report.

Owing to current market conditions, we believe that any party taking a 5 year lease would need to be given 6 months rent-free, as it is standard practice in the current market to give 6 weeks rent-free for every year certain of the term. We also believe there would be at least a 6 month letting void on the units once they are completed. We do believe this is an optimistic scenario.

We have been provided figures by Crowther Turnbull Booth with regards to the refurbishment of Old Kirk Mills, a Grade II listed building within the boundaries of 53N's ownership. The figure they have provided us with for the refurbishment has been inserted as a gross figure within the Development Appraisal. For a detailed break-down of what the refurbishment would entail see Section 6.1 of this Report.

Finally, we were provided with construction costs by Poole Dick Associates, a firm of construction management consultants who we have worked with on previous Supporting Statements.

Industrial Development

- 7.2 We have carried out a development appraisal, which is attached as Appendix 10, together with a full list of assumptions.



7.3 The scheme shows a loss of £3.2 million. Even assuming nil land value, the scheme would still make a loss of £2.5 million. The total redevelopment for employment purposes is therefore due to the site constraints and more recently market conditions not viable.

Office Development

7.4 Demand is generally adjacent to motorway junctions and main transport corridors, i.e. Simonstone and Barrow Brook Business Park. The immediate environment, lack of profile and lack of facilities would deter most occupiers. We are, therefore, of the opinion that large scale office development in this locality would not be viable.

Open Storage

7.5 I have also considered a much more basic approach to the site usage, i.e. demolition and use of the site for open storage.

7.6 The access along Malt Kiln Brow and leading to the site through Chipping for potential open storage uses, such as heavy plant and vehicle storage, would be extremely problematic.

7.7 The flood risk on the site would also suggest that occupiers would be unable to obtain insurance cover without the levels being raised. The cost to achieve flood safe levels would be prohibitive for open storage use.



8. Conclusions

- 8.1 The existing premises are functionally obsolete and derelict.
- 8.2 The premises are within a flood plain and without substantial re-profiling are uninsurable and unoccupiable.
- 8.3 Refurbishment and sub-division is not financially viable. The majority of the accommodation is of an age and design that does not lend itself readily to either sub-division or modern requirements.
- 8.4 The total redevelopment of the site for employment purposes is not viable due to the exceptional costs already shown within the report and the massive reduction in market activity and the complete lack of finance available for speculative development.
- 8.5 Redevelopment or refurbishment for an owner occupier is also not likely as the capital costs of both is prohibitively high. There are no owner occupiers seeking this type of scale of accommodation in Ribble Valley and certainly not within this area.
- 8.6 The site is constrained for development and, in our opinion, would be vacant for some considerable number of years if no action was taken. It is highly unlikely in my opinion that redevelopment would ever occur on this site within any kind of reasonable timescale for employment uses.
- 8.7 In my opinion, some form of mixed use scheme based on residential would be required in order to cross-subsidise the refurbishment and redevelopment of the historic Kirk Mill building.
- 8.8 My general conclusion is that this complex as a whole is no longer suited for employment use due to viability, access, specification, flood plain and the lack of demand.
- 8.9 I recommend the site should be considered for a mixed use scheme.



SIGNED

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over a dotted line.

This 17th day of August 2011

M.A. REDSHAW M A FRICS, RICS Registered Valuer

Nolan Redshaw Ltd

Haweswater House

Waterfold Business Park

Bury

Greater Manchester

BL9 7BR



Appendices

- 1 Location Plan
- 2 Site Plan
- 3 Savills Details
- 4 Photographic Schedule
- 5 Condition Survey
- 6 Building Repairs – Costings Schedule
- 7 Flood Risk Assessment – Costings Estimate
- 8 Ribble Valley Employment Land and Retail Study
- 9 Regenerate Pennine Lancashire Report
- 10 Development Appraisal
- 11 Kirk Mills Survey