



Professional Support Services  
to the Construction Industry

**VIVO HOLDINGS LIMITED  
HEATH ROAD  
SKEGNESS  
PE25 3SR**

**PROPOSED REDEVELOPMENT OR REFURBISHMENT OF SITE  
MARKETING VALUATION REPORT**



**Report Ref: 0186B/REP/002  
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**Report prepared for:  
Vivo Holdings Limited**

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## **1.0 INTRODUCTION, BACKGROUND AND ASSUMPTIONS**

- 1.1 This report has been prepared by APS (UK) Limited on behalf of Vivo Holdings Limited (hereinafter referred to as Vivo). The report is for the sole use of Vivo and their representatives and shall not be relied upon by third parties unless specifically agreed in writing by APS (UK) Limited. The purpose of the report is to provide Vivo with guidance in respect of marketing valuations for potential options to redevelop or refurbish their property at Heather Road Industrial Estate, Skegness PE25 3SR. A description of the existing buildings and the site is provided in Section 2.0 below. The existing buildings on the site were damaged by a fire on 26<sup>th</sup> September 2015.
- 1.2 The terms of the appointment of APS (UK) Limited for the provision of this report include the condition that there shall be no liability attached to APS or their Owners / Directors or their professional indemnity insurers in respect of the content of the report. Ultimately the value of a property is the sale price of the property “between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties acted knowledgeably, prudently and without compulsion”. The final sale price of a property is often different (higher or lower) from valuations contained within marketing valuation reports to reflect a buyers’ market knowledge, the uniqueness of a site or property on the market at the time of sale, the cost of other suitable options, and other factors that might affect negotiations. The purpose of this report is to consider and develop the options for the redevelopment of the site or refurbishment of the existing buildings on the site and to advise Vivo on the potential marketing valuations for these options considering some of the factors mentioned above.
- 1.3 The sales values used in the report are based on information provided by local commercial estate agents, research of suitable comparables and consideration of the cost of providing alternative equivalent property.
- 1.4 Various assumptions have been made in the preparation of this report:
- 1.4.1 The site boundaries are as per those shown on the site plans attached under Appendices A and C. These boundaries have been determined from Land Registry site plans.
  - 1.4.2 It is assumed that there are no environmental or contamination issues in respect of the site that could have an adverse impact on site values or construction costs.
  - 1.4.3 It is assumed that there will be no planning restrictions for the redevelopment or refurbishment proposals on the basis that the proposed allowable use classes are as per existing. It is also assumed that there will be no developer contributions or planning obligations.
  - 1.4.4 It is understood that the current tenure of the Property is freehold. It is assumed for the purposes of this report that there are no easements, rights of way, rights of light or other legal matters that could adversely affect the use of the Property and therefore the value of the Property other than those defined within Land Registry records.

## **2.0 GENERAL DESCRIPTION OF THE EXISTING PROPERTY**

- 2.1 The existing property comprises a relatively large warehouse unit that has been formed from several phases of buildings with all the buildings being interconnected. It is understood that the buildings were constructed circa 1990 and originally were used as a sweet factory. The total gross internal floor

area (GIA) of the existing property is approximately 6,000 sq.m and the total site area is approximately 9,550 sq.m. (2.36 acres).

- 2.2 The construction of the existing buildings generally comprises steel portal frames with profiled metal and cementitious roof sheeting and profiled metal wall sheeting. Internally the Property has solid concrete floors. There are offices to one area of the buildings fronting onto an external concrete hardstand. Externally there is a combination of hardstands and areas with vegetation with intermittent site fencing.
- 2.3 The Property is situated within the Wainfleet Road Industrial Estate in Skegness. This Estate is the main industrial and trade location for Skegness and is situated approximately one mile to the south-west of Skegness town centre. The Estate is readily accessible off Wainfleet Road (A52) which provides links to Boston to the South. Skegness is approximately 22 miles to the north-east of Boston, 40 miles south of Grimsby and approximately 43 miles to the east of Lincoln. Skegness is a seaside resort town within the East Lindsey district of Lincolnshire with a permanent population of approximately 21,000 and a summer population of 250,000+ allowing for tourists. The local economy is largely dependent on tourism and agriculture.
- 2.4 A significant part of the Wainfleet Road Industrial Estate has been redeveloped with more modern, smaller trade, warehouse and light industrial units with occupants including MKM Builders Merchants, Screwfix, Travis Perkins and Howdens.

### **3.0 REDEVELOPMENT OF SITE – OUTLINE DESCRIPTION**

- 3.1 APS have prepared an outline design to demonstrate the potential of the site for redevelopment. The site plan and visuals for this design are attached under Appendix A of this report. The basis of the design has been to provide a range of building sizes with a combination of warehouse and ancillary accommodation to support industrial / business activities within the units. In developing the design, it has been assumed that the existing buildings will be demolished to allow for the construction of new units and also for the provision of two access / egress points from the site to provide for improved traffic flow into and out of the site.

The bulk, scale and massing of the proposed redevelopment has been based on surrounding development and that which is typical for this type of estate.

- 3.2 The unit gross internal floor areas assumed in the redevelopment are as noted in Table 1 overleaf:

*Table 1 – Redevelopment of site – GIA’s for proposed units*

<b>Unit</b>	<b>GF GIA (sq.ft.)</b>	<b>Mezzanine GIA (sq.ft.)</b>	<b>Total GIA (sq.ft.)</b>
1	5,600	2,800	8,400
2	4,000	2,000	6,000
3	1,500	750	2,250
4	1,100	550	1,650
5	1,100	550	1,650
6	1,400	700	2,100
7	1,400	700	2,100
8	1,400	700	2,100
9	1,650	825	2,475
10	700	300	1,000
11	700	300	1,000
12	700	300	1,000
13	700	300	1,000
14	700	300	1,000
15	700	300	1,000
<b>Totals</b>	<b>23,350</b>	<b>11,375</b>	<b>34,725</b>

The total area of the site is assumed as 102,685 sq.ft. (2.36 acres).

Given the total GIA and the total area of the site the proposed development provides for a plot development ratio of approximately 34%.

- 3.3 A typical specification for this type of development has been assumed in the determination of the market valuation for the proposed units. This includes steel portal frames with full height cladding and insulated roof sheeting with rooflights and solid concrete floors. Mezzanine floors have been assumed to provide additional floor space with office areas formed with insulated timber frame or blockwork walls with a basic level of finishing. Basic servicing has been assumed including lighting and small power, hot and cold water, sanitary provision, basic kitchen facilities and space heating. No special installations have been assumed for manufacturing or storage.

#### **4.0 REDEVELOPMENT OF SITE – MARKETING VALUATION**

- 4.1 Feedback from local commercial agents suggests that a sale value of between £1,250 and £1,450 per sq.m. is potentially achievable depending on the size of the unit (with the smaller units having the higher sales value).
- 4.2 Our research of comparables in the area for similar types of property supports the above potential sales values allowing for the longer lifespan / reduced maintenance requirements of a new building.
- 4.3 On the basis of the above it is recommended that the proposed units be marketed for the values shown in Table 2 overleaf:

*Table 2 – Redevelopment of site – Marketing values for proposed units*

<b>Unit</b>	<b>Total GIA (sq.ft.)</b>	<b>Total GIA (sq.m.)</b>	<b>Marketing value (£/sq.m.)</b>	<b>Marketing value (£)</b>
1	8,400	781	£1,250	£975,000
2	6,000	558	£1,300	£725,000
3	2,250	209	£1,350	£285,000
4	1,650	153	£1,400	£215,000
5	1,650	153	£1,400	£215,000
6	2,100	195	£1,350	£265,000
7	2,100	195	£1,350	£265,000
8	2,100	195	£1,350	£265,000
9	2,475	230	£1,350	£310,000
10	1,000	93	£1,450	£135,000
11	1,000	93	£1,450	£135,000
12	1,000	93	£1,450	£135,000
13	1,000	93	£1,450	£135,000
14	1,000	93	£1,450	£135,000
15	1,000	93	£1,450	£135,000
<b>Totals</b>	<b>34,725</b>	<b>3,227</b>	<b>N/A</b>	<b>£4,330,000</b>

## **5.0 REFURBISHMENT OF SITE – OUTLINE DESCRIPTION**

- 5.1 APS have also prepared visuals of the existing buildings assuming that the roof has been recovered and the external walls reclad. Some allowance has also been made for remodelling of the main access elevation. The site plan and visuals for this option are attached under Appendix B to this report.
- 5.2 It has been assumed that there will be no significant alterations to the scale and massing of the existing buildings and that the internal space can either be subdivided as existing or opened-up to provide a more open-plan arrangement.
- 5.3 With this option it is also assumed that there will be the potential for two accesses to the site from Heather Road as per the Land Registry information provided by Vivo.
- 5.4 As noted under Section 2.1 above the total gross internal floor area (GIA) of the existing buildings is approximately 6,000 sq.m. and the total site area is approximately 9,550 sq.m. (2.36 acres) giving a relatively high plot development ratio of approximately 63%.

## **6.0 REFURBISHMENT OF SITE – MARKETING VALUATION**

- 6.1 There are a number of approaches that could be taken in respect of providing a reasonable marketing valuation for the refurbished site including a review of comparables for similar types of property and adjusting as appropriate or considering the cost of providing the equivalent amount of commercial space within reasonable proximity of the subject site. One of the issues with providing marketing valuations for this type of property is finding suitable comparables as these types of commercial property are relatively unique in this area. Any valuation in respect of this particular property should also consider the post-fire condition of the property.

6.2 It is understood that Vivo have received two budget quotations from local developers / contractors for the reinstatement of the building and these were approximately £650k each. This is what we shall assume in respect of reinstatement costs in making our assessment of a market valuation for the property in its existing condition in accordance with our instructions from Vivo.

6.3 We have found two comparables as noted below:

**Warehouse at Ingoldmells Road, Burgh le Marsh PE24:** This property is approximately 4 miles from Skegness and comprises 4,951 sq.m. of warehousing and ancillary accommodation on a 3.2 acre site. It is currently on the market for offers in the region of £2m (a rate of £404 per sq.m.). The property appears to be in reasonable condition for its type and age.



*Warehouse at Ingoldmells Road, Burgh le Marsh*

If we applied the same unit sales value for the warehouse at Ingoldmells Road to the Vivo site this would provide a total value for the Vivo site of 6,000 sq.m. x £404/sq.m. = £2.42m. Deducting the assumed cost for refurbishment of the Vivo building of £650k provides a net valuation of £1.77m for the Vivo site. We consider it reasonable to allow a further adjustment of say -£250k to reflect the general condition of the Ingoldmells site and the presence of some office accommodation to give a net valuation of £1.52m for the Vivo site. The Ingoldmells site is larger by approximately 3,400 sq.m. (0.84 acres) so we would suggest a further adjustment of approximately -£150k to allow for this to provide a net valuation of £1.37m for the Vivo site (assuming a value of development land of approximately £35 per sq.m.).

**Former Abattoir site, Heath Road, Skegness PE25 3ST:** This property is on the same industrial estate as the Vivo building. The property comprises 957 sq.m. of warehousing and ancillary accommodation and sold in July 2020 for £252k (a rate of £263 per sq.m.)



*Former abattoir site, Heath Road, Skegness*

Applying the same unit sales value for the Vivo Holdings site provides a total value for the Vivo site of 6,000 sq.m. x £263/sq.m. = £1.58m. The floor area of the comparable is significantly less than the Vivo building so this will inflate the unit sales value for the comparable so we would suggest adjusting the value of the Vivo site by -10% to give a net valuation of £1.42m. The Abattoir building was apparently in need of some refurbishment but the extent of works was not as extensive as for the Vivo building so a further adjustment of -£200k should be allowed for to provide a net valuation of £1.22m for the Vivo site.

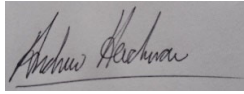
- 6.4 One other approach that could be adopted to provide a valuation for the site is to consider the cost of providing a similar amount of commercial accommodation within close proximity on a new-build and owner-occupier basis. This of course assumes that there is some suitable land for this purpose. Our research has indicated that there is development land for commercial premises within reasonably close proximity to the subject site. The value of the land equates to £36 per sq.m. based on the marketing value for the land and this would equate to a sales value of 15,000 sq.m. x £36/sq.m. = £540k to obtain a site equivalent to the Vivo site but assuming the local authority planning department will only accept a 40% plot development ratio. The build cost for a 6,000 sq.m. building could be reasonably assumed at 6,000 sq.m. x £750/sq.m. = £4.5m to give a total cost of approximately £5m for an equivalent sized building on an equivalent sized site and this is without any costs for professional fees and finance costs etc. included. This will obviously provide a new building with a longer lifespan, and we need to adjust for the cost to refurbish the Vivo building – we would suggest that an adjustment of 50% could be allowed to take these factors into account to provide a net valuation of £2.7m for the Vivo site.
- 6.5 On the basis of the above analysis it is reasonable to assume that it could cost a net £1.2m to £2.7m to provide the equivalent GIA and site area to the Vivo site (depending on whether a potential purchaser is considering a similar type of existing building and site or whether they are considering a new-build, owner-occupier approach). This could provide a basis for negotiation in respect of the final sales value for the Vivo site.

## **7.0 CONCLUSION**

- 7.1 Our market research suggests that the Vivo site is relatively unique in this area in respect of its size and also the relatively high existing plot development ratio (PDR) at approximately 63%. This latter consideration, i.e. the relatively high PDR, is significant in respect of the potential market value of the site because it would be highly unlikely that the local planning authorities would allow a PDR of much over 40% for a new development. Any potential purchaser of the site is therefore gaining a relatively valuable site in respect of the value of the building area on the site relative to the value of the site on the assumption that the existing buildings are refurbished rather than the site being redeveloped. This also assumes that any potential buyer of the site is seeking a high PDR i.e. that building area is as important as the external site area.
- 7.2 The marketing values of the redeveloped site are provided in Section 4.3, Table 2 above and suggest a potential gross development value of the site of approximately £5 million.
- 7.3 The marketing value of the site with the existing buildings in their current condition could range between a net £1.2 million and £1.4 million to provide the equivalent GIA and site area in this location (taking into account the assumed cost of refurbishment under Section 6.2 above).
- 7.4 It is recommended that these figures are used by Vivo as the basis for their negotiations with potential purchasers of the site.



**Signed**

A rectangular box containing a handwritten signature in black ink. The signature appears to read "Andrew Herdman".

**Name**

Mr Andrew Herdman – APS (UK) Limited  
Dip.Surv., B.Eng.(Hons) Civil Eng., L.L.M., M.R.I.C.S.

**Date**

28th September 2022

**VIVO HOLDINGS LIMITED  
HEATH ROAD  
SKEGNESS  
PE25 3SR**

**PROPOSED REDEVELOPMENT OR REFURBISHMENT OF SITE  
MARKETING VALUATION REPORT**

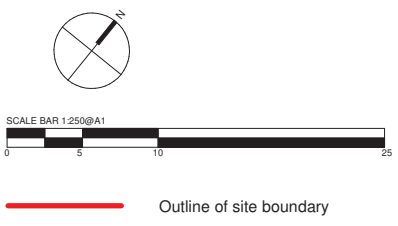
**APPENDIX A**

**Site plan and visuals for proposed redevelopment of site**



Vivo Holdings Limited  
 Development Site  
 Heather Road Industrial Estate  
 Skegness PE25 3SR  
 Proposal for Redevelopment of Site  
 Site Plan - As Proposed

Schedule of proposed building areas			
Unit	GF GIA (sq.ft.)	Mezzanine GIA (sq.ft.)	Total GIA (sq.ft.)
1	5600	2800	8400
2	4000	2000	6000
3	1500	750	2250
4	1100	550	1650
5	1100	550	1650
6	1400	700	2100
7	1400	700	2100
8	1400	700	2100
9	1650	825	2475
10	700	300	1000
11	700	300	1000
12	700	300	1000
13	700	300	1000
14	700	300	1000
15	700	300	1000
<b>Totals</b>	<b>23350</b>	<b>11375</b>	<b>34725</b>
<b>Total site area:</b>			<b>102,685 sq.ft.</b>



Site Plan - As Proposed  
 Scale 1 : 1000



Site Plan - As Proposed  
 Scale 1 : 250



**VIVO HOLDINGS LIMITED, HEATHER ROAD INDUSTRIAL ESTATE, SKEGNESS PE25 3SR**

**PROPOSAL FOR REDEVELOPMENT OF SITE**



**Aerial view 1 of site – as proposed**



**Aerial view 2 of site – as proposed**





**Units 1 and 2 – as proposed**



**Units 3 to 5 – as proposed**



**Units 6 to 9 – as proposed**



**Units 10 to 15 – as proposed**



**VIVO HOLDINGS LIMITED  
HEATH ROAD  
SKEGNESS  
PE25 3SR**

**PROPOSED REDEVELOPMENT OR REFURBISHMENT OF SITE  
MARKETING VALUATION REPORT**

**APPENDIX B**

**Site plan and visuals for proposed refurbishment of buildings**



Refurbishment of building - schedule of building areas

Building Area	Approximate building sizes		Building GIA (sq.m.)	Building GIA (sq.ft.)
	Length (m)	Width (m)		
A	18.0	16.0	288	3,099
B	24.0	Max. 6.5	108	1,162
C1	18.0	12	216	2,324
C2	40.2	Max. 12.0	350	3,766
D	42.0	22.0	926	9,964
E	Max. 28.25	24.3	649	6,983
F	22	17.0	374	4,024
G	15.6	12.8	200	2,152
H	81.3	5.9	441	4,745
J	42.1	23.0	968	10,416
J Mezz	42.1	9.0	379	4,077
K	30.2	23.0	695	7,478
L	30.5	21.3 to 5.3	405	4,358
<b>Totals</b>			<b>5,999</b>	<b>64,548</b>
<b>Total site area:</b>			<b>102,685 sq.ft.</b>	



Site plan - As existing  
Scale 1 : 1000



Site plan - As existing  
Scale 1 : 250



**VIVO HOLDINGS LIMITED, HEATHER ROAD INDUSTRIAL ESTATE, SKEGNESS PE25 3SR**

**PROPOSAL FOR REFURBISHMENT OF SITE**



**Aerial view 1 of site – as proposed**



**Aerial view 2 of site – as proposed**





**South-west elevation of buildings – as proposed**



**South-west elevation of buildings – as proposed**