

The ship is set for sale: Iconic Plymouth landmark on the market.

One of the South West's unique buildings is up for sale through Vickery Holman, offering businesses a rare opportunity to own an iconic piece of commercial property that celebrates the city's maritime heritage.

The property measures over 115,00 sq ft of production and office space with potential for a range of alternative uses subject to planning.

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01392 453023



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"Strange" decisions on residential service charge

On 21 December 2012 "a strange decision" was given in the High Court (**Philips and Goddard v Francis**) on a service charge matter. Having been involved in the case I am aware that this is not only a strange decision, but also the ruling being given on matters which were not argued before the Judge.



By Justin Armstrong
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Director of Envoy



Service charge within residential management has operated, to date, on the basis that large works were required to be notified to the leaseholders should these works exceed a monetary cap £250 per lessee. It was clear to property managers and Landlords that any individual (or qualifying) works exceeding this financial liability for the block would require notification, consultation and competitive tender. Minor repairs could be undertaken without consultation even if these when aggregated, exceeded the monetary cap over the year. This provided protection for leaseholders for larger works to ensure that the work is appropriate and cost effective, whilst allowing Landlords to manage the building in an appropriate manner for minor works.

The High Court has re-defined the requirements within residential service charges with the judgement stipulating that any building work undertaken that exceeds the monetary cap (including aggregated works across the year) shall be notified. This provides Landlords and residential Managing Agents with a dilemma to identify when notification is required. Even if it is thought that the financial cap would not be exceeded during the year, there is a risk of emergency repairs being required at some point during the year which result in the planned maintenance costs exceeding the monetary cap.

So do each set of works require notification?
The result will be increased time and cost for Managing Agents and Landlords, which

they are legitimately able to pass onto the lessees. Lessees have resultant increased service charge costs whilst having no greater benefit in real terms. The decision, for technical reasons, has not been appealed. Without appropriate notification the Landlord's ability to recover any sums that exceed the monetary cap are now removed. There will no doubt be case law in the future as the decision is believed to be an important principle of law. The next 12-18 months will require Landlords and Managing Agents to proceed cautiously. In the more recent case of March 2013 (**Daejan v Benson**), the Supreme Court have ruled that the LVT is able to provide wide discretion in their analysis of Landlord's ability to recover money under a residential service charge where they have not undertaken appropriate consultancy under Section 20 of the Landlord and Tenant Act. Whilst this does not override the Philips and Goddard v Francis requirements it does provide a glimmer of hope in some instances for Landlords being able to recover the full cost of qualifying works where consultation has not been appropriately followed. In this case the Landlord commenced consultancy with the lessees but failed to undertake two key aspects in the consultancy process, firstly providing copies of tender returns, secondly providing summary of the works. The Supreme Court were of the opinion that the lessees were aware of the works and not prejudiced by the failure of the Landlord. Furthermore, the Landlord had offered to provide a £50,000 discount on the works. The Supreme Court looked to see whether the tenant was prejudiced and in their judgement commented on the balance required to be achieved between the Landlord's obligations and the Tenant's rights. In this case the quantum of works were £280,000 with the lessee's cap being £1,250.

Dilapidations: quick compromise?



By Dennis Venn
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Director and Head of Building Surveying

In the current economic climate the need for rationalisation of accommodation continues. In comparison to the last recession I believe that both Landlords and Tenants are being more pragmatic in their approach to dilapidation claims. Whether acting for Landlord or Tenant, I have noticed a willingness, in the majority of instances, to achieve an early appropriate settlement; be this the Tenants undertaking the work themselves, or the negotiation of a financial settlement. The reasons behind this are varied, minimising professional costs, settling the matter to concentrate on the future, consolidating liabilities or achieving cash flow amongst others. The main areas of dispute are whether there is believed to be alternative uses or significant works required to upgrade/improve the accommodation beyond the Tenant's covenants for repair.

In a number of instances, particularly with institutional Tenants, occupiers are vacating earlier than their lease termination or break date. Increasingly Landlords and Tenants are agreeing the dilapidations and instigating these before the end of the lease, sometimes two years in advance, in order to enable joint marketing of the accommodation. This is a benefit to the Tenant should an occupier be found and they are released early from their obligations for rent, rates, service charge etc, whilst still being a benefit to the Landlord by maintaining continuity of occupation and therefore reducing/removing their holding costs. The building surveyors, in conjunction with the Agency Team have been able to implement this successfully on a number of occasions.

I have seen those cases that require more detailed input from solicitors, or re-

sult in proceedings being issued, being in the main a result of lack of clarity in the drafting of the lease or similar technical differences in opinion between Landlord and Tenant. These reinforce my long held belief that with the appropriate professional input at commencement of the lease, savings can be made for both parties at the end of the lease.

Word of Caution ...

Pure photographic schedules do not always provide the surety of protection at the end of the lease as is often believed by Tenants. Photographs often do not pick up all defects or describe adequately all defects. Further written explanation and detailed description is required in order to cover all aspects of the premises and its condition.

In a few instances where solicitors have been required to supply detailed advice or proceedings have been issued or there has been an intransigent approach by one or other of the parties; in the main this has not resulted in a better settlement, particularly when taking into account the costs incurred.

Presenting ... THE MARKET 2012-13

For the second year running Vickery Holman hosted their Market Review events at The Alverton Manor in Truro, The National Marine Aquarium in Plymouth and The Royal Clarence in Exeter and were once again a great success.



Supporting the events "The Market 2012-13" booklet was released providing an overview of major property sectors, a review of selected towns in the south west and also provided information on industry specific items and a glossary of commercial property terms. The Market 2012-13 will introduce you to our sector experts within VH and provides their predictions for the forthcoming year.

You can request a hard copy of the booklet from us, although stocks are limited it is also available to download from www.vickeryholman.com.

If you missed our market review and would like to be included on the guest list for next year, please feel free to contact Kate Mills on 01752 261811 who will be pleased to include you for the event.

Vickery Holman make the Rightmove

At Vickery Holman we are always striving to offer the most effective services to our clients and promote their assets to as many prospective tenants and purchasers as possible.



We have now enhanced our agency services by joining forces with Rightmove.co.uk to provide clients' properties on that portal. Even though it is early days, the level of enquiries is encouraging.

Head of Commercial Agency, Alan Treloar comments, "Our enquiry rate through this medium has shown an increase from national companies looking to expand or relocate within the south west region. The facility clearly provides people from outside the region to see what we can offer them easily using the familiar website."

At VH we know how important it is in today's market to react to changing online trends and ensure that our clients with properties on the market are getting the best service. This ensures their objectives are achieved within a reasonable budget and timescale. Online marketing is crucial in raising awareness of available stock and this complements the skill of our agency team in placing properties with interested parties.

With internet access becoming more and more accessible, we are making sure that via our improved website property search facility, we are making the right moves to ensure that we are interactive and anyone can find the right information when they need it.

Commercial property EPCs

As of the 9th January 2013 new legislation regarding EPCs for both residential and commercial properties came into force.

Before any property is placed on the market an EPC must be commissioned first and using all reasonable efforts, be available to the public within seven days. If for any reason this is not possible, the EPC must be obtained within a maximum of twenty-one days after that seven day period.

The rating of the building must now be stated on any adverts and marketing material. However the requirement to display the front page of the EPC on the property brochure no longer exists.



Buildings which are occupied by public authorities and are frequently visited by members of the public must prominently display a valid Display Energy Certificate if;

- They have a total useful floor area of over 500m² (from 9th of January 2013)
- Or have a total useful floor area of between 250m² and 500m² (from the 9th July 2015)

Whilst it will be compulsory for the majority of commercial buildings to have a valid EPC in place prior to being marketed, certain properties will be excluded, these include buildings which are;

- Officially protected (i.e. II Listed), in so far that compliance with minimum EPC requirements would unacceptably alter their character or appearance.
- Used as places of worship and for religious activities.
- Temporary (less than 2 years).
- Stand-alone, with a total useful floor area of less than 50m².
- Not completed, or due to be demolished.

Failure to comply with EPC legislation is still being taken seriously and could result in fines of up to £5,000. Interestingly so far there has been no U-turn on the recent legislation stating that after 2018 private landlords will not be allowed to rent out properties rated F or G. Over the next five years, this will impact on the property strategies of landlords and owners of relevant properties.

Retail Roulette?

Retail is undoubtedly the most widely publicised commercial sector at present, with speculation rife over the demise of the High Street. **But is it really that bad?**



By **Clare Cochrane**
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Commercial Property Agent

So far 2013 has seen some high profile collapses including HMV, Blockbuster and Jessops collectively resulting in increased supply of shops. However, as a whole, the South West has fared relatively well, for example in Exeter the vacancy rate is nearly less than half the national average.

A positive upside has been an influx of opportunistic retailers capitalising on the more favourable terms now available, to expand geographically. Hollister, Kath Kidston, Zak's Hair and Beauty, Cote Brasserie, Yo Sushi, Bills, John Lewis, Urban Burger and Ruby Diner all entered the cities in the South West for the first time within the last 12 months. This has resulted in a more diverse tenant mix and shopping experience, this is good for landlords, consumers and the local economy.

From a property point of view, one of the most significant developments is the way occupiers are now utilising their retail space. Savvy operators are capitalising on

“A positive upside has been an influx of opportunistic retailers capitalising on the more favourable terms now available, to expand geographically.”

the perceived 'Trust factor' a High Street presence brings in conjunction with offering the facility to make online purchases whilst in store, to drive internet sales. For example, within Reiss, customers are assisted with iPads showcasing additional products and are encouraged to buy online. Click and Collect Services are also available in M & S who utilise a far corner

of their store for this growing function and John Lewis is also trialling a smaller store showroom style format in Exeter, reflective of the 'gadget generation' and an efficient way to showcase additional products without increasing store size.

With the way occupiers use their retail space rapidly changing, shorter and more flexible terms which enable them to adapt will be required. The era of long institutional leases with quarterly rents, upward-only rent reviews and 15 or 25-year terms is over. These are more standardised, quicker and cheaper fit outs available which make relocating easier so we anticipate the concept of 'Permanent pop ups' to become a reality.

Other emerging trends are a continued shift towards monthly rent payments as opposed to quarterly instalments for those with bargaining power. Likewise more imaginative payment structures with base rents and top up/turnover figures are likely to become more common.

We also expect to see some Government intervention:-The Mary Portas review has been well publicised, but to date even after the significant government support and media interest the implementation of the recommendations has been limited. The retail sector is calling for urgent review especially to revoke the decision to delay rating revaluations and it will also be interesting to monitor progress on carbon reduction commitments.

There is also continued interest from opportunistic retailers. Those actively acquiring include Subway, Majestic Wine, Bookmakers and discount retailers: Poundland, 99p Stores, B&M Bargains and Poundworld.

2013 is also likely to be a continued case of Supermarket Sweep with Morrisons, Tesco, Asda, Sainsbury's, Budgens and Iceland, having live requirements particularly for smaller format stores.

In summary, we predict more change but many opportunities for both forward thinking landlords and tenants.

40 years at Vickery Holman

Mike Spencer joined Vickery Holman in Plymouth on 25th October 1972 as a Building Surveyor.

In those days, VH were based at 25 Lockyer Street, and some forty years later we have not physically moved far, just across the road to number 26, but my how things have changed.

Mark Pellow, Managing Director comments

"It is great that Vickery Holman can retain staff of Mike's calibre for so long. We are pleased that Mike decided to join us those years ago and have benefited from his vast experience as part of our team. A Surveyor with Mike's experience will have been through significant changes, both within the company and the wider market. The fact that Mike has been able to apply himself to each of those changes and continued delivering for our clients is a credit to him."

Mike's specialism is historic buildings and conservation and he is able to offer a wealth of knowledge and information.

Aside to the work ethic that Mike has and his dedication to the job, he has also supported Plymouth Argyle since his relocation to Plymouth forty years ago and will frequently be seen in the stands at Home Park... clearly he has a stamina which is unrivalled and long may this continue.



Mike and the team in 1997

New Chair of College Corporation

Former Vickery Holman Chairman, Nick Holman, has been elected the new Chair of City College Plymouth's Corporation.

Nick joined the College Corporation in 2009 and was most recently Vice Chair.

Talking about his election to the Chair, Nick said: *"Throughout my career I have promoted the principle of developing young people from the start of their careers, recruiting school and college leavers and graduates. I believe in giving people, no matter what their background, the opportunity to realise their potential - because I started out as a trainee and have worked my way up to being the Chairman of my own company."*

"As a local businessman I have seen the value of partnerships between the public, private and community sectors, and I recognise the part that City College Plymouth has to play. The College has a pivotal role in Plymouth's prosperity and growth strategies and it will be an honour to do my bit in ensuring the College remains at the heart of the City's economic and social communities."



Surveying the landscape from 19,000 feet above sea level!

Richard Channing of Vickery Holman has recently conquered the challenge of climbing Mount Kilimanjaro, one of the highest mountains in the world – and is the highest free standing mountain at 19,341ft (5,895m) – raising over £5,000 for St Luke's Hospice in the process.



Richard is in the Administration and Accounts team based in the Plymouth office and is no stranger to such adventures.

Over the past several months, Richard has hosted charity events such as quizzes, raffles, race nights, sponsored runs, golf days and bucket collecting in and around Drake Circus shopping centre to reach his total.

He was joined by 16 other team members on this gruelling six day trek which entailed several hours of walking and climbing per day, finally reaching the summit on the morning of day five - after an 8 hour trek through the night, where temperatures plummeted enough to freeze their water bottles.

Richard comments, "I have undertaken some tough challenges before, but this was by far the most testing both physically and mentally. Having collectively raised around £100k for this vital local charity, we had a great team spirit and were confident that we would all reach the summit – it was an amazing achievement for all and an experience that will never be forgotten"

All of VH are very proud of Richard's achievement.

If you would like to donate to Richard's expedition in aid of St Luke's Hospice please visit www.justgiving.com/Richard-ChanningKilimanjaroChallenge



Congratulations to

Dylan Jones, who is now Associate RICS and RICS Registered Valuer. This brings the total Registered Valuers at VH to 15!



Service Awards

Mike Spencer
40 years
On 26th of October 2012

New Staff



Elly Wallace
Agency Assistant
Plymouth



Rob Maddison
Graduate Building Surveyor
Plymouth



Matthew Lawson
Building Surveyor
Plymouth



Sam Payne
Surveyor
Plymouth



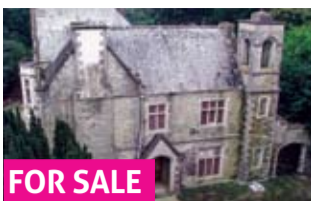
Josh Butler
Graduate Building Surveyor
Truro



Sherrie Prout
Typist
Truro

www.vickeryholman.com

TRURO OFFICE / t: 01872 245600 / e: truro@vickeryholman.com



FOR SALE

EXCITING DEVELOPMENT OPPORTUNITY
Tremorvah House, Truro
860 sq m (9,257 sq ft) building
0.69 HA (1.7 acre) site
OIRO £600,000



FOR SALE

ATTRACTIVE POST OFFICE AND STORES
St Mawgan, Newquay
182 sq m (1,955 sq ft)
OIEO £650,000



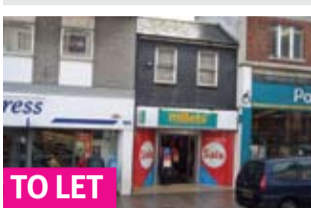
TO LET

NEW OFFICES AND WORKSPACES
St Austell Business Park
Available now
93 sq m (1,000 sq ft) - 743 sq m (8,000 sq ft)
£10 per sq ft



TO LET

MODERN OFFICE WITH AMPLE PARKING
Threemilestone, Truro
313 sq m (3,371 sq ft)
Rent free incentives available
£30,000 per annum



TO LET

PRIME RETAIL PREMISES
Market Jew Street, Penzance
120 sq m (1,295 sq ft)
£30,000 per annum



TO LET

VERSATILE PREMISES
Newlyn, Penzance
133 sq m (1,431 sq ft)
£9,500 per annum



FOR SALE

HISTORIC TOWN CENTRE PROPERTY
The Great Office
Available due to relocation
198 sq m (2,132 sq ft)
OIRO £165,000



FOR SALE

MODERN INDUSTRIAL UNIT
United Downs Industrial Estate, Redruth
123 sq m (1,321 sq ft)
£95,000

PLYMOUTH OFFICE / t: 01752 261811 / e: plymouth@vickeryholman.com



TO LET

FORMER COMET PREMISES
119-121 Mayflower Street, Plymouth
Large city centre retail unit. Prominent position. Good footfall.
895.4 sq m (9,634 sq ft)
£44,000 per annum



TO LET

CITY CENTRE SHOP
Ground Floor, Cobourg House, Mayflower Street, Plymouth
Prominent retail unit. Suitable for a variety of uses including office or restaurant (subject to necessary consents).
212.3 sq m (2,284 sq ft)
£29,500 per annum



FOR SALE/TO LET

SHOP WITH 3 STOREY OFFICES ABOVE
Lancastrian House, Derry's Cross, Plymouth
Whole building available or suitable to be let separately. 672 sq m (7,231 sq ft)
£50,000 per annum
£500,000 for the long leasehold



ALL ENQUIRIES

ICONIC HEADQUARTERS BUILDING
Brest Road, Derriford, Plymouth
Office and production facility.
Would suit variety of uses - office, production, leisure or assembly.
10,703 sq m (115,210 sq ft)
Car parking - 244 spaces
Prices on application



TO LET

INDUSTRIAL UNITS
Units 1, 2 & 3 Castle Buildings, Gilston Road, Saltash
Easily accessible location just off the A38. Flexible terms available. Units from 176.5 - 701.2 sq m (1,900 - 7,548 sq ft)
From £11,500 per annum



TO LET

OFFICES AT MARSH MILLS
Envoy House, Longbridge Road, Plymouth
Available together or separately. Excellent decorative order. 15 parking spaces. Suites from 137 - 270 sq m (1,470 - 2,940 sq ft).
£15,435 - £30,870 per annum



TO LET

OFFICE SUITES WITHIN ATTRACTIVE PERIOD BUILDING
Prideaux Court, Palace Street, Plymouth
Flexible terms available.
Ground Floor - 135.6 sq m (1,460 sq ft)
Second Floor - 139.2 sq m (1,498 sq ft)
From £12,500 per annum



TO LET

EXCEPTIONAL QUALITY CITY CENTRE OFFICE SUITES
Princess Court, Plymouth
On site concierge. Communal meeting and shower rooms. See www.princess-court.co.uk. From 62.3 sq m (670 sq ft) to 1,367.6 sq m (14,719 sq ft)
Rent on application

EXETER OFFICE / t: 01392 203010 / e: exeter@vickeryholman.com



TO LET

WELL PRESENTED INDUSTRIAL UNITS
Swan Units, Sowton Ind Est, Exeter
83.61 sq m (900 sq ft) - 334.4 sq m (3,600 sq ft)
Flexible terms available



TO LET

PROMINENT RETAIL UNIT IN TOWN CENTRE LOCATION
Union Street, Torquay
Retail 68.3 sq m (735 sq ft) plus ancillary uppers
£22,500 pax flexible terms available



TO LET

WELL PRESENTED OFFICES WITH PARKING
Cranmere Court, Exeter
162.6 sq m (1,750 sq ft) - 489.4 sq m (5,268 sq ft)
Flexible terms available



TO LET / FOR SALE

VERSATILE BUILDING IN CITY CENTRE
Mary Arches Court, Exeter
Up to 929.9 sq m (10,010 sq ft)
All Enquiries



TO LET

INDUSTRIAL UNITS ON POPULAR ESTATE
Finnimore Industrial Estate, Ottery St Mary
Up to 280.8 sq m (3,023 sq ft)
Flexible terms available



TO LET

RETAIL UNITS IN MAIN SHOPPING DISTRICT
Fleet Walk Shopping Centre, Torquay
Up to 1091.6 sq m (11,750 sq ft)
Flexible terms available



TO LET

HIGH QUALITY OFFICES IN CENTRAL BUSINESS DISTRICT
Senate Court, Exeter
382 sq m (4,112 sq ft)
All enquiries



TO LET

VERSATILE RETAIL UNIT
24-26 Union Street, Newton Abbot
66.7 sq m (718 sq ft) - 198.9 sq m (2,141 sq ft)
IRO £16,000 pa subdivision considered