Tunbridge Wells Civic Site
Alternative Uses
September 2017

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**For and on behalf of GVA Grimley Limited**
1. **Brief**

1.1 We have been instructed by Tunbridge Wells Borough Council to provide advice regarding the potential for uses for the Town Hall & Assembly Hall.

1.2 It has been prepared in the context of the plans to develop a new office building, civic suite, and a new theatre on sites overlooking Calverley Grounds.

1.3 This new development will render the existing buildings surplus to requirements. However, given their important heritage value and their contribution to the wider townscape of the Tunbridge Wells Town Centre Conservation Area it is important that they are given a viable and sustainable new life once they are vacated.

1.4 It is the hope of the Council that the sale of the Town Hall and Assembly Hall site, should release capital to contribute towards the cost of developing the new theatre and offices.

1.5 The Council is partly driven by a desire to generate a maximum capital receipt. Previous advice provided by GVA has stated that a disposal on the basis of a predominantly residential led redevelopment would generate the highest value. This was reaffirmed through a soft market testing exercise undertaken in Q1 2017.

1.6 However, it is acknowledged that reuse of the property for certain commercial uses could satisfy place making objectives / benefit the wider community. This report therefore seeks to investigate the potential for alternative uses on this site other than residential use.
2. Executive summary

2.1 Our investigations suggest that there is demand for the following uses to occupy a large quantum of the site / to become the predominant use.

- **Office** (conventional letting or serviced office)
- **Hotel**

2.2 Our investigations suggest that there is demand for the following uses to occupy a sizeable albeit lesser quantum of the site, perhaps subservient to a more predominant use.

- **Restaurant**
- **Leisure** (Has potential, albeit medium - low strength)

2.3 More specific uses such as healthcare, and educational purposes have been deemed by agents as plausible, but dependent on specific demand closer to the time of marketing. We comment that the configuration and location of the site lends itself well to these uses, but that the demand is less frequent and forecasts for such a use are less reliable.

2.4 The potential uses stated above are deemed possible, but are subject to viability. The buildings will require refurbishment or redevelopment to accommodate the majority of uses. Developers / occupiers seeking to reuse the site will need to factor this cost into their business plan. The market for both construction costs and sales values (for all use types) will undoubtedly change over the next 5 years (when vacant possession is anticipated) and we therefore suggest that the viability of these uses is appraised by a valuer/ active agent at a later point in time.

2.5 Our investigations have determined that residential use will command the most value and interest from bidders. It is likely that increasing the quantum of commercial space will amount to a lesser sales price.

2.6 Overall the Town Hall and Assembly Hall site is expected to be desirable amongst developers and occupiers alike and has a low risk of sitting vacant for an extended period of time.
3. Previous investigations

*Soft Market Testing Q1 2017*

3.1 GVA previously ran a soft market testing exercise of the Civic Site and reported our results in March 2017. The respondents were asked for their view on the sites optimal use, and feedback from all parties emphasised that the largest capital receipt would come from a residential led development. This use would also have a low risk of sitting vacant due to the known residential demand in Tunbridge Wells.

3.2 The respondents were also asked for their view on incorporating alternative uses within the scheme. Whilst most respondents reported that the capital receipt would almost certainly be reduced, the possibility of a commercial led redevelopment was not discounted so long as the alternative scheme was viable.

3.3 The respondents raised the following general constraints/concerns about alternative uses:

- Limited on site car parking for certain uses.
- Listed Façade / Features make certain uses less applicable.
- Historic and prominent building could make for a challenging planning permission.
- Cellular layout, as opposed to open plan space will suit specific uses more than others.
- Unknown demand for certain uses in the future.
- Limited conversion cost information which can impact viability.

*Planning potential*

3.4 A Planning brief has been developed by Allies & Morrison which sets out the site’s planning potential. This document provides more detailed guidance for the options to re-use the existing buildings beyond the Planning Framework Document which was adopted in July 2017.

3.5 The planning brief is intended to highlight the possibilities for future adaptations but also to identify key aspects of the buildings which should be protected within any proposals in order to preserve the value and character of the buildings and their contribution to the wider townscape. Potential uses such as innovative workspace, business, academic use, hotel or residential use could all be considered as potentially suitable uses for the building, subject to demand from the market.

3.6 We assume the site currently is operated under its lawful use as B1 offices and D2 for the theatre. Alternative uses will require planning permission. This could achieved through a change of use application (where the building itself is not altered) or via a detailed planning application (where the building will be altered). As listed buildings, the properties are not capable of achieving outline consent.
4. **Potential use: Office**

4.1 GVA’s agency team is actively marketing space in Tunbridge Wells, and are in constant dialogue with occupiers in the market. Strong demand is reported with a particular emphasis on smaller size requirements in the region of 3,000 sq ft. It is therefore anticipated that a predominately office led reuse of the site would be on a multi let basis, or as serviced offices. Whilst there are some active requirements for larger amounts of space in Tunbridge Wells, these are less common.

4.2 The configuration of the existing Town Hall is clearly more suitable for reuse as offices than the Assembly Hall, which would require a comprehensive redevelopment as opposed to a refurbishment. Whilst the cellular layout of the Town Hall is less popular than modern open-plan accommodation, demand from office occupiers is still expected to be high due to the lack of supply. In any case, we anticipate that a developer would seek to modernise / refurbish the interior before occupation; the cost of this would be factored into any bids to purchase the site on this basis.

4.3 The office market in Tunbridge Wells has been greatly impacted by a loss of office supply by way of conversion to residential under Permitted Development legislation. There is over 160,000 sq ft of office space which is likely to be lost to residential or alternative use over the next 2/3 years. As a result, letting prospects are very strong for what office stock does remain.

4.4 With the majority of development being focused around residential uses, we do not expect there to be much competitive office space come vacant possession in Q2 2022. Whilst the strength of the future office market can’t be guaranteed, the sentiment for occupier demand and rental values looks positive.

4.5 2 reputable mixed use developers have confirmed interest in providing offices over part of the site. Whilst residential is their core area of expertise, both would still be interested in the opportunity if it were to include a mix of commercial and residential space. They cautioned that their interest would depend on the viability and state of the market at the time, but have highlighted that strong residential values over part of the site may help subsidise some of the less valuable office accommodation if it was a key objective for the Council.

4.6 We have been in discussions with specialist office developers, and operators of serviced offices. They have confirmed interest in undertaking office development siting the popularity of the town and the future lack of supply as a key driver. One respondent’s business model has a particular emphasis on operating serviced offices, siting the emerging trend of modern-day office tenants who desire more flexible terms. Crucially, the serviced
Office business model seeks to achieve rental premiums beyond usual market rent by offering tenants greater flexibility. This is a growing market as the popularity of long term leases amongst office occupiers declines.

4.7 All developers raised concerns about the level of on-site car parking that would be needed to accommodate office use. On-going office use of a significant quantum would undoubtedly require staff to obtain car parking permits from nearby car parks such as the Crescent Road Car Park.

5. **Potential use: Hotel**

5.1 The current Town Hall offices have an NIA of circa 28,000 sq ft but the GIA is estimated to be in the region of 42,000 sq ft. The Gross area over the ground and first floors (which would be suitable for hotel accommodation) is approximately 30,000 sq ft and should be able to accommodate 70-90 bedrooms. This is a relatively popular space requirement amongst operators.

5.2 The Town Hall’s existing configuration of cellular offices and a central corridor also lends itself well to a conversion to hotel use. The Assembly Hall’s configuration as a theatre would require a comprehensive redevelopment to accommodate hotel bedrooms, but may be suitable for conversion to a hotel conference centre.

5.3 We have sought demand from the UK’s key operators, of which some have confirmed a requirement to locate within Tunbridge Wells.

5.4 As vacant possession is circa 5 years away, an analysis of the market and the competition will be required at a later point in time. Should a new hotel development emerge before vacant possession, the interest for hotel use at the Civic Site is likely to be reduced.

5.5 The key occupiers provide hotels under a variety of different brands depending on the characteristics of the local market. Hotel operators may need to differentiate the quality of offering to avoid being in competition with Hotel Du Vin which is circa 100m east of the site.
6. **Potential use: Retail/ Restaurant**

6.1 The property's listed façade makes reconfiguration challenging. The majority of conventional retail (A1 / A2) uses require glass fronted units, and as such opportunities on the site are low.

6.2 Mixed use developers confirmed that the reuse of the Assembly Hall lobby area should work well for a restaurant (A3) considering its interesting design and optimal size. The size is larger than typically demanded by café operators.

6.3 The Assembly Hall lobby area fronts Crescent Road, which is off the prime pitch. This will impact demand for the space and possibly suppress the rent achievable. However restaurant uses are less pitch sensitive. Café occupiers would prefer to locate along Mount Pleasant Road which has higher footfall.

6.4 Other retail uses such as pubs' drinking establishments (A4) and hot food takeaways (A5) have not been explored. These uses are more contentious and can negatively impact the appeal of the wider site.

7. **Potential use: Leisure**

7.1 Due to the site’s town centre location and close proximity to the train station & public car parks, it is well placed to attract interest from Health and fitness operators. Commitment to an area is driven by the catchment area population and competition from other gyms.

7.2 Both the Town Hall and the Assembly hall could accommodate Gym use subject to an internal redevelopment / reconfiguration. The cellular configuration of the Town Hall is not optimal for Gym operators, who require open plan space. The size of the site is larger than is typically required for health and fitness operators, so incorporation of such a facility would be subservient to a more predominant use. Budget gyms typically require space in the region of 6,000 – 20,000 sq ft, which could be suitably accommodated. ‘High end’ Gyms have larger requirements usually in excess of 20,000 sq ft and require strong on-site car parking provision.

7.3 Agents have reported the following constraints to health and fitness use:

- Tunbridge Wells already has a PureGym located in the nearby Royal Victoria Place Shopping Centre which could limit demand.
- A lack of free customer parking will be a key challenge, particularly for high end operators.
Other leisure uses

7.4 Agents comment that the Assembly Hall may have prospects for conversion to a Cinema. However, this should only be explored if the cinema interest at the adjacent Belvedere development site falls away.

7.5 The high ceilings within in the Assembly Hall could allow for reuse from ‘trampoline park’ leisure operators. Leisure agents have reported high demand for this operation. These operators are typically forced to locate to out of town location as most central properties tend to be converted to more valuable uses, such as office or residential.

8. Potential use: D1 uses

8.1 Medical uses such as clinics and dentists fall within the D1 category of the use classes order. Requirements amongst these occupiers are less frequent and there is generally lower supply of space. Occupiers of this nature tend to compete for office and retail type space with the intention of obtaining a change of use.

8.2 Religious facilities also fall under the D1 use class. The current configuration of the Assembly Hall should attract interest from Religious Groups. The Vale Royal Methodist church on London Road is of a similar size to the Assembly Hall. This property sold in June 2016 for £900,000 reflecting a capital value per sq ft of £81 per sq ft.

8.3 We are unaware of any education requirements in Tunbridge Wells. Both the Town hall and Assembly Hall’s configuration is well suited for reuse from schools/colleges. We also expect that day nursery operators would take a keen interest in converting space in either building. Most nurseries have space requirements below 5,000 sq ft so this use would be subservient to a more predominant use.

8.4 The site has potential to accommodate all of these uses, but it will ultimately depend on the specific occupier demand closer to the time of marketing.
### 9. Feedback List

9.1 The following table is a list of all developers / operators / occupiers / agents who have supplied information to support this document.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Specialist Area</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Offices / serviced offices</td>
<td>Interested – awaiting feedback from Council Meeting.</td>
</tr>
<tr>
<td>Company B</td>
<td>Offices</td>
<td>Reported strong potential for Office use across the site subject to viability. The office market enquiries schedule contains 21 Active requirements from occupiers.</td>
</tr>
<tr>
<td>Company C</td>
<td>Mixed use developer (residential focus, but are the most recent office developer in the Town)</td>
<td>Interested, for commercial space as part of a mixed use scheme that incorporates residential.</td>
</tr>
<tr>
<td>Company D</td>
<td>Mixed use developer</td>
<td>Interested, for commercial space as part of a mixed use scheme that incorporates residential.</td>
</tr>
<tr>
<td>Company E</td>
<td>Offices / serviced offices</td>
<td>May be interested at a closer point in time. Optimistic about the future potential of office market generally.</td>
</tr>
<tr>
<td>Company F</td>
<td>Hotel Operator</td>
<td>Interested. Have an 80 bed requirement.</td>
</tr>
<tr>
<td>Company G</td>
<td>Hotel Operator</td>
<td>Very interested.</td>
</tr>
<tr>
<td>Company H</td>
<td>Hotel Operator</td>
<td>Interested. Have a requirement under their Holiday Inn Brand.</td>
</tr>
<tr>
<td>Company I</td>
<td>Hotel Operator</td>
<td>Not interested, already have a Mercure branded hotel in Tunbridge wells.</td>
</tr>
<tr>
<td>Company J</td>
<td>Hotel Operator</td>
<td>Not interested, already have a hotel in Tunbridge wells.</td>
</tr>
<tr>
<td>Company K</td>
<td>Leisure / health and fitness operator</td>
<td>Central location is appealing, would like to be updated, May be interested at a closer point in time.</td>
</tr>
<tr>
<td>Company L</td>
<td>Leisure / health and fitness operator</td>
<td>Wish to be informed about the opportunity going forward, but are already within the town.</td>
</tr>
<tr>
<td>Company M</td>
<td>Contractor with development arm</td>
<td>Only interested in a predominantly residential led development.</td>
</tr>
<tr>
<td>Company N</td>
<td>Contractor with development arm</td>
<td>Only interested in a predominantly residential led development.</td>
</tr>
<tr>
<td>Company O</td>
<td>Leisure.</td>
<td>Reported potential, albeit low due to competition.</td>
</tr>
<tr>
<td>Company P</td>
<td>Retail / Restaurant</td>
<td>Reported strong potential for A3 use in the Assembly Hall lobby.</td>
</tr>
<tr>
<td>Company Q</td>
<td>Hotels</td>
<td>Reported medium - strong demand for C1 use on the site subject to viability.</td>
</tr>
</tbody>
</table>