

LOCHAILORT NEWBURY LIMITED

EAGLE HOUSE
108-110 JERMYN STREET
LONDON
SW1Y 6EE

TEL: 020 3468 4933

Matthew Shepherd
Planning Department
West Berkshire
Council Market
Street Newbury
Berkshire
RG14 5LD

25 October 2024

Dear Matthew

Planning Application: 23/02094/FULMAJ

Eagle Quarter II, Kennet Centre, The Mall, The Kennet Centre, Newbury, RG14 5EN

Please find attached the following documents that have been prepared in response to the questions from Councillors that you sent through in your email of 8th October.

Retail units

The number of businesses to be lost and potentially gained through this proposed development has been queried.

Attached is a letter from our retail consultants, Rivington Hark, who manage the Kennet Centre on our behalf. This sets out the current position in respect of occupancy at the Kennet Centre. There are 50 units in total (this does not count any subdivisions) and there are 14 vacant units. This appears to indicate demand for Kennet Centre units however the majority of the let units are occupied on temporary leases and pay no rent – they contribute to the service charge and rates only. It is unlikely that many of the units would stay if rent was charged.

The letter also confirms that the net rent for the Kennet Centre is negative, and it is subsidised by the Vue Cinema block.

In respect of the proposals, 34 new units are proposed. These are deemed to present a far more attractive offer than existing retail units in the town centre, especially for start up businesses primarily because of the flexible leases and terms proposed to be offered, and that they are built to 'white box' standard meaning businesses have low start up costs, and can effectively move straight in.

We are confident that the new retail units will be attractive to potential occupiers, and it is entirely in our interest to ensure these units are let as they are key to the overall placemaking and therefore success of the scheme.

Viability

There has been much discussion about what the proposed development will deliver, and whether there is demand for such a proposal.

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As officers are well aware, we have been in discussions with the Council since 2020 regarding this scheme, and we have amended the proposals and reduced the overall heights substantially. The proposal will deliver 427 Build to Rent units in this highly sustainable location in Newbury Town Centre.

This is fully in compliance with Policy CS1 of the WBC Local Plan, and Policy SP12 the draft Local Plan currently at examination, as well as the Government's intention is to deliver 1.5 million homes over the next 5 years.

The national housing crisis is well reported on, and these units will help to deliver much needed housing for local people and those from further afield. The Build to Rent sector is established and provides an alternative tenure of housing as set out in your committee report, particularly for people who do not qualify for affordable housing and cannot afford to buy a property on the open market. Build to rent units also provide secure and long term rental contracts, generally over 3 years, and are managed by institutional investors meaning that tenants have more security in respect of their tenancies.

There is a national and local need for new housing. The provision of housing is entirely policy compliant, and the requirements for local authorities to deliver new housing is set to increase as indicated by the draft NPPF. The demand for new housing is implicit.

It is more useful to focus on the economics of the site to explain the nature of the scheme before you. We have submitted to you a viability assessment that has been agreed by your own independent advisors. This concludes that it is not viable for affordable housing to be delivered on site. This conclusion was unsurprisingly the same for the larger scheme that was refused by the Council.

The reason why the economics/ viability of the scheme is so difficult is primarily due to the characteristics of the site and the costs associated with this.

Firstly, the site is 5.5 acres in size and is entirely covered by one large concrete block. Demolition is complex and expensive. The Vue block and car park are to be retained, which is not straightforward, and it sits in a tight urban environment with immediately adjacent listed buildings. The sheer volume of concrete to be removed from the site is significant (note that should permission be granted we would work closely with the surrounding parties to minimise disruption).

Secondly, the site's location in a conservation area, has had a twofold impact on overall costs.

It has led to a lateral design in order to keep heights as low as possible, particularly in the northernmost part of the site where heights are 2 – 4 storeys. Compared with a single tall building, a lateral floorplan is inherently more expensive because it means a larger slab, bigger roof areas, more cores (and lifts and stairs) and additional piling.

This lateral design has however allowed for the introduction of new pedestrian streets and passages through the site, which also come at a cost, but allows for the affordable commercial units proposed (discussed in the previous section), and will have significant regeneration and amenity benefits for the town centre.

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The other factor of being located in a Conservation Area is that the quality of the design proposed is exceptional. The outer elevations of the scheme have been designed by renowned architect, Professor Robert Adam, to fit within and enhance the Conservation Area. The internal parts of the scheme have been designed by award-winning architects, Collado Collins. The team have worked closely with WBC officers and Historic England to achieve this level of quality, which of course comes at a price.

These are not the only factors that influence the viability of the scheme but are key to understanding the economic context. The wider factors are detailed in the viability assessment which has, as previously mentioned, been agreed by the Council's independent advisors, and in essence, concludes that the overall scale of the development is necessary to make the scheme viable.

Comparisons have been made in respect of the delivery of affordable housing on the nearby Jewson's site. While it is impossible to compare different schemes on a like for like basis, the complexities of redeveloping the Kennet Centre, as outlined above, are not comparable to redeveloping the Jewson's site, and perhaps help in illustrating why the economics of schemes do differ widely.

In brief, I would draw your attention to the fact that the existing buildings on the Jewson's site comprise warehouses, with some limited and small scale residential, and open hard standing. I also note that it is only partly located within a Conservation Area (soon to be removed in the revised CA plan), and given its context the design is pared back and, of necessity, not of the same design quality or detailing as Eagle Quarter. Therefore, the demolition, construction and design challenges presented here are entirely different and less costly.

The proposed development, will deliver the following:

- 427 new residential units in this sustainable location, helping the Council to meet its housing needs.
- Exemplar residents' amenities including workspaces, gym and roof terraces and other amenity spaces to help encourage a sense of community.
- 34 new affordable commercial units, ready to be occupied with flexible terms.
- New pedestrian streets, opening up this part of the town centre, and creating lively and animated spaces, with high quality landscaping, seating areas, performance areas and spaces for restaurants and cafes to spill out.
- New frontages onto the Conservation Area, with individually designed buildings of the highest quality, replacing the dead and unattractive frontages of the existing Kennet Centre.
- New residents who will bring activity and expenditure of circa £8.4m a year to the town centre (£80m over a decade).
- Circa **£2.9m** in CIL and S106 contributions.

To use the comparison with the Jewson's redevelopment again, it does not deliver commercial benefits that Eagle Quarter will deliver, not least affordable commercial floorspace, and the associated economic benefits to existing town centre businesses through expenditure and regeneration. It also doesn't deliver the new streets and open spaces that will transform this part of Newbury town centre, or the amenities for proposed residents.

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Placemaking and economic development play a key role in this proposal and the application has met the requirements of Policy CS6 in that the level of affordable housing has been justified through a viability assessment that has been checked by the Council's own assessors and considered to be sound. The scheme delivers circa **£2.9m** in CIL and S106 contributions. The planning balance has been undertaken in the officer's committee report, and the content of this letter we hope assists in clarifying matters that were raised at the Western Area committee on 3rd October.

In conclusion, this letter responds to the queries raised in respect of the existing businesses in the Kennet Centre, and the proposed 34 commercial units on site. It also provides a further explanation of the costs associated with delivering the site, which is linked to the lateral design, and the other elements of the scheme arising, including the new streets.

We have reduced the overall height of the proposals by some 3 storeys during our discussions with the Council and the height has been focused on the least sensitive parts of the site. It has been demonstrated that for this scheme to be viable and deliverable, the scale, as proposed, is necessary.

Yours sincerely



Sarah Ballantyne-Way
Planning Director

Enc: Retail Letter (Rivington Hark)



Hugo Haig
Lochailort Investments Ltd
Eagle House
108-110 Jermyn Street
London
SW1Y 6EE

25th October 2024

Dear Hugo

Re: Kennet Centre, Newbury

As your asset manager for the shopping centre, you have asked me to write to you concerning its current occupation; the basis of that occupation and the how this will compare to the new proposals.

1. Current position

The “old” Kennet shopping centre (i.e. excluding the new cinema block which is being retained) contains 50 units. It is fair to say the shopping centre is in a poor state due to historic lack of investment going back many years, outdated design, and impact of better and newer space elsewhere in the town. Of note is the fact that:

- There are currently 14 vacant units
- Of the let units, all bar one are temporarily occupied, i.e. both landlord and tenants can break at short notice
- A significant number of tenants are occupying on the basis of contributing to rates/ service charge and pay NO rent. Indeed, were we to seek (as we can due to the temporary nature of leases) rent from many of these units, the tenants would vacate.
- The net rent from the old centre is negative. It is being cross subsidised by the cinema block. You are aware that we are forecasting that the whole centre will go negative in 2025 when we expect a number of tenants to vacate post-Christmas.

The current asset is not a viable investment as a shopping centre. Were it not for the plans to redevelop and radically improve what is there, then we would expect the asset to close and be boarded up.

RivingtonHark Ltd
7th Floor
13 Charles II Street
London
SW1Y 4QU
Tel No: 0207 182 1840

Company Number: 03261496

Cont'd.....

2. New proposals

In your new plans you have designed some 34 units. These reflect the size and specification of the demand as we know it. Moreover, they will be considerably cheaper for occupiers than the current centre due to a significantly lower service charge and rates burden. This is due to the modern design, low maintenance cost, open aspect and efficiency of operation.

Wider Newbury Context

We have undertaken a survey of the vacant units within Newbury town centre. This is appended to this letter but in brief:

- 49 vacant units identified
- Circa over 100,000 sqft vacant floorspace although this could be higher as we are not counting the upper parts.

The survey results, and map showing locations of vacant units, are attached to this letter.

3. Scheme Advantages

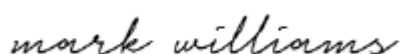
The Eagle Quarter proposals will consolidate the retail offer in this part of Newbury and will provide affordable floorspace for start-up and established businesses. Unlike the vacant floorspace identified within the town centre, the proposals offer the following advantages/ incentives:

1. The size of the units is relatively small. This keeps rents but more importantly business rates to a minimum.
2. The units are interchangeable which means that they can be combined to create larger units should demand exist. This has the potential to allow business to expand and grow while remaining on site.
3. The units will be built to "white box" standard. This means that fit out costs for new businesses will be minimised.
4. Service charges will be much lower than the Kennet Centre.
5. New tenants will be offered highly competitive and flexible terms. It is entirely in the interest of the developer to ensure that all units are occupied.
6. The units will attract artisan and independent businesses with a view to creating a destination shopping experience.

We are confident that your units will be more attractive than existing retail units in the town centre, particularly for start-ups, because of the reduced operational costs. If a new business took on an existing unit in the town centre, these are likely to require significant renovation works. They are often larger, so business rates will be higher, and letting terms will not be as flexible.

Kind regards,

Yours sincerely

A handwritten signature in black ink that reads 'mark williams'.

Mark Williams
Executive Director

Vacant unit Information, Newbury town centre, October 2024



ADDRESS
Unit B, Block B, Garter House, Weavers Yard
SIZE, SQFT
1,339
NOTES
Under offer to Sundae Gelatos, our current tenant



ADDRESS
Unit A, Block B, Garter House, Weavers Yard
SIZE, SQFT
871
NOTES



ADDRESS
Unit D, Linen Place, 1 Echo Walk, Weavers Yard
SIZE, SQFT
1,463
NOTES



ADDRESS
Unit 5, Block H, Weavers Yard
SIZE, SQFT
361
NOTES



ADDRESS
Unit 3, Block H, Weavers Yard
SIZE, SQFT
616
NOTES
Under offer



ADDRESS
Unit A, Farrow House, Weavers Yard
SIZE, SQFT
364
NOTES



ADDRESS
Unit A, Block C, Weavers Yard
SIZE, SQFT
813
NOTES



ADDRESS
Unit A, Block A, Weavers Yard
SIZE, SQFT
Approx 2,000
NOTES
Former F45 gym, under offer to another tenant



ADDRESS
Marketing Suite of Weavers Yard
SIZE, SQFT
Approx 800
NOTES
Planned to be turned into a business hub



ADDRESS
20 Market Street
SIZE, SQFT
722
NOTES



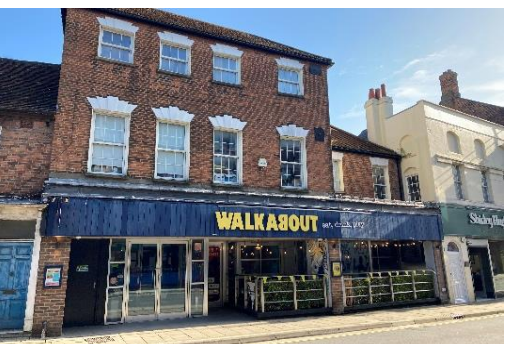
ADDRESS
18 Cheap Street
SIZE, SQFT
Unknown
NOTES



ADDRESS
62 Cheap Street
SIZE, SQFT
528
NOTES



ADDRESS
4 Cheap Street
SIZE, SQFT
1,300
NOTES



ADDRESS
42 Cheap Street
SIZE, SQFT
9,000
NOTES
Building being sold, tenant vacating Apr 25, planned development



ADDRESS
41 Cheap Street
SIZE, SQFT
2,767
NOTES
Under offer for sale, development planned for apartments



ADDRESS
33 Cheap Street, ground floor
SIZE, SQFT
1,315
NOTES



ADDRESS
11 - 13 Market Place
SIZE, SQFT
1,517
NOTES



ADDRESS
23 Market Place
SIZE, SQFT
268
NOTES



ADDRESS
5 Wharf Street
SIZE, SQFT
2,393
NOTES
Building for sale as offices



ADDRESS
3 Northbrook Street
SIZE, SQFT
2,178
NOTES



ADDRESS
101 Northbrook Street
SIZE, SQFT
2,089
NOTES



ADDRESS
81 Northbrook Street
SIZE, SQFT
8,836
NOTES



ADDRESS
26 & 26B Northbrook Street
SIZE, SQFT
2,854
NOTES



ADDRESS
28 - 29 Northbrook Street
SIZE, SQFT
2,533
NOTES



ADDRESS
30 Northbrook Street
SIZE, SQFT
1,600
NOTES
Possible to join with 31 NB below, to make 2,896 SQFT unit



ADDRESS
31 Northbrook Street
SIZE, SQFT
1,485
NOTES
Possible to join with 30 NB above, to make 2,896 SQFT unit



ADDRESS
3 Brook House, 60 - 62 Northbrook Street
SIZE, SQFT
1,128
NOTES
Under offer



ADDRESS
54 Northbrook Street
SIZE, SQFT
1,162
NOTES



ADDRESS
Shop 2, right hand side, 15 Broadway
SIZE, SQFT
415
NOTES



ADDRESS
Saddles Court
SIZE, SQFT
5 units of various sizes, ranging from 600 to 2,000, most are not serviceable
NOTES



ADDRESS
Middle unit, 49 Northbrook Street
SIZE, SQFT
Approx 700
NOTES



ADDRESS
G11 Parkway
SIZE, SQFT
1,970 ground floor
NOTES



ADDRESS
G11A, 50 Parkway
SIZE, SQFT
Approx 2,000 on ground floor
NOTES
Former Joules unit



ADDRESS
52 Parkway
SIZE, SQFT
2,486 on both levels
NOTES
Former Isabels unit



ADDRESS
G15, Parkway
SIZE, SQFT
Approx 5,000
NOTES



ADDRESS
K3 + K4, 72 - 73 Parkway
SIZE, SQFT
400
NOTES



ADDRESS
74 - 75 Parkway
SIZE, SQFT
3,350
NOTES



ADDRESS
LSU4R
SIZE, SQFT
Unknown
NOTES
Unit that is planned for Everyman cinema



ADDRESS
10 Weavers Walk, off of Northbrook Street
SIZE, SQFT
655
NOTES



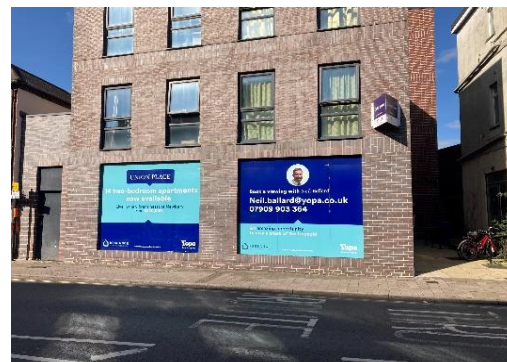
ADDRESS
4 Weavers Walk
SIZE, SQFT
731
NOTES



ADDRESS
154 Bartholomew Street, ground floor only
SIZE, SQFT
1,025
NOTES



ADDRESS
8 Bartholomew Street
SIZE, SQFT
850
NOTES



ADDRESS
31 - 34 Bartholomew Street
SIZE, SQFT
896
NOTES



ADDRESS
109 Bartholomew Street
SIZE, SQFT
474
NOTES



ADDRESS
41 Bartholomew Street
SIZE, SQFT
Approx 750
NOTES



ADDRESS
107 Bartholomew Street
SIZE, SQFT
Approx 700
NOTES



ADDRESS
91 Bartholomew Street
SIZE, SQFT
2,217
NOTES
Former Nags Head public house



ADDRESS
6 London Road
SIZE, SQFT
1,114
NOTES
Offices under offer



ADDRESS
Under Travelodge Hotel, London Road
SIZE, SQFT
1,250
NOTES

Map of showing locations of vacant units in Newbury Town Centre

