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USER CLASS ORDER – PART 2

Does the beer taste any different?

Next time you drive along any High Street, note the changing face of the Parade. I'm not talking here about retail warehouses but the traditional High Street. If you can, have a look at the upper levels and I bet you a pint of the best new Zealand lager that you will see mostly residential users.

There has been a lot of Press coverage recently about the loss of High Street retailing. So what are the Planning Authorities doing about it? In Part 1 of the User Class saga (my last Commentary) I talked about the 1997 and 2006 User Class Orders. I suggest at this stage you drag out that Order and look at Classes A3, A4 and A5. A3 is restaurants and cafes. A4 is drinking establishments. A5 is hot food takeaway.

Now keep that thought in mind and think about all the publicity about shortage of houses and flats in the market place. Add two more ingredients, namely Local Authorities looking to encourage the regeneration of the High Street, and the High Street pub.

We know you can change a pub (A4) to a restaurant (A3) without Planning Permission. We also know you can change a pub to professional office retail use (A2) without Planning Permission.

Now let's go back to the pub. More often than not you will find 2 – 3 floors of residential accommodation on the upper levels. Most of those that I have seen have separate access. So where does that lead us?

The answer is a unit in which you can create a new scheme based on restaurant or office use on the ground floor and, more often than not, a number of self contained flats on the upper level.

Property ownership and making capital gain is all about protecting the downside and the upside will take care of itself. With these types of property you are building-in additional flexibility. As supply remains static at the date of purchase and given increased flexibility there can only be increased demand. Increase the demand you increase value. Increase value and you reduce your exposure and increase your equity.

So next time you sit down for a pint of beer take a look at the footprint of the ground floor and see if the upper parts are self contained. You just may be looking at the fundamental ingredients of a deal.

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