



Asset Management • Investment • Development • Acquisitions • Agency

Urban Village • 221 High Street • Swansea • SA1 1NW

Date: 17 August 2022

Our Ref: BP2 / C449

Dyfan Williams
Castell Construction

By Email: Dyfan@castellgroup.co.uk

Hi Dyfan

Re: Eagle House, Port Talbot – Proposed Redevelopment

Many thanks for your instruction to outline our opinion of the marketability of commercial space within Eagle House in Port Talbot.

By way of background, BP2 have had a previous involvement in marketing Eagle House on a For Sale basis c.5 years ago. At this stage, there was limited demand for the building with few enquiries forthcoming, and as a result the owner sold it via a local auction.

1.0 General Market Conditions

In terms of general market trends, the recent Covid outbreak has had a significant detrimental effect on the commercial property market across the country. Whilst demand in prime locations has improved, we have experienced a notable decline in secondary / tertiary town centre locations where footfall is still yet to return to near pre-pandemic levels. Indeed, it is forecast to worsen before the situation improves.

Given the recent recessionary forecasts for the UK and global economies, we are expecting vacancy rates to increase over the next 12-24 months, and take up levels across the board to drastically reduce. We are expecting the high Street retail sector and secondary town centres, in particular, to suffer the worst.



2.0 Relevant Recent Experience

A very nearby and relevant case study where we have had direct experience is the redevelopment of Ty'r Orsaf (the former police station) in Port Talbot situated c.50m from the subject property. The location superior both in terms of viability and proximity to the High Street & Transport Hub.

Since 2018, BP2 have been instructed to market the ground floor commercial units – availability from 1,000 sq ft – 6,000 sq ft of new build commercial units to a shell specification.

During the period of marketing, enquiries and demand have been extremely limited. We have achieved a 2,000 sq ft letting to an A3 occupier ; this was effectively a start up sports bar who have since built up arrears due to poor trading conditions. We had agreed to let the final 4,000 sq ft at a heavily discounted rent but the Tenant has recently pulled out of the letting citing market conditions.

Marketing continues 4 years on.

2.0 The Existing Building

In our opinion, the subject property is poorly located for a commercial occupier to create and/or build a sustainable, thriving business.

We consider the position to be tertiary in a retail context, being situated to the fringe of the city centre in an unrecognised location for footfall; its prominence to the main transport hub and High Street is significantly blighted by the Grand Hotel. This is evidenced by the lack of previous enquiries when the property was on the open market.

The location of the building for office use is not ideal, and it is unable to compete with superior, purpose built office space in recognised office locations including Baglan Energy Park and Harbourside Business Park. Of the few office requirements that exist within Port Talbot, there are a number of buildings which are better specified and in better locations than the subject property.

The property does benefit from its own car park which is the biggest selling point to the commercial market. This alone, however, does not change the market demand conditions.



Given the age and current condition of the building, we are of the opinion that the level of investment required to make the building fit-for-purpose to be used for either offices or a different commercial purpose, would not make economic sense under current market conditions.

We are therefore of the opinion that one should consider redevelopment options to enhance the overall value, and particular reference should be paid to alternative uses.

3.0 Proposed Redevelopment

We can confirm that we have been carrying out 'soft marketing' of the proposed redevelopment scheme over the last 6-9 months. This has involved approaches to known requirements in the marketplace, as well as national chains who would have a potential interest in the location.

The feedback has been resoundingly negative. For example, Greggs have visited the site and commented that the location was not prominent enough, the footfall was non-existent and the Transport Hub simply not busy enough to support their business model.

Alternative uses such as a convenience store, retail outlet or medical use have also been considered, but having made 'off-market' approaches to occupiers within these markets, negative feedback was again received; this mainly centred on the location.

4.0 Summary

In summary, we consider that continued commercial use for the building to be an unviable investment proposition under current market conditions as the building its past it economic life.

We are of the opinion that a redevelopment of the site is the most appropriate future use for the building. Any commercial space which is designed into the new scheme will require careful design and we would advise that as little commercial space as possible be incorporate given current market conditions; it will be difficult to let and any lettings that are achieved will be at rent levels that will hinder the development appraisal.



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Please do not hesitate to contact me if you require anything further, and I hope that this clarifies the situation as required.

Kind Regards

David Blyth

Director

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