

Our Ref: MCT/RP/P7818

13 February 2014

Shepway District Council
Civic Centre
Castle Hill Avenue
Folkestone
Kent
CT20 2QY

For the attention of Mrs Sandra Bryant

Dear Sirs,

Re: FOLKESTONE INDOOR BOWLS CENTRE, CHERITON ROAD, FOLKESTONE, KENT

I refer to your email of 24 January instructing me to provide you with rental valuation advice on the Folkestone Indoor Bowls Centre. The premises are well known to me, having first provided advice in 2000.

Having made my inspection and with regard to the situation, I have set out my advice on an informal basis which I hope will provide a more helpful discussion document than if I provided a formal Redbook Valuation at this stage.

BACKGROUND

The tenants, Folkestone Bowls Association Limited (FBAL) are currently holding over on a lease which was granted for a term of 21 years from 25 March 1991 and therefore expired on 24 March 2012. It is a full repairing and insuring lease, subject to upward only rent reviews every third year. The commencing rent was £16,000 per annum and in subsequent reviews it eventually rose to £24,500 in 2004 and I understand has remained at that level since.

The main building dates from 1963 and the structure is therefore now 50 years old. FBAL at their own expense extended the bar and dining facilities and carried out other improvements under a planning consent granted in 1995. The rent has disregarded the rental value of these improvements, having been undertaken at the tenant's expense.

SUMMARY OF DESCRIPTION AND ACCOMMODATION

According to my file the original accommodation provided the following:-

		<u>Ft²</u>	<u>M²</u>
Clubhouse:	Approx	3,750	348
Indoor Bowling Hall with 7 rinks:	Approx	18,850	1,751
Additional facilities:			
2 outdoor greens (12 rinks)		-	-

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BUSINESS RATES

The premises are currently assessed with a rateable value of £34,000. This however does take into account the extension provided by the tenant and which has been excluded from the rent assessment.

Having made enquiries I note that the tenant does get charitable relief by way of an 80% discount on the normal rates payable.

I also note from my file that in 2004 the rateable value was £47,000. This has since been significantly reduced to £34,000 (a 27.5% reduction) reflecting the acceptance by the Valuation Office of declining membership and financial difficulties experienced by many bowling clubs.

MARKET COMMENTARY

In 2004 I made enquires with the Valuation Officer regarding the rating assessments of bowling centres. I was advised that the Valuation Office also has difficulties in collating evidence and at that time found a number of cases where membership was falling and bowling centres were having difficulty remaining viable, such that it was found that rent concessions were being granted in some cases. As a result a number of rating assessments were lowered on revaluation as was the case with Folkestone Indoor Bowling Centre as stated above.

The Valuation Office has produced a paper on the prevailing situation with regard to indoor bowling centres and their current approach to their valuations.

Many indoor bowling centres were built or converted in the 1980s and 1990s, although the Folkestone Indoor Bowling Centre is an early example dating from the 1960s.

The proliferation of clubs has had an effect on membership numbers at existing clubs. In particular Folkestone has lost members to the new Ashford facilities. The growth in the popularity of short mat bowls has also affected the membership numbers of indoor bowls clubs. Whilst existing bowlers generally remain loyal to the full length indoor game, many potential new members appear to be content to play the short mat version of the game which is often more conveniently played in local community halls or sports centres.

The English Indoor Bowling Association (EIBA) recommends a benchmark of approximately 100 playing members per rink and therefore Folkestone, being a 7 rink club should have a membership of about 700 playing members. Folkestone however only has 650 members of varying grades of membership.

VALUATION ADVICE

In assessing a suitable rent for these premises regard must be given to the age of the building and repairing liability, economic conditions and the circumstances particular to the Folkestone club. For example I understand that due to the age of members, membership numbers are falling and they are not being replaced by younger members as there are now so many other competing activities. When I recently inspected the club and met the manager he informed me that the current turnover is about £260,000 to include subscriptions and green fees together with income from the bar/restaurant and gaming machines.

I have obtained a copy of the assessment made by the District Valuer as at the Valuation date of April 2008. This assumes the market rent on a year to year basis based on evidence they have collated. They have assessed the rinks at £4,000 per rink. They have assessed the 2 outdoor rinks at £1,200 each and the ancillary facilities at £3,400 per annum, part of which includes the extension. This is useful information as the rateable value is based on market rent as at 2008.

I am of the view that the rental value of the ancillary space is about £3,500 per annum, and the outdoor rinks £2,400 per annum. However the 7 indoor rinks, having regard to current conditions, I only assess at £2,000 per rink. This produces a total of £19,900, say £20,000 per annum.

The club has however to find funds to operate a programme to keep the premises, particularly the main hall, watertight and in general repair. With this in mind I can recommend a reduction in rent to £15,000 per annum, subject to the club providing SDC with a budget and maintenance programme. It is in the interests of SDC that the building should be maintained and not allowed to fall into further disrepair whilst the long term future of the site is being considered.

I understand that SDC would wish to keep all their options open on the future of this site and therefore they may wish to allow the club to continue to hold over under the existing lease but at a reduced rent. Alternatively they may wish to grant a new lease, say for a term of five years but with six month break clauses operative every second year, with the lease outside the Landlord and Tenant Act 1954.

I trust that this advice is of assistance to you and I shall of course be pleased to discuss and expand on any points arising and to give consideration to any other possible options.

Yours faithfully,



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RICS Registered Valuer

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