

A journey in property

**Conversions:
The essential
guide to
converting
industrial
buildings for
profit
introduced by
co-author
Ritchie Clapson**

**Paperback on
Amazon £7.02**

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Ritchie Clapson [with co-author Ian Child] is an established developer, author, industry commentator, and co-founder of the property development training company propertyCEO

Over the last forty years or so, I've been fortunate enough to work on many development projects, both large and small. The company I ran was the peer review engineer for the London 2012 Olympic Stadium, the largest construction project in Europe at the time. But I've also worked on many conversion projects which sat at the opposite end of the scale. When we launched our property development training business, propertyCEO, my business partner asked me a simple enough question: what would be the best project for someone doing their first development?

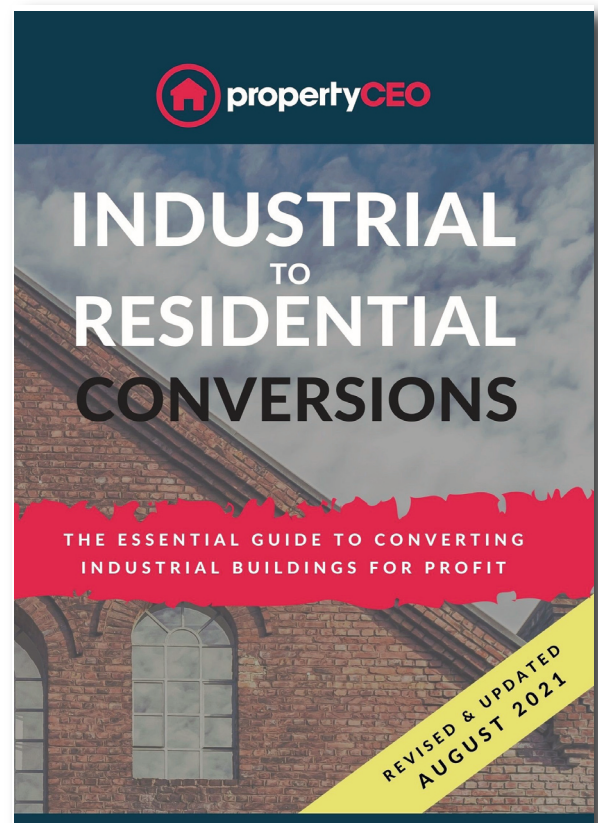
The answer required some thought, as there are a lot of considerations. Firstly, what should they build? Given that residential property carries a premium, this would seem to be the obvious choice. But then there's the question of scale. Smart developers start small, so the ideal starter project needs to have enough scale to produce a meaningful profit, but not so big that you can't sleep at night. What constitutes 'small'? Let's say between 5 and 20 units which would produce a profit range of circa £100k to £300k.

The next consideration is risk, and here there are several issues. New build is great once you're out of the ground, but conversions allow you to dodge some potentially nasty bullets such as foundation problems, hidden utility pipes, and the like. You're more restricted above ground, but conversions in my opinion carry less risk and are usually quicker to complete. Then there's the issue of planning, and here the smart option must be making use of permitted development rights (PDRs). While elevational changes will need full planning, changing the use class using PDRs is a massive plus in terms of reducing timescales and the risk of refusal. The other advantage of converting is that you're making use of an infrastructure that's already there.

So, converting a small commercial building under permitted development sounds ideal. But what's the best type of commercial building to convert? Office conversions have long been in fashion, as have retail conversions. The reason is obvious; offices and shops are usually located where people want to live, plus it's easy to see how they can be divided into flats. The windows are generally in the right place, so it's often more a case of working out the best internal layouts.

But the big problem is competition. Lots of developers can see the opportunity, as can the vendors' estate agents. So, prices for offices and shops are at a premium, and competition is fierce, the exact opposite of what a first-time developer wants. So, what type of buildings lie in (or close to) residential areas, can easily be converted, look unattractive, and don't carry a hefty price tag?

It's quite a wish list, and in the end, there was only one property type that fitted the brief: light industrial buildings. These can be found in residential streets up and down the country and are often little more than a concrete slab with four walls and a tin roof. As a bonus, they generally look butt-ugly, and most people (wrongly) assume that you'd have to knock them down and start



again. I've converted several over the years, and the reaction has always been one of surprise that such a silk purse could be conjured from a sow's ear.

The last 12 months have seen considerable changes to the permitted development landscape, starting with reclassifying many commercial buildings, including light industrial, into the new 'super' use class E. Then, in August 2021, we were given the right to convert any class E building (up to 1,500m²) into residential using the PDR class 'MA'. This represents a HUGE opportunity for small-scale developers, allowing a significant number of different buildings to be converted, projects that are usually far too small for the larger developers.

The other attraction of light industrial buildings is that there are some nifty tricks to developing them, which most developers are unaware of. This prompted us to publish a book on the subject (the snappily-titled 'Industrial to Residential Conversions' available on Amazon), which we've recently updated to reflect the latest planning changes. While the main focus is on the secrets of converting these buildings, the book is also a guide for anyone interested in doing small-scale development projects.

Earl Nightingale once said, 'watch what everyone else does – then do the opposite.' When it comes to conversion projects, he would undoubtedly have approved of light industrial. Knowing how to create value from properties that are often ignored by the masses, but which are easy to convert, means less competition and bigger profits. I suspect he would have been proud. ■

The Handbook to Building a Circular Economy

Applying circular economy principles to the built environment could radically reduce its carbon footprint, slash demand for new materials and turn waste into a resource, says author David Cheshire

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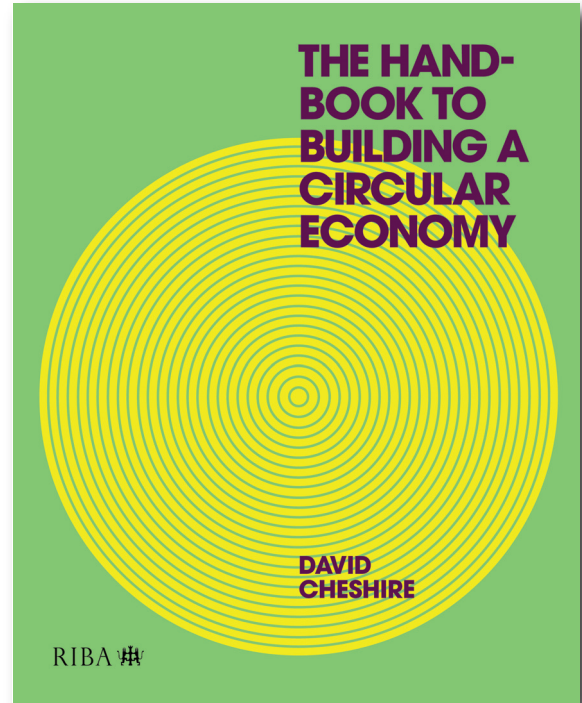
With the built environment demanding nearly half of the world's extracted materials and generating around a third of the world's waste, there is an urgent need to apply circular economy principles if the worst impacts of the climate crisis are to be averted.

In his latest book *The Handbook to Building a Circular Economy* David Cheshire explains how a transition to a more regenerative model is urgently needed to tackle the climate crisis before it's too late.

This transformation will require systemic changes, starting from the decision on whether to build in the first place, right through to the way that we engage with the supply chain and how we deal with the end of (first) life of buildings, elements, components and materials.

New planning policies are now driving change. The new London Plan includes circular economy policies that prioritise retention and refurbishment over demolition, disposal and new build. The policies ask for design teams to undertake pre-refurbishment / pre-demolition audits and reclamation of materials that are being stripped out. It requires buildings to be designed for adaptability, flexibility, and disassembly, whilst considering the whole life impacts from the embodied carbon of construction, the operational impacts, and the end-of-life plan for the building.

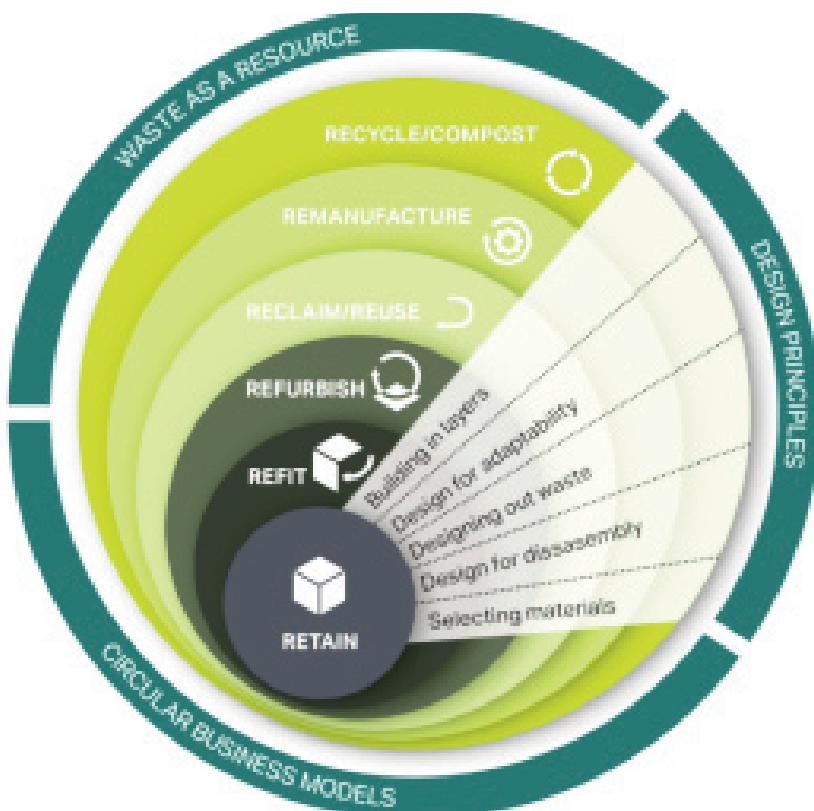
The London Plan's circular economy design policy uses a diagram (SEE Left) from David Cheshire's first edition – *Building Revolutions* – that summarises the design principles that have to



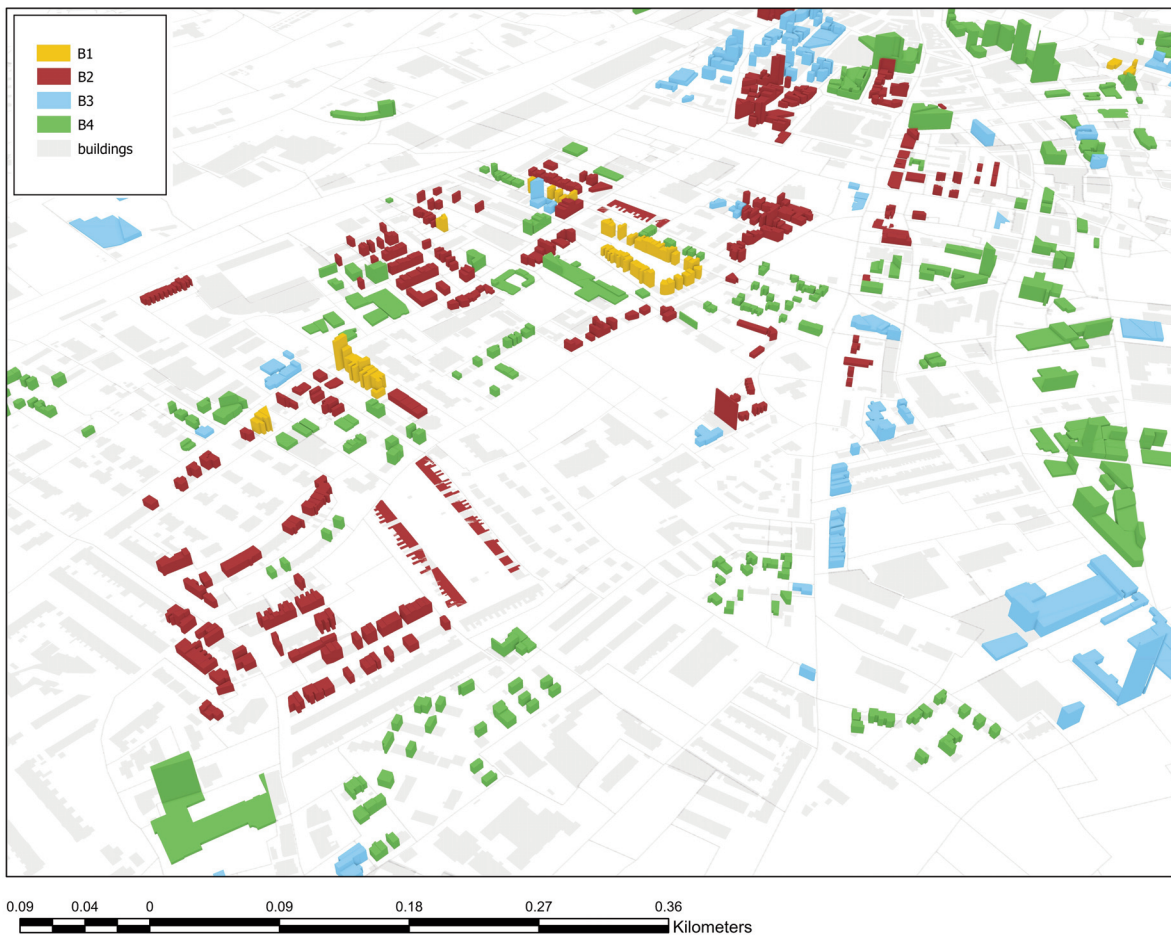
be implemented. All projects that are referable to the Greater London Authority now have to provide a Circular Economy Statement that demonstrates how the proposals integrate the design principles and respect the hierarchy of retention and refit over new build.

Our towns and cities are a goldmine of valuable resources that have been gleaned from around the world, processed and turned into useful components. The existing urban fabric could provide all the resources that we need to regenerate the built environment, but we have to disrupt and re-design the current systems to wean ourselves off the insatiable appetite for new materials and our ability to generate huge volumes of waste.

Firstly, repurposing and refurbishing existing buildings is going to become increasingly important. The operational carbon emissions of a new building are far lower now thanks to a far cleaner, greener electricity grid and efficient building design. This has made the embodied carbon impacts – the emissions associated with



Planning in London readers can get a 20% discount on *The Handbook to Building a Circular Economy* when they purchase from RIBABooks.com using the discount code PLANCIRC20. *T&Cs apply, offer valid until 30 November 2021



LEFT:
This shows the density map of four brick types (B1: hand-made, pre-1850; B2: mechanised, 1851 – 1945; B3: imperial BS, 1946 – 1970; and B4: modern, 1971 – present). Atta Ajayebi, Bradford University

BELOW:
The Super Circular Estate, Kerkrade showing three circular houses and the concrete tower block in the background. By permission of Elma Durmisevic

pouring concrete, forging steel and extruding aluminum – far more important. Refurbishing instead of new build will save over half the embodied carbon, when compared to a new building. In the future, we are likely to see developers actively looking for buildings that are ripe for refurbishment rather than re-development.

Secondly, we will have to start mining the urban environment for precious resources. There are new techniques emerging that will allow us to make new concrete from old, punch the mortar out from between bricks and make new structural timber (CLT) from salvaged wood. There are brokers, such as GlobeChain, who have created a reuse marketplace that connects corporates to charities, SMEs and people to redistribute unneeded items to those that need them. It has over 10,000 members and has diverted over 6.1 million kilograms of resources from landfill, creating savings of over €4.4

million for charities.

Lastly, we need to scale this all up to point that the stock of materials in the urban environment can be used to store the resources in buildings – becoming materials banks – providing resources for the future. Planning policy is a highly effective mechanism to implement the transformation required as it is flexible, local and can push beyond regulatory compliance. The London Plan policies are providing a useful testbed and will provide invaluable feedback for other authorities as they implement their own policies, particularly those that have declared a climate emergency.

Applying circular economy principles to the built environment could radically reduce its carbon footprint, slash demand for new materials and turn waste into a resource. With the climate crisis looming, we need all the help we can get. ■



Dave Cheshire is a Director in AECOM's sustainability team. He is working with the GLA, helping it to implement its circular economy policies. He is the author of Building Revolutions (published in 2016) and The Handbook to Building a Circular Economy which was published on the 1st September 2021