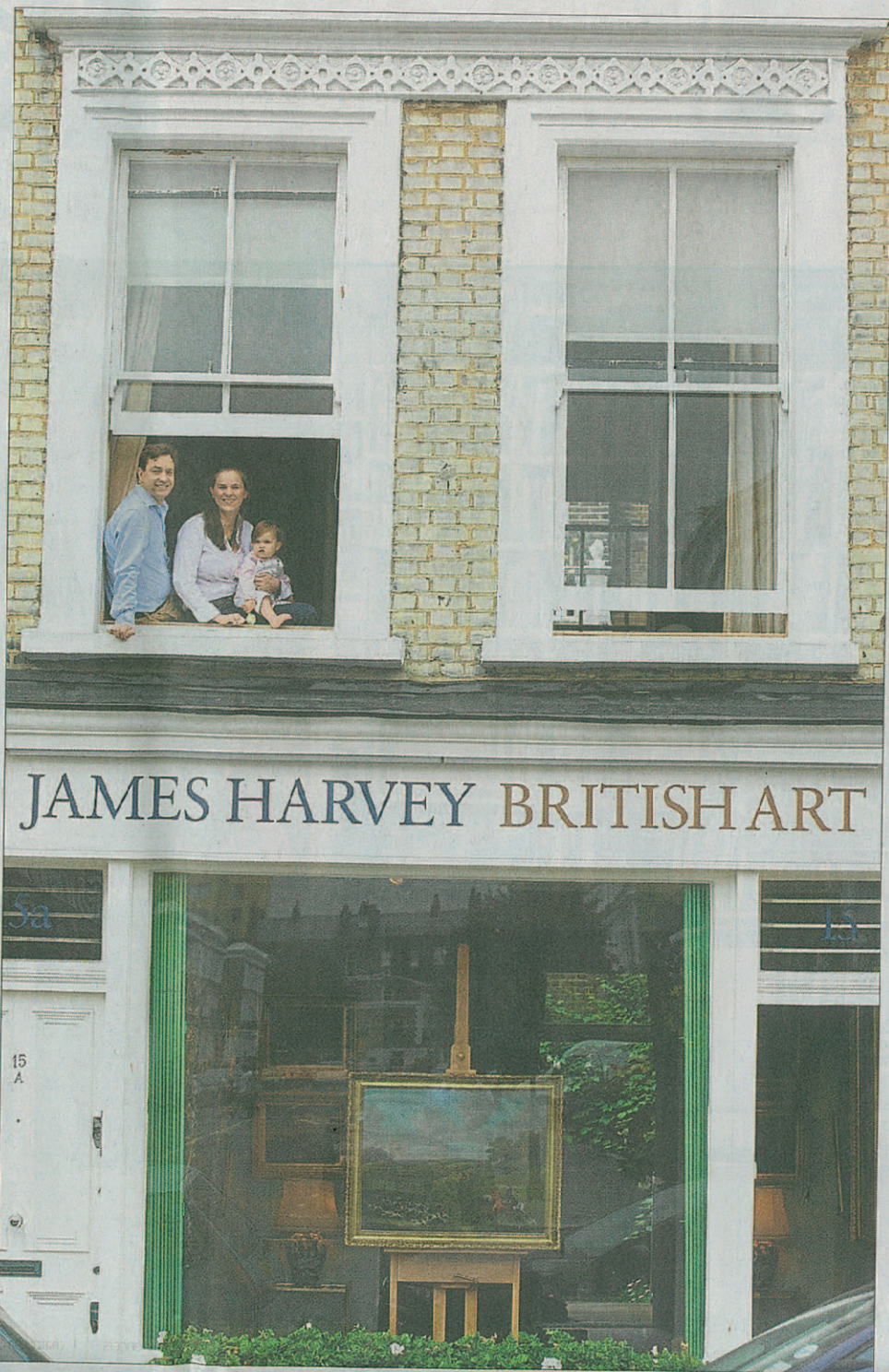




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Babylon revealed

Getting down to business is



It may jar with tradition, but today's busy entrepreneur likes nothing more than a commute of a few stairs, says **Anna Tyzack**

There is no better way of keeping on top of a small business than by living above it. As the going gets tough, the accommodation over shops, galleries and restaurants is not to be sniffed at: "I wouldn't be living in Chelsea if it wasn't for my gallery," admits James Harvey, who runs James Harvey British Art on Langton Street, in one of London's most expensive boroughs.

He lives above the showroom with his wife, Flora, and their daughter, Willa, in a period maisonette with three bedrooms. "We love playing shop," he says. "And we have a Munnings hanging in our drawing room – it's an extension of the gallery."

According to Peter Mackie, from Property Vision, renting or buying a shop with living space above – "mixed use", as it's known – can be a good investment. "You often find surprisingly large, lateral flats," he says. "It's not a very British thing to live over your shop but it can be a real success."

Finding a property that meets both your residential and commercial requirements can be a challenge. A shop with a garden and parking won't necessarily be in a prime commercial location, swarming with shoppers. But Harvey is convinced his gallery offers the best of both worlds: it's on a lively yet leafy street, frequented by people who buy traditional paintings, and has a private back garden.

He has signed a 14-year lease: "The rent is infinitely cheaper than in the West End. I couldn't have afforded to buy a house in this area."

Harvey spends more time with Flora and Willa than he would if he had to commute, and can be flexible about when he works. "We tend to be busy in the evenings so I can stay open until 8.30pm if people are browsing," he says.

When Hans Scholz and his wife, Karin, moved from Germany to



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Rate-cut winners and losers

easy when you live above the shop



Chelsea floor show: (opposite page) art dealer James Harvey, his wife, Flora, and their daughter, Willa, at home — and work. Above, Harvey below stairs; left, The Old Bank, Harwich, which is for sale at £495,000



Harwich, in Essex, in 1997 to set up an antiques business, it made sense to buy a shop with accommodation. They found a listed former bank with showrooms, cellars and vaults plus extensive living quarters.

"It was ideal — high ceilings and period features. Our drawing room is in the old boardroom, with ornate fireplace and corniced ceilings. There is also a Victorian walled garden," says Hans.

Their business, he says, benefits from their ability to be flexible about opening hours but now they are nearing retirement they have put The Old Bank (which has five bedrooms) on the market. "It is perfect for someone who wants to open a gallery or a restaurant," says Hans.

There is a restricted market for mixed-use properties and they are priced accordingly. "People sometimes find living over the shop a bit restrictive," says estate agent James Hayman-Joyce.

The danger of living in such close proximity to your "office" is that you can never escape it. Flora Harvey admits there are times when she has to ask her husband to lock up the shop and come upstairs. "But at least he is

not commuting back from half way across London," she says.

While their flat has its own entrance, some do not: "Sharing access means that friends and children have to go through the shop to get to your 'home'," says Hayman-Joyce.

If it all gets too much, however, you could always let the shop, which can bring in as much as £15,000 each year. There is an established market for retail investment and shrewd purchasers can make money on a mixed-use property when buying in an up-and-coming area.

Renting out the space above is another possibility. Remember, though, that your shop might deter possible tenants: "You should always ask for a 15 to 20 per cent discount for a property that is over a shop," says Mackie.

But so long as you can raise the finance, a mixed-use property has its benefits. "In this credit-crunch era, entrepreneurial types could do worse than living over the shop," says Mackie.

Indeed, they could take after Charles Ludlow, of Dubarry Boots — upmarket wellies favoured by Princess Anne — who, in the days before the business took off, slept on a sofa in the shop window.

♦ James Harvey British Art: 020 7352 0015; www.jamesharveybritishart.com. Sporting Art Exhibition featuring pictures by Sir Alfred Munnings is currently available to view.

♦ The Old Bank is for sale at £495,000. Jackson-Stops & Staff: 01473 218218; www.oldbankharwich.co.uk

FOR SALE Upstairs downstairs

Suffolk
£435,000

Folkes-Miller Fine Arts is a modern house that has been used as an art gallery in the popular village of Long Melford. The living space is over three storeys, with a large ground-floor reception room/gallery, storage area, kitchen, sitting room and three bedrooms. There is an enclosed courtyard garden and garage. The house has full residential use although it could also be converted back to commercial use. Carter Jonas: 01787 882881.



Kent
£695,000

West House, in Gourhurst near Tunbridge Wells, is a five-bedroom house with an integral shop with separate entrance. The timber-framed property dates from the 16th century and features spacious accommodation with open fireplaces and leaded casement windows. Jackson-Stops & Staff: 01580 720000.



Northumberland
£220,000

This three-storey property in Tweedmouth is run as a barber's shop. The vendor lives in the flat above, which features a sitting room and three bedrooms. The shop could be incorporated into the house, or would bring in a rental income of about £10,000 per year. Smiths Gore: 01289 333030.



FINANCING A MIXED-USE PROPERTY

Ray Boulger, from Charcol mortgage brokers, says: "Commercial mortgage rates are not as favourable as residential and depend on, among other things, the track record and potential of the business and your other income. Try to find a lender who will give a mortgage for the whole property, although this might prove difficult.

Or set up a company to own

the freehold of the property, and create two separate leases for the commercial and residential parts. Then take out two mortgages, putting as big a mortgage as possible on the residential part as the rates will be cheaper."

This will incur extra legal costs, he says, but will often work out cheaper for the borrowing.

"RBS and HSBC are usually more flexible than many lenders

when it comes to mixed use properties."

"Lenders will be sensitive about the type of retail premises you will be running; they tend to dislike noisy or smelly businesses while art galleries are at the good end of the scale."

♦ For more information call Charcol 0800 718191; www.charcol.co.uk