Environmental Statement - Technical Appendices

Environmental Statement Land at North Bierley - Technical Appendices

July 2016

Turley

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DOVE HAIGH PHILLIPS

Former Waste Water Treatment Works
North Bierley
West Yorkshire

Property Market Report

In connection with a Planning Application for
a mixed use B1,B2 & B8 / Residential Development Opportunity

Prepared on behalf of

Keyland Developments Ltd

June 2016

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Dove Haigh Phillips

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Report

1.0 Introduction

Background

1.1 Dove Haigh Phillips have been instructed by Keyland Developments to prepare a Property Market Report in order to support an outline planning application in respect of the proposed development of land for a mix of employment and residential uses on a site known as North Bierley Former Waste Water Treatment works adjacent to the intersection of Junction 26 of the M62 Motorway with the M606 Motorway in Kirklees, West Yorkshire.

1.2 The application site currently comprises a significant land holding in a highly sustainable location, and which is regarded as a natural opportunity for development.

1.3 The application site is brownfield and was previously established over many years as North Bierley Treatment Works. Recent investment as part of a £300 million commitment to the Freshwater Fish Directive (FFD) has delivered a new waste transfer pipeline to Mitchell Lathes Treatment Works at Dewsbury thereby releasing the site for redevelopment.

Purpose of the Report

1.4 This report has been prepared in order to provide data and commentary to support the planning application in respect of the type of development proposed, timing, and current property market conditions.

1.5 The Planning Application proposes approximately 410,000 sq ft (38,090 sq m) of B2/B8 use with ancillary office components plus 8 acres of residential development land. The precise number of units and specific sizes will be determined by occupier requirements and progressed through appropriate reserved matters applications. Given the profile of the site, together with its constraints and characteristics and current market conditions, we anticipate that B2 is likely to be the favoured use from potential occupiers. However, having a B8 element in the consent allows for flexibility in a wider range of suitable employment uses at the application site.

1.6 The purpose of this report is therefore to consider the suitability of the site for the nature of the development which is proposed in the outline application against the background of current industrial property market conditions.

Experience

1.7 This report has been prepared by Mike Dove, BSc, FRICS of Dove Haigh Phillips Chartered Surveyors.

1.8 Dove Haigh Phillips advise owner managed businesses, publicly quoted companies, public bodies, property companies, banks and other financial institutions on the viability, procurement and appraisal of commercial development land and property in the Yorkshire region.

1.9 In particular, the key personnel at Dove Haigh Phillips have advised on the development, letting, sale and acquisition of a wide number of manufacturing and industrial buildings and industrial development land of varying size and purpose throughout the motorway corridors of the Yorkshire region over the past 30 years.

1.10 Some of the key projects we have been involved with in the Yorkshire region include the following;

- Advisor to AMEC Developments and others on the successful disposal of over 1.95 million sq ft at Wakefield Europort.

- Advisor to Yorkshire Forward on the disposal of over 300 acres of development land at Centerport, Goole, 90 acres at Sherburn in Elmet and 70 acres at Europort Grimsby.

- Advisor to Royal Mail on the procurement of large sites at Stourton, Leeds and Tuscany Park, Wakefield Europort.

- Advisor to ProLogis Developments on the delivery of 1.7 million sq ft of transactions across Yorkshire including a 1.1 million sq ft pre-let to Marks & Spencer at Bradford.

- Advisor to Brodsworth Estate on the sale of land at Redhouse Interchange.

- Advisor to Prologis Developments on Prologis Bradford, a 90 acre 100 million industrial and logistics development providing units from 2,500 to 1 million sq ft. This is located within 3 miles of the subject site.

- Advisors to Wilson Bowden Developments on the disposal of new factory and warehouse units at Access Park, Junction 26. This is located within 2 miles of the subject site.

Keyland Developments

1.11 Keyland is the property development business of Kelda Group and sister company of Yorkshire Water. The Company's primary aim is to regenerate properties that have become surplus to Yorkshire Water's operational requirements for the benefit of local communities.

1.12 The Company adds value by:

- Working in partnership with other businesses and agencies
- Identifying the development potential of sites
- Undertaking investigations to identify development constraints and solutions
- Promoting sites through local development frameworks
- Obtaining necessary planning and environmental consents
- Marketing and disposing of sites for development
- Undertaking development of commercial and residential schemes with and without partners

1.13 Keyland has an excellent track record of delivering commercial developments across Yorkshire. A summary of recent high profile schemes are as follows:

- **Foss Island Retail Park, York**
  Keyland developed the very successful Foss Island Retail Park which attracted a number of major retailers and is now a thriving location.

- **Centurion Park, York**
  Keyland developed a mix of office units and light industrial development in this attractive setting adjacent to green belt.

- **Midpoint, Bradford**
  Keyland developed a business park comprising a hotel, call centre, offices and restaurant.

- **Aire Valley, Leeds**
  Keyland was formerly a joint venture partner in Aire Valley Land LLP which controls approximately 72 hectares of land strategically located within the Enterprise Zone at Aire Valley Leeds at J45 of the M1 Motorway.

- **Wakefield**
  Calder Vale – a strategic 55 acre development site adjacent to its operational sewage works.

1.14 In summary, Keyland has an excellent track record of delivering significant employment and retail parks across Yorkshire in recent years and is continuing to progress very significant developments in the region. The site represents an excellent opportunity to develop this land from a redundant Waste Water Treatment Works to a thriving commercial development which has excellent transport links and which is also close to an existing labour supply and commercial markets.

2.0 The Site

Location

2.1 The application site is located adjacent in an important strategic location within the West Yorkshire conurbation at a major intersection of the M62 transpennine route and the M606 at “Chain Bar”. It is highly visible from the M62 with frontage to the M606 and motorway junction.

2.2 Principal access is gained from the adopted highway, Cliff Hollins Lane, immediately to the north. This connects directly to Bradford Road and the M62 junction 26 / Chain Bar roundabout.

2.3 There are a number of employment land uses in close proximity to the application site, both to the south and the north of Chain Bar roundabout. These include the industrial estates adjacent to the M606 (north) and various employment parks including a combination of B1, B2 and B8 uses around Bradford Road and Whitehall Road West, to the south of the roundabout.

2.4 Due to the proximity to the motorway corridors, the site is therefore very well located not only for regional access but it also sits almost equidistant between the east coast ports (including Goole, Immingham, Hull and Grimsby), and the north west conurbations of Greater Manchester and Liverpool.

Site Influences

2.5 The gross application site area extends to 23 hectares (56.9 acres) although the net area will be significantly less (13.35 hectares / 33 acres) due to parts of the site which do not naturally form suitable development platforms for commercial development.

2.6 This means the most efficient use of the commercial part of the site will be the development of a number of small - medium scale buildings, with a total proposed floorspace of approximately 410,000 sq ft.

2.7 The central area of the site is remarkably level, but linear in nature and is affected by a number of constraints including drainage easements to the eastern boundary, overhead power lines and a high pressure gas main which crosses the site in the middle.

2.8 The main body of the site is generally level reflecting its previous use whilst the eastern section of the site rises towards the M606 and Oakenshaw. With appropriate attention to landscaping and other natural buffer zones, the site is capable of delivering a high quality employment park to provide new accommodation suitable for current market requirements and which will complement existing employment uses in close proximity.

2.9 With the benefit of the existing infrastructure network, proximity to a mature high quality employment environment and an existing labour pool this is a very sustainable location for employment use. The established success of the adjacent employment land uses confirms this setting as an excellent location in respect of the proposals for the application site.

3.0 Planning Policy Relevant to the Subject Site

3.1 This section of the report does not intend to replicate the Planning Supporting Statement prepared by Turley, although a brief resume of policy, where appropriate in respect of employment land is included within this section.

3.2 The subject site is currently governed by the Kirklees Unitary Development Plan (UDP) which was adopted in 1999 and provided land allocations for the period from 1st April 1993 until 1st April 2006. This plan has not been subject to a formal review as it was intended to be replaced by the Kirklees Local Development Framework (LDF).

3.3 Through the Kirklees Core Strategy which was the key document in the LDF, the site was proposed to be a strategic employment allocation, although this plan was withdrawn in 2013. At present, the Kirklees Draft Local Plan covers the period 2013 – 2031, although these policies and the document have not been adopted.

3.4 This means that at present, there has been no formal allocation of any employment land for 23 years (1993 – to date) in Kirklees, and the former land supply was identified to meet demand up until the period of 2006.

3.5 It is therefore very apparent that the existing allocation of land within Kirklees is outdated and does not reflect the need or aspiration of changing market conditions, in line with the demand for the changing dynamics for employment business.

3.6 Historically, levels of take up and new commercial development have been relatively low in Kirklees. This is due to a variety of different factors, not least the undulating topography which means that the cost of providing level development plateaus can be prohibitive, together with distance from motorway corridors/junctions and proximity to available workforce.

3.7 In respect of the Kirklees Employment Market Strength Assessment prepared by Bilfinger GVA in 2015, this report has identified *inter-alia* good levels of local and regionally led occupier demand for land and property in the region (although difficult to quantify due to the lack of available "oven ready" sites). This is against the backdrop of the need for jobs in excess of 32,000 FTE which in turn will require a land supply of 265 hectares.

3.8 Therefore, the potential for the application site to provide around 5% of this requirement directly adjacent to a motorway junction reflects the opportunity for a significant contribution to the total land required.

3.9 It is also apparent that a number of Primary Employment Areas (PEA) are already established in the current market and do not present a new resource for occupiers seeking to either expand or relocate within Kirklees and therefore the PEA's are not a reliable source of supply.

3.10 Although Kirklees does have an existing supply of employment land which, is in theory available to the market, a significant amount of this would be regarded as inadequate or unsuitable for modern requirements for a variety of reasons.

3.11 The natural constraints which exist within Kirklees already limit the potential for sustainable economic development due to either the existing topography and/or sufficient scale to attract larger occupiers and this is one of the primary reasons why business potential in Kirklees has been restricted.

3.12 The application site has an excellent location adjacent to the motorway which is one of the primary factors occupiers consider when assessing new accommodation. Together with the other considerations set out in Section 8 of this report, we therefore consider it represents an obvious choice to be included within any employment land allocation going forward.

4.0 Market Conditions

4.1 There are three significant factors of market influence to consider in the development of B2/B8 Sector:-

i) The evolution of the market for industrial buildings since the late 1990s which is fundamental when considering the appropriate type, scale and quality of property suitable for the site.

ii) The largely negative effect of the economic climate from 2007 - 2014 relative to the pace of demand and occupier take up.

iii) The upturn in demand following the recession with increased economic activity, changes in consumer spending and retail activity and confidence in industrial property as an asset class.

Industrial Market Conditions

4.2 The commentary in this section of the report seeks to address the market for industrial buildings which constantly evolves and in particular provides an overview of current market conditions since 2007 onwards in the context of the changing dynamics of the market from recession through to recovery and current market influences. Many occupiers have restructured their strategy for premises and with emerging economies and a largely stagnant market in the period 2007 – 2014, now an opportunity to respond to meet current requirements and anticipated market demand since the recovery and return to sustainable market conditions.

4.3 The factors associated with consolidation, such as improved fluidity of logistics, savings of labour costs and general economies of scale have becoming increasingly important in a competitive market seeking to maximise efficiency of all resources.

4.4 Occupiers preferences are for well located accommodation adjacent to primary transport nodes in buildings which can provide modern and efficient accommodation flexible to their needs.

4.5 Motorway corridor locations have a natural ability to attract occupiers and the area around Junction 26 of the M62 is well regarded as an established location for employment uses for the reasons already set out in this report.

4.6 Well located sites which are close to existing businesses, their workforce and their customers continue to succeed. This is because expanding companies need to keep their loyal and skilled workforce in tact when they move to new premises.

4.7 As a result of the increase in demand for B2/B8 buildings from 2000 onwards, developers responded by a combination of build to suit and speculative development in order to capitalise on the opportunities in the market. The market was buoyed by a variety of participants including traditional logistics developers, institutions/funds speculative funding schemes and an emergence of new property company entrants into the market. The wide availability of cheap debt and good levels of occupier demand maintained the momentum for a number of years.

4.8 This led market activity to a strong period of growth in the sector, including a significant amount of speculative development. However, as the “boom” years retracted into recession, a number of locations were left with a significant amount of over supply of poorly specified employment units. This became most apparent towards the start of 2008 and well into 2009 resulting in a static market for a number of years.

4.9 At present, the market no longer suffers from an over-supply of buildings or serviced sites as the majority of units which were standing empty in 2008-2012 have now been absorbed by occupiers in the market. This does not mean that the market will return to an over supply of speculative development, but the procurement of new buildings will be through the more traditional route of “build to suit” or pre-let / pre-sale agreements. In order for the market to operate in this way, there will need to be a market supply of available sites on a sound economic footing which are suitable for strategic employment units. However, only prime sites in strong locations will be considered by occupiers and developers alike.

4.10 North Bierley is well established to compete with other favourable locations due to its excellent transport links, availability of an economic labour pool and perception of good value for leasehold and freehold property terms. Now that the market has returned to a more traditional method of operation, it is anticipated that this influence will continue in the foreseeable future.

Economic Conditions

4.11 As at Q1 2016, since emerging from recession, the UK economy as has started to show continual signs of improvement in respect of growth and economic output. As a result, current property market sentiment from occupiers and developers is more optimistic compared to the past 8 years, although considerable care and due diligence will continue to be given to the process of site and building selection for future occupational requirements.

4.12 Bank base rates remain at a historical low of 0.50%, although the availability of development funding remains scarce and where available, at healthy margins (to lenders benefit) above both base and LIBOR rates. The result is only good quality sites will attract funding for development in the short to medium term and the application site is ideal in this respect.

4.13 Business failures which were particularly evident in the recession have generally stabilised although there have been a number of new casualties in early 2016. Despite the downfall of a number of well known retailers, there are emerging sectors of demand. Increased demand for online retailing is driving many companies requirements for larger better quality space. This increase is forecast to continue.

4.14 The majority of commercial property occupiers and most investors (other than institutions) buy commercial property using a combination of debt and their own capital. Alternatively occupiers will lease property at commercial rents, which can in the case of warehouse buildings be a significant cost of the operation. The majority of lending is still provided by high street banks, although they have been reducing their exposure to commercial property by selling on existing commercial property loans to investors specialising in debt investment.

4.15 As stated above, under current market conditions, only good quality sites will attract funding for the development of buildings, and this will be through the build to suit route, as the speculative market is unlikely to return in the short to medium term. It is therefore imperative to have an adequate supply of suitable sites with the benefit of planning permission, which can be promoted to the market, and respond to potential occupiers requirements for employment space. Without a ready supply of sites, the region could miss out on location specific and footloose enquiries.

4.16 Although there could be a number of sites which are identified as suitable for commercial development, the reality is that only occupiers will be attracted to sites which can deliver accommodation suitable for the needs within an appropriate timescale and in a number of instances, the timescale for site assembly, planning and other associated works in the development cycle can be a lengthy and drawn out process. It is therefore vital that prime sites are ready to be promoted as soon as possible.

Summary

4.17 Since the start of the millennium there has been a changed pattern in the development of employment buildings. Building design has evolved to create efficient costs of occupation other factors including proximity to labour are a key consideration for warehouse occupier requirements.

4.18 The scale of development has become larger and the quality of buildings has improved significantly, including energy efficient buildings with a BREEAM excellent rating and a specification designed to improve economies of scale.

4.19 As a result of the “boom” years a significant amount of speculative development created an oversupply in the market although this has now been absorbed by a number of requirements over recent years. This pattern had become evident in Yorkshire and although some buildings remain available to the market, there is no longer an over-supply of well specified buildings.

4.20 Economic conditions have started to improve. In particular the nature of commercial property development has changed due to a combination of problems in the global economy, a decline in occupier confidence, restrictions on debt and an oversupply of accommodation following the peak at the market. There is unlikely to be any significant scale of speculative development in the region in the short to medium term and market demand will be met by more traditional methods of development.

4.21 Banks and other property lenders remain cautious about lending on property (whether already built or for development), and as such only prime sites will be able to attract funding for future development. It is too early to comment on the effects of the recent EU Referendum and its impact on the commercial property market. However, we do anticipate some short term uncertainty. This therefore is another factor why there will be gravitation towards prime well located sites by both prospective commercial property developers and occupiers alike.

4.22 Despite difficult market conditions over recent years, Junction 26 of the M62 and the area around North Bierley has continued to attract a number of key occupiers to the region. In future, only sites with the key attributes which appeal to occupiers will continue to attract interest from end users and it is likely that a two tier market will emerge, with secondary sites being unable to deliver appropriate accommodation for new high quality enquiries.

4.23 The North Bierley Former Waste Water Treatment Works is located adjacent to a number of other successful employment parks and assuming an appropriate planning consent coupled with the combination of the strong location, physical site characteristics and proximity to existing infrastructure the application site will be able to respond to market requirements and deliver development in an efficient and phased manner. This certainty of delivery is vital to engaging with potential occupiers considering inward investment into the Kirklees district. It also provides Kirklees with the opportunity to promote a new Strategic Employment Park and compete in the Leeds City Region and on a national scale.

5.0 Occupier Requirements and Demand

5.1 As stated in the previous section of this report, the specification and design of industrial buildings has changed significantly over the past 20 years. The design of buildings has evolved to provide accommodation which is efficient and suitable for modern day requirements. For a variety of reasons, and not only cost, proximity to motorway networks is of paramount importance to strategic warehouse occupiers in the current market. In addition to design of accommodation and transport network communications, occupiers are also concerned with the availability of a suitable labour pool and thus proximity to the local population/workforce is an important factor and there is an important desire to satisfy both these criteria.

5.2 Occupiers will seek to achieve market terms for the occupancy cost of the property which reflect the size and specification of accommodation required with these six key criteria:-

i) Proximity to affordable labour pool and markets.
ii) Strong communication links for goods/HGVs and workforce, and access to motorway networks.
iii) A high profile environment including proximity to similar quality property and efficient infrastructure and naturally advantageous topography and security.
iv) An efficiency of design to embrace new technologies with full consideration given to the cost of operation for more factors influencing occupation and function of the property.
v) The initial cost of the development and/or ongoing operational costs.
vi) Certainty of delivery (timing).

5.3 The specification of property suitable for buildings has evolved in order to achieve maximum efficiency on any particular site and a minimum standard specification in the current market would be regarded as follows:-

i) Minimum eaves height of 9 metres.
ii) Dock loading doors commensurate with size of unit.
iii) A number of level access doors in addition to the above.
iv) 50 Kn per sq m floor loading.
v) High bay lighting, heating and sprinkler systems.
vi) Yard depth of 40 metres/50 metres.
vii) Site density layout of 40% footprint cover.

5.4 Sites must therefore have the ability to be developed to accommodate this type of specification and of critical importance is the design of the floor on suitable foundations on a level development plateau on a particular plot. In order for development to succeed, any particular site must therefore have the ability to satisfy this criteria.

5.5 Demand for North Bierley as an employment location and in particular for B2/B8 use has been demonstrated by the calibre of occupiers which have committed to the location over the past 10 years.

5.6 In particular, against a backdrop of difficult market conditions and a general reduction in occupier's requirements, the area has attracted a number of key new occupiers close by including;

- M&S – 1,000,000 sq ft
- PB Foods – developed their own premises on a 10 acre site
- Various new occupiers in trade units to the southern side of Chain Bar

5.7 In order to deliver the scale and quality of buildings required for the market, there is a requirement for large scale sites. For economic reasons alone, this is necessary in order to generate sufficient surplus to pay for estate landscaping, infrastructure, environmental improvements and other costs which do not generate a receipt. This is in addition to the preference from occupiers to gravitate towards established locations when considering new accommodation.

5.8 In respect of current market demand, there was a continued recovery in occupier take up which commenced in 2013 in the majority of regions throughout England and has confirmed through 2014, 2015 and into 2016.

5.9 For example, approximately 50% of take up in 2015 involved pre-let/pre-sale agreements with occupiers committing to lease warehouse buildings prior to development, with the remaining take up of existing buildings: either second hand or new buildings in other regions.

5.10 The predominant source of strategic warehousing demand is from retailers, in particular those looking to enhance their multi-channel delivery of services. In addition, there has been an increased level of interest from parcel carriers as they seek to adjust their networks in order to accommodate the rapid expansion of e-commerce sales.

5.12 It is now very much acknowledged in the market that the supply of available medium - large scale buildings is diminishing and this is the sector for which North Bierley will be promoted.

5.13 There are a number of current occupiers in the market with known requirements for this type of accommodation in the region.

5.14 We are also aware of potential demand from indigenous occupiers seeking accommodation suitable for expansion in Kirklees. There are no buildings or sites which can accommodation these requirements, even with existing market churn as existing vacant buildings are not suitable.

5.15 As the supply of buildings decreases, this will lead to a recovery in rental and capital values although this is still unlikely to stimulate speculative development in the short to medium term due to the lack of development funding.

5.16 Nevertheless, sites are continually required with the benefit of planning permission to enable developers to respond with certainty of delivery within suitable timescales to potential occupiers requirements. As planning consents are usually prescriptive when granted, it is important to have the availability of land with the ability to accommodate a range of buildings suitable for potential market demand.

6.0 The West Yorkshire Commercial Property Market

6.1 The market for industrial and warehouse buildings in Yorkshire is driven by the proximity of locations to the motorway corridors access to labour and markets. The wider region has a long history associated with industrial activity, although it has in particular emerged as a strong location for large scale warehousing since the evolution of the market from the late 1990s onwards.

6.2 The Yorkshire region is popular due to a combination of its communication links to the national motorway network, east coast sea ports, rail links and the availability of a suitable workforce. It is also recognised by logistics operators that road and other communication networks are less congested than the south of England with lower labour and property costs. These factors represent strategic and economic advantages to occupiers and it is anticipated the region will continue to be popular for the industry for the foreseeable future.

6.3 Over recent years, with the evolution of the warehouse and logistics sector in West Yorkshire, there have been several high quality developments in particular along both sides of the M62 corridor around Junctions 31 and 32 at Normanton and Castleford. There are also several long established industrial and warehouse locations around the top of the M1 where it intersects with the M621 motorway close to Leeds city centre and medium to long term proposals for major employment development along the M1 in the Aire Valley which is a major gateway into the city region to the east of Leeds city centre.

6.4 In South Yorkshire, the corridor surrounding Junctions 34 – 35 of the M1 around Sheffield is a major warehouse and industrial location and Junctions 4 and 6 of the M18 close to Doncaster have seen significant industrial development over the past 10-15 years. There are also significant proposals for i-port at junction 3 of the M18.

6.5 At present, a number of occupiers are seeking to relocate or expand in the region although there is now a lack of available stock which is suitable for current tenant requirements. As a result of this, occupiers are renewing their leases on a flexible basis in order to allow relocation in the next 3-5 years when economic conditions are expected to be more positive and there is an availability of suitable stock. Consequently, sites will need to be promoted to meet this anticipated demand.

6.6 Availability of buildings in excess of 50,000 sq ft in the region is now acknowledged as being in short supply, and as such, rental values and capital values are returning to levels which will make development sustainable. Although this is unlikely to lead to a wave of speculative development, developers will be able to offer market terms on a competitive basis in order to respond to occupier requirements.

6.7 In order for the market to move forward, it is therefore very clear that there needs to be an adequate supply of development land suitable for this sector, the criteria for which is set out in Section 5 of this report. At present, there are only a limited number of options available in the West Yorkshire market.

6.8 In West Yorkshire, the Aire Valley has become one of the major new areas for employment as this is a significant tranche of land which will be able to capitalise on its motorway corridor and gateway location. During 2014/15 Wakefield has seen rapid take up of employment land with three very large transactions to Haribo, Poundland and TK Maxx between Junctions 31 and 33 of the M62.

6.9 In South Yorkshire, there are some significant sites along the M18 corridor, in particular the proposed southern extension to West Moor Park by Gazeley at Junction 4 and i-port at junction 3 of the M18.

6.10 Within Kirklees there are two sites currently being developed for employment purposes with good access to the M62 motorway corridor. At Junction 24; Summit Park is currently under construction and first occupiers are committed to build to suit packages. At Moor Park/Leeds Road in Mirfield, developers have been selected and planning permission has been granted for 15 acres of industrial development. A start on site is anticipated very soon. Both Moor Park and Summit Park have the benefit of Enterprise Zone status recently granted.

6.11 Due to the characteristics of the application site, there are no reasons why this could not offer competitive terms on a build to suit basis to occupiers seeking new industrial accommodation in the Yorkshire Region. Based on recent market activity and the current market supply we consider there will be activity in the sector in the short term, and occupiers will gravitate towards the sites which can deliver new buildings in a short timescale on market terms. There is currently a requirement for this type of development land in the Yorkshire market.

6.12 From a market perspective, a choice of buildings and sites is required in order to provide a potential occupier choice and the opportunity to negotiate the best terms possible from alternative developers. This promotes a healthy interest in a region rather than a single site which could deter interest (if for example a developer seeks to hold out for premium terms from an occupier). This is not to say an over supply of sites would be beneficial but given the pattern of requirements and the way occupiers seek to negotiate, a choice of deliverable sites is preferable compared to a monopolistic position.

7.0 The Site in the Market

7.1 In order to deliver built development "packages" for occupiers, significant initial investment will be required in terms of:-

i) Infrastructure – New on site roads, services, existing service diversions and off site improvements.

ii) Ground Works – Remediation of previously developed land, remodelling of ground levels to create optimum development platforms.

iii) Financial Commitment – The package of land purchase and enabling expenditure to deliver fast track solutions for occupiers with costs accordingly assessed and delivery programme guarantees.

7.2 We have presented our clients proposals, subject to planning approval to the development market. We requested expression of interest from suitably experienced and qualified developers with the financial and managerial resources to fulfil this role at the application site.

7.3 To date, fifteen local, regional and national companies have made firm expressions of interest in the opportunity to invest in the site.

7.4 Local occupiers have also requested that we keep them informed of opportunities to acquire new accommodation on site, subject to planning.

- Company A – A food manufacturer currently based within 5 miles of the site seeking a five acre site for new production facility.

- Company B – A floor covering distributer with two smaller facilities seeking to consolidate onto a single larger facility.

- Company C – An electronics distributor focussing on expansion into the online market with existing facilities in Kirklees and the Midlands.

8.0 Summary and Conclusions

8.1 In Section 5 of this report, the key criteria necessary for occupiers to make strategic decisions for their warehouse requirements were set out. These are addressed directly in relation to the application site.

8.2 The six key criteria in relation to the site are as follows;

i) **Proximity to affordable labour pool and markets.**

The site has ready access to a suitable skilled labour pool and complementary markets. The proven success of the adjacent development both to the south of Chain Bar roundabout and along the M606 confirms occupier demand in this location.

ii) **Strong communication links for goods / HGV's and workforce and access to motorway networks.**

The site has excellent access to the national motorway network being adjacent to the M606 which is not only the intersection of the M606 and M62 but also for key main road links in the region to Halifax, Bradford and the Kirklees region. providing an uncontested route to Junction 26 of the M62. The site also has the benefit of proximity to existing infrastructure and does not require the construction of a new road or rail link.

iii) **A high profile environment including proximity to similar quality property and efficient infrastructure and naturally advantageous topography and security.**

The site satisfies this criteria being close to a number of other successful schemes on the M606 and M62. The application proposes a high quality landscaped environment.

iv) **An efficiency of design to embrace new environmental technologies with full consideration given to the cost of operation from all factors influencing occupation and function of the property.**

The outline application represents a new development which will incorporate modern occupiers requirements into the design.

v) **The initial cost of the development and / or the ongoing operational cost.**

As stated above, the site has ready access to existing infrastructure and subject to the inclusion of 8 acres of residential development regarded as an enabling land use, the scheme will be viable.

vi) **Certainty of delivery and timing**

In order to promote growth and attract investment into a region, there is a requirement for a ready supply of land which can accommodate buildings suitable for modern occupiers requirements. Land which may be identified as 'suitable for development' or 'potential for development' can significantly lag behind alternative sites which already have the benefit of planning consent. In order to promote confidence to occupiers seeking a new building, it is important to deliver buildings with minimum delay. A suitable planning consent is an essential part of this process.

8.3 The application site occupies a strong location in an established high quality commercial environment with excellent communication access to the national motorway network and proximity to an available skilled workforce.

8.4 The site has the ability to deliver a quality design of building with regular plot sizes and layouts suitable for current market demand. The site also has adequate capacity to accommodate flexibility in design of buildings in order to accommodate potential occupiers requirements.

8.5 The pattern of development for commercial property has changed significantly over the past 7 years. Only good quality sites of sufficient scale will be able to secure funding and these should be promoted in order to ensure growth and inward investment into a region. The application site therefore satisfies this criteria.

8.6 Following a period of over-supply of strategic warehouse buildings, largely as a result of too much speculative development in the boom property years, the surplus stock has now largely been absorbed. This is apparent across the UK regions generally and the Yorkshire Region has benefited from a good period of take up since 2012. Incentives are diminishing and rental values have stabilised.

8.7 There are a number of occupiers which have active requirements in the market and the existing supply of buildings to suit modern requirements is low. Some availability does remain although this is not due to over supply. In certain instances the accommodation on offer is compromised and is difficult to let or sell unless at eventual discounted terms and there have been some buildings returned to the market due to business failure.

8.8 We have already established that market confidence exists from developers with the resources and experience to invest in up front enabling infrastructure services an site works to deliver occupier packages on a phased basis. We have also received a number of enquiries from occupiers interested in substantial sectors of the proposed development if planning approval is granted.

8.9 In summary, the site occupies a sustainable location with established infrastructure, and has the ability to deliver buildings suitable for market requirements. There are no other sites within the Kirklees directly adjacent to a motorway junction which could provide this opportunity, and this is a logical extension of the employment sites both to the south and north of Chain Bar roundabout.

Chapter 6 Economy, Population and Society – No Technical Appendices

Turley