

UPDATED
EMPLOYMENT LAND STATEMENT

PREPARED BY
GRANT MILLS WOOD

IN RESPECT OF
LAND AND PREMISES
KNOWN AS

ST CLARE BUSINESS PARK
HAMPTON HILL
TW12 1QQ

ON BEHALF OF
NOTTING HILL HOME OWNERSHIP LTD

APRIL 2023



CONTENTS

1.0	Background to our Instruction	3
2.0	Planning Application and Application Site	5
3.0	Updated Market Analysis	7
4.0	Potential Occupiers for the Proposed Space	8
5.0	Conclusions	8
6.0	Declaration	9

APPENDICES

APPENDIX 1	2022 Employment Land Statement
APPENDIX 2	Marketing Letter from Mr Hay MRICS

1.0 Background to our Instruction

- 1.1 Grant Mills Wood (GMW) has provided advice relating to the application site for some years originally for the previous owners (Tesco Stores Ltd) and subsequently to Notting Hill Genesis (NHG) who are the current owners and applicant.
- 1.2 We provided a full Employment Land Statement in 2019 for the first planning application submitted by NHG. This scheme was refused at committee. This was followed by an update to the Statement in June 2022 to support a new application.
- 1.3 In the interim, an Appeal (which included an Employment Land Proof prepared by our Mr Stephenson FRICS of GMW) was heard in relation to the first planning application scheme. The Appeal was dismissed due to the Inspector finding significant harm to the character and appearance of the area and harm to the living conditions of neighbouring occupiers. The reason that the application was originally refused under – loss of employment land – was not found to be justified and as such this did not form a reason for the appeal being dismissed.
- 1.4 A revision to the current planning application (Reference: 22/2204/FUL) to address the matters raised by the Inspector will be submitted shortly.
- 1.5 Accordingly, we have been instructed to update our June 2022 Employment Land Statement to reflect the changes that have been made to the planning application following the outcome of appeal, as well as any impacts arising from the passage of time. We understand that the quantum of commercial floorspace in the revised proposal has been reduced from 2,064.8 sq m to 1,885 sq m and the number of residential units has also been reduced from 112 to 100 units.
- 1.6 We do not address matters of policy and append to this updated Statement (as **Appendices 1**) our June 2022 Statement which includes the following as appendices:-
- 2017 Employment Land Statement
 - 2019 Updated Employment Land Statement
 - 2022 Market Report
- 1.7 We have reviewed the Appeal Decision and note the following comments made by the Inspector in relation to the Employment Land position generally:-

'This can be attributed to the poor condition of the existing units and the inconvenience of the existing site access via a heavily parked residential street. Furthermore, in terms of the location, whilst close to a local centre, the site itself is also close to many residential properties where certain industrial uses would be incompatible. This weighs in favour of the re-provision of modern and flexible floorspace as proposed which could be occupied by commercial uses that would likely be more compatible with surrounding residential area.

Whilst the need to retain industrial land in the borough is recognised, it seems to me that due to the poor condition of the buildings, the poor access and high vacancy rate, that in its current form, the appeal site makes a limited contribution towards meeting existing demand for this type of use. Without significant investment this is likely to continue to be the case.

Given the location and identified need within the borough, there is no justification of the loss of existing use in its entirety as it could meet the needs of businesses serving local catchments which only require small to medium sized buildings.'

1.8 Since December 2017, Jonathan Hay MRICS, head of industrial agency at GMW, has been actively marketing the vacant units on the application site. Updates as to the progress of the marketing campaign can be found throughout the previous Employment Land Statements produced by GMW including in the June 2022 Statement. Mr Hay has provided an updated marketing letter which is attached as **Appendix 2**. The key points contained within that update are set out below:-

- Several factors including the war in Ukraine, cost of living crisis, rising inflation and the business rates revaluation led to a state of flux in the industrial market from Q2 2022.
- There is current an increasing number of assignments and sub leases coming available on the open market which further supports that the industrial market is slowing down.
- The constraints of the site are still prevalent and will continue to affect its attractiveness of potential occupiers.

2.0 Planning Application and Application Site

2.1 Our opinions relating to the shortcomings of the Application Site and the benefits of a redevelopment of the site are set out (in some considerable detail) in the various reports and documents previously submitted to the Local Authority. We still stand by our stated opinion relating to the 'Atcost' open sided structure that from a market perspective this is not a building that contributes to the employment provision on the site.

2.2 Given that the only alteration within the revised scheme (applicable to our remit) is the slight reduction in the quantum of employment floorspace by just under 180 sqm, our opinions in our earlier reports still apply to this application. The main conclusions are summarised below with our updated comments in **bold** in the **brackets**:-

- a) The buildings on the site are reaching the end of their usable life in physical and economic terms and would require considerable capital expenditure to prolong their usability. Many buildings are now derelict and even the occupied buildings will continue to deteriorate. **(Occupier requirements continue to evolve and this process has accelerated due the Pandemic. Due to their age and characteristics of construction the buildings cannot be viably repurposed. Additionally, it is becoming increasingly important for firms to meet certain goals relating to the environment and carbon emissions, buildings of this nature will struggle to meet these ambitions, even after extensive refurbishment).**
- b) The site is hampered by poor access from Holly Road, even small commercial vehicles have issues using this road. There is no prospect of this access issue improving.
- c) There is considerable vacancy on the site, currently running at approximately 63% (or 74% if the Atcost structure is disregarded). This has fluctuated since our instruction in December 2017. Vacancy rates will continue to rise as the units come to the end of their economic life and move further towards being obsolete in their specification. **(Physical and economic deterioration is pronounced and obvious upon inspection).**
- d) We concluded that it is not viable or indeed practical to promote a redevelopment of the site for commercial only uses given the inherent constraints and access

issues. **(The lack of viability continues to escalate due to the economic cycle which is now evident. Although it has been reported that industrial land values have been increasing, this has now tailed off. Furthermore, build costs and interest rates have risen substantially, greatly increasing the risk of development. Consequently, the overall lack of viability remains unchanged and now certainly more pronounced).**

2.3 Given that this is a revision to an existing planning application submitted in 2022, the September 2020 updated Use Classes Order will apply. The proposed commercial space within this scheme will fall under Class E. It is likely given this is an LSIS designation and reflecting the local residential context, planning conditions will most likely be imposed on any permission to exclude several uses within the flexible E use class. As such it is anticipated that only E(g) will realistically apply. This Use Class definition is set out below:-

E(g) – Uses which can be carried out in a residential area without detriment to its amenity:

- E(g)(i) – Offices to carry out any operational or administrative functions
- E(g)(ii) – Research and development of products and processes
- E(g)(iii) – industrial proposes

2.4 The specification of the proposed commercial floorspace is as follows:-

- a) Multi-functional spaces
- b) High floor to ceiling space
- c) Large floor area
- d) Flexible working arrangements
- e) Shared facilities and services
- f) Storage spaces
- g) Open street frontages

2.5 The proposed E Class space adopts the ultimate flexibility model, which is essential in a fast-changing economy and is important given the increasing notion of 'flight to quality', where many occupiers will only now take the best in class space. The structural changes in working practices and modern business functions partly resulting from the COVID-19 Pandemic plus also moves to clean industries in the data and tech

sectors illustrate how working practices can change very quickly. It is therefore important for developers to deliver floorspace which is flexible in the way it can be used. In our opinion the proposed commercial space achieves this aspiration.

- 2.6 Qualitative improvements to the stock of employment space are an important factor to consider as well the additional job opportunities. Despite the loss in technical terms of some existing employment floorspace on the site, in real terms the position is a positive gain given the betterment of the space being re-provided.

3.0 Updated Market Analysis

- 3.1 In our last updated statement, submitted in June 2022 we outlined the following themes that have impacted the wider economy and the commercial property market generally in recent times:-

- a) The uncertainty as a result of the UK's withdrawal from the European Union which was not finalised until January 2020.
- b) The impact of the COVID-19 Pandemic which sent seismic shocks through all sectors of society. This included the large numbers of people who have continued to work from home either full time on a hybrid basis following the pandemic. The impact on the office market in London especially has been significant with many firms readdressing their property requirements.
- c) The unfolding cost of living crisis that was arising because of the Pandemic and the war in Ukraine.

- 3.2 Since our last Statement 8 months ago there has been an unprecedented level of political instability, with several scandals playing out in Government. It is now hoped that the new Prime Minister has stabilised political panic for the time being at least. The cost of living crisis has worsened significantly with soaring inflation leading to many strikes in the public sector. The increasing cost of energy has hit people and businesses particularly hard this winter with the Government having to step in and provide emergency support.

- 3.3 The industrial market generally but especially the large logistics sector held up well during the pandemic with many funds and investment houses pushing capital into the sector. The market has now certainly gone off the boil, which was of course inevitable,

resulting in investors now considering new acquisitions very carefully. With a recession (or at best a period of stagnation) on the horizon, occupiers are now more hesitant than ever to commit to commercial property and are looking if anything to reduce their requirements. Where firms are looking for new floorspace, only the very best quality product will be attractive.

4.0 Potential Occupiers for the Proposed Space

- 4.1 The types of occupiers who might take the commercial space within the Application Proposal are set out in previous documents. The introduction of the wider 'E' Class use will add to the potential pool of occupiers, specifically E(g) which includes office use, research and development and industrial processes appropriate in a residential area. These classes will include the blossoming creative industries which are noted to in Mr Stephenson's Proof submitted with the recent Appeal documents.
- 4.2 We have used the HCA Employment Density Guide 3rd Edition to make an estimation as to the number of jobs the application proposal could support. As this document does not include E Classes, we have used the range for B1a *E(g)(i)*, B1b *E(g)(ii)* and B1c *E(g)(iii)*. Our estimations are set out in the table below:-

Use	E Class Space (Sq m)	Sq m per Job	Low	High	Average
E(g)(i)	1,885	8 - 13	145	235	190
E(g)(ii)	1,885	40 - 60	31	47	39
E(g)(iii)	1,885	47	40	40	40

- 4.3 The table above suggests an average range of between 39 and 190 jobs being supported by the application proposal. We expect it to be at the higher level given the nature of the scheme and the local context.

5.0 Conclusions

- 5.1 Our conclusions are set out in the Statements previously submitted and are copied for ease of reference in the attached appendices. These conclusions continue to be valid in the context of this revised application.
- 5.2 The marketing exercise over the last 5 years has been exhaustive and comprehensive. It has demonstrated that the buildings are not fit for purpose and economically

obsolete. They should be demolished. This position was supported by the Inspector in the recent Appeal.

- 5.3 The slight decrease in commercial floorspace will, for the purpose of our remit, will have no impact on the supply and demand balance in the market. The potential for a significant provision of jobs is an obvious benefit of the scheme particularly since the trend of working more locally has become firmly established. It is important that the commercial floorspace being developed is flexible and responds to the market. We believe the scheme meets this ambition.
- 5.4 There is no prospect of the application site being meaningfully occupied in its current condition and there are no prospects of an employment led redevelopment. The application proposal will, however, bring forward new and flexible replacement business space which will be attractive to local SME's.

6.0 DECLARATION

We can confirm that this Statement has been prepared in accordance with the requirements of the RICS – Royal Institution of Chartered Surveyors, as set down in the RICS Practice Statement Surveyors Acting as Expert Witness (4th Edition).

We confirm that we are not instructed under any conditional or other success-based fee arrangement.

We confirm that we are aware of and have complied with the requirements of the rules, protocols and directions for Experts.

We confirm that we understand and have complied with our duty to the Planning Authority as an expert witness which overrides any duty to those instructing or paying our firm, that we have given our evidence impartially and objectively, and that we will continue to comply with that duty as required.

We confirm that this Statement has drawn attention to all material facts which are relevant and have affected our professional opinions.

We confirm that we have no conflicts of interest.



Grant Mills Wood
chartered surveyors

John Stephenson FRICS MCI Arb

Grant Mills Wood Chartered Surveyors & Development Consultants

April 2023

APPENDIX 1

2022 Employment Land Statement

EMPLOYMENT LAND STATEMENT

PREPARED BY
GRANT MILLS WOOD

IN RESPECT OF
LAND AND PREMISES
KNOWN AS

ST CLARE BUSINESS PARK
HAMPTON HILL
TW12 1QQ

ON BEHALF OF
NOTTING HILL HOME OWNERSHIP LTD

JUNE 2022



CONTENTS

1.0	Background to our Instruction	3
2.0	Planning Application and Application Site	4
3.0	Updated Market Analysis	6
4.0	Potential Occupiers for the Proposed Space	7
5.0	Conclusions	8
6.0	Declaration	9

APPENDICES

- Appendix 1 2017 Employment Land Statement
- Appendix 2 2019 Updated Employment Land Statement
- Appendix 3 2022 Marketing Report

1.0 Background to our Instruction

1.1 Grant Mills Wood (GMW) have provided advice relating to the application site for some years originally for the previous owners (Tesco Stores Ltd) and subsequently to Notting Hill Genesis (NHG). We produced an Employment Land Statement which was prepared for NHG's 2019 application which was subsequently refused. The Reason for Refusal applicable to our remit stated the following:-

"The proposal would, result in a significant reduction in the amount of industrial floorspace at a site designated as Locally Important Land and Business Park and without adequate replacement floorspace and a binding obligation securing an appropriate amount of affordable rental floorspace, the development would reduce employment opportunities within the locality contrary to the aims of the Council's employment policies. The proposal would therefore fail to comply with Policies LP40 and LP42 of the Local Plan (2018), the Greater London Authority (GLA) Industrial Land Demand Study (2017), the GLA Industrial Land Supply and Economy Study (2015), and the Mayor of London's Land for Industry and Transport Supplementary Planning Guidance (2012).

1.2 We do not address matters of policy and append to this Statement (as **Appendices 1 & 2**) copies of the previous Statements we have prepared. These are as follows:-

- 2017 Employment Land Statement
- 2019 Updated Employment Land Statement

1.3 Since December 2017, Jonathan Hay MRICS, head of industrial agency at GMW, has been actively marketing the vacant units on the application site. Updates as to the progress of the marketing campaign can be found throughout the previous Employment Land Statements produced by GMW. Mr Hay has provided a further and current marketing report which is attached to this updated Statement as **Appendix 3**. The key points contained within that update are set out below:-

- Marketing of the existing buildings has been continuous since December 2017 (4.5 years) on a for sale or to let basis.
- Due to the poor condition of the buildings clients were advised that they would need to agree to long rent free periods and other incentives, including condition schedules if any interest arose. In reality very few transactions came to fruition.

- Rents were systematically reduced to try and attract interest.
- The opportunity was widely advertised and regularly circulated to our list of applicants.
- The details have been sent to 6,000 applicants over the marketing period in the traditional industrial sector.
- Most applicants in the traditional industrial sector have turned down the estate due to condition, access, residential neighbours, concerns regarding high maintenance and occupational costs.

1.4 The revised planning application seeks to increase the quantum of E Class commercial floorspace (on what has previously been proposed and is currently subject to an Appeal).

2.0 Planning Application and Application Site

2.1 Our opinions relating to the short comings of the Application Site and the benefits of a redevelopment of the site are set out (in some considerable detail) in the various reports and documents previously submitted to the Local Authority. Given that the only alteration with the proposed planning application is to increase the commercial floorspace with a reduction in car parking spaces, the opinions in those reports still apply to this application. The main conclusions are summarised below with our updated comments in **bold** in the **brackets**:-

- a) The buildings on the site are reaching the end of their usable life in physical and economic terms and would require considerable capital expenditure to prolong their usability. Many buildings are now derelict and even the occupied buildings will continue to deteriorate. **(Occupier requirements continue to evolve and this process has accelerated due the Pandemic. Due to their age and characteristics of construction the buildings cannot be viably repurposed. Additionally it is becoming increasingly important for firms to meet certain goals relating to the environment and carbon emissions, buildings of this nature will struggle to meet these ambitions, even after extensive refurbishment).**
- b) The site is hampered by poor access from Holly Road, even small commercial vehicles have issues using this road. There is no prospect of this access issue improving. **(This remains the case).**

c) There is considerable vacancy on the site, currently running at approximately 58%. This has fluctuated since our instruction in December 2017. Vacancy rates will continue to rise as the units come to the end of their economic life and move further towards being obsolete in their specification. **(Physical and economic deterioration is pronounced and obvious upon inspection).**

d) We concluded that it is not viable or indeed practical to promote a redevelopment of the site for commercial only uses given the inherent constraints and access issues. **(The lack of viability continues to escalate. Although it has been reported that industrial land values have been increasing, build costs have also increased substantially. Consequently the overall lack of viability remains unchanged and arguably far more pronounced).**

2.2 Disregarding those buildings which are unlettable and derelict, the new application proposal provides an uplift in commercial floorspace compared to the appeal scheme. This will have negative viability impacts upon the scheme as a whole but will no doubt assist in determining the planning balance.

2.3 We have been provided with plans and renderings of an alternate scheme, which will include a further 560 sq m (6,028 sq ft) of Class E commercial floorspace. This increases the total provision of business E Class space to 2,065 sq. m along with 112 residential units. We are aware that this additional floorspace has been gained from removing 19 car parking spaces. The additional space will be incorporated within the ground floor of Block 1.

2.4 Given that this is a reapplication, the September 2020 updated Use Classes Order will apply. The proposed commercial space within this scheme will fall under Class E. It is likely given this is an LSIS designation and reflecting the local residential context, planning conditions will most likely be imposed on any permission to exclude a number of uses within the flexible E use class. As such it is anticipated that only E(g) will realistically apply. This Use Class definition is set out below:-

E(g) – Uses which can be carried out in a residential area without detriment to its amenity:

- E(g)(i) – Offices to carry out any operational or administrative functions
- E(g)(ii) – Research and development of products and processes

- E(g)(iii) – industrial proposes

2.5 The specification of the enlarged commercial floorspace is as follows:-

- a) Multi functional spaces
- b) High floor to ceiling space
- c) Large floor area
- d) Flexible working arrangements
- e) Shared facilities and services
- f) Storage spaces
- g) Open street frontages

2.6 The proposed E Class space adopts the ultimate flexibility model, which is essential in a fast changing economy. The structural changes in working practices and modern business functions partly resulting from the COVID-19 Pandemic plus also moves to clean industries in the data and tech sector illustrate how working practices can change very quickly. It is therefore important for developers to deliver floorspace which is flexible in the way it can be used. The proposed commercial space achieves this aspiration.

2.7 Whilst this addition to the business space will no doubt be welcome it will reduce the overall loss in quantitative terms of mostly redundant accommodation. Qualitative improvement should be an important factor to consider as will the additional job opportunities.

3.0 Updated Market Analysis

3.1 In our last updated Statement we referenced the end of the job retention scheme, the shortage of staff in many key sectors and the fuel crisis which crippled the country in September 2021. The issues have proven to be the start of the cost of living crisis which has followed the Pandemic. Despite moving away from the pandemic, it appears that the UK economy has suffered significantly and, according to some, from the effects of BREXIT, it is important to monitor the pace of economic growth as we recover from the pandemic.

3.2 We have previously highlighted that we could not predict the future with regards to the COVID-19 Pandemic and a further wave over the winter of 2021/22 was possible. Indeed there was a sharp rise in cases over Christmas 2021. The Government made

the decision in early 2022 to remove all Covid restrictions and encourage all office based workers to return to work and firms to phase out working from home.

- 3.3 It has been well reported that the return to office has not been as intended by the Government, particularly within the public sector and the civil service. It would appear that for many employees the return to 5 days a week in the office is unlikely to happen now that people have got a 'taste' for the flexible hybrid working model. Firms who have strict return to work policies are coming up against resistance from employees who are seeking a more flexible working model. HSBC recently suggested that the number of employees returning to the office has already peaked, with only 60% of the weekday journeys happening compared to pre-pandemic levels.
- 3.4 The knock on effect on commercial property will not become absolutely clear for several years, but there is no doubt that despite the office market picking up recently, firms will be reassessing their property requirements with hopes of reducing their liabilities when lease events happen. It has been widely reported that larger firms are now cutting down their floorspace requirements in favour of adopting the hot desking model combined with flexible working from home and potentially 4 day working week. Many small firms may now consider operating from a co-working outfit such as WeWork.

4.0 Potential Occupiers for the Proposed Space

- 4.1 The types of occupiers who might take the enlarged commercial space within the Application Proposal is set out in previous documents. The wider 'E' Class use, specifically E(g) includes office use, research and development and industrial processes appropriate in a residential area. These classes will include the blossoming creative industries which are noted to in Mr Stephenson's Proof submitted with the Appeal.
- 4.2 We have used the HCA Employment Density Guide 3rd Edition to make an estimation as to the number of jobs the application proposal could support. As this document does not include E Classes we have used the range for B1a *E(g)(i)*, B1b *E(g)(ii)* and B1c *E(g)(iii)*. Our estimations are set out in the table below:-

Use	E Class Space (Sq m)	Sq m per Job	Low	High	Average
E(g)(i)	2,065	8 - 13	159	258	209
E(g)(ii)	2,065	40 - 60	34	52	43
E(g)(iii)	2,065	47	44	44	44

4.3 The table above suggests an average range of between 44 and 207 jobs being supported by the current application proposal.

5.0 Conclusions

5.1 Our conclusions are set out in the Statements previously submitted and are copied for ease of reference in the attached appendices. These conclusions continue to be valid in the context of this revised application.

5.2 The marketing exercise over the last 4.5 years has been exhaustive and comprehensive. It has demonstrated that the buildings are not fit for purpose and economically obsolete. They should be demolished.

5.3 The increase in commercial floorspace will, for the purpose of our remit, enhance the development in terms of potential jobs by providing more space for local businesses. Given predictions of economic challenges ahead, it is important that any commercial floorspace being developed is flexible and responds to the market. We believe the floorspace within the application scheme meets this ambition.

5.4 There is no prospect of the application site being meaningfully occupied in its current condition and there are no prospects of an employment led redevelopment. The application proposal will, however, bring forward new and flexible replacement business space which will be attractive to local SME's.

6.0 DECLARATION

We can confirm that this Statement has been prepared in accordance with the requirements of the RICS – Royal Institution of Chartered Surveyors, as set down in the RICS Practice Statement Surveyors Acting as Expert Witness (4th Edition).

We confirm that we are not instructed under any conditional or other success-based fee arrangement.

We confirm that we are aware of and have complied with the requirements of the rules, protocols and directions for Experts.

We confirm that we understand and have complied with our duty to the Planning Authority as an expert witness which overrides any duty to those instructing or paying our firm, that we have given our evidence impartially and objectively, and that we will continue to comply with that duty as required.

We confirm that this Statement has drawn attention to all material facts which are relevant and have affected our professional opinions.

We confirm that we have no conflicts of interest.

John Stephenson FRICS MCI Arb

Grant Mills Wood Chartered Surveyors & Development Consultants

June 2022

APPENDIX 1

2017 Employment Land Statement

FIRST DRAFT EMPLOYMENT LAND STATEMENT

PREPARED BY
GRANT MILLS WOOD

IN RESPECT OF
LAND AND PREMISES
KNOWN AS

**ST CLARE'S BUSINESS PARK
HAMPTON HILL
TW12 1QQ**

ON BEHALF OF
NOTTING HILL HOUSING

DECEMBER 2017

CONTENTS

- 1.0 Introduction, Experience and Scope of Report
- 2.0 The Application Site
- 3.0 Planning History
- 4.0 The Planning Context, Evidence Base and Background Position
- 5.0 Market Conditions
- 6.0 Suitability for B1a, B2 and B8 uses
- 7.0 Quantitative Analysis of Available Employment Floorspace
- 8.0 Quantitative Analysis of Available Employment Floorspace
- 9.0 Viability Assessment
- 10.0 Conclusions
- 11.0 Declaration

APPENDICES

- Appendix 1 Location Plan
- Appendix 2 Site Plan
- Appendix 3 Availability B1a
- Appendix 4 Availability B2 and B8
- Appendix 5 Viability of B1a
- Appendix 6 Viability of B2

1.0 INTRODUCTION, EXPERIENCE AND SCOPE OF REPORT

- 1.1 We are instructed to prepare an Employment Land Statement on behalf of the Applicants (Notting Hill Housing), in the context of a proposal for a mixed-use residential and B Class scheme, on a site known as the St Clare Business Park, Hampton Hill, TW12 1QQ. Our Statement primarily focuses upon the commercial aspects of the 'B' class markets (industry, warehousing and offices) within and around Hampton Hill.
- 1.2 The St Clare Business Park is within the London Borough of Richmond upon Thames and presently comprises 7 B class units, many of which are in very poor condition. The overall site area is 0.8ha.
- 1.3 It is intended to redevelop the site for a new residential led mixed use scheme, to include sq m of B class space.
- 1.4 This Statement is focused on providing our views as to the suitability of this existing industrial site for B uses in the context of current site constraints and market demand for the full range of 'B' uses as set against supply levels, qualitative issues and occupier requirements.
- 1.5 We have assessed the factual position as at the date of this Statement. However, we have also considered the evolving planning and property market 'regimes' in terms of how we see trends in industrial and office occupation in particular evolving in the subject locality and in the market area generally in the future.
- 1.6 Given this background context we are instructed to provide the following:-
- Our assessment of the suitability of the site for B Class uses, its surrounding context, and the prospects for improving the provision of both residential dwellings and an improved quality of commercial space for B class occupiers. We will specifically consider any constraints associated with the site plus the characteristics of the surrounding area.
 - An overview of the planning and economical contexts applicable to employment accommodation in this market area both regionally and locally.
 - A quantitative analysis of the supply pipeline.
 - A qualitative analysis of the said pipeline.

- Our conclusions arising from the research undertaken above to include a recommendation as to whether the intensification of the residential uses in place of the existing 'B' space will have any negative impact firstly upon the market supply and demand positions for employment space in the area generally and secondly what benefits and hence positive impacts might arise from the proposed mixed use development.

1.7 Grant Mills Wood (GMW) is a long established firm of Chartered Surveyors which specialises in the 'B-Class' property sector with a particular emphasis on Greater London and the Home Counties. The firm has extensive office and industrial agency departments. We are regularly instructed to advise on Employment Land supply and demand issues. This includes the preparation of reports and giving expert evidence on this subject at Public Inquires.

1.8 The author of this report, John Stephenson FRICS MCI Arb, has over 40 years' experience of this market. In addition to acting for landlords and tenants in relation to the sale, acquisition and development of B-Class property in this locality, Mr Stephenson also receives frequent appointments from the President of the Royal Institution of Chartered Surveyors to act as an Arbitrator or as an Independent Expert in determining property disputes relating to B1, B2 and B8 land and premises in this area.

1.9 The firm is not closely linked with any particular developer and, in view of its independence; we are regularly instructed to produce Employment Land Studies. GMW is a 6 times winner of 'Estates Gazette Most Active Industrial Agent' in the London area.

2.0 THE APPLICATION SITE

2.1 The Site is located in Hampton Hill, which is within the London Borough of Richmond upon Thames. The local context is mainly residential with High Street uses nearby. The site is within the Hampton Hill Town Centre boundary and is bound by Windmill Road to the north, the High Street (A311) to the east, Holly Road to the south and the Sheperton Branch Railway line to the west. Site and Location plans can be found in **Appendices 1 and 2**, respectively.

- 2.2 The character of the immediate locality is varied, with buildings of many different heights and design. It is however, predominantly a residential area characterised by terraced housing. There are, a number of commercial properties, including retail and office space, located by the High Street.
- 2.3 The boundary of the Hampton Hill Conservation Area is nearby. There are no listed buildings are located on the Site but it is identified by the Environment Agency as being at risk of flooding and lies within Flood Zone 1.
- 2.4 Although located within the Town Centre the Site is situated in an area of modest public transport accessibility, as indicated by its 'poor' PTAL rating of 2.
- 2.5 St Clare Business Park is located approximately 1.5 miles north of Hampton Rail Station. Accessibility by road is generally good with Uxbridge Road (A312) 0.3 miles away and Hampton Court Road (A308) 0.9 miles away. However, vehicular access into the Site from Holly Road is very poor as the entrance is effectively 'between' homes and due to residential parking on the local streets any vehicles above the size of a typical family car will find it challenging to enter and leave the Site.
- 2.6 The existing Business Park comprises a number of dated office and workshop buildings which have been built in a piece meal fashion over many years. Most being over 40 years old. There is currently around 30% vacancy on the site. Many of the occupied units are let on very favourable terms including 3 months rolling breaks, with some tenants holding over. Those tenancies are allowed to continue on soft terms to provide some degree of onsite security and to mitigate rating liabilities. The estate is made up of the following premises:

St Clare House

This is a three storey office building, built in the late 1970's. It is divided into six suites, providing a total area 362 sq m (3,894 sq ft) of office accommodation. Suite B, the second largest suite, is currently vacant.

Holly House

This building is a two storey office building, built in the early 1980's. This building provides 213 sq m (2,287 sq ft) of office accommodation but is currently vacant.

Lacey House

This is a two storey building providing office accommodation. It was built in the early 1970's and provides 275 sq m (2,964 sq ft) of office accommodation. The building is currently vacant.

Units 1-8, St Clare Business Park

Single storey terraced workshop units built in the 1970's and 1980's providing 1,433 sq m (15,419 sq ft) of workshop space. However, two of the units, totalling 362 sq m (3,901 sq ft) are currently vacant.

7 Windmill Road

These premises comprise an external yard currently being used for car valeting.

9-11, Windmill Road

The premises comprise a car sales and workshop building and extends to ? m² (? sq ft).

Atcost House

This is a two bay single storey concrete framed building (agricultural in nature), which can only be used for covered storage purposes. The total area of this space is 651m² (7,001 sq ft).

3.0 PLANNING HISTORY

3.1 St Clare Works, Holly Road, Hampton Hill, TW12 1QQ

3.1.1 **Ref: 15/0621/OUT** – The proposed redevelopment of the whole site for a mixed-use scheme comprising demolition and conversion of the St Clare Business Park, Hampton Hill for the erection of up to 116 homes (inclusive of support accommodation) of varying tenure together with up to 1,790 GIA sq m of commercial (B1) floorspace including a care communal accommodation and training, creation of new vehicular access from Windmill Road, provision of parking and refuse facilities, and associated works. Withdrawn – 12.06.2015.

3.2 St Clare Works, St Clare Business Park, Holly Road, Hampton Hill

3.2.1 **Ref: 97/1079** – Use as offices falling within B1 use with no hours condition. Withdrawn – 23.06.1997

3.2.2 **Ref: 92/0996/FUL** – Removal of conditions (b), (c) & (d) attached to planning consent 72/1293 under Section 73 of the 1990 Act. Granted – 09.07.1992

3.2.3 **Ref: 88/2469** – Erection of six 2 bedroom houses with garages; erection of a single storey building of 7,075 sq ft for light industrial use divided into 4 units of 1,350 sq ft and one unit 1,675 sq ft, together with 20 car parking spaces, erection of a single storey building of 2 x 935 sq ft light industrial units with 6 car parking spaces (Section 32 application to vary condition No. 21 attached to planning permission ref: 86/244 dates 23.06.86 – revised parking layout). Granted – 23.12.1988

3.3 Unit 4, St Clare Business Park, Holly Road, Hampton Hill

3.3.1 **Ref: 94/2187/FUL** – Installation of an additional window at rear of industrial unit. Granted 11.10.1994.

3.4 Unit 6, St Clare Business Park, Holly Road, Hampton Hill

3.4.1 **Ref: 99/2846** – Installation of two 1st floor windows to flank wall. Granted – 29.12.1999

3.4.2 **Ref: 97/1699** – Extension of work hours to Monday to Friday 0600 – 2200 and Saturday to Sunday 0730 – 1700. Withdrawn – 21.08.1997.

3.5 **St Clare Business Park, Holly Road**

3.5.1 **Ref: 00/3077** – Demolition of existing building and construction of two and three storey business units and offices (B1). Withdrawn – 14.06.2001.

3.5.2 **Ref: 00/3078** – Proposed demolition. Withdrawn – 14.06.2001.

3.5.3 **Ref: 99/3230** – Demolition of existing buildings and construction of two and three storey business units (B1). Decided – no further action taken 10.02.2000.

3.5.4 **Ref: 98/0786** – Redevelopment of part of the site to provide three buildings for B1 use and demolition of nos. 9-11 Windmill Road to form new vehicular access to the site. Granted – 23.04.1999

3.5.5 **Ref: 96/3994/DD02** – Details pursuant to landscaping condition of doe inspector's decision dated 7/10/97. Decided – no further action taken 03.04.1998.

3.5.6 **Ref: 96/3995/DD01** – Details of material pursuant condition 2 of doe inspector's decision dated 7th October 1997. Grant 07.01.98.

3.5.7 **Ref: 96/3994/DD-1** – Details of material pursuant to doe inspector's decision dates 07/10/97. Granted – 07.01.1998.

3.5.8 **Ref: 96/3995** – Alterations and improvements to access road entrance in Holly Road and vehicular entrance to no.24 Holly Road. Demolition of garage to no.24. Change of use of part of cartilage of no.24 to facilitate improvement to access to St Clare Business Park. Appeal allowed – 07.10.1997.

3.5.9 **Ref: 96/2437/FUL** – Change of use of part of cartilage of 24 Holly Road to provide wider vehicular access to existing business park; construction of car parking space, forecourt and replacement boundary treatment for 24 Holly Road. (revised scheme). Refused – 10.10.1996.

4.0 THE PLANNING CONTEXT, EVIDENCE BASE AND BACKGROUND POSITION

4.1 National Planning Policy Framework

4.1.1 The National Planning Policy Framework (NPPF) was published in March 2012 to replace the existing planning policy documents (Planning Policy Statements and Planning Policy guidance). The NPPF is focused on the delivery of sustainable development.

4.1.2 The NPPF refers to a need for greater responsiveness to the changing economic climate, where local planning authorities should plan proactively to meet the development needs of businesses and support an economy fit for the 21st century. In practice, this means the Local Planning Authorities are required to respond with greater flexibility regarding the release of land used or historically used for employment purposes if alternative beneficial developments can be brought forward or if there is clear evidence that demonstrates employment uses are no longer viable in the light of market signals.

4.1.3 The NPPF (paragraph 21) states that local planning authorities should:

- Set out a clear economic vision and strategy for their area, which positively and proactively encourages sustainable economic growth.
- Identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period.
- Support existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area.
- Set policies which are flexible enough to accommodate needs not anticipated in the plan period and to allow for a rapid change in economic circumstances.
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high tech industries.
- Identify priority areas for economic regeneration.

4.1.4 A crucial quotation from paragraph 22 of the NPPF is set out below:-

"Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities".

4.1.5 As will be demonstrated in this Statement, market signals clearly show the subject location is not a preferred location for traditional 'B' uses, which are B1, b and c, B2 and medium to large B8 users. The Applicant proposes to provide some high quality replacement space focusing on clean B1 uses. The improved quality of the replacement space will outweigh the quantitative loss of outdated, poorly laid out existing accommodation.

4.2 **Richmond Local Plan 2017**

4.2.1 Richmond's proposed Local Plan will set out policies and guidance for the development of the Borough over the next 15 years until 2033. The Local Plan contains the strategic vision and objectives for the Borough as well as the policies and site allocations that will guide the future development of the Borough.

4.2.2 For the purpose of this Statement we focus on Section 10 of the draft Local Plan, Employment and Local Economy. Within this section there are three key policies; Policy LP 40, Policy LP 41 and Policy LP 41.

4.2.3 Policy LP 40 focuses on employment and the local economy and states that:-

"The Council will support a diverse and strong local economy in line with the following principles:

1. Land in employment use should be retained in employment use for business, industrial or storage purposes.
2. Major new employment development should be directed towards Richmond and Twickenham centres. Other employment floorspace of an appropriate scale may be located elsewhere.

3. The provision of small units, affordable units and flexible workspace such as co-working space is encouraged.
4. Mixed use development proposals should retain, and where possible enhance, the level of existing employment floorspace. The inclusion of residential use within mixed use schemes will not be appropriate where it would be incompatible with, or impact on, the continued operation of other established employment uses within that site or on neighbouring sites”.

4.2.4 Under this Policy it is noted that well-located employment land should be retained or redeveloped to meet modern business needs and support a strong sustainable economy. The Application site is not well located and additionally the current units are not fit for modern business needs.

4.2.5 The application proposal will bring forward small flexible workspace units targeting co-working amongst other uses. The provision of new residential uses is entirely compatible with local uses and will not compromise other established employment users – as there are not any.

4.2.6 The Local Plan pays particular attention to retaining office space, through Policy LP41, as shown below:-

“A. There is a presumption against the loss of office floorspace in all parts of the borough.

Any loss of office space (on sites outside of the designated Key Office Areas) will only be permitted where:

1. Robust and compelling evidence is provided which clearly demonstrates that there is no longer demand for an office based use in this location and that there is not likely to be in the foreseeable future. This must include evidence of completion of a full and proper marketing exercise on the site at realistic prices both for the existing office use or an alternative office-based use completed over a minimum period of two continuous years; and then

2. A sequential approach to redevelopment or change of use is applied as follows:

- a. Redevelopment for alternative employment uses including social or community infrastructure uses; followed by
- b. Mixed use including other employment generating or community uses. Such sites should maximise the amount of affordable housing provided as part of the mix; followed by
- c. Residential with maximum provision of affordable housing in accordance with policy LP 36 Affordable Housing.

B. Low cost office spaces should be retained to meet the requirements of small businesses, start-ups and the voluntary sector. Utilising premises above shops in the borough's centres for office occupation is encouraged as a source of lower cost office provision.

4.2.7 This Policy also states that a net loss of office floorspace will not be permitted in key office areas. However, St Clare Business Park is not identified as a key office area.

4.2.8 Although the proposed scheme will result in a quantitative loss of existing B space, historically occupied by a wide range of occupiers, there will be a qualitative gain, as the proposed development will provide higher quality space.

4.2.9 The Local Plan identifies St Clare Business Park as a locally important industrial land and Business Park. As a result Policy LP 42 applies. This Policy states:-

B. The Council has identified locally important industrial land and business parks. In these areas:

- a. loss of industrial floorspace will be resisted unless full, on-site replacement floorspace is provided;
- b. development of new industrial floorspace and improvement and expansion of existing premises is encouraged; and

- c. proposals for non-industrial uses will be resisted where the introduction of such uses would have an adverse impact on the continued operation of the existing services.

4.2.10 The proposed development will not have an adverse impact on the continued operation of the existing services as the site is surrounded (almost) by residential uses. In view of the site constraints (mainly access issues) and its particular location replacing the existing space (estimated at ? m²) is not viable or desirable. There will be a provision of new high quality space. Consequently Policy LP42 can be addressed.

4.2.11 In addition to the policies above, this Local Plan refers to the GLA's Industrial Land Supply and Economy Study (2015), which argues that the Borough has a very limited supply of industrial land, with only 17.3 ha of general and light industrial space (B1 and B1c), and 8.1 ha of warehousing and storage (B8) space. However, this is contrary to the more recent London Industrial Demand Study of 2017 which found that 12 ha employment land could be released between 2016 and 2041. (See reference ?)

4.2.12 Finally, we note that the Local Plan indicates that small firms such as start-up businesses require cheaper accommodation and small incubator units but often find it difficult to acquire suitable affordable premises as the higher value of land for other uses creates pressure for redevelopment for higher quality priced accommodation. In terms of the existing estate accommodation has been marketed at favourable terms for a considerable period of time but has remained vacant. We report more fully below on the marketing history but we have demonstrated that there is no demand for the space in its current condition. As a result, redevelopment is required to achieve replacement stock and the intensification of uses on the site. However, there are viability issues with a pure B class scheme (as it is such a power B class site). In reality a mixed use scheme is the only feasible way forward to bring this site back into beneficial use.

4.2.13 This proposed Local Plan clearly displays stringent criteria that need to be met in order for employment land to be released. In our view this is contrary with the NPPF, as the level of flexibility is minimal. Each site should be considered on their own individual merits. The proposal site has a number of constraints which should be focused upon in contrast to the criteria set out above. These constraints clearly

show it is not viable to continue using the site for employment purposes in its current condition.

4.3 **Hampton Hill Village Planning Guidance 2017**

4.3.1 The purpose of this Village Planning Guidance Supplementary Planning Document (SPD) is to establish a vision and planning policy aims for the area, in light of existing and emerging Local Plan policy. The SPD reinforces the existing planning policy aims for Hampton Hill, and draws on the Pre Publication Local Plan.

4.3.2 For this statement we will focus on the SPD's review of St Clare Business Park. The SPD looks at the potential of redeveloping the site to provide high quality industrial and business space.

4.3.3 The SPD recognises that the emerging Local Plan designated St Clare as Locally Important Industrial Land and Business Park. However, during the consultation on the SPD it was recognised that the site is in a poor condition (ref ?).

4.3.4 The SPD indicates a number of constraints attached to the site, which would need to be taken into consideration should the site be redeveloped. Developers would need to be able to:-

- Respond to the scale and massing of the surrounding residential setting, with the site sitting in close proximity on all sides to two storey residential properties. This would need to include suitable consideration of any noise or other environmental disturbance to the surrounding residential area.
- Access arrangements would need to be well planned for, accounting for increased commercial and resident traffic. This would ideally be from Hampton Hill High Street and not via Holly Road.
- The existing industrial units on site do not, for the most part, reflect the character and scale of the area. New development would need to appropriately identify new materials and design features, balancing its setting in a Victorian residential area and its isolation behind the main building lines with the requirements of new office uses which are expected to utilise sensitive high quality modern materials.

4.3.5 The above constraints will deter developers as they have adverse implications for tenant demand, rents and investment values. Additionally, we have found there to be viability issues when looking to redevelop a new industrial led scheme. These above points would suggest that it is not feasible to bring forward a new industrial/warehouse scheme on the site. Access constraints, conflicts with residential neighbours as to light pollution, 24/7 access etc will result in a lack of occupier interest. If the status quo is maintained further physical and economic blight will result. The existing units are not fit for today's needs and the vacancy rates will rise.

4.4 **Industrial Land Demand and Release Benchmarks in London 2011**

4.4.1 Roger Tym & Partners and Jones Lang LaSalle prepared the Industrial Land Demand and Release Benchmark study in London in December 2011, on behalf of GLA. This report was commissioned to provide evidence to inform London-wide and local planning policy in order to ensure that London has the right quantity and quality of industrial land to support its economy and its population while using the land effectively. It seeks to provide up to date benchmarks for the demand and supply of industrial land in the Greater London area, sub regional indicators on the future release and retention of industrial land, as well as indicators for the management of industrial land for all London Boroughs. This report suggests a future decline in the 'general industrial' sector with a fall in net demand of some 732.7 hectares of industrial land across London from 2011 to 2031.

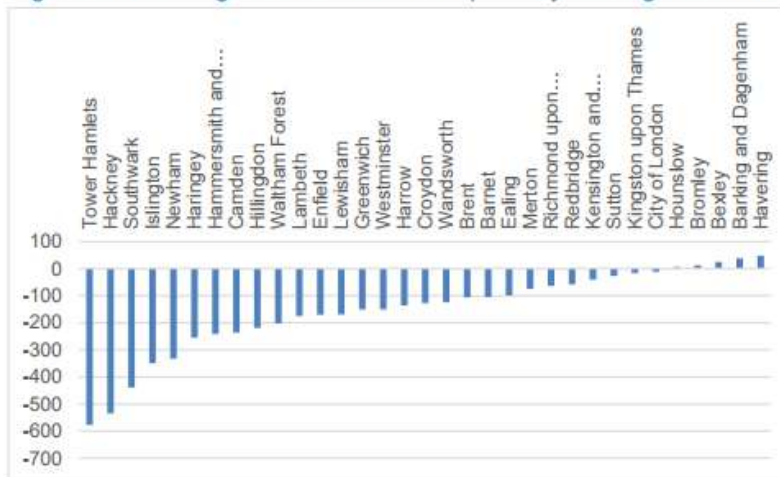
4.4.2 It is recommended that 114.1 ha of industrial land is released from the south London sub region, (which includes Richmond-upon Thames, Bromley, Lewisham, Sutton, Wandsworth, Merton, Croydon and Kingston-upon Thames) in the period 2011-2031. This 2011 document also confirms that structural change in the London economy over recent decades has led to a shift in employment away from traditional manufacturing industries and into the service sector. Over the period 1998-2008, London's employment in industrial production has declined by 35%, a loss of nearly 100,000 jobs.

4.4.3 Whilst this study is now a little historic it provides a helpful outlook and clearly shows that demand for industrial land is set to fall. A new 2017 study into demand has now been released, which we have reviewed below.

4.5 The London Industrial Land Demand Study 2017

- 4.5.1 This is the very latest report produced in June 2017 to assess the range of uses that occupy industrial land in London. It examines recent trends in the way land and floorspace is occupied in London and projects future demand for industrial land, while looking at where demand for industrial land is highest. The report compares this outlook with the amount of industrial land that London needs to maintain to ensure it continues to function as a successful and sustainable city.
- 4.5.2 It was found that the industrial floorspace stock has steadily declined over recent years, from around 25.8 million sq m in 2001 to around 20.8 million sq m in 2016, a loss of 5 million sq m (333,333 sq m per year). That is a fall of 19%, which is part due to the introduction of Permitted Development Rights but also due to changes in demand and improved technologies which have resulted in a fall in need for employment space, particularly in London.
- 4.5.3 Many industrial occupiers have found it cheaper to locate elsewhere in the UK and the rest of the World as a way of addressing costs, investment and environmental criteria. Between 2001 and 2016 Richmond has lost around 50,000 sq m of industrial floorspace, this equates to an average loss of 3,125 sq m of floorspace per year. This is shown in the figure below:-

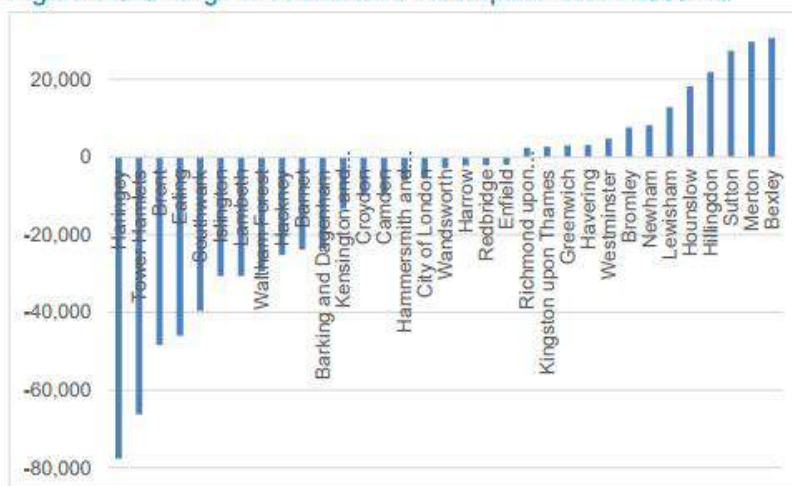
Figure 3.12 Change in Industrial Floorspace by Borough 2001-16 ('000 sq m)



Source: VOA

- 4.5.4 From the table it is clear to see that Richmond’s loss of employment land is one of the smallest of all the London’s Boroughs.
- 4.5.5 Section 6.4 of the report reviews the future demand for employment space. It is projected that there will be a reduction in demand for industrial floorspace of 1.05 million sq m in London between 2016 and 2041. Richmond expects a decrease in demand of 10,700 sq m.
- 4.5.6 As well as considering floorspace the report investigates the future demand for land for general and light industrial uses between 2016 and 2041. It is predicted that Richmond’s future demand for general and light industrial land is set to fall by 1.6 ha.
- 4.5.7 Section 6 concludes by suggesting demand for industrial land in London will fall by 166.5 ha over the period 2016-41, an average of 6.8 ha per annum. We concur with these projections, as many occupiers are looking for cheaper locations throughout the UK and the rest of the World.
- 4.5.8 The report goes on to explore the demand for warehousing and logistics space. The report reviewed the change in warehouse floorspace stock between 2008 and 2015. From the figure below it is clear to see that Richmond has had a nominal increase in floorspace.

Figure 7.8 Change in Warehouse Floorspace Stock 2008-15



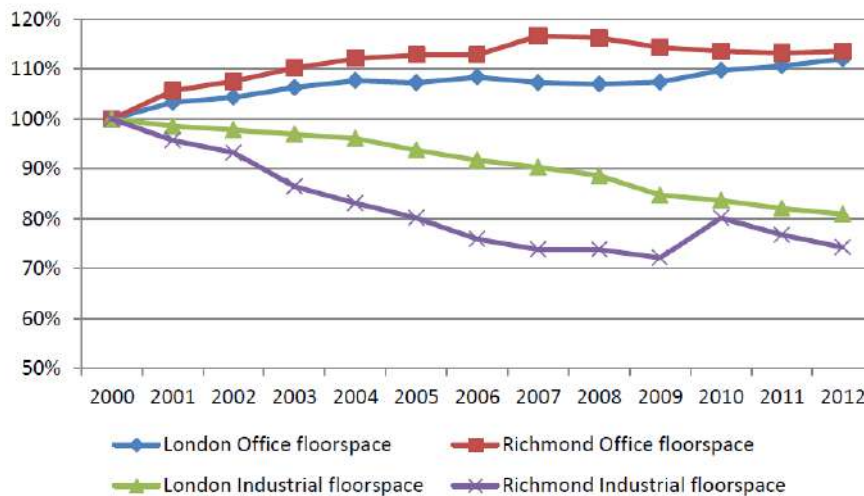
Source: CAG, VOA, LDD

- 4.5.9 In terms of the projected changes in demand for warehouse floorspace and land between 2016 and 2041 it is predicted that there will be an increase in demand. However, this demand is likely to be focused in certain key clusters elsewhere in London such as Brent and Hounslow.
- 4.5.10 The report concludes that the London's stock for industrial land has continued to diminish, but at different rates depending on the Borough. Reductions in industrial land have been relatively modest in South London, which includes the Richmond.
- 4.5.11 It is recognised that industrial employment is declining as a proportion of London's total employment and now accounts for less than 10% of total jobs in the Capital.
- 4.5.12 Finally, the report explores the possibility of releasing employment land in the future. It was found that between 2016 and 2041 a total of 233 ha of industrial land could be released, an average of 9.3 ha per annum. There are certain areas where it is proposed that employment land should not be released due to the current lack of availability. These areas are mainly in central London. With regards to Richmond it was found up to 12 ha of land could be released.
- 4.5.13 As the proposal site is constrained and compromised it is not realistic to assume the total existing industrial/office space should simply be reprovided in a redevelopment scheme.

4.6 **Richmond Employment Sites and Premises 2013**

- 4.6.1 Richmond Borough Council commissioned Peter Brett Roger Tym in 2013 to undertake an assessment of employment sites and premises within the Borough.
- 4.6.2 The report aimed to provide an up to date picture, as of 2013, of Richmond's employment sites and premises needs and provision, by area and sector, in order to support policy recommendations on the allocation, protection or release of employment sites.
- 4.6.3 This report reviewed both past trends and future demand for B class employment space in the Borough. The report found that the growth of industrial space had fallen between 2000 and 2012, whereas the growth of B class office space had increased between the same periods, as shown in the figure below.

Figure 2.4 London and Richmond floorspace stock, Growth (2000-2012)



Source VOA/ PBA Roger Tym

- 4.6.4 The report went on to look at future projections where it found that there would be a slowdown in the B class market due to the recession. The report predicted that it is unlikely that these pre-recession levels will be emulated. As a result, the above table is not an accurate representation of today's property market.
- 4.6.5 It should be noted that the report reviewed key employment sites within Richmond but St Clare Business Park was not considered to be one of these key employment sites. We support that view.
- 4.6.6 Finally, the report assessed the future need for employment floorspace in the Borough between 2011 and 2031. The report predicted that demand for office space is set to increase between 62,300 sq m to 81,300 sq during this period; most of this demand is set to be in key office locations such as Richmond town centre. It should be noted that this is higher than was predicted in the London Office Policy Review (2012), which predicted an increase of 62,000 sq m.
- 4.6.7 With regard to industrial land it was predicted that between 2011 and 2031 there is set to be a net fall in demand of 1.8 ha. The largest fall is set to come from industrial, which is estimated to be 18.5 ha. Warehousing is set to have the biggest increase, of 13.1 ha. It is important to realise that warehousing it not a suitable use for the subject site due to the surrounding residential properties and poor access. Currently the site is used for industrial and office use. If there is set to be a

fall in demand for industrial space, vacancy rates at the site could rise due to the poor quality of the current units.

4.6.8 This report has clearly demonstrated a falling demand for industrial space in the Borough generally but an increasing demand for office space. However, this office space demand is likely to be directed towards the key office locations such as Richmond town centre and Twickenham. The site is currently in partial use for industrial purposes. However, occupiers are paying nominal rents and have short licence arrangements. We do not foresee any difficulty in assisting these few occupiers to relocate.

4.7 **Employment Land Study 2016**

4.7.1 Peter Brett Associates produced an employment land study to provide an updated evidence base for the emerging Local Plan. Previously, the Council relied upon thereport but this is now considered out of date, mainly de to the introduction of Permitted Development Rights.

4.7.2 In 2013, the Government introduced permitted development rights, which allowed office (B1 use class) floorspace to be converted to residential (C3 use class) without planning permission. This resulted in a loss of office accommodation in Boroughs throughout London, including Richmond, as shown in the figure below.

Figure 3.1 Richmond office floorspace – completions gains and losses

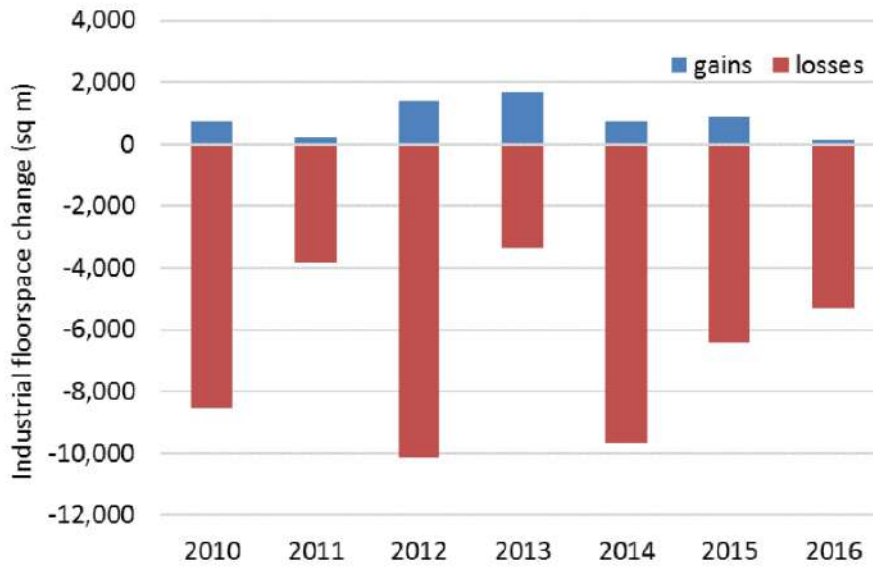


Source: LDD / PBA Nb 2016 is not full year.

4.7.3 Up until 2013 the gains and losses broadly counter-balanced one another. However, after 2013 the loss of floorspace severely outweighed the gain in floorspace. This has resulted in the total supply of floorspace in the Borough falling. It should be noted that industrial estates has seen the smallest reduction of office space with a loss of just 856 sq m between 2010 and 2016. The majority of space has been lost in town centres, areas of mixed use and non-designated area, which have had a net loss of 50,392 sq m during the same period. It should, however, be appreciated that much of the 'lost' office space was of poor quality (Grade C space mainly) which was never likely to be reoccupied.

4.7.4 With regards to industrial floorspace, between the period of 2010 and 2016, floorspace losses has out-numbered the gains by a factor of 8:1, as shown in the figure below.

Figure 3.2 Richmond industrial floorspace – completions gains and losses



Source: LDD / PBA Nb 2016 is not full year.

- 4.7.5 It should be noted that during this period no industrial space was lost from the industrial estates in the Borough. The majority of space lost was classified as non-designated, with a total net loss of 24,394 sq m.
- 4.7.6 Although we have demonstrated that there has been a loss of both office and industrial floorspace within the Borough between 2010 and 2016, the report recognises that future projections should not be based on past trends.
- 4.7.7 The report goes on to weigh up demand against supply for office and industrial accommodation in the Borough by considering both future demand and supply of B class space. The report found that gross demand for office space from 2015 to 2033 is set to increase by 122,298 sq m. However, the supply is set to only increase by 1,651 sq m. This will result in an under supply of office accommodation of 120,647 sq m. It should be noted that over two-thirds of this space is required to make good the PDR losses that have been incurred and are forecast to continue to take place as a result of PDR approvals already in the planning pipeline. It is thought that the majority of this demand for office space will be in Key Office Areas. St Clare does not fall within this classification. With such pressure of demand the 'market' will respond by providing and developing new accommodation

in appropriate locations. The St Clare site would not meet the criteria for large scale Grade A office development.

4.7.8 As for industrial floorspace the report found that between 2015 and 2033 demand for industrial floorspace is set to increase by 85,925 sq m. It should be noted that we believe this figure to be overly high and is not in line with the current market conditions. During the same period it was thought that supply is set to increase by 7,421 sq m. This would result in an under supply of 78,504 sq m. Although this report suggests that there is an under supply of space of nearly 80,000 sq m this does not represent the current market or emerging market given the economic forecasts for the country and the uncertainties surrounding the decision to leave the EU. In fact the London Industrial Land Demand Report backs up our view as identifies the opportunity to release land.

4.7.9 Although this report does indicate that there is an under-supply of B class floorspace in Richmond. The report concludes that redevelopment of office space outside of the Key Office Areas (which St Clare is) will only be permitted where a lack of demand is clearly demonstrated, and then alternative employment uses need to be contemplated before any non-employment use can be considered. Through the marketing exercise we have shown there is a lack of demand for the current units. Additionally, the proposed scheme will provide new B class office accommodation, which will be more attractive to occupiers in the market than the current accommodation.

4.8 **Employment Sites and Premises Study 2017 Update**

4.8.1 This study like the study above was produced to be used as an evidence based document for the emerging Local Plan. Once again this study was produced by Peter Brett Associates.

4.8.2 The study starts by reviewing the impact of PDR on Key Office Locations within Richmond and Twickenham. As St Clare Business Park is not designated at a Key Office Location, this part is not directly relevant for this Statement. However, this study does give an overview of the office market and trends in Richmond, which is important as the site does currently contain office accommodation and the proposed scheme will additionally provide office space.

- 4.8.3 The study recognises that Richmond has a robust office market with a broad range of office requirements. Since 2011 there has been notable growth in the arts and entertainment sector, professional and scientific research and IT sectors. It is recognised that a significant proportion of Richmond’s employment is in small and medium businesses with a high proportion of self-employment.
- 4.8.4 The study found that approximately 92,000 sq m of office floorspace has been lost in the Borough, since the introduction of Permitted Development Rights (PDR) (the equivalent to 28% of office floorspace).
- 4.8.5 As a result of the decline of office accommodation, occupancy of the existing stock is high with very few units on the market, and vacancy is at or below the 8% figure commonly accepted as that needed to allow for ‘churn’. It should be noted that the vacancy rate at St Clare is much higher than this at 30%.
- 4.8.6 The second half of this study reviews the 22 locally important industrial land and business parks, including St Clare. The study provides two tables headed designated site attractive to occupiers and designated sites less attractive to occupiers. Only two sites were put under the less attractive category, with St Clare being one of them. The reason behind the allocation was due to the poor access and lack of prominence, surrounded by residential areas and constrained access. None of these constraints can be resolved by redevelopment and as a result this site will always remain unattractive to occupiers. This explains why out of all the designated sites, St Clare has the second highest vacancy rates, which was at the time of the report 20%. This has now risen to 30%.
- 4.8.7 Finally, the study reviewed each employment site, the key points regarding St Clare Business Park can be seen below:-

St Clare Industrial Estate	
Site address	Holly Road, Hampton Hill, TW12 1PZ
Site description	The site is in mixed office and industrial uses which appears to have been developed on an ad hoc manner. The site consists of 8 light industrial units which are generally in poor condition and appear to have been built in the 1970s/80s. And Holly House, St Clare House and Lacey House office blocks which were constructed in the 1970s/80s. The site also includes derelict

	barn/open storage of construction and demolition waste materials. Bordered with residential on the South side, commercial uses on the High Street and Windmill Lane and the railway line to the west.
Site area (ha)	0.8
Primary type of employment area	General Industrial (B2)
Site's sequential location	In a town centre
Planning History	Proposal in 2015 to redevelop the whole site for a mixed-use scheme comprising 116 homes & 1,790 sq m of B1 floorspace (planning ref: 15/0621/OUT). The application was withdrawn by the applicant on 11/06/2015.
Site Constraints	The site is within a residential area and borders a conservation area which limits opportunities for expansion of the site, and restricts redevelopment opportunities. Site access is also a major constrain.
Prominence of site	The site is set back behind a row of houses fronting Holly Road, and not visible from the High Street or Holly Road
Prominence of site score	Poor
Compatibility with surrounding uses	The B2/B8 element of the site is generally not compatible with the neighbouring residential uses.
Compatibility with surrounding uses score	Poor
Access to amenities	The site is within the Hampton AMU and is close to the High Street that has a range of amenities albeit limited.
Access to amenities score	Good
Layout, parking, servicing, landscaping etc.	The site includes 90 designated vehicle parking spaces. There is sufficient room for servicing and vehicle turning however the site's layout is not efficiently reflecting its ad hoc development.
Layout, parking, servicing, landscaping etc.	Reasonable

score	
Proximity to Mway/principal roads	2 km from the junction of the M3 and A312.
Proximity to Mway/principal roads score	Reasonable
Access to site/strategic road network	Access via Holly Road is poor for larger commercial vehicles, as it is a residential street with parked cars on both sides. The business park has a narrow site entrance.
Access to site/strategic road network score	Poor
PTAL score	2
Vacancy score	Poor
If the site retains its current use, will it be occupied?	Maybe
Are there opportunities for redevelopment / intensification / extension?	The site's lack of prominence and neighbouring residential means more intensive industrial uses would be unsuitable. The site cannot expand given that it is constrained on four sides, residential amenity concerns and the adjacent Conservation Area designation.
Are there any constraints on redevelopment / intensification / extension?	The site is constrained by the surrounding residential areas and amenity concerns and the adjacent Conservation Area designation. The storage, distribution and recycling of building materials is not compatible with the residential uses. Any redevelopment of the site which is likely to include a mix of uses needs to accord with planning policy that requires the provision of office and industrial floorspace.

4.8.8 The above table clearly indicates that St Clare Business Park suffers from many constraints. None of which can be readily addressed through redevelopment. Additionally location is of prime importance and the St Clare estate in qualitative terms ranks very poorly on numerous levels. It is unlikely that the site will be able to continue to provide suitable accommodation given the units are already in poor

repair. It is clear to see that redevelopment for just B class uses is not viable and as a result the only viable solution will be a mixed use scheme.

4.9 **Conclusions from the Planning Context, Evidence Base and Background Position**

4.10 These documents indicate on a high level basis that demand is outweighing supply in Richmond, for Grad A industrial and office space in appropriate locations.

4.11 The accommodation on St Clare is not fit for purpose and this will become more obvious as tenants aspirations and sustainability criteria become even more focused.

4.12 The review of St Clare Business Park in the 2017 employment land study clearly shows that the site is not fit for purpose and should the current occupiers vacate their units there is no certainty that new occupiers would be found due to quality issues. This would suggest that the site should be redeveloped. However, many of these reports have found that it is not viable to do this. We have come to the same conclusion in our viability assessment. As a result, the most feasible option will be to provide a mixed use scheme. The proposed scheme will add to the much needed housing but will also provide better quality office accommodation, which will meet local micro businesses demands. This is a growing sector.

5.0 **MARKET CONDITIONS**

5.1 **General Property Market Overview**

5.1.1 Following the banking crisis at the end of 2007, the economy suffered an extended recessionary period. Whilst there was some optimism that the UK economy was beginning to recover from the recession, anticipated economic growth has been modest and the Chancellor warned in the Spring 2017 Budget that global factors have created a current period of uncertainty with threats to economic prospects:-

“...investment is also expected to remain subdued due to economic uncertainty as the UK negotiates its departure from the EU” – Philip Hammond.

5.1.2 A report in the Property Week published on the 3rd November 2017 adopts the headline:

“London prospects ‘clouded by Brexit’?”

London has ranked among the European cities with the worst outlook for 2018 in a survey of more than 800 real estate professionals. Only Rome, Athens, Moscow and Istanbul have poorer prospects”.

5.1.3 A report in the Estates Gazette (the principal property magazine) on the 16th April 2016 (pre-Brexit) adopts the headline:

“Is It All Gone Wrong?”

- i. Investment volumes have plunged by one third.
- ii. Global growth volumes have plunged by one third.
- iii. Global growth downgraded by IMF.
- iv. Slow down in the Chinese and emerging market economies.
- v. Retailer downsizing.
- vi. Shrinking of investment banks.
- vii. The collapse of a number of recent high profile investment deals.

5.1.4 The above is indicative of real concerns that faced the property market in 2015/2016. Investors and developers will only build and engage in new development in appropriate locations in anticipation of an economic climate of continuing confidence.

5.1.5 Further uncertainty has grown since the result was announced to leave the EU, which has added an additional layer of significant risk. The general consensus in the property industry is that the confirmed vote to leave the EU will have a damaging impact on confidence for several years. This was immediately evident with many of the larger property funds downgrading values and some suspending trading. The increase in the stamp duty land tax (SDLT) in the Budget of 2016 has also reduced capital values, Markets do respond adversely to the overall national economic context.

5.1.6 The recession has also had a number of important impacts upon the property market. It has caused reducing demand (except in a number of niche sectors),

poor levels of confidence, difficulties in raising finance for development and accelerated structural changes in the requirements of occupiers looking for real value either in terms of low rents or in reducing their exposure to property occupational costs.

5.1.7 More recently further uncertainty as to the general economic outlook has been heightened by the fall in the Government majority after the snap general election. The Presidential election in the United States has also added a further unpredictable dimension.

5.1.8 There is now every reason to anticipate continuing low growth rates, difficulties in raising finance and poor consumer confidence. Investment decisions are being deferred. The general economic outlook is now more compromised than the outlook in 2016.

5.2 **Industrial/Warehouse Market Overview**

5.2.1 There has been a long and well established trend of decline in the need for manufacturing accommodation in London and the rest of the UK. The decline has fundamentally been caused by structural changes in the economy (causing many manufacturing companies to cease trading) and the need for other manufactures to locate in cheaper locations both throughout the world and other parts of the UK. Indeed a number of prominent manufacturing businesses have ceased trading or relocate away from London.

5.2.2 Significant changes in employment patterns in London and the South East have been continuing over the last 20 years and such trends will, in our opinion, continue into the foreseeable future. These trends are well reported and statistical indicators (which are fully supported by our experience) clearly demonstrate the ongoing decline especially in manufacturing employment.

5.2.3 It is considered that this decline will continue regardless of land supply for such development and uses. Retaining land for such uses in locations the market considers inappropriate, either for reasons of access or cost will not in fact arrest the well-established cycle of decline.

5.2.4 With regards to warehousing, major distributions companies seek 'high bay' warehouses and tend to focus on locations and large sites immediately adjacent to the motorway network, with direct access thereto and avoiding adjoining residential neighbourhood in view of 24/7 working practices. No part of the subject site is suitable for such uses particularly in the view of the adjoining residential properties that surround the site.

5.3 **The Local Industrial and Warehouse Market**

5.3.1 Richmond and more specifically Hampton is not regarded as an industrial location, let alone a 'key' location. As a result most of the take-up is from occupiers with local ties with the area, rather than regional, national or global companies. Consequently market demand is for small units and suites of offices. It would be unrealistic to completely redevelop the site for 'B' uses with only small users as the target market.

5.3.2 With regards to St Clare Business Park, there are a number of higher quality units within Hampton which are more attractive to occupiers, most notably the units at Kemptongate Business Centre. However, there is clearly a demand for more basic cheaper accommodation in the Borough. However, St Clare Business Park does not satisfy this demand as the units are dated, the park has no prominence and there is a general market perception that this estate is poor. This has meant that it has been hard to let many of the units, meaning vacancy rates have remained fairly high. These challenges are going to be highlighted further as we continue to face increasing economical challenges.

5.4 **Office Market Review**

5.4.1 The office and service market sectors of the economy have continued to reflect the ongoing trends of restructuring. This is most evident as a consequence of company mergers (the subsequent rationalisation), home working and hot desking etc.

5.4.2 Our market knowledge suggests that there is pressure on companies to reduce costs and there is a clear trend of increased office worker densities, home working, co-working etc, all of which are causing many of the larger companies to have reducing needs for office space.

- 5.4.3 Brexit has caused further uncertainty. There is a fear that international firms will move their offices from the UK, to other cities in the EU such as Frankfurt and Paris. If this is the case there is likely to be a future over-supply of second hand and ever occupied new office space in London and the South East.
- 5.4.4 The wide gap in rents between Outer and Central London has historically caused many businesses to relocate to Outer London and towns in close proximity (particularly in regard to back office functions) in an effort to keep costs to a minimum. The LOPR 2012 notes however, that newer 'campus style' developments in areas such as Paddington and London Bridge that are located on the periphery of Central London have proved to be more favourably received by occupiers who might historically have sought offices outside of London and in London suburbs.
- 5.4.5 The decline in back office employment functions (through call centres, further advances in communication technologies and data storage) has also contributed to the decline in the market for offices.
- 5.4.6 The LOPR 2012 also goes into detail regarding the second generation of 'mega schemes' being brought forward in London. These schemes by definition contain a minimum of 100,000 sq ft of B1 office space and all mega schemes in the past (e.g. London Bridge City, Broadgate and Canary Wharf) also contained substantial retail/leisure elements and public realm. The second generation of these mega schemes includes Brent Cross, Euston, Greenwich Peninsula, King's Cross, Paddington, Stratford City and White City.
- 5.4.7 Based on the completion rates of the first generation schemes, these upcoming mega schemes equate to a 44 year supply of office space in London.
- 5.4.8 The supply provided by the mega schemes compared to forecast demand for office space across London the LOPR 2012 comes to the following conclusion:-

"In summary, forecasts for a key indicator of overall demand for offices (financial and business services) are showing a growth rate over the coming period of less than half the preceding period. Given that the fourteen mega schemes outlined here could produce 54% more space than that provided in the seven first generation mega-schemes over 1984-2008 period, and the forecast growth in demand is half the level of historic growth, there would appear to be

a mismatch between supply side expectations and demand side reality". LOPR 2012, page 102, paragraph 6.4.15

5.4.9 However, that being said a good deal of office accommodation has been converted into residential properties following the Government's decision to introduce PDR. This has result in a shortage of office space in some areas, including Richmond. In particular, there is a shortage of space for smaller local micro businesses, requiring modest space.

5.5 **The Local Office Market in Richmond and Surrounding Boroughs**

5.5.1 The supply of office space on the western edge of London over the last 20 years has increased substantially with the provision in the market place of modern "business park" developments in new locations or within major suburban centres or in schemes which can effectively create their own local market identify by good quality design and proximity of public transports. Such development, however, came to a halt as the economic recession took hold in 2008.

5.5.2 Due to a halt in development and the introduction of PDR, office supply reached its lowest levels for 15 years in 2015. However, developers have responded to this supply shortage during the latter half of 2015. At mid-2016 there was 3.1 million square foot of space under construction and available, up 15% year-on-year. The majority of this space is due to be completed during 2016/17, helping to restore Grade A availability.

5.5.3 Supply has continued to increase over the past 12 months across west London, with 10.3 million sq ft of space now available, up from 8 million sq ft a year ago. This equates to a vacancy rate of 12.5%, up from 9.6%, according to Jones Lang LaSalle Western Corridor Office Market Report for H1 2017.

5.5.4 The same report found that take-up during H1 2017 was relatively subdued, with 848,000 sq ft of space let, which is below the long-term average levels. Richmond and more specifically Hampton would have felt the effects of this most as there are more attractive locations in West London including major schemes in Hammersmith and Chiswick.

5.5.5 As well as these new office developments in West London, there is also an increasing demand for smaller and cheaper units. Although St Clare does currently

provide cheaper units they are not of good enough quality to satisfy the current demand. The office units at St Clare business Park are dated, provide poor quality accommodation, have no prominence and are not located in an established or respected business park. This has deterred tenants from the site, and realistically in the current economic climate higher vacancy rates can be expected in the future.

6.0 SUITABILITY OF THE SITE FOR B1a, B2 AND B8 USES

6.1 B1a Use

6.1.1 The surrounding residential properties, restricted access and lack of prominence would suggest that the site is best suited for office use. However, the relatively high vacancy rates would suggest limited demand.

6.1.2 Due to the high vacancy rates and the fact the office units are not fit for modern day requirements some parts of the site would have to be redeveloped to attract occupiers. We would anticipate that the units would be small in size but flexible to meet the demand of small local micro businesses. However, according to the CBRE report which was dated 2015 and submitted with an earlier development proposal the site is not suitable for modern offices due to the high cost of development and low returns. We have come to the same conclusion in our viability assessment (see below).

6.1.3 Additionally, the location does not favour redevelopment for offices, as there are preferred locations throughout the Borough and the neighbouring Boroughs. Major town centres are prioritised.

6.1.4 Due to viability issues it is necessary to 'subsidise' the commercial redevelopment element via a mixed use scheme.

6.2 B2 Use

6.2.1 B2 uses are already incompatible with the residential neighbours due to noise, smells and lighting.

6.2.2 Additionally, the poor access, narrow road with on street parking will prove difficult for a number of B2 occupiers as they will need to get trucks and larger goods vehicles to the site.

6.2.3 Although the site is currently being used in part for B2 uses it is clear that this site is not well suited for this use. Indeed planning policy recognises B2 uses to be located away from residential occupiers.

6.3 **B8 Use**

6.3.1 St Clare Business Park is not suitable for B8 occupiers mainly due to the access difficulties. 24/7 access and use will be subject to conditions reducing demand and values.

6.3.2 The on street parking on Holly Road causes access issues for larger vehicles.

6.3.3 No part of the site is compatible with B8 uses.

7.0 **QUANTITATIVE ANALYSIS OF EMPLOYMENT FLOORSPACE**

7.1 We have undertaken a quantitative analysis of the available industrial and office floorspace within the market area.

7.2 The market area adopted in this research is taken to include the London Boroughs of Richmond and Kingston Upon Thames. The wider search area has been adopted as The Employment Land Reviews: Guidance Note (2004) confirms that, "Labour and property markets extend across boundaries". Consequently vacant properties and new development in Kingston Upon Thames will have an effect on the theoretical demand for the Subject site and hence any 'need' to retain it for B Class uses.

7.3 The schedule of vacant properties for B1 as well as B2 and B8 can be found in **Appendices 3 and 4**, respectively. In summary the current supply position is as follows:-

B1	Richmond	Kingston Upon Thames	Total

Supply in sq m	29,592	25,083	54,675
No. of Buildings	69	43	112
No. of Units	157	100	257

B2 / B8	Richmond	Kingston Upon Thames	Total
Supply in sq m	1,036	13,581	14,617
No. of Buildings	4	9	13
No. of Units	6	22	28

- 7.4 There is 54,675 square meters (588,516 square feet) of office floor space and 14,617 square meters (157,336 square feet) of industrial floorspace, currently available and being marketed within the market area. This is a total of over 69,292 square meters (745,852 square feet approx). The office floorspace in the market area comprises 257 units in 112 buildings, and the industrial floorspace comprises 28 units in 13 buildings.
- 7.5 The source of our information is the CoStar Suite property website, which we have cross referenced with those properties currently being marketed in the Estate Gazette Website.
- 7.6 It is important to remember that the supply statistics are not static in that properties may be unoccupied and others are sometimes left vacant on a continuing basis. Additionally, some vacant properties may not be subject to active marketing at the present time and inevitably they have been left off the schedule. Also, some buildings are under-occupied as companies downsize and others acquire properties for future relocations and in these two examples surplus space often exists within existing buildings which again will not be referred to in our schedules. The overall totals of existing space must therefore be taken as a broad indicator of supply. However, in reality the statistics are far more likely to be an underestimate of the true position rather than an overstatement for the reasons summarised in this paragraph.

8.0 QUALITATIVE ANALYSIS OF EMPLOYMENT FLOORSPACE

8.1 We have undertaken a qualitative analysis of the available industrial and office buildings by reference to age and more specifically the units within these buildings by reference to size.

8.2 Age/ Condition of Buildings

8.2.1 The table below breaks down the supply by reference to age/condition based on the following categories.

- New – Built within the last 10 years
- Modern – Built post-1980
- Refurbished – Refurbished post – 2000
- Old – Built pre-1980 and not refurbished

B1	Richmond	Kingston Upon Thames	Total
New	4	1	5
Modern	23	8	31
Refurbished	7	3	10
Old	25	25	50
N/A	10	6	16

B2 & B8	Richmond	Kingston Upon Thames	Total
New	0	5	5
Modern	4	1	5
Refurbished	0	0	0

Old	0	2	2
N/A	0	1	1

8.3 **Size of Units**

8.3.1 The table below analyses the industrial and office units by reference to size using the following categories:

- Small – Less than 185 sq m
- Medium – 186 – 929 sq m
- Large – more than 930 sq m

<u>B1</u>	<u>Richmond</u>	<u>Kingston Upon Thames</u>	<u>Total</u>
<u>Small</u>	109	62	171
<u>Medium</u>	44	35	79
<u>Large</u>	4	3	7

B2 & B8	Richmond	Kingston Upon Thames	Total
Small	4	8	12
Medium	2	11	13
Large	0	3	3

8.3.2 In qualitative terms there is a good supply of vacant opportunities for occupiers to acquire 'B' space across a wide range of size of accommodation and in terms of quality/age within the local market area. The majority being within the 'small' to 'medium' size brackets where the reports used have argued the most demand is.

9.0 VIABILITY STUDY

9.1 Although throughout this Statement we have demonstrated that it is unlikely that a new B class development would come forward on this site, we have still undertaken a high level residual appraisal to establish if an office or industrial scheme is viable on the Application site.

9.2 A residual appraisal is used to quantify the value of a site or to assess viability (whether positive or negative). A very basic interpretation of the formula for any residual valuation is the gross development value (GDV) minus all the costs (including construction, professional/legal fees, marketing etc.) and developers' profit. The remaining figure equates to the estimated purchase price/land value for the site. If the appraisal creates a negative land value (or even a nominal land value), the project is clearly not viable.

9.3 Site delivery, remediation (if needed) and preparation costs will have an impact upon the overall costs of any new B1a/B2 scheme on this site. This may include improvements to the access, estate roads, circulation and loading areas, parking, drainage, the provisions of services and landscaping etc. At this stage I do not have a detailed cost assessment but have worked on a conservative cost input of £600,000 for the site infrastructure and delivery costs. This has been discussed with colleagues in the Quantity Surveying section of Riley Consulting, an associated business with GMW. Build costs for an office and industrial scheme have been estimated from the BCIS reports and from my own experience of similar schemes on sites of this size. **[N.B We need to address figures with the QS appointed for this scheme]**

9.4 Office Viability

9.4.1 From analysing reports and reviewing recent rental transactions, average office rents being achieved in Richmond are in the order of £18 per sq ft. For the purpose of this appraisal we have assumed 40 smaller units spread over 2 floors, at site coverage 60%. The reason behind this is the reports used as evidence base have suggests that this has the highest demand.

9.4.2 We have adopted a Gross External floor area for each unit of around 1,000 sq ft, base on a 60% site coverage assessment. For the purpose of analysis we have also adopted the following further inputs:-

- Site preparation and infrastructure costs £1.1m
- Rental Value £18 psf
- 7% yield
- £132 per sq ft construction costs
- 5% contingency
- Total professional fees of 12.5%
- Developers profit of 25% on costs
- Finance rate of 6%
- Lead in period of 6 months
- Construction period of 18 months
- Letting period of say 18 months (plus 3 months' rent free)

9.4.3 The appraisal produces a negative value of minus **£1,009,847** excluding land acquisition costs. This clearly demonstrates that a proposed 'B1a use' development will not viable. If a positive land costs is added the loss will be far greater. Land owners do not sell at nil or negative land values. Consequently the real extent of negative viability is far greater than minus £1 million. A copy of the appraisal can be found in Appendix 5.

9.5 **Industrial Viability**

9.5.1 We have found the average B1c/small B8 rents being achieved in Richmond to be £10 per sq ft approximately. For the purpose of this appraisal we have assumed 6 smaller sized, single storey units assuming a 40% site cover. Demand for the units will be mainly from small local businesses. However, due to the site constraints compared to other estates we have reduced this rent by 15% to £8.50 per sq ft.

9.5.2 We have adopted a Gross External floor area for each unit of around 2,333 sq ft, based on a 40% site coverage assessment. For the purpose of analysis we have also adopted the following further inputs:-

- Site preparation and infrastructure costs £600,000

- Rental value £8.50 psf
- 7% yield (the yield will reflect poor covenants and likely voids)
- £166 per sq ft construction costs
- 5% contingency
- Total professional fees 12.5%
- Developers profit of 25% on costs
- Finance 6%
- Lead in period of 6 months
- Construction period of 18 months
- Letting period of 12 months (plus 6 months' rent free)

9.5.3 This appraisal produces a negative value of minus **£2,049,791** excluding land acquisition costs. This clearly demonstrates that a proposed 'B use' development will not be viable. If a positive land cost is added the loss will be far greater. Land owners do not sell at nil or negative land values. Consequently the real extent of a negative viability is far greater than minus **£2 million**. A copy of this appraisal can be found in Appendix 6.

9.5.4 Having regard to the above there is no prospect of either an office or industrial scheme coming forward on the site.

10.0 MARKETING [TO BE COMPLETED]

10.1 TBC

11.0 CONCLUSIONS

11.1 Having regards to our experience of the B class letting and development markets it is clear that the Application site should not be retained for B class purposes in its entirety. The existing buildings are not fit for purpose being economically and physically obsolete. Redevelopment solely for either office or industrial uses is not viable.

11.2 More specifically we have the following conclusions in relation to the Application site:

- i. Allocating a site and retaining it for B uses does not mean it will be occupied or redeveloped for such uses.
- ii. There are preferred locations in Richmond and the market area.
- iii. The surrounding residential occupiers, narrow and congested access roads are constraints which cannot be overcome.
- iv. There is unlikely to be any sufficient increase in take-up rates for the existing buildings over the coming years due to their poor quality.
- v. It has clearly been demonstrated that this is not a key estate in Richmond's portfolio of estates.
- vi. The appraisals in this Statement confirm that it is not viable to redevelop the site to bring forward a B1a or B1c/small B8 use scheme.

11.3 In conclusion there is no reasonable prospect of this site being fully occupied without it being redeveloped but given the lack of viability, this is unlikely to happen. As a result, the most feasible option will be to provide a mixed-use scheme.

12.0 DECLARATION

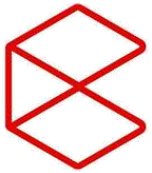
12.1 We can confirm that this report has been prepared in accordance with the RICs Practice Statement and Guidance Notes for Surveyors acting as Expert Witnesses. In particular, we declare our belief in the accuracy and truth of the matters put forward to the best of our knowledge at the time of preparing this report. The document includes all those factors, which we believe to be relevant to the formation of the opinions we have expressed.

John Stephenson FRICS MCI Arb

Grant Mills Wood Chartered Surveyors & Development Consultants

APPENDIX 2

2019 Updated Employment Land Statement



Grant Mills Wood
chartered surveyors

EMPLOYMENT LAND STATEMENT

PREPARED BY
GRANT MILLS WOOD

IN RESPECT OF
LAND AND PREMISES
KNOWN AS

ST CLARE BUSINESS PARK
HAMPTON HILL
TW12 1QQ

ON BEHALF OF
NOTTING HILL HOME OWNERSHIP LTD

OCTOBER 2019



RICS

the mark of
property
professionalism
worldwide



Grant Mills Wood
21 Hanover Street
London
W1B 2EF

Also at: Park Royal, NW10

Grant Mills Wood is the Trading name of
Astwood Limited.

Registered Office:
21 Hanover Street London W1B 2EF

Registered in England No: 3087197
VAT No: 662808910

Regulated by RICS

CONTENTS

1.0	Introduction, Experience and Scope of Report	2
2.0	The Application Site	4
3.0	Planning History	6
4.0	Pre-Application Letter	8
5.0	The Planning Context, Evidence Base and Background Position	9
6.0	Market Conditions	32
7.0	Suitability for B1a, B2 and B8 uses	37
8.0	Marketing	40
9.0	Quantitative Analysis of Available Employment Floorspace	41
10.0	Qualitative Analysis of Available Employment Floorspace	43
11.0	Viability Assessment	44
12.0	Conclusions	47
13.0	Declaration	49

APPENDICES

Appendix 1	Site Plan
Appendix 2	Location Plan
Appendix 3	Marketing Report
Appendix 4	Availability of B1a Properties
Appendix 5	Availability of B1c, B2 and B8 Properties
Appendix 6	Viability of an office scheme
Appendix 7	Viability of an Industrial scheme

1.0 INTRODUCTION, EXPERIENCE AND SCOPE OF REPORT

1.1 We are instructed to prepare an Employment Land Statement on behalf of the Applicants (Notting Hill Home Ownership Ltd), for the following development proposal:-

"Demolition of existing buildings to provide a mixed use building between three and five storeys plus basement in height comprising 98 residential flats (class C3) and 600 sqm of commercial floorspace (class B1), a three storey building comprising 894 sqm of commercial floorspace (class B1) and 14 residential houses (class C3), access, external landscaping and car parking."

1.2 Our Statement primarily focuses upon the commercial aspects of the 'B' class markets (industry, warehousing and offices) within and around Hampton Hill.

1.3 The St Clare Business Park is within the London Borough of Richmond upon Thames and presently comprises seven units of varying ages, many of which are in very poor condition. The overall site area is 0.85 ha. There are six B class units, plus one open sided structure used for storing scaffolding. The majority are in very poor condition.

1.4 We have reviewed the pre-application letter dated 15th May 2018 from the London Borough of Richmond and comment in this Statement on points highlighted in relation to Employment Land. We have also reflected more recent pre application discussions with Officers.

1.5 This Statement is focused on providing our views as to the suitability of this existing industrial site for B uses in the context of current site constraints and market demand for the full range of 'B' uses as set against supply levels, qualitative issues and occupier requirements.

1.6 We have assessed the factual position as at the date of this Statement. However, we have also considered the evolving planning and property market 'regimes' in terms of how we see trends in industrial and office occupation in particular evolving in the subject locality and in the market area generally in the future.

1.7 Given this background context we are instructed to provide the following:-

- Our assessment of the suitability of the site for B Class uses, its surrounding context, and the prospects for improving the provision of both residential dwellings

and an improved quality of commercial space for B class occupiers. We will specifically consider any constraints associated with the site plus the characteristics of the surrounding area.

- An overview of the planning and economical contexts applicable to employment accommodation in this market area both regionally and locally.
- A quantitative analysis of the supply pipeline.
- A qualitative analysis of the said pipeline.
- A review of the marketing of the site and buildings undertaken by this firm since December 2017. A detailed marketing report has been produced and is attached as an Appendix to this Statement.
- Our conclusions arising from the research undertaken above to include a recommendation as to whether the intensification of the residential uses in place of the existing 'B' space will have any negative impact firstly upon the market supply and demand positions for employment space in the area generally and secondly what benefits and hence positive impacts might arise from the proposed mixed use development.

1.8 Grant Mills Wood (GMW) is a long established firm of Chartered Surveyors which specialises in the 'B-Class' property sector with a particular emphasis on Greater London and the Home Counties. The firm has extensive office and industrial agency departments. We are regularly instructed to advise on Employment Land supply and demand issues. This includes the preparation of reports and giving expert evidence on this subject at Public Inquires.

1.9 The author of this report, John Stephenson FRICS MCI Arb, has over 40 years' experience of this market. In addition to acting for landlords and tenants in relation to the sale, acquisition and development of B-Class property in this locality, Mr Stephenson also receives frequent appointments from the President of the Royal Institution of Chartered Surveyors to act as an Arbitrator or as an Independent Expert in determining property disputes relating to B1, B2 and B8 land and premises in this area.

1.10 The firm is not closely linked with any particular developer and, in view of its independence, we are regularly instructed to produce Employment Land Studies. GMW is

a 6 times winner of 'Estates Gazette Most Active Industrial Agent' in the London area, the 2019 winner of the CoStar Industrial Investment Agency by Value (for the acquisition of an industrial portfolio), the YN Property Award 'Deal of the Year' 2019 and the Property Week Industrial Property 'Deal of Year' 2019.

2.0 THE APPLICATION SITE

- 2.1 The Site is located in Hampton Hill, which is within the London Borough of Richmond upon Thames. The local context is mainly residential with High Street uses nearby. The site is within the Hampton Hill Local Centre boundary and is bound by Windmill Road to the north, the High Street (A311) to the east, Holly Road to the south and the Shepperton Branch Railway line to the west. Site and Location plans can be found in **Appendix 1** and **2**, respectively.
- 2.2 The character of the immediate locality is varied, with buildings of many different heights and design. It is however, predominantly a residential area characterised by terraced housing. There are, a number of commercial properties, including retail and office space, primarily located with frontages to the High Street. The boundary of the Hampton Hill Conservation Area is nearby. There are no listed buildings located on the Site. Although located within the Local Centre the Site is situated in an area of modest public transport accessibility, as indicated by its 'poor' PTAL rating of 2.
- 2.3 St Clare Business Park is located approximately 1.5 miles north of Hampton Rail Station. Accessibility by road is generally good with Uxbridge Road (A312) 0.3 miles away and Hampton Court Road (A308) 0.9 miles away. However, vehicular access into the Site for larger vehicles from Holly Road is restrictive. The entrance is effectively 'between' homes and due to residential parking on the local streets this causes practical access issues for HGV's or other large vehicles.
- 2.4 The existing buildings comprise a number of dated office and workshop units which have been built in a piece meal fashion over many years. Most being over 40 years old. There is currently around 57% vacancy on the site which is increased to 69% if the Atcost structure is disregarded. Many of the occupied units are let on very favourable terms including 3 months rolling breaks, with some tenants holding over. Those tenancies are allowed to continue on soft terms to provide some degree of onsite security and to mitigate rating liabilities.

2.5 The estate is made up of the following premises:-

St Clare House

This is a three storey office building, built in the late 1970's. It is divided into six suites, providing a total area 545 sqm of office accommodation. Suite B, the second largest suite, is currently vacant.

Holly House

This building is a two storey office building, built in the early 1980's. This building provides 275 sqm of office accommodation but is currently vacant.

Lacey House

This is a two storey building providing office accommodation. It was built in the early 1970's and provides 389 sqm of office accommodation. The building is currently vacant.

Units 1-8, St Clare Business Park

Single storey terraced workshop units built in the 1970's and 1980's providing 1,521 sqm of workshop space. However, six of the units, totalling 1,232 sqm are currently vacant.

7-11, Windmill Road

The premises comprise a car sales and workshop building and extends to 412 sqm.

The Atcost Structure

This is a two bay open sided single storey concrete framed structure, which can only be used for covered storage purposes. It has no offices or services. The total area of this space is 656 sqm.

2.6 The table below provides a schedule of the uses and the floor space associated with the existing buildings:-

Building	B1a	B1c	B2	B8	Vacant
St Clare House	545				In-Part
Unit 1		172			
Unit 2		117			Vacant
Unit 3		117			Vacant
Unit 4		117			
Unit 5		117			Vacant
Unit 6		142			Vacant
Unit 7		350			Vacant
Unit 8				389	Vacant
Holly House	275				Vacant
Lacey House	389				Vacant
Atcost				656*	
Windmill Road			412		
Total	1,209	1,132	412	389	3,142

*excluded from the calculations as it is not an employment structure

2.7 The St Clare's locally important land business park policy area does not include the motor works (B2) located at 7-11 Windmill Road.

3.0 PLANNING HISTORY

3.1 St Clare Works, Holly Road, Hampton Hill, TW12 1QQ

3.1.1 **Ref: 15/0621/OUT** – The redevelopment of the whole site for a mixed-use scheme comprising demolition and conversion of the St Clare Business Park, Hampton Hill for the erection of up to 116 homes (inclusive of support accommodation) of varying tenure together with up to 1,790 GIA sq m of commercial (B1) floorspace including a care communal accommodation and training, creation of new vehicular access from Windmill Road, provision of parking and refuse facilities, and associated works. (Consideration was only given to access, layout and scale). Withdrawn – 12.06.2015.

3.2 St Clare Works, St Clare Business Park, Holly Road, Hampton Hill

3.2.1 **Ref: 97/1079** – Use as offices falling within B1 use with no hours condition. Withdrawn – 23.06.1997

3.2.2 **Ref: 92/0995/FUL** – Removal of conditions (b), (c) & (d) attached to planning consent 72/1293 under Section 73 of the 1990 Act. Granted – 09.07.1992

3.2.3 **Ref: 88/2469** – Erection of six 2 bedroom houses with garages; erection of a single storey building of 7,075 sq ft for light industrial use divided into 4 units of 1,350 sq ft and one unit 1,675 sq ft, together with 20 car parking spaces, erection of a single storey building of 2 x 935 sq ft light industrial units with 6 car parking spaces (Section 32 application to vary condition No. 21 attached to planning permission ref: 86/244 dates 23.06.86 – revised parking layout). Granted – 23.12.1988

3.3 **Unit 4, St Clare Business Park, Holly Road, Hampton Hill**

3.3.1 **Ref: 94/2187/FUL** – Installation of an additional window at rear of industrial unit. Granted 11.10.1994.

3.4 **Unit 6, St Clare Business Park, Holly Road, Hampton Hill**

3.4.1 **Ref: 99/2846** – Installation of two 1st floor windows to flank wall. Granted – 29.12.1999

3.5 **Units 3,4 & 6, St Clare Business Park, Holly Road, Hampton Hill**

3.5.1 **Ref: 97/1699** – Extension of work hours to Monday to Friday 0600 – 2200 and Saturday to Sunday 0730 – 1700. Withdrawn – 21.08.1997.

3.6 **St Clare Business Park, Holly Road**

3.6.1 **Ref: 00/3077** – Demolition of existing building and construction of two and three storey business units and offices (B1). Withdrawn – 14.06.2001.

3.6.2 **Ref: 00/3078** – Proposed demolition. Withdrawn – 14.06.2001.

3.6.3 **Ref: 99/3230** – Demolition of existing buildings and construction of two and three storey business units (B1). Decided – no further action taken 10.02.2000.

3.6.4 **Ref: 98/0786** – Redevelopment of part of the site to provide three buildings for B1 use and demolition of nos. 9-11 Windmill Road to form new vehicular access to the site. Granted – 23.04.1999

- 3.6.5 **Ref: 96/3994/DD02** – Details pursuant to landscaping condition of doe inspector’s decision dated 7/10/97. Decided – no further action taken 03.04.1998.
- 3.6.6 **Ref: 96/3995/DD01** – Details of material pursuant condition 2 of doe inspector’s decision dated 7th October 1997. Grant 07.01.98.
- 3.6.7 **Ref: 96/3994/DD01** – Details of material pursuant to doe inspector’s decision dates 07/10/97. Granted – 07.01.1998.
- 3.6.8 **Ref: 96/3995** – Alterations and improvements to access road entrance in Holly Road and vehicular entrance to no.24 Holly Road. Demolition of garage to no.24. Change of use of part of cartilage of no.24 to facilitate improvement to access to St Clare Business Park. Appeal allowed – 07.10.1997.
- 3.6.9 **Ref: 96/2437/FUL** – Change of use of part of cartilage of 24 Holly Road to provide wider vehicular access to existing business park; construction of car parking space, forecourt and replacement boundary treatment for 24 Holly Road. (revised scheme). Refused – 10.10.1996.
- 3.6.10 The above planning applications show that no developer has been able to bring forward a scheme that reprovided the existing quantum of industrial floorspace, in fact many applications for redevelopment to businesses uses have been withdrawn for various reasons.

4.0 Pre-Application Letter Dated 15th May 2018

- 4.1.1 We have reviewed the Council’s pre-application letter (dated 15th May 2018) and have provided our responses in this Statement.
- 4.1.2 The Council highlights the importance of policies LP40, LP41 and LP42 of the Local Plan. We explore these Policies in Section 5 below. The Council states that for employment space to be released they would require convincing through robust evidence (marketing and viability) that any loss of employment space is justified. Throughout this Statement we will clearly demonstrate that even with extensive marketing of the site, there is no demand for the existing accommodation which for the most part is physically and economically obsolete. Additionally, we consider options for redeveloping new B class space on the site, through our viability appraisals in section 11.

- 4.1.3 We note the Council specially believe that additional B2 and B8 plus yard space should be provided within the scheme. Although we have considered these options we found that the site has too many constraints for this to be feasible. This is explored throughout this Statement, with section 11 particularly focusing on viability.
- 4.1.4 Throughout this Statement we will review the possibilities of the site being used for continued employment uses. At the end of this Statement will draw our conclusions as to whether this is probable or not.
- 4.1.5 It is noted that the Applicant seeks to provide 1,494 sqm of commercial space, a reduction on the quantum found on the site presently. It should however be noted that 650 sqm of this space is made up by an open sided Atcost style structure, which is very basic in its built nature and can be used for nothing more than the types of storage where products are not adversely affected by weather and temperature conditions. As a result this structure should, in our opinion, be removed from the floorspace calculations. This reduces the current total floorspace to 3,142 sqm. If this approach were to be taken the reduction in industrial floorspace (reflecting the proposed reprovision) is just 1,648 sqm. This is negligible, particularly when the increase in the quality of the floorspace is taken into account. Furthermore a comparison between the actual occupied space at this time (980 sqm) with the reprovision of new space will effectively increase the useable space by 514 sqm (disregarding the Atcost structure).

5.0 THE PLANNING CONTEXT, EVIDENCE BASE AND BACKGROUND POSITION

5.1 In terms of planning policy and specific weight to be applied we rely upon Jonathan Waugh of RPS.

5.2 National Planning Policy Framework

5.2.1 The revised National Planning Policy Framework (NPPF) was published in February 2019 as an update to the previous version of the NPPF.

5.2.2 It again highlights the need for greater responsiveness to the changing economic climate, where local planning authorities should plan proactively to meet the development needs of businesses and support an economy fit for the 21st century. In practice, this means that Local Planning Authorities are required to respond with greater flexibility regarding the release of land used or historically used for employment purposes if alternative

beneficial developments can be brought forward or if there is clear evidence that demonstrates employment uses are no longer viable in the light of market signals.

5.2.3 The NPPF (paragraph 81) states that planning policies should:

- Set out clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
- Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

5.2.4 The NPPF (paragraph 117) encourages the effective use of land:

"Planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions. Strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed or 'brownfield' land".

5.2.5 The NPPF (paragraph 118) states that planning policies and decisions should:

- Encourage multiple benefits from both urban and rural land, including through mixed use schemes and taking opportunities to achieve net environmental gains – such as developments that would enable new habitat creation or improve public access to the countryside;
- Recognise that some undeveloped land can perform many functions, such as for wildlife, recreation, flood risk mitigation, cooling/shading, carbon storage or food production;

- Give substantial weight to the value of using suitable brownfield land within settlements for homes and other identified needs, and support appropriate opportunities to remediate despoiled, degraded, derelict, contaminated or unstable land;
- Promote and support the development of under-utilised land and buildings, especially if this would help to meet identified needs for housing where land supply is constrained and available sites could be used more effectively (for example converting space above shops, and building on or above service yards, car parks, lock-ups and railway infrastructure); and
- Support opportunities to use the airspace above existing residential and commercial premises for new homes. In particular, they should allow upward extensions where the development would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, is well-designed (including complying with any local design policies and standards) and can maintain safe access and egress for occupiers.

5.2.6 The NPPF also recognises that planning policies and decisions need to reflect changes in the demand for land. Local authorities are required to review land allocations regularly; and where there are no reasonable prospects of an application coming forward for the use allocated in the plan:

- They should reallocate the site for a more deliverable use that can help to address identified needs; and
- Applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area.

5.2.7 Finally, the NPPF recognises that planning policies and decisions should support development that makes efficient use of land, taking into account:

- The identified need for different types of housing and other forms of development, and the availability of land suitable for accommodating it;

- Local market conditions and viability;
- The availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement and the scope to promote sustainable travel modes that limit car use;
- The desirability of maintaining an area’s prevailing character and setting (including residential gardens), or of promoting regeneration and change; and
- The importance of securing well-designed, attractive and healthy places.

5.3 **The London Plan – March 2016**

5.3.1 This is the current adopted development plan in London.

5.3.2 **Policy 4.1** titled ‘developing London’s economy’ seeks to stimulate job creation and London’s economy through the ‘availability of sufficient and suitable workspaces in terms of type, size and cost’. The Application Proposal meets this aspiration by significantly improving the quality of the employment space on the site for the long term.

5.3.3 **Policy 4.3** titled ‘mixed use development and offices’, the Application Proposal has the potential to accommodate some office use, particularly uses in the ever growing hybrid and co-working sectors, given its B1 use class.

5.3.4 **Policy 4.4** titled ‘managing industrial land and premise’ and aims to provide a ‘rigid’ approach to keep a stock of industrial land that will be sufficient and suitable for the different needs of industrial users across London. In addition to this the Mayor will work to ‘plan, monitor and manage the release of surplus industrial land’.

5.3.5 The policy advises various factors that LPA’s should take into account. The following clearly relate to the Application Site.

- e. quality and fitness for purpose of the sites.
- f. accessibility to the strategic road network and potential for transport of goods by rail/and or water transport.

- i. the potential for surplus industrial land to help meet strategic and local requirements for a mix of other uses such as housing and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.

5.3.6 The Application Site is not now fit for purpose, it has accessibility issues for HGV's and is ideally situated for a mixed use development.

5.4 **The Draft London Plan – July 2019**

5.4.1 The 2016 Plan is still the relevant adopted development plan until such time as this is replaced by the New London Plan. We have however reviewed Policies E4 and E7 in the Draft Plan as it indicates a current 'direction of travel'.

5.4.2 **Policy E4** aims to ensure the following:-

A sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions should be maintained, taking into account strategic and local employment land reviews, industrial land audits and the potential for intensification, co-location and substitution (see Policy E7).

5.4.3 As the Application Site is not actually suitable for modern day B2 and large scale B8 distribution uses, the relevance of this policy primarily relates to B1c uses aimed at 'low cost industrial and related space for micro, small and medium sized enterprises' (A.9).

5.4.4 Part C addresses the release of industrial land and this should only be considered in the case of long term vacancy and to achieve wider planning objectives.

5.4.5 Part D of the Policy assesses the criteria where additional industrial floorspace should be prioritised. These criteria have relevance to the Application Site other than the provision of space capacity for micro, small and medium sized enterprises. Of note, is 1) of this Policy that highlights the importance of good transport links, which the Application Site does not achieve in terms of frequent lorry access.

5.4.6 We agree that, where appropriate, it is essential to retain a good level of industrial stock throughout London, particularly to support the service sector within the capital. The

Application Site does not provide this type of space and has not done so for a very long time. As demonstrated later in this Statement, an industrial development of the site is not viable.

5.4.7 **Policy E7** addresses industrial intensification, co-location and substitution. Part D of the Policy sets out three scenarios where mixed use or residential developments should be considered on Non-Designated Industrial Sites. These are:-

1. 'There is no reasonable prospect of the site being used for industrial and related purposes as set out in Part A of Policy E4 Land for industry, logistics and services to support London's economic function; or
2. It has been allocated in an adopted local development plan document for residential or mixed use development; or
3. Industrial, storage or distribution floorspace is provided as part of mixed-use intensification.'

5.4.8 For site specific reasons, the Application Site is no longer suited to industrial and related purposes. This has been demonstrated through the lengthy marketing period (see Section 8 below). The mixed use Application Proposal makes a significant re-provision of new space.

5.5 **Richmond Local Plan 2018**

5.5.1 Richmond's Local Plan sets out policies and guidance for the development of the Borough over the next 15 years until 2033, the plan was adopted in July 2018. The Local Plan contains the strategic vision and objectives for the Borough as well as the policies and site allocations that will guide the future development of the Borough.

5.5.2 For the purpose of this Statement we focus on Section 10 of the Local Plan, Employment and Local Economy. Within this section there are three key policies; Policy LP 40, Policy LP 41 and Policy LP 42.

5.5.3 Policy LP 40 focuses on employment and the local economy and states that:-

"The Council will support a diverse and strong local economy in line with the following principles:

1. Land in employment use should be retained in employment use for business, industrial or storage purposes.
2. Major new employment development should be directed towards Richmond and Twickenham centres. Other employment floorspace of an appropriate scale may be located elsewhere.
3. The provision of small units, affordable units and flexible workspace such as co-working space is encouraged.
4. In exceptional circumstances, mixed use development proposals which come forward for specific employment sites should retain, and where possible enhance, the level of existing employment floorspace. The inclusion of residential use within mixed use schemes will not be appropriate where it would adversely impact on the continued operation of other established employment uses within that site or on neighbouring sites.

5.5.4 Under this Policy it is noted that well-located employment land should be retained or redeveloped to meet modern business needs and support a strong sustainable economy. The Application site is not well located and additionally the current units are not fit for modern business needs.

5.5.5 The application proposal will bring forward small flexible workspace units targeting co-working amongst other uses. The provision of new residential uses is entirely compatible with local uses and will not compromise other established employment users – as there are not any.

5.5.6 The Local Plan pays particular attention to retaining office space, through Policy LP41, as shown below:-

"A. There is a presumption against the loss of office floorspace in all parts of the borough.

Any loss of office space (on sites outside of the designated Key Office Areas) will only be permitted where:

1. Robust and compelling evidence is provided which clearly demonstrates that there is no longer demand for an office based use in this location and that there is not likely to be in the foreseeable future. This must include evidence of completion of a full and proper marketing exercise on the site at realistic prices both for the existing office use or an alternative office-based use completed over a minimum period of two continuous years in accordance to the approach set out in Appendix 5; and then
2. A sequential approach to redevelopment or change of use is applied as follows:
 - a. Redevelopment for alternative employment uses including social or community infrastructure uses; followed by
 - b. Mixed use including other employment generating or community uses and residential which maximises the amount of affordable housing provided as part of the mix; followed by
 - c. Residential with maximum provision of affordable housing in accordance with policy LP 36 Affordable Housing.

B. Low cost office spaces should be retained to meet the requirements of small businesses, start-ups and the voluntary sector. Utilising premises above shops in the borough's centres for office occupation is encouraged as a source of lower cost office provision.

5.5.7 This Policy also states that a net loss of office floorspace will not be permitted in key office areas. However, St Clare Business Park is not identified as a key office area.

5.5.8 Although the proposed scheme will result in a quantitative loss of existing B space historically occupied by a wide range of occupiers, there will be a qualitative gain, as the proposed development will provide higher quality space.

5.5.9 The Local Plan identifies St Clare Business Park as a Locally Important Industrial land and Business Park. As a result Policy LP 42 applies. This Policy states:-

B. The Council has identified locally important industrial land and business parks. In these areas:

- a. loss of industrial floorspace will be resisted unless full, on-site replacement floorspace is provided;
- b. development of new industrial floorspace and improvement and expansion of existing premises is encouraged; and
- c. proposals for non-industrial uses will be resisted where the introduction of such uses would impact unacceptably on industrial activities (which may include waste sites).

5.5.10 The proposed scheme will not be able to offer the same quantum of new floorspace, due to viability issues as discussed in section 11. This loss in commercial floorspace is however minimal. Our viability evidence is reviewed in detail in Section 11 of this Statement.

5.5.11 The proposed scheme will be able to offer improved qualitative space, which will meet market demands. Some of the current units will fail to meet Minimum Efficiency Standards and as a result will be unlettable. The proposed scheme will offer newly built accommodation which will meet the demand of clean B1c occupiers, where there is demand.

5.5.12 We have demonstrated in this Statement that there is an adequate supply of existing accommodation in the market area for existing occupiers, some of whom will also have the opportunity of reoccupying the replacement space.

5.5.13 The marketing requirements as referred to in Appendix 5 of the Local Plan have been met. See the marketing report below.

5.5.14 In addition to the policies above, this Local Plan refers to the GLA's Industrial Land Supply and Economy Study (2015), which argues that the Borough has a very limited supply of industrial land, with only 17.3 ha of general and light industrial space (B1 and B1c), and 8.1 ha of warehousing and storage (B8) space. However, this is contrary to the more recent London Industrial Demand Study of 2017 which found that 12 ha employment land could be released between 2016 and 2041. (See Table 13.3 of the London Industrial Demand Study, 2017). We will review this document in more detail at section 5.6 below.

5.5.15 Finally, we note that the Local Plan indicates that small firms such as start-up businesses require cheaper accommodation and small incubator units but often find it difficult to acquire suitable affordable premises as the higher value of land for other uses creates pressure for redevelopment for higher quality priced accommodation. In terms of the

existing estate, accommodation has been marketed at favourable terms for almost 2 years but has remained vacant. We report more fully below on the marketing history, but we have demonstrated that there is no demand for the space in its current condition, this is explored further in Section 8 of this Statement. As a result, redevelopment is required to achieve replacement stock and the intensification of uses on the site. However, there are viability issues with a pure B class scheme (as it is such a poor B class site). In reality a mixed use scheme is the only feasible way forward to bring this site back into beneficial use.

5.5.16 Whilst the Local Plan sets out the criteria that need to be met in order for employment land to be released, the NPPF outlines that planning policies should be flexible enough to accommodate needs not anticipated in the plan. If a scheme has multiple benefits including mixed uses this should be encouraged. The proposal site has a number of constraints which should be focused upon in contrast to the criteria set out above. These constraints clearly show it is not viable to continue using the site for employment purposes in its current condition.

5.6 **Hampton Hill Village Planning Guidance 2017**

5.6.1 The purpose of this Village Planning Guidance Supplementary Planning Document (SPD) is to establish a vision and planning policy aims for the area, in light of existing and emerging Local Plan policy. The SPD reinforces the planning policy aims for Hampton Hill.

5.6.2 For this Statement we have focused upon the SPD's review of St Clare Business Park. The SPD looks at the potential of redeveloping the site to provide high quality industrial and business space.

5.6.3 The SPD recognises the Local Plan designation of St Clare as a Locally Important Industrial Land and Business Park. Section 8. Recognises that the site is in poor condition.

5.6.4 In addition to the observation of 'poor condition' in the SPD there are a number of constraints attached to the site, which would need to be taken into consideration should the site be redeveloped. Developers would need to be able to:-

- Respond to the scale and massing of the surrounding residential setting, with the site sitting in close proximity on all sides to two storey residential properties. This would

need to include suitable consideration of any noise or other environmental disturbance to the surrounding residential area.

- Access arrangements would need to be well planned for, accounting for increased commercial and resident traffic. This would ideally be from Hampton Hill High Street and not via Holly Road.
- The existing industrial units on site do not, for the most part, reflect the character and scale of the area. New development would need to appropriately identify new materials and design features, balancing its setting in a Victorian residential area and its isolation behind the main building lines with the requirements of new office uses which are expected to utilise sensitive high quality modern materials.

5.6.5 The above constraints will deter developers as they have adverse implications for tenant demand, rents, buildings costs and investment values. Additionally, we have found there to be viability issues when looking to redevelop a new industrial led scheme. These above points would suggest that it is not feasible to bring forward a new industrial/warehouse scheme on the site. Access constraints, conflicts with residential neighbours as do light pollution, 24/7 access etc conspire and will result in a lack of occupier interest. If the status quo is maintained further physical and economic blight will result. The existing units are not fit for today's needs (or indeed evolving needs) and the vacancy rates will rise.

5.7 **Industrial Land Demand and Release Benchmarks in London 2011**

5.7.1 Roger Tym & Partners and Jones Lang LaSalle prepared the Industrial Land Demand and Release Benchmark study in London in December 2011, on behalf of GLA. This report was commissioned to provide evidence to inform London-wide and local planning policy in order to ensure that London has the right quantity and quality of industrial land to support its economy and its population while using the land effectively. It seeks to provide up to date benchmarks for the demand and supply of industrial land in the Greater London area, sub regional indicators on the future release and retention of industrial land, as well as indicators for the management of industrial land for all London Boroughs.

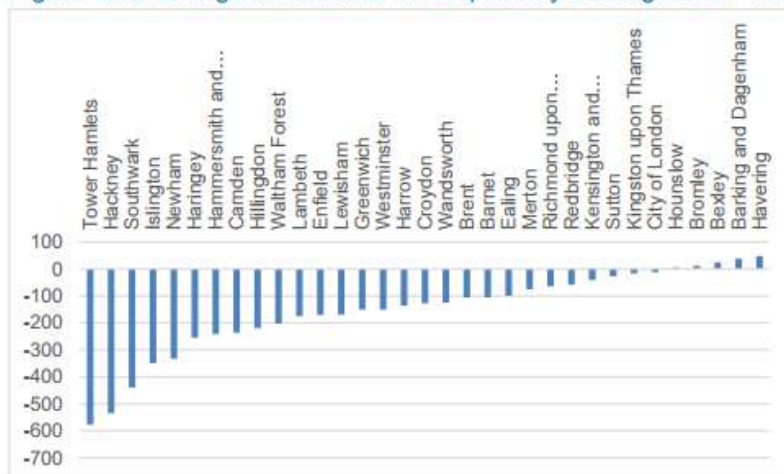
5.7.2 This report suggests a future decline in the 'general industrial' sector with a fall in net demand of some 732.7 hectares of industrial land across London from 2011 to 2031.

- 5.7.3 It is recommended that 114.1 ha of industrial land is released from the south London sub region, (which includes Richmond-upon Thames, Bromley, Lewisham, Sutton, Wandsworth, Merton, Croydon and Kingston-upon Thames) in the period 2011-2031. This 2011 document also confirms that structural change in the London economy over recent decades has led to a shift in employment away from traditional manufacturing industries and into the service sector.
- 5.7.4 Over the period 1998-2008, London's employment in industrial production has declined by 35%, a loss of nearly 100,000 jobs.
- 5.7.5 Whilst this study is now a little historic it provides a helpful outlook and clearly shows that demand for industrial land is set to fall. A new 2017 study into demand has now been released, which we have reviewed below.

5.8 **The London Industrial Land Demand Study 2017**

- 5.8.1 This is the very latest report produced in June 2017 to assess the range of uses that occupy industrial land in London. It examines recent trends in the way land and floorspace is occupied in London and projects future demand for industrial land, while looking at where demand for industrial land is highest.
- 5.8.2 The report compares this outlook with the amount of industrial land that London needs to maintain to ensure it continues to function as a successful and sustainable city.
- 5.8.3 It was found that the industrial floorspace stock has steadily declined over recent years, from around 25.8 million sq m in 2001 to around 20.8 million sq m in 2016, a loss of 5 million sq m (333,333 sq m per year). That is a fall of 19%, which is in part due to the introduction of Permitted Development Rights but also due to changes in demand and improved technologies which have resulted in a fall in need for employment space, particularly in London.
- 5.8.4 Many industrial occupiers have found it cheaper to locate elsewhere in the UK and the rest of the World as a way of addressing costs, investment and environmental criteria. Between 2001 and 2016 Richmond has lost around 50,000 sq m of industrial floorspace, this equates to an average loss of 3,125 sq m of floorspace per year. This is shown in the figure below:-

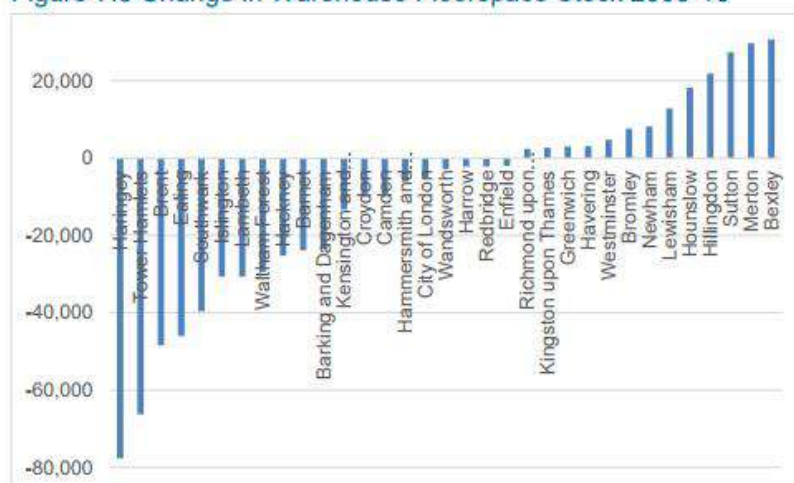
Figure 3.12 Change in Industrial Floorspace by Borough 2001-16 ('000 sq m)



Source: VOA

- 5.8.5 From the table it is clear to see that Richmond’s loss of employment land is one of the smallest of all the London’s Boroughs.
- 5.8.6 Section 6.4 of the report reviews the future demand for employment space. It is projected that there will be a reduction in demand for industrial floorspace of 1.05 million sq m in London between 2016 and 2041.
- 5.8.7 Richmond expects a decrease in demand of 10,700 sq m.
- 5.8.8 As well as considering floorspace the report investigates the future demand for land for general and light industrial uses between 2016 and 2041. It is predicted that Richmond’s future demand for general and light industrial land is set to fall by 1.6 ha.
- 5.8.9 Section 6 concludes by suggesting demand for industrial land in London will fall by 166.5 ha over the period 2016-41, an average of 6.8 ha per annum. We concur with these projections, as many occupiers are looking for cheaper locations throughout the UK and the rest of the World.
- 5.8.10 The report goes on to explore the demand for warehousing and logistics space. The report reviewed the change in warehouse floorspace stock between 2008 and 2015. From the figure below it is clear to see that Richmond has had a nominal increase in floorspace.

Figure 7.8 Change in Warehouse Floorspace Stock 2008-15



Source: CAG, VOA, LDD

- 5.8.11 In terms of the projected changes in demand for warehouse floorspace and land between 2016 and 2041 it is predicted that there will be an increase in demand. However, this demand is likely to be focused in certain key clusters elsewhere in London such as Brent and Hounslow. The application site, for reasons of residential context and poor access is not suitable as a B8 logistics centre.
- 5.8.12 The report concludes that the London's stock for industrial land has continued to diminish, but at different rates depending on the Borough. Reductions in industrial land have been relatively modest in South London, which includes the borough of Richmond.
- 5.8.13 It is recognised that industrial employment is declining as a proportion of London's total employment and now accounts for less than 10% of total jobs in the Capital.
- 5.8.14 Finally, the report explores the possibility of releasing employment land in the future. It was found that between 2016 and 2041 a total of 233 ha of industrial land could be released, an average of 9.3 ha per annum.
- 5.8.15 There are certain areas where it is proposed that employment land should not be released due to the current lack of availability. These areas are mainly in central London. With regards to Richmond it was found up to 12 ha of land could be released.
- 5.8.16 As the proposal site is constrained and compromised it is not realistic to assume the total existing industrial/office space should simply be reprovided in a redevelopment scheme.

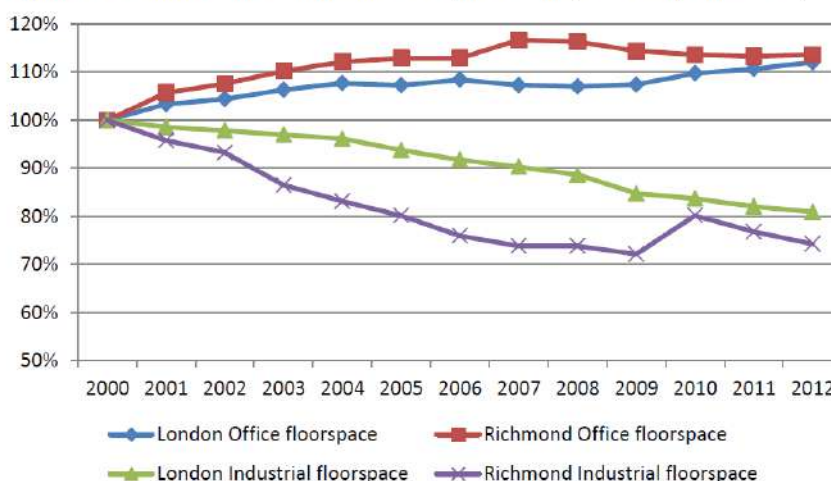
5.9 Richmond Employment Sites and Premises 2013

5.9.1 Richmond Borough Council commissioned Peter Brett Roger Tym in 2013 to undertake an assessment of employment sites and premises within the Borough.

5.9.2 The report aimed to provide an up to date picture, as of 2013, of Richmond's employment sites and premises needs and provision, by area and sector, in order to support policy recommendations on the allocation, protection or release of employment sites.

5.9.3 This report reviewed both past trends and future demand for B class employment space in the Borough. The report found that the growth of industrial space had fallen between 2000 and 2012, whereas the growth of B class office space had increased between the same periods, as shown in the figure below.

Figure 2.4 London and Richmond floorspace stock, Growth (2000-2012)



Source VOA/ PBA Roger Tym

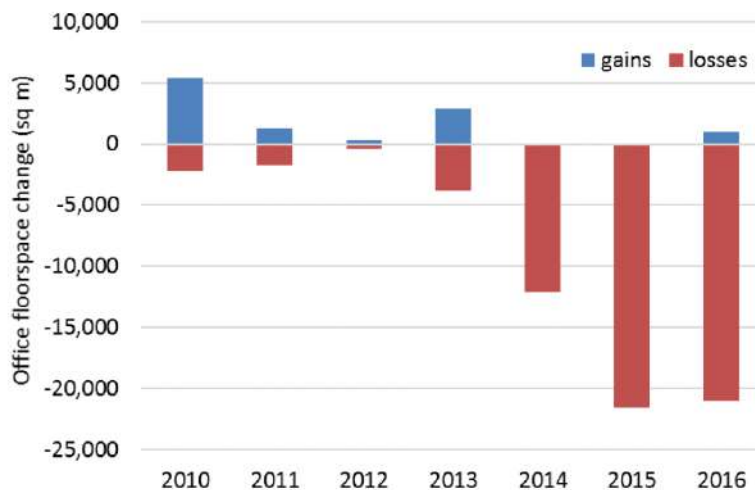
5.9.4 The report went on to look at future projections where it found that there would be a slowdown in the B class market due to the recession.

5.9.5 The report predicted that it is unlikely that these pre-recession levels will be emulated. As a result, the above table is not an accurate representation of today's property market.

5.9.6 It should be noted that the report reviewed key employment sites within Richmond but St Clare Business Park was not considered to be one of these key employment sites. We support that view.

- 5.9.7 Finally, the report assessed the future need for employment floorspace in the Borough between 2011 and 2031. The report predicted that demand for office space is set to increase between 62,300 sq m to 81,300 sq during this period; most of this demand is set to be in key office locations such as Richmond town centre. It should be noted that this is higher than was predicted in the London Office Policy Review 2012 (LOPR), which predicted an increase of 62,000 sq m.
- 5.9.8 With regard to industrial land it was predicted that between 2011 and 2031 there is set to be a net fall in demand of 1.8 ha. The largest fall is set to come from industrial, which is estimated to be 18.5 ha. Warehousing is set to have the biggest increase, of 13.1 ha. It is important to realise that warehousing is not a suitable use for the subject site due to the surrounding residential properties and poor access.
- 5.9.9 Currently the site is used for industrial and office use. If there is set to be a fall in demand for industrial space, vacancy rates at the site could rise due to the poor quality of the current units.
- 5.9.10 This report has clearly demonstrated a falling demand for industrial space in the Borough generally but an increasing demand for office space. However, this office space demand is likely to be directed towards the key office locations such as Richmond town centre and Twickenham.
- 5.9.11 The site is currently in partial use for industrial purposes. However, occupiers are paying nominal rents and have short licence arrangements. We do not foresee any difficulty in assisting these few occupiers to relocate.
- 5.10 **Employment Land Study 2016**
- 5.10.1 Peter Brett Associates produced an employment land study to provide an updated evidence base for the emerging Local Plan. Previously, the Council relied upon the report but this is now considered out of date, mainly due to the introduction of Permitted Development Rights.
- 5.10.2 In 2013, the Government introduced permitted development rights, which allowed office (B1 use class) floorspace to be converted to residential (C3 use class) without planning permission. This resulted in a loss of office accommodation in Boroughs throughout London, including Richmond, as shown in the figure below.

Figure 3.1 Richmond office floorspace – completions gains and losses

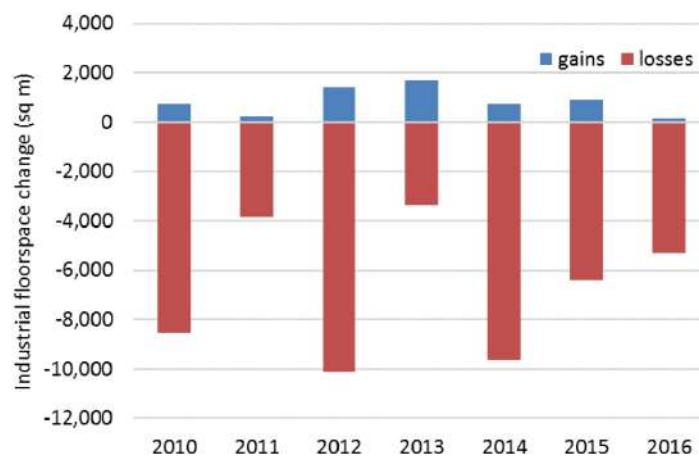


Source: LDD / PBA Nb 2016 is not full year.

5.10.3 Up until 2013 the gains and losses broadly counter-balanced one another. However, after 2013 the loss of floorspace severely outweighed the gain in floorspace. This has resulted in the total supply of floorspace in the Borough falling. It should be noted that industrial estates has seen the smallest reduction of office space with a loss of just 856 sq m between 2010 and 2016. The majority of space has been lost in town centres, areas of mixed use and non-designated area, which have had a net loss of 50,392 sq m during the same period. It should, however, be appreciated that much of the 'lost' office space was of poor quality (Grade C space mainly) which was never likely to be reoccupied.

5.10.4 With regards to industrial floorspace, between the period of 2010 and 2016, floorspace losses has out-numbered the gains by a factor of 8:1, as shown in the figure below.

Figure 3.2 Richmond industrial floorspace – completions gains and losses



Source: LDD / PBA Nb 2016 is not full year.

- 5.10.5 It should be noted that during this period no industrial space was lost from the industrial estates in the Borough. The majority of space lost was classified as non-designated, with a total net loss of 24,394 sq m.
- 5.10.6 Although the authors demonstrated that there had been a loss of both office and industrial floorspace within the Borough between 2010 and 2016, the report recognises that future projections should not be based on past trends.
- 5.10.7 The report goes on to weigh up demand against supply for office and industrial accommodation in the Borough by considering both future demand and supply of B class space. The report found that gross demand for office space from 2015 to 2033 is set to increase by 122,298 sq m. However, the supply is set to only increase by 1,651 sq m. This will result in an under supply of office accommodation of 120,647 sq m. It should be noted that over two-thirds of this space is required to make good the Permitted Development Rights (PDR) losses that have been incurred and are forecast to continue to take place as a result of PDR approvals already in the planning pipeline. It is thought that the majority of this demand for office space will be in Key Office Areas. St Clare does not fall within this classification. With such pressure of demand the 'market' will respond by providing and developing new accommodation in appropriate locations. The St Clare site would not meet the criteria for large scale Grade A office development.
- 5.10.8 As for industrial floorspace the report found that between 2015 and 2033 demand for industrial floorspace is set to increase by 85,925 sq m. It should be noted that we believe this figure to be overly high and is not in line with the current market conditions. During the same period it was thought that supply is set to increase by 7,421 sq m. This would result in an under supply of 78,504 sq m. Although this report suggests that there is an under supply of space of nearly 80,000 sq m this does not represent the current market or emerging market given the economic forecasts for the country and the uncertainties surrounding the decision to leave the EU. In fact the London Industrial Land Demand Report backs up our view as it identifies the opportunity to release land.
- 5.10.9 This report does indicate that there is an under-supply of B class floorspace in Richmond. The report concludes that redevelopment of office space outside of the Key Office Areas (which St Clare is) will only be permitted where a lack of demand is clearly demonstrated, and then alternative employment uses need to be contemplated before any non-employment use can be considered. Through the marketing exercise we have shown there is a lack of demand for the current units. Additionally, the proposed scheme will provide

new B class office accommodation, which will be more attractive to occupiers in the market than the current accommodation.

5.11 **Employment Sites and Premises Study 2017 Update**

5.11.1 This study like the study above was produced to be used as an evidence based document for the Local Plan. Once again this study was produced by Peter Brett Associates.

5.11.2 The study starts by reviewing the impact of PDR on Key Office Locations within Richmond and Twickenham. As St Clare Business Park is not designated at a Key Office Location, this part is not directly relevant for this Statement. However, this study does give an overview of the office market and trends in Richmond, which is important as the site does currently contain office accommodation and the proposed scheme will additionally provide office space.

5.11.3 The study recognises that Richmond has a robust office market with a broad range of office requirements. Since 2011 there has been notable growth in the arts and entertainment sector, professional and scientific research and IT sectors. It is recognised that a significant proportion of Richmond's employment is in small and medium businesses with a high proportion of self-employment.

5.11.4 The study found that approximately 92,000 sq m of office floorspace has been lost in the Borough, since the introduction of Permitted Development Rights (PDR) (the equivalent to 28% of office floorspace). As a result of the decline of office accommodation, occupancy of the existing stock is high with very few units on the market, and vacancy is at or below the 8% figure commonly accepted as that needed to allow for 'churn'. It should be noted that the vacancy rate at St Clare is much higher than this at 59%.

5.11.5 The second half of this study reviews the 22 locally important industrial land and business parks, including St Clare. The study provides two tables headed designated site attractive to occupiers and designated sites less attractive to occupiers. Only two sites were put under the less attractive category, with St Clare being one of them. The reason behind the allocation was due to the poor access and lack of prominence, surrounded by residential areas and constrained access. In our opinion constraints of this nature cannot be resolved by redevelopment. This explains why out of all the designated sites, St Clare has the second highest vacancy rates, which was at the time of the report 20%. This has now risen to

69%. Finally, the study reviewed each employment site, the key points regarding St Clare Business Park can be seen below:-

Existing Employment Sites Table – Page 3 – Appendix A

St Clare Industrial Estate	
Site address	Holly Road, Hampton Hill, TW12 1PZ
Site description	The site is in mixed office and industrial uses which appears to have been developed on an ad hoc manner. The site consists of 8 light industrial units which are generally in poor condition and appear to have been built in the 1970s/80s. And Holly House, St Clare House and Lacey House office blocks which were constructed in the 1970s/80s. The site also includes derelict barn/open storage of construction and demolition waste materials. Bordered with residential on the South side, commercial uses on the High Street and Windmill Lane and the railway line to the west.
Site area (ha)	0.8
Primary type of employment area	General Industrial (B2)
Site's sequential location	In a town centre
Planning History	Proposal in 2015 to redevelop the whole site for a mixed-use scheme comprising 116 homes & 1,790 sq m of B1 floorspace (planning ref: 15/0621/OUT). The application was withdrawn by the applicant on 11/06/2015.
Site Constraints	The site is within a residential area and borders a conservation area which limits opportunities for expansion of the site and restricts redevelopment opportunities. Site access is also a major constrain.
Prominence of site	The site is set back behind a row of houses fronting Holly Road, and not visible from the High Street or Holly Road
Prominence of site score	Poor
Compatibility with surrounding uses	The B2/B8 element of the site is generally not compatible with the neighbouring residential uses.
Compatibility with surrounding uses score	Poor

Access to amenities	The site is within the Hampton AMU and is close to the High Street that has a range of amenities albeit limited.
Access to amenities score	Good
Layout, parking, servicing, landscaping etc.	The site includes 90 designated vehicle parking spaces. There is sufficient room for servicing and vehicle turning however the site's layout is not efficiently reflecting its ad hoc development.
Layout, parking, servicing, landscaping etc. score	Reasonable
Proximity to Mway/principal roads	2 km from the junction of the M3 and A312.
Proximity to Mway/principal roads score	Reasonable
Access to site/strategic road network	Access via Holly Road is poor for larger commercial vehicles, as it is a residential street with parked cars on both sides. The business park has a narrow site entrance.
Access to site/strategic road network score	Poor
PTAL score	2
Vacancy score	Poor
If the site retains its current use, will it be occupied?	Maybe
Are there opportunities for redevelopment / intensification / extension?	The site's lack of prominence and neighbouring residential means more intensive industrial uses would be unsuitable. The site cannot expand given that it is constrained on four sides, residential amenity concerns and the adjacent Conservation Area designation.

<p>Are there any constraints on redevelopment / intensification / extension?</p>	<p>The site is constrained by the surrounding residential areas and amenity concerns and the adjacent Conservation Area designation. The storage, distribution and recycling of building materials is not compatible with the residential uses. Any redevelopment of the site which is likely to include a mix of uses needs to accord with planning policy that requires the provision of office and industrial floorspace.</p>
---	--

5.11.6 The above table clearly indicates that St Clare Business Park suffers from many constraints, none of which can be readily addressed through redevelopment. Additionally location is of prime importance and the St Clare estate in qualitative terms ranks very poorly on numerous levels. It is unlikely that the site will be able to continue to provide suitable accommodation given the units are already in poor repair. It is clear to see that redevelopment for just B class uses is not viable and as a result the only viable solution will be a mixed use scheme.

5.12 **Assessment of Light Industrial and Storage Stock in Richmond Upon Thames 2016**

5.12.1 This study was undertaken by the Local Authority to assess the industrial stock in the Borough pending the introduction of permitted development rights for industrial buildings to residential.

5.12.2 The study notes low vacancy rates and limited stock of industrial premises and welcomes the continued classification as a borough of restricted transfer. The study voices concerns over losing industrial land to residential uses with resulting loss of jobs.

5.12.3 The study reviews employment sites through the Borough, Table 1 'Assessment of the Quality of Cluster of Industrial Land Uses' on Page 11 cites the Application Site. It is noted as being for 'storage, light industrial and office' and being 'semi derelict' with the offices being 'poor and under occupied'. The Application Site is highlighted in green, meaning 'worthy of protection'. However, nearly all of the sites noted in the study are highlighted in green.

5.12.4 The main purpose of this study is to highlight the risk that the permitted development rights place on the stock of industrial space in the Borough.

5.13 **Assessment of Office Stock in Richmond Upon Thames 2015**

- 5.13.1 Again this study was undertaken in response to the plans to introduce permitted development rights for office conversion to residential uses. There are multiple sites within Richmond that have Article 4 Directions to remove this option, the Application Site is not one of them.
- 5.13.2 Initially the study outlines the loss of office stock throughout the borough, noting that 212 applications have been approved resulting in the loss of 71,363 sqm of space if they are implemented.
- 5.13.3 St Clare House is found in table 3.7.3 'Summary of Office Stock in Hampton Hill' ref HH11. The table notes the offices to be in 'average' condition, however the industrial study above notes the offices on the Application Site to be in 'poor' condition. It is noted at 6.3.2 that the site was not inspected as it likely to be developed and concludes in the table at Appendix A2 – 2 that the 'level of office employment (is) limited, unlikely to warrant designation of Phase 2 Article 4 Direction'.
- 5.13.4 It would appear that the purpose of this study was to assess the quality of the stock in the Borough in order to determine which buildings should be protected against permitted development rights. It was found that the office stock on the Application Site did not meet this criteria in qualitative terms.

5.14 **Industrial Intensification Primer 2017**

- 5.14.1 The report sets out the standard specification for a range of industrial buildings and considers how industrial areas can be used more intensively. A number of case studies are provided noting that delivery of some will be more challenging than others in terms of economic viability and deliverability. It is confirmed that typical single storey units require large open yard areas.
- 5.14.2 An illustrative picture of the multi-level X2 warehouse (with access ramps) at Heathrow Airport is provided as an example. In fact this scheme was developed in 2008 and took 8 years to be fully occupied which given its prime location at the airport rather underlines the fact that very few London sites would be suitable for such a scheme which in any event are not popular with occupiers. The report goes onto suggest how buildings can be subdivided, should be constructed close to boundaries and how yard areas can be shared. This is practical and well understood advice.

- 5.14.3 There are suggestions as to how multi-storey development could in theory be provided. However again there are no assessments as to the cost of such schemes compared to the likely returns, nor whether there is an appetite for such space from potential occupiers or developers and investors.
- 5.14.4 The two case studies noted in the study relate to two 'flatted' factories of some age which through the need to sustain some occupation have been used by a variety of small businesses often at modest rents. The example in Hayes, west London is the old EMI record factory which is being developed for B1a office uses in phases. Lettings have been very slow indeed and the whole project has been ongoing for well over 10 years.
- 5.14.5 Other possibilities of mixing industrial uses within residential uses (alongside or below) are investigated but they are usually 'subsidised' by the residential elements or tend to be large and exceptional sites where building separations can be achieved.

5.15 **Conclusions from the Planning Context, Evidence Base and Background Position**

- 5.15.1 These documents indicate on a high level basis that demand is outweighing supply in Richmond, for Grade A industrial and office space in appropriate locations.
- 5.15.2 However, the accommodation on St Clare is not fit for purpose and this will become more obvious as tenant's aspirations and sustainability criteria become even more focused.
- 5.15.3 The review of St Clare Business Park in the 2017 employment land study clearly shows that the site is not fit for purpose and should the current occupiers vacate their units there is no certainty that new occupiers would be found due to quality issues. This would suggest that the site should be redeveloped. However, many of these reports have found that it is not viable to do this. We have come to the same conclusion in our viability assessment. As a result, the most feasible option will be to provide a mixed use scheme. The proposed scheme will add to the much needed housing but will also provide better quality B class accommodation, which will meet local micro businesses' demands. This is a growing sector in the market.

6.0 **MARKET CONDITIONS**

6.1 **General Property Market Overview**

- 6.1.1 Following the vote to leave the European Union in June 2016 there has been much uncertainty within the UK property market. The general consensus in the property

industry is that the confirmed vote to leave the EU could have a damaging impact on confidence for several years.

"It is clear the vote to Leave has had a detrimental impact on UK commercial property. Construction has started to decline, the growth in rent has significantly slowed and while valuations have largely held up, there are still fears of a Brexit-fuelled crash around the corner" – Joshua Warner (IG) November 2018.

- 6.1.2 Prior to the vote to leave the EU industrial rents were rising quickly compared to other sectors of the property market. Whilst the industrial market has remained resilient, the fall in growth rate now is very clear. Last mile delivery and the London food and leisure scene have to some extent held up the need for supply functions on established industrial estates but this sector is now weakening. This situation is often reported in the press but is evident from the enquiries received by my firm.
- 6.1.3 There are real concerns facing the property development and occupational markets. According to Costar (2018) the economy slowed down further in 2017, which highlights these concerns. Investors and developers will only build and engage in new development in appropriate locations in anticipation of an economic climate of continuing confidence.
- 6.1.4 The global economic crisis of 2007 (and well beyond) has also had a number of important and evidential long term and structural impacts upon the property market. It has caused reducing demand (except in a number of prime areas for specialised uses), poor levels of confidence, difficulties in raising finance for development and accelerated structural changes in the requirements of occupiers looking for real value either in terms of low rents or in reducing their exposure to property occupational costs generally.
- 6.1.5 Further uncertainty as to the general economic outlook has been heightened by the ongoing failure to agree an orderly withdrawal from the EU and increased possibility of the UK leaving the EU without a formal agreement. This has worsened further in recent weeks with the Supreme Court's ruling that the Government has acted illegally in its suspension of parliament.
- 6.1.6 There is now every reason to anticipate continuing low growth rates, difficulties in raising finance and poor consumer confidence. The general economic outlook in 2019 and beyond is now more compromised than the outlook back in 2016. Grant Mills Wood has

felt the effects of this reducing confidence in general, with fewer enquiries and offers being received by our agency teams.

- 6.1.7 This rebalancing of the market has put more power with occupiers meaning that they can afford to be more 'picky' when choosing space to occupy.

6.2 **Industrial/Warehouse Market Overview**

- 6.2.1 There has been a long and well established trend of decline in the need for manufacturing accommodation in London and the rest of the UK. The decline has fundamentally been caused by structural changes in the economy (causing many manufacturing companies to cease trading) and the need for other manufactures to locate in cheaper locations both throughout the world and other parts of the UK. Indeed a number of prominent manufacturing businesses have ceased trading or relocate away from London.

- 6.2.2 Significant changes in employment patterns in London and the South East have been continuing over the last 20 years and such trends will, in our opinion, continue into the foreseeable future. These trends are well reported and statistical indicators (which are fully supported by our experience) clearly demonstrate the ongoing decline especially in manufacturing employment.

- 6.2.3 It is considered that this decline will continue regardless of land supply for such development and uses. Retaining land for such uses in locations the market considers inappropriate, either for reasons of access or cost will not in fact arrest the well-established cycle of decline.

- 6.2.4 With regards to warehousing, major distributions companies seek 'high bay' warehouses and tend to focus on locations and large sites immediately adjacent to the motorway network, with direct access thereto and avoiding adjoining residential neighbourhood in view of 24/7 working practices. No part of the subject site is suitable for such uses particularly in the view of the adjoining residential properties that surround the site.

6.3 **The Local Industrial and Warehouse Market**

- 6.3.1 Richmond and more specifically Hampton is not regarded as an industrial location, let alone a 'key' location. As a result most of the take-up is from occupiers with local ties with the area, rather than regional, national or global companies. Consequently market

demand is for small units and suites of offices. It would be unrealistic to completely redevelop the site for 'B' uses with only small users as the target market.

6.3.2 With regards to St Clare Business Park, there are a number of higher quality units within Hampton which are more attractive to occupiers, most notably the units at Kempton Gate Business Centre. However, there is clearly a demand for more basic cheaper accommodation in the Borough. However, St Clare Business Park does not satisfy this demand as the units are generally physically and economically obsolete. The park has no prominence and there is a general market perception that this estate is of poor quality. This has meant that it has been hard to let many of the units, meaning vacancy rates have remained fairly high. These challenges are going to be highlighted further as we continue to face increasing economic challenges.

6.4 **Office Market Review**

6.4.1 The office and service market sectors of the economy have continued to reflect the ongoing trends of restructuring. This is most evident as a consequence of company mergers (the subsequent rationalisation), home working and hot desking etc.

6.4.2 Our market knowledge suggests that there is pressure on companies to reduce costs and there is a clear trend of increased office worker densities, home working, co-working etc, all of which are causing many of the larger companies to have reducing needs for office space.

6.4.3 Brexit has caused further uncertainty. There is a fear that international firms will move their offices from the UK, to other cities in the EU such as Frankfurt and Paris. If this is the case there is likely to be a future over-supply of second hand and ever occupied new office space in London and the South East.

6.4.4 The wide gap in rents between Outer and Central London has historically caused many businesses to relocate to Outer London and towns in close proximity (particularly in regard to back office functions) in an effort to keep costs to a minimum. The London Office Policy Review 2012 (LOPR) notes however, that newer 'campus style' developments in areas such as Paddington and London Bridge that are located on the periphery of Central London have proved to be more favourably received by occupiers who might historically have sought offices outside of London and in London suburbs.

- 6.4.5 The decline in back office employment functions (through call centres, further advances in communication technologies and data storage) has also contributed to the decline in the market for offices.
- 6.4.6 The LOPR 2012 also goes into detail regarding the second generation of 'mega schemes' being brought forward in London. These schemes by definition contain a minimum of 100,000 sq ft of B1 office space and all mega schemes in the past (e.g. London Bridge City, Broadgate and Canary Wharf) also contained substantial retail/leisure elements and public realm. The second generation of these mega schemes includes Brent Cross, Euston, Greenwich Peninsula, King's Cross, Paddington, Stratford City and White City.
- 6.4.7 Based on the completion rates of the first generation schemes, these upcoming mega schemes equate to a 44 year supply of office space in London.
- 6.4.8 The supply provided by the mega schemes compared to forecast demand for office space across London the LOPR 2012 comes to the following conclusion:-

"In summary, forecasts for a key indicator of overall demand for offices (financial and business services) are showing a growth rate over the coming period of less than half the preceding period. Given that the fourteen mega schemes outlined here could produce 54% more space than that provided in the seven first generation mega-schemes over 1984-2008 period, and the forecast growth in demand is half the level of historic growth, there would appear to be a mismatch between supply side expectations and demand side reality". LOPR 2012, page 102, paragraph 6.4.15

- 6.4.9 However, that being said a good deal of office accommodation has been converted into residential properties following the Government's decision to introduce PDR. This has result in a shortage of office space in some areas, including Richmond. In particular, there is a shortage of space for smaller local micro businesses, requiring modest space.

6.5 **The Local Office Market in Richmond and Surrounding Boroughs**

- 6.5.1 The supply of office space on the western edge of London over the last 20 years has increased substantially with the provision in the market place of modern "business park" developments in new locations or within major suburban centres or in schemes which can effectively create their own local market identify by good quality design and proximity

of public transports. Such development, however, came to a halt as the economic recession took hold in 2008.

- 6.5.2 Due to a halt in development and the introduction of PDR, office supply reached its lowest levels for 15 years in 2015. However, developers have responded to this supply shortage during the latter half of 2015. At mid-2016 there was 3.1 million square foot of space under construction and available, up 15% year-on-year. The majority of this space is due to be completed during 2016/17, helping to restore Grade A availability.
- 6.5.3 Supply has now begun to fall, with JLL's Q1 2019 Western Corridor Office Market Report reporting a vacancy rate of 10.1%, down 0.9% from the previous year, this is however above the ideal frictional vacancy rate of 6-8%. Completions of developments have also fallen with 815,000 sq ft being completed, however construction has started to increase again. The fall in supply is largely down to large scale leasing activity rather than multiple small deals. The report notes that developers and investors are cautious about moving forward in the market with the prospect of a 'no deal' Brexit becoming more likely.
- 6.5.4 As well as large new office developments in West London, there is also an increasing demand for smaller and cheaper units. Although St Clare does currently provide cheaper units they are not of good enough quality to satisfy the current demand. The office units at St Clare business Park are not suitable for modern office occupiers. They are dated, provide poor quality accommodation, have no prominence and are not located in an established or respected business park. This has deterred tenants from the site, and realistically in the current economic climate higher vacancy rates can be expected in the future.

7.0 SUITABILITY OF THE SITE FOR B1a, B1b, B1c, B2 AND B8 USES

7.1 Point A of Policy 42 of the Richmond Local Plan states "loss of industrial floorspace will be resisted unless appropriate replacement floorspace is provided". However, our assessment of this site in the context of its constraints indicates it is not viable to replace the existing accommodation. The only practical way that new quality space can be brought forward will be through a mixed-use scheme.

7.2 B1a Use

7.2.1 B1a offices uses are not viable on market based terms. The relatively high vacancy rates for offices in the area clearly demonstrates that there is a lack of demand for the existing

offices. Currently achievable office values are not high enough in this location to warrant the construction of new floorspace in its own right. We do not see this position changing in the foreseeable future. Demand and values are focused on town centres. However, there is demand for smaller spaces from SME's and co-working enterprises in particular locations (such as the subject). Rental discounts would normally need to apply. Structural changes in the office market have more recently 'removed' many potential occupiers of suburban offices. Planning policy clearly promotes the concept of larger offices being located in the town centres of Richmond and Twickenham.

7.2.2 The high vacancy of the existing offices is likely to mean that in order to attract more occupiers the site would require significant capital expenditure on repairing the property or would have to be redeveloped as the units are not fit for modern day purposes. However, there are numerous issues with redeveloping the site for B1(a) uses. According to the CBRE report which was dated 2015 and submitted with an earlier development proposal the site is not suitable for modern offices due to the high cost of development and low returns. We have come to the same conclusion in our viability assessment, which can be seen in **Appendix 6**.

7.2.3 Even if the site was viable for a redevelopment and there was sufficient demand in the area generally for such a large scheme, the site comes with constraints that will deter office developers. The surrounding residential occupiers are likely to strongly oppose a new office development. The access to the site is already limited and it is unlikely that sufficient onsite parking would be provided. Additionally, the site is set back away from the main road behind residential dwellings. This means that site will lack prominence.

7.2.4 We are confident that a B1a development will not come forward on the site in foreseeable future.

7.3 **B1b Use**

7.3.1 This is a small part of the B class property market but we would expect the reprovided space in the Application Proposal to be suited to such an occupier.

7.4 **B1c Use**

7.4.1 B1c industrial space is considered to be acceptable in residential areas, although local residents are still likely to oppose a redevelopment for light industrial development despite the historic uses on the site. Although there is some demand for B1c space, we

do not see there being a considerable demand at the subject site due to the local constraints.

7.4.2 B1c occupiers will also still require access for larger vehicles as they are often not in control of the vehicles used by delivery companies. Accordingly, intensification of light industrial use on the site could prove problematic.

7.4.3 The type of space that is in demand is small, cheap space which can be occupied by a single user or a small team on flexible terms. The issue with bringing this type of space forward is that there are viability issues. The appraisal is very similar to that of a B1a scheme, but construction and site preparation costs are still high and rents are lower. Buildings have to be broken up into smaller units, which is costly, therefore increasing construction costs. Secondly, the reason why this type of space is so popular is because it offers cheaper rents, which appeal to start ups and SME's. The higher construction costs and lower rents result in there being viability issues. In nearly all cases it is unviable to bring forward a scheme offering 100% B1c space. Additionally, the demand that does exist in this sector has now moved toward 24/7 operations and occupiers are, in practice reluctant to locate next to residential uses.

7.4.4 Although there is demand for B1c space, we do not consider it is viable to provide a similar quantum of floorspace as there is currently. Any 'B' provisions should therefore be brought forward through a mixed-use scheme.

7.5 **B2/B8 Use**

7.5.1 Although part of the site is and has been used for B8 purposes this has evolved from much earlier periods when lorries and HGV's were much smaller and there was less on street parking locally. The site with its difficult access and residential context is not well suited for B2 or B8 uses now as occupiers require 24/7 access. Currently HGVs struggle to access the site due to the space required which brings them into conflict with local users. A B2 or B8 development would increase HGV traffic and thus the issues with the current use. Although historically there have been B8 occupiers on the site any future occupiers would be constrained. The local context/position of the site is simply not ideal for HGV access or any larger lorry access, albeit some vehicles will be able to navigate the obstacles.

7.5.2 The biggest redevelopment constraint (in terms of a new industrial scheme) relates to the surrounding residential dwellings. This causes a number of restrictions. Firstly, there

will almost certainly be hours of use restrictions. This will deter most occupiers as they require 24/7 access to increase efficiency. There will be noise, smell and lighting restrictions, which will also deter B2 occupiers in a new development. In any event B2 uses should not be located adjacent to residential uses. Realistically a clean B class occupier would need to come forward if it was to be redeveloped. In practice B2/B8 occupiers are very difficult to restrict in their use of premises. Noise and sound issues will arise. Equally such occupiers tend to provide very few jobs.

7.5.3 Finally, there would be viability issues of bringing forward a new industrial scheme. We explore this in section 11 of this Statement. In short, the low rental levels, high construction costs and high yields will lead to a negative appraisal. This leads us to conclude that even if theoretically a B2 or B8 scheme could come forward, in reality a scheme will not come forward.

7.5.4 Point A of Policy 42 of Richmond's Local Plan will not be met with any scheme. As a result, there are two scenarios going forward; the site will either remain in its current state, which is very poorly suited for its use with high vacancy rates, or a new mixed-use scheme could be brought forward, which will offer much needed housing and supply flexible B1 space (including B1a, B1b and B1c). This will help meet market demands.

8.0 MARKETING

8.1 We attach at **Appendix 3**, this firm's review of the marketing of the site and buildings which has been continuous (in terms of this firm's involvement) for almost 2 years.

8.2 Additionally we have been aware from our own local knowledge that a number of the units on the site have been vacant and marketed for a number of years prior to our December 2017 appointment. Indeed our agency team have been aware of the availability of the units as part of the well-established network which exists between agents engaged in the industrial sector. We are a 6 times winner of the Estates Gazette competition for the most active industrial agent in London.

8.3 It is well known to the market and the author of this report that the accommodation is very poor and many parts have remained vacant for lengthy periods. We are aware that prior to our appointment to market the site and buildings different agents held letting instructions over varying and earlier periods.

- 8.4 Dunphys who have a strong presence in West London, held instructions for numerous years prior to December 2017. They have actively sought a tenant for the vacant buildings on an unconditional basis for its existing use, without success.
- 8.5 We attach at **Appendix 3**, our marketing report, dated September 2019, written by the head of our agency department at Grant Mills Wood. Please refer to this for full details on the comprehensive market campaign that has been undertaken and is still in progress.
- 8.6 Despite multiple marketing platforms being used over the last 18 months, with details around property forums (GMW's database has over 3,500 applicants actively seeking commercial floorspace) regularly little substantial interest has been generated. We have received a total of 21 enquiries to date with many from residential developers. The majority of the parties who expressed an interest in the site were deterred by the heavily constricted access, which would not easily facilitate access from HGVs.
- 8.7 During Dunphys and GMW marketing efforts both agents have been unsuccessful in generating any genuine interest in the units in their current form or for their current use. Additionally, no enquires from industrial developers have been received. The existing buildings will either need considerable capital expenditure or the whole site redeveloped. In our opinion the units are no longer suitable for their use and the site should be released for alternative uses.

9.0 QUANTITATIVE ANALYSIS OF EMPLOYMENT FLOORSPACE

- 9.1 We have undertaken a quantitative analysis of the available industrial and office floorspace within the market area.
- 9.2 The market area adopted in this research is taken to include the London Boroughs of Richmond and Kingston Upon Thames. The wider search area has been adopted as The Employment Land Reviews: Guidance Note (2004) confirms that, "Labour and property markets extend across boundaries". Consequently vacant properties and new development in Kingston Upon Thames will have an effect on the theoretical demand for the Subject site and hence any 'need' to retain it for B Class uses.
- 9.3 The schedule of vacant properties for B1a as well as B1c, B2 and B8 can be found in **Appendix 4 and 5**, respectively. In summary the current supply position is as follows:-

B1a	Richmond	Kingston Upon Thames	Total
Supply in sq m	22,141	27,604	49,745
No. of Buildings	80	45	125
No. of Units	153	101	254

B1c, B2 and B8	Richmond	Kingston Upon Thames	Total
Supply in sq m	14,263 <small>(Includes one very large site)</small>	19,012	33,275
No. of Buildings	7	16	23
No. of Units	15	32	47

9.4 There is 49,745 square meters (535,455 square feet) of office floor space and 33,275 square meters (358,172 square feet) of industrial floorspace, currently available and being marketed within the market area. This is a total of over 830,020 square meters (893,627 square feet approx). The office floorspace in the market area comprises 254 units in 125 buildings, and the industrial floorspace comprises 47 units in 23 buildings.

9.5 The source of our information is the CoStar Suite property website, which we have cross referenced with those properties currently being marketed in the Estate Gazette Website.

9.6 It is important to remember that the supply statistics are not static in that properties may be unoccupied and others are sometimes left vacant on a continuing basis. Additionally, some vacant properties may not be subject to active marketing at the present time and inevitably they have been left off the schedule. Also, some buildings are under-occupied as companies downsize and others acquire properties for future relocations and in these two examples surplus space often exists within existing buildings which again will not be referred to in our schedules. The overall totals of existing space must therefore be taken as a broad indicator of supply. However, in reality the statistics are far more likely to be an underestimate of the true position rather than an overstatement for the reasons summarised in this paragraph.

9.7 The supply position has increased since our earlier draft report of May 2018 which was shared with Officers.

10.0 QUALITATIVE ANALYSIS OF EMPLOYMENT FLOORSPACE

10.1 We have undertaken a qualitative analysis of the available industrial and office buildings by reference to age and more specifically the units within these buildings by reference to size.

10.2 Age/ Condition of Buildings

10.2.1 The table below breaks down the supply by reference to age/condition based on the following categories.

- New – Built within the last 10 years
- Modern – Built post-1980
- Refurbished – Refurbished post – 2000
- Old – Built pre-1980 and not refurbished

B1a	Richmond	Kingston Upon Thames	Total
New	8	1	9
Modern	28	12	40
Refurbished	10	5	15
Old	31	25	56
N/A	3	2	5

B1c, B2 and B8	Richmond	Kingston Upon Thames	Total
New	0	0	0
Modern	4	11	15
Refurbished	0	0	0
Old	2	5	7
N/A	1	0	1

10.3 **Size of Units**

10.3.1 The table below analyses the industrial and office units by reference to size using the following categories:

- Small – Less than 185 sq m
- Medium – 186 – 929 sq m
- Large – more than 930 sq m

B1	Richmond	Kingston Upon Thames	Total
Small	123	60	183
Medium	23	37	60
Large	7	4	11

B1c, B2 and B8	Richmond	Kingston Upon Thames	Total
Small	7	13	20
Medium	6	16	22
Large	2	3	5

10.3.2 In qualitative terms there is a good supply of vacant opportunities for occupiers to acquire 'B' space across a wide range of size of accommodation and in terms of quality/age within the local market area. The majority being within the 'small' to 'medium' size brackets where the reports used have argued the most demand is.

11.0 **VIABILITY STUDY**

11.1 Throughout this Statement we have demonstrated that it is unlikely that a new B class development would come forward on this site. Nevertheless we have still undertaken a high level residual appraisal to establish if an office or industrial scheme is viable.

11.2 A residual appraisal is used to quantify the value of a site or to assess viability (whether positive or negative). A very basic interpretation of the formula for any residual valuation

is the gross development value (GDV) minus all the costs (including construction, professional/legal fees, marketing etc.) and developers' profit. The remaining figure equates to the estimated purchase price/land value for the site. If the appraisal creates a negative land value (or even a nominal land value), the project is clearly not viable.

11.3 Site delivery, remediation (if needed) and preparation costs will have an impact upon the overall costs of any new 'B class' scheme on this site. This may include improvements to the access, estate roads, circulation and loading areas, parking, drainage, the provisions of services and landscaping etc.

11.4 The Quantity Surveyor from John Rowan and Partners has provided us with a detailed cost assessment of £3,287,684 for the site infrastructure and delivery costs (including a 5% contingency). Build costs for an office and industrial scheme have been estimated from the BCIS reports and from our own experience of similar schemes on sites of this size.

11.5 **Office Viability**

11.5.1 From analysing reports and reviewing recent rental transactions, average office rents being achieved in Richmond are in the order of £20 per sq ft. For the purpose of this appraisal we have assumed 40 smaller units spread over 2 floors, at a site coverage 60%. The reason behind this is the reports used as the evidence base suggested that this is the market area to focus upon.

11.5.2 We have adopted a Gross External floor area for each unit of around 1,000 sq ft, based on a 60% site coverage assessment. For the purpose of analysis we have also adopted the following further inputs:-

- Site preparation and infrastructure costs £3.2m
- Rental Value £20 psf
- 6.5% yield
- £161 per sq ft construction costs
- Total professional fees of 12.5%
- Developers profit of 25% on costs
- Finance rate of 6.5%

- Lead in period of 6 months
- Construction period of 18 months
- Letting period of say 6 months (plus 3 months' rent free)

11.5.3 The appraisal produces a negative value of minus **£2,693,864** excluding land acquisition costs. This clearly demonstrates that a proposed 'B1a use' development will not be viable. If a positive land costs is added the loss will be far greater. Land owners do not sell at nil or negative land values. Consequently the real extent of negative viability is far greater than minus **£2.7 million**. A copy of the appraisal can be found in **Appendix 6**.

11.6 **Industrial Viability**

11.6.1 We have established through local evidence that the average B1c/small B8 rents achieved in Richmond is in the order of £12.50 per sq ft approximately. For the purpose of this appraisal we have assumed 6 smaller sized, single storey units assuming a standard market based site cover. Demand for the units will be mainly from small local businesses.

11.6.2 We have adopted a Gross External floor area for each unit of around 2,333 sq ft, based on a 40% site coverage assessment. For the purpose of analysis we have also adopted the following further inputs:-

- Site preparation and infrastructure costs £3.2m
- Rental value £12.50 psf
- 6.5% yield (the yield will reflect poor covenants and likely voids)
- £138 per sq ft construction costs
- Total professional fees 12.5%
- Developers profit of 25% on costs
- Finance 6.5%
- Lead in period of 6 months
- Construction period of 18 months
- Letting period of 6 months (plus 3 months' rent free)

11.6.3 This appraisal produces a negative value of minus **£3,685,425** excluding land acquisition costs. This clearly demonstrates that a proposed 'B use' development will not be viable. If a positive land cost is added the loss will be far greater. Land owners do not sell at nil or negative land values. Consequently the real extent of a negative viability is far greater than minus **£3.68 million**. A copy of this appraisal can be found in **Appendix 7**.

11.6.4 Having regard to the above there is no prospect of either an office or industrial replacement scheme coming forward on the site.

12.0 CONCLUSIONS

12.1 Having regards to our experience of the B class letting and development markets it is clear that the Application site should not be retained for B class purposes in its entirety. The existing buildings are not fit for purpose being economically and physically obsolete. Redevelopment solely for either office or industrial uses, or a combination of both is not viable.

12.2 More specifically we have the following conclusions in relation to the Application site:

- a. Allocating a site and retaining it for B uses does not mean it will be occupied or redeveloped for such uses.
- b. There are preferred locations in Richmond and the market area.
- c. The surrounding residential occupiers, narrow and congested access roads are constraints which cannot be overcome.
- d. There is unlikely to be any sufficient increase in take-up rates for the existing buildings over the coming years due to their poor quality. Indeed demand will continue to decline. The present vacancy rate on the site is approximately 57% which increases to 69% if the open sided 'Atcost' structure is ignored.
- e. It has clearly been demonstrated that this is not a key estate in Richmond's portfolio of estates and this is supported by the Councils own consultants (Peter Brett) in their 2013 report.

- f. The redevelopment of the site for a residential led mixed use scheme will have no adverse implications for the continued operations of the other employment sites in the area.
- g. For site specific reasons, the Application Site is no longer suited to industrial and related purposes. This has been demonstrated through the lengthy marketing period. The mixed use Application Proposal makes a significant reprovision of new space.
- h. It is predicted in the London Industrial Land Demand Study 2017 that there will be a decrease in demand for industrial land and buildings over the period to 2041.
- i. The appraisals in this Statement confirm that it is not viable to redevelop the site to bring forward a B1a,B1c, B2 or small B8 use scheme.
- j. It is not financially viable to increase the quantum of employment space (in terms of reprovided 'B' space) to equal the quantum which presently exists.
- k. In policy terms major new employment development should be directed towards Richmond and Twickenham centres.
- l. The application proposal will deliver new high quality and flexible business space. This space will meet the needs of smaller occupiers, start-up businesses and co-workers. This meets the expectations of Policy LP40 (4).
- m. The proposed mixed use scheme will be more compatible with the existing context of the site.
- n. Intensifying the B uses on this site is not practical nor could this be achieved in the real world.
- o. A larger quantum of jobs will be created in the new 'B' space compared to the current position.

12.3 We recognise that the Council would prefer the proposed scheme to provide the same quantum of floorspace. However, we do feel the Atcost building should be excluded from this total due to the nature of the unit and the fact it is in essence an open sided structure

which is of no use to the majority of occupiers. Once this area is disregarded, the loss of commercial floorspace is minimal.

- 12.4 In conclusion there is no reasonable prospect of this site being fully occupied in its current condition and it cannot be redeveloped for B uses only. As a result, the most feasible option is a mixed-use scheme.

13.0 DECLARATION

- 13.1 We can confirm that this Statement has been prepared in accordance with the RICs Practice Statement and Guidance Notes for Surveyors acting as Expert Witnesses. In particular, we declare our belief in the accuracy and truth of the matters put forward to the best of our knowledge at the time of preparing this Statement. The document includes all those factors, which we believe to be relevant to the formation of the opinions we have expressed.

John Stephenson FRICS MCI Arb

Grant Mills Wood Chartered Surveyors & Development Consultants

October 2019

APPENDIX 3

Marketing Report

Report to

Notting Hill Home Ownership
Bruce House
2 Killick Street
London
N1 9FL

Marketing update in respect of

St Clare Business Park
Holly Road
Hampton Hill
London
TW12 1QQ

Prepared by:

Jonathan Hay, BSc(Hons) MRICS
Grant Mills Wood

Date: 29 June 2022

 Grant Mills Wood
chartered surveyors

www.grantmillswood.com

020 7629 8501

CONTENTS

	Page
1.00 Introduction / Instructions	4-7
2.00 Previous Occupiers	8
3.00 Price/Rent	8-9
4.00 Advertising	10-11
5.00 Marketing Campaign	12-19
6.00 Interest Generated	19-21
7.00 Marketing Overview	22-24
8.00 Conclusion	24-25

APPENDICES

Appendix 1 Marketing Particulars – Dec 2017 | July 2018 | March 2019 |
March 2021 | October 21|

Appendix 2 Marketing update letter June 2021

Appendix 3 GMW enquiries AI system June 2021 – June 2022

1.0 INTRODUCTION / INSTRUCTIONS

Grant Mills Wood is a firm of Chartered surveyors in London with an active commercial property agency dealing with a variety of properties including industrial warehouses, licensed and leisure, retail and offices. The company has acted for a wide range of Landlords including those aiming particularly at small to medium sized companies, notably, TfL, Network Rail, Arch Co and Workspace. The Grant Mills Wood database has (as of Dec 2021) 4,009 active occupiers seeking property inside the M25.

The company is recognised as industrial warehouse specialists and continues to deal with a large amount of B class space throughout London.

Grant Mills Wood (GMW) were instructed to offer to market various industrial and office units on St Clare Business Park, To Let or For Sale (on a unit by unit basis).

The site is a multi-functional estate offering a range of sizes and comprises office, workshop and covered storage buildings of generally older generation units many of which are of poor quality. The buildings offer a variety of business space together with ancillary yard and parking areas. We have attached copies of our marketing particulars (Appendix 1).

The instruction to market the property was received on 08.12.2017 and a full marketing campaign commenced immediately and continues to date.

We have provided below a range of photos illustrating the type of space on the estate.

22 Holly Road



Lacey House



Unit 8



Unit 1



St Clare House



Units 2-6



Covered Storage



2.0 PREVIOUS OCCUPIERS

We understand the previous occupiers were as per the table below. The void rate on the subject estate has remained high in comparison to the wider TW market catchment:

Unit	Previous Occupier	SQ FT
Suite B St Clare House	Vacant prior to Dunphys involvement which started in June 2016	682
2 & 3	Formerly D & D (metal working) - vacated February 2019	2,536
5	Formerly Black Diamond - Vacant prior to Dunphys involvement which started in June 2016	1,268
6	Formerly Mitsubishi - vacated March 2019	1,536
8	Formerly Panache (wholesaler) - vacated April 2018	3,727
22 Holly Road	Formerly Trafalgar Market - Vacant prior to Dunphys involvement which started in June 2016	2,287
Lacey House	Vacant prior to Dunphys involvement which started in June 2016	2,964

3.0 PRICE/RENT

The properties have been marketed For Sale or To Let on a unit by unit from 681 sq ft up to c.3,000 sq ft for a term by agreement (please refer to the property particulars).

In view of the poor condition of the units, we advised our client that they should expect to offer a substantial rent-free period for the tenant to undertake repairs or alternatively a reduced repairing liability would be offered with a schedule of condition.

Offers were invited for the leasehold and freehold interest and it was decided to invite offers on a leasehold basis (see quoting rents in the table below) and on a freehold basis inviting offers on their merits without quoting a fixed price in-order to appeal to the widest possible audience without putting off interest.

At the outset of the instruction (December 2017) the rent per annum exclusive plus VAT were quoted as per the table below. The rent initially quoted was caveated depending on the size of unit and use required for negotiation purposes.

Unit	Sq ft	Use	Rent Pa	Rent psf
Suite B	682	Office (part only)	£11,594.00	£17.00
2 & 3	2,536	Industrial	£27,896.00	£11.00
5	1,268	Industrial	£13,948.00	£11.00
6	1,536	Industrial	£16,896.00	£11.00
8	3,727	Industrial	£40,997.00	£11.00
22 Holly Road	2,287	Office	£35,448.50	£15.50
Lacey House	2,964	Office	£45,942.00	£15.50

Following a review of enquiries and in an attempt to generate interest, the quoting rents was reduced in July 2018. The quoting rents were as follows:

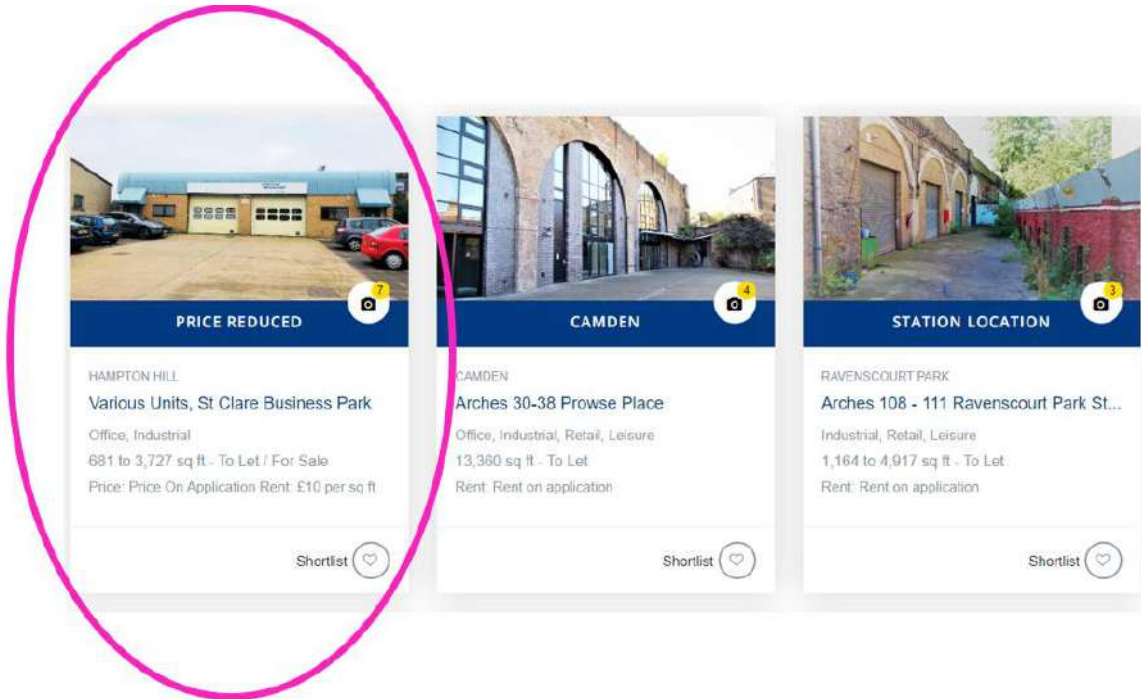
Unit	Sq ft	Use	Rent Pa	Rent psf
Suite B	682	Office (part only)	£11,082.50	£16.25
2 & 3	2,536	Industrial	£26,628.00	£10.50
5	1,268	Industrial	£13,314.00	£10.50
6	1,536	Industrial	£16,128.00	£10.50
8	3,727	Industrial	£39,133.50	£10.50
22 Holly Road	2,287	Office	£34,190.65	£14.95
Lacey House	2,964	Office	£44,311.80	£14.95

In March 2019 a further review of rents was undertaken and it was agreed to reduce the quoting rent. The recommended rents are set out below:

Unit	Sq ft	Use	Rent Pa	Rent psf
Suite B	682	Office (part only)	£10,912.00	£16.00
2 & 3	2,536	Industrial	£25,360.00	£10.00
5	1,268	Industrial	£12,680.00	£10.00
6	1,536	Industrial	£15,360.00	£10.00
8	3,727	Industrial	£37,270.00	£10.00
22 Holly Road	2,287	Office	£28,587.50	£12.50
Lacey House	2,964	Office	£37,050.00	£12.50

4.0 ADVERTISING

The units were marketed highlighting the reduced rent please refer to particulars in Appendix 1. This was also advertised on the Grant Mills Wood website and circulars (screen shot of property search results below):



July 2018

**Various Units
St Clare Business Park
Holly Road
Hampton Hill
London
TW12 1QQ**

**Various Offices & Industrial Warehouse Units
TO LET / For Sale
Circa 681 - 3,727 sq ft**

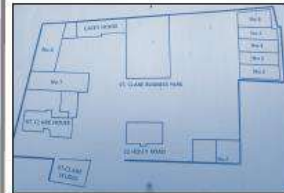
Grant Mills Wood
Chartered Surveyors

www.grantmillswood.com
020 7629 8501

March 2019



Various Units
St Clare Business Park
Holly Road
Hampton Hill
London
TW12 1QQ



Various Offices & Industrial Warehouse Units
TO LET / For Sale
Circa 681 - 3,727 sq ft



October 2021 to present



Various Units
St Clare Business Park
Holly Road
Hampton Hill
London
TW12 1QQ



Various Units - Industrial / Storage & Offices
TO LET / For Sale
Circa 681 - 3,727 sq ft



The quoting rents are constantly reviewed against the wider catchment and comparables in the near vicinity.

5.0 MARKETING CAMPAIGN

In line with our standard marketing advice for B class accommodation, the following marketing initiatives were recommended and agreed with our client following instruction on 08.12.2017 and is on-going to date. The marketing has subsequently been carried out in line with our suggested programme and is on-going. This is a standard marketing campaign and in line with our marketing campaigns for both private and public clients, we were asked to review our marketing strategy and make suggestions throughout the instruction in order to let the arches as quickly as possible (you will note the amended quoting rents above as an example):

Property Particulars and Mailing

Preparation and circulation of letting particulars (Appendix 1).

Details of the property were prepared and circulated to approximately 350 Industrial agents in December 2017 via Estates Agents Clearing House (EACH) online and via the hardcopy distribution service. A refresher was issued every 10 weeks in line with the agreed strategy.

The screenshot shows the EACH.co.uk website interface. At the top, there is a navigation bar with the EACH logo, a user profile for George Ludlow, and the agency name 'Grant Mills Wood 020 7629 8501 Agency 21 Hanover Street, London, W1B 2EF'. Below this is a list of properties with checkboxes, location icons, and details. The selected property is highlighted in a larger view.

Property ID	Location	Description	Area (sf)	Rent (per unit)
NW9	Colindale	Units 29 and 30, Cap...	4,847 - 9,785	
NW9	Colindale	Unit 9, Garrick Indus...	6,181	£15.50 /sf
HA5	Eastcote	Railway Station Yard	4,572	
UB6	Greenford	Unit 1, Perivale Park	35,745	
W6	Hammersmith	Arches 217-227, Truss...	715	£13,250 pa
TW12	Hampton	Various Units, St Cla...	681 - 3,727	

Light Industrial, General Industrial, Warehouse, Office

TW12 VOA 681 - 3,727 sf 2,964 sf **Grant Mills Wood**

Various Units Ground: London - West End

St Clare Business Park Lease: £ POA 020 7629 8501

Holly Road

Hampton Hill

Hampton

Jonathan Hay ●

020 7659 5986



07798 605 532


George Williams

0207 659 5990

07365 267 742

Angus McMillan

TW12  Hampton Hill  St Clare Business Par 681 - 3,727 sf



210323150413

Light Industrial, General Industrial, Warehouse, Office

TW12
St Clare Business Park
Holly Road
Hampton Hill

681 - 3,727 sf	
Unit 5:	2,068 sf
Unit 1:	1,841 sf
Suite B:	681 sf
Lacey House:	2,964 sf
8:	3,727 sf
6:	1,536 sf
22 Holly Road:	2,287 sf
2 & 3:	2,536 sf


FHold £POA


write occupier / reference

set Office Amenities

Amenities paste / write

Grant Mills Wood

 London - West End
020 7629 8501

 **Jonathan Hay**
020 7659 5986
07798 605 532

Description

St Clare Business Park is a multi functional estate offering a range of sizes and comprises of office and workshop buildings.

St Clare Business Park is a multi functional estate offering a range of sizes and comprises of office and workshop buildings of varying quality. The buildings offer a variety of business space together with ancillary yard and parking areas. The premises has no highway prominence although can be accessed from Holly Road.

Location

St Clare Business Park is situated 1 mile north of Hampton Town Centre and approximately 0.1 miles from Hampton Hill High Street. The site is situated just off Holly Road which leads north from the high street. Fulwell Rail Station is approximately 17 minutes walk or alternatively bus R70 from the station stops just off Holly Road. The site is approximately 5.5 miles south east of Heathrow Airport.

Property particulars were sent to B class applicants on the Grant Mills Wood in-house mailing list of applicants. The Grant Mills Wood database has (as of December 2021) 4,009 active occupiers seeking property inside the M25.

The details for the units were re-sent every 10 weeks as per the agreed marketing programme by HTML (copy below) and pdf brochure:



Various Units, St Clare Business Park

Hampton Hill TW12 1QQ

Good afternoon,

Please find below the marketing particulars for a number of units at St Clare Business Park, Hampton Hill which we thought you might find of interest.

St Clare Business Park is a multi functional estate offering a range of sizes and comprises of office and workshop buildings of varying quality. The buildings offer a variety of business space together with ancillary yard and parking areas.

If you require any further information, or would like to update your search criteria, please do not hesitate to Jonathan or myself.

Kind Regards,

Property particulars have been distributed via email to the Industrial Agents Society (IAS) and Office Agents Society (OAS) members list (London / M25) as well as a specialist trade-counter occupier list.

Letting Board

A 5x4 'All Enquiries Board' board was erected (May 2018) in the most prominent part of the estate fronting Holly Road.



The board and banners we have erected at the front of the estate over the course of the instruction have either been vandilised or removed by third parties. We took the decision to have another estate marketing board erected on entry to the estate at a height to make it diffult for the dsign to be defaced or removed:



Historically (2015) Bonsors and Featherstone Leigh marketed the units utilising the same location (as below), we do not have any ifnornation on this makretign campaign as this was prior to our clients involvement in the estate:



The boards have continued to produce enquiries, particularly from residential developers and gym occupiers. We have received some calls from local occupiers although many are looking for small lock up units in good repair for 2 or 3 months only, similar to the type of service self-storage occupiers provide. Since the start of the pandemic we have received more interest from Dark kitchen and Dark supermarket requirements. Some are concerned with the vehicle movements along Holly Road and the prospects for complaints from neighbours.

Advertising

The property was advertised through Estates Gazette 16.06.2018:

Industrial Warehouse/Office Units


ALL ENQUIRIES Various Sizes: 681 - 2,964 sq ft



**St Clare Business Park, Holly Road,
Hampton Hill, London, TW12 1QQ**

- Industrial Warehouse/Office Units
- Available in Whole or in Part
- B1, B2 & B8 Uses Considered

Jonathan Hay | Jonathanh@grantmillswood.com


Grant Mills Wood
chartered surveyors

www.grantmillswood.com
020 7629 8501

The strategy to advertise in the Estate Gazette was an amendment to the original marketing programme however it was agreed that casting the net a little further may

improve the level and quality of enquiries. The property generated a good level of response from residential developers and speculative property companies however aside from subject to planning conversations no real interest of merit was secured. The response from occupiers/owner occupiers was very limited.

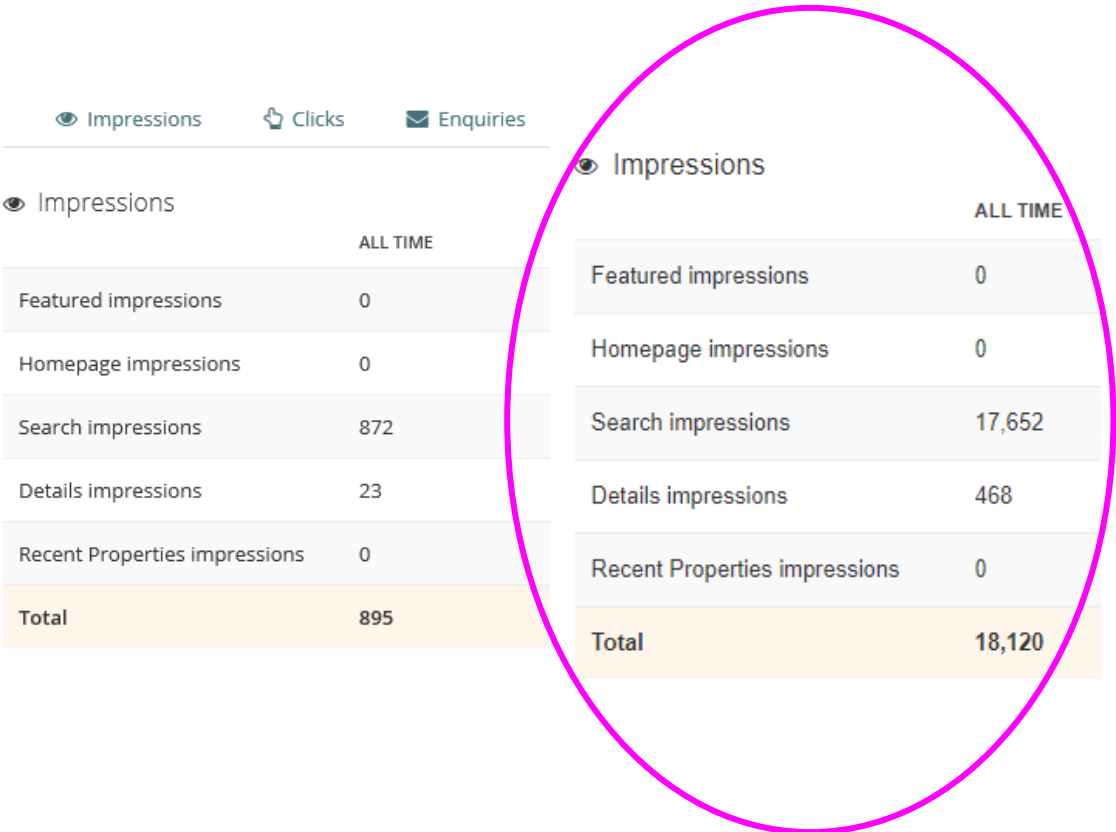
Websites

The property was marketed through the following platforms:

- 1. Grant Mills Wood website commencing on 11.12.2017 & ongoing. Current link below:
<http://www.grantmillswood.com/find-a-property/properties/17555-various-units-st-clare-business-park-holly-road-hampton-hill>

- 2. Estates Gazette Property Link commencing on 11.12.2017 & ongoing. Current link below:
<https://propertylink.estatesgazette.com/property-details/6710671-various-units-st-clare-business-park-holly-road>

As per my previous report, according to EG Property Links Analytics the property at the time had 895 search impressions, this was then improved to 18,120 and as per the stats on page 20 of this report, the advert has seen 17,948 impressions over the last 12 months alone:



EG PropertyLink

Find a property Find a service

Agent's details
 Property agent
 Jonathan Hay
 Show phone number Get in touch

Various Units, St Clare Business Park, Holly Road
 For sale: POA | 681 - 3,227 Sq Ft | Office, General Industrial, Offices, Industrial

Image 1 of 7

Property details

FOR SALE POA	SIZE 681 - 3,227 Sq Ft	ADDRESS Various Units, St Clare Business Park, Holly Road, Hampton Hill, TW12 1QQ
TYPE Office, General Industrial, Offices, Industrial	TENURE For Sale Finance	

The property was also circulated as follows using a premium add on service:

EG Property Link Online

Ad type: Featured listing on EG PropertyLink for 3 months - 13.01.2018

Email Circular to EC's database:

Ad type: EG Update composite (banner within email) - 15.01.2018

- 3. Realla Website commencing on 11.12.2017 & ongoing.

[St Clare Business Park, Holly Road, Hampton Hill ... - Realla](#)
<https://realla.co> > Commercial property to rent > London > Hampton ▾
 11 Dec 2017 - Property: **St Clare** Business Park, Holly Road, Hampton Hill, London, TW12 1QQ,
 Transaction type: To rent, Price: P.O.A., Size: 681 to 2964 sq ft ...

- 4. Nova Loca commenced 13.06.2018 (extremely poor applicants, the service was dropped after 6 months).

<https://www.novaloca.com/industrial-unit/to-let/hampton/st-clare-business-park/164810>

Various Offices & Industrial Warehouse Units, Size: 681 to 2964 Sq Ft
 St Clare Business Park,
 Holly Road, Hampton Hill,
 London,
 Greater London,
 TW12 1QQ
 Property type: Offices
 Sale status: Available
 Grant Mills Wood

view full details >>

Various Offices & Industrial Warehouse Units, Size: 681 to 2964 Sq Ft
 St Clare Business Park,
 Holly Road, Hampton Hill,
 London,
 Greater London,
 TW12 1QQ
 Property type: Industrial
 Sale status: Available
 Grant Mills Wood

view full details >>

5. Focus Costar commenced on 11.12.2017 and is on-going:



5.0 PERIOD OF MARKETING

The GMW marketing campaign commenced on receipt of instructions in December 2017. The initial distribution of marketing material commenced in December 2017 and continues to date (June 2022). The onsite marketing board was ordered and erected in June 2018 (photo above p.13) and two further replacements were subsequently erected. A new board location has been used as of 2021 however in a higher location which is visible on entry to the estate but away from the associated problems we were having with a low board.

The property appears on the Grant Mills Wood, Focus/Costar and EGi Property Link (Estates Gazette Interactive) websites and they are all live today. Initially Nova Loca was used but the applicant response rate and quality was particularly poor and given the associated costs it was agreed this method would not continue.

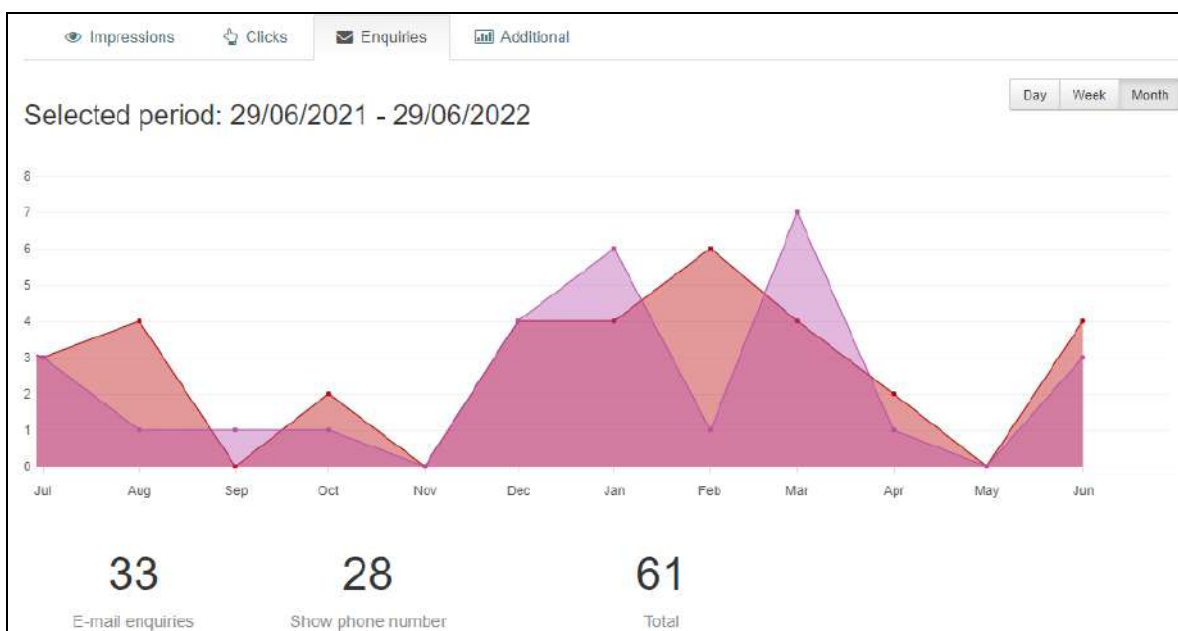
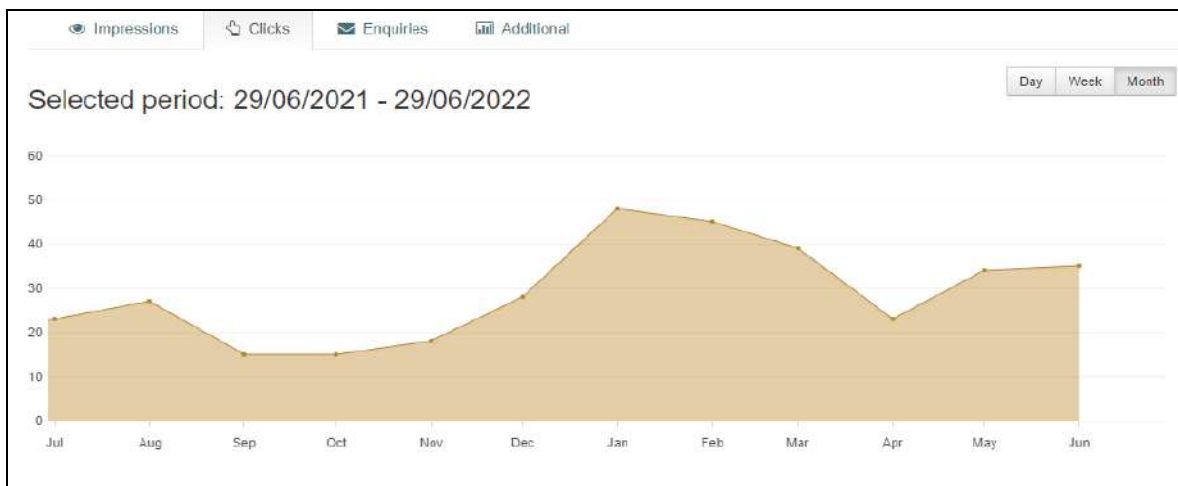
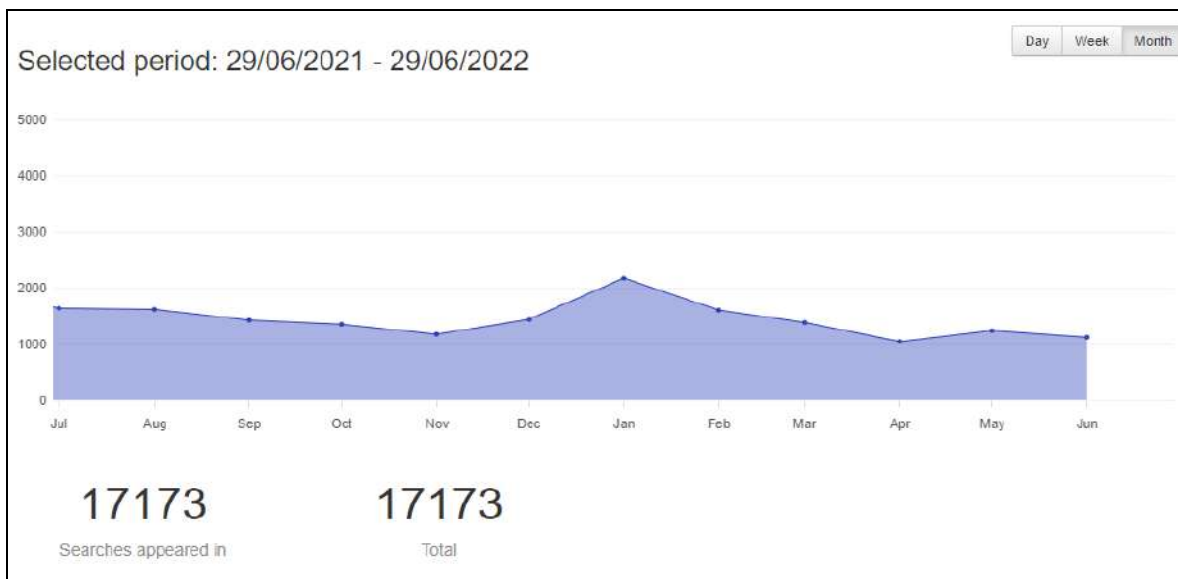
Mailing of the property particulars has taken place on a regular basis within 10 week intervals and through different platforms. As set out above the marketing will continue to take place on a regular basis as per the agreed programme in order to generate as much interest as possible. Details have been sent in reply to occupier requests for further information on this property as well as wider south M25 requirements. Property particulars have also been sent to owner occupiers and investors/developers seeking space for alternative uses.

6.0 INTEREST GENERATED

To date, the marketing has generated +350 requests for particulars with +105 follow up enquiries, following our agency instruction in December 2017. We continue to receive enquiries however the majority of the calls we receive are from property speculators and residential led developers looking at subject to planning offers.

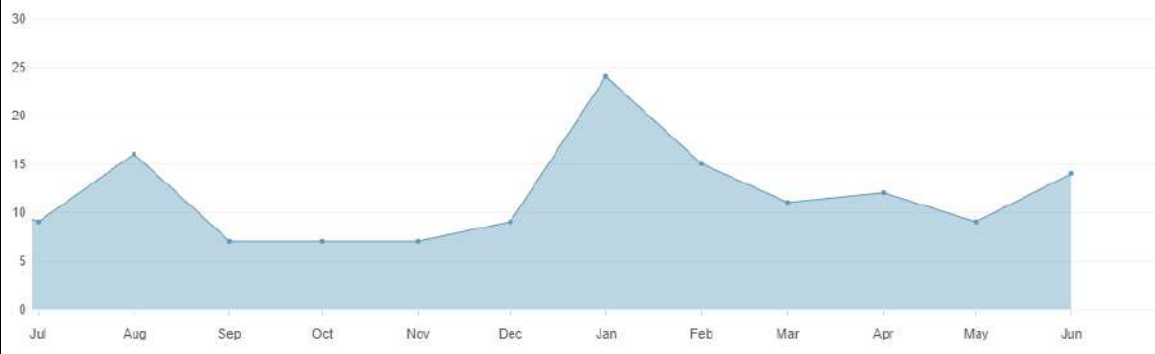
Grant Mills Wood now use the AI system/Agents Society to track data. **Appendix 3** is a copy of the enquiries we have received through our website since May 2020 **(please treat the information as confidential – not to be released into the public domain without redaction of the applicant names)**. Throughout our marketing campaign details have been sent to in excess of 6,000 applicants and agents. To date we have received no firm offers in whole or in part for the leasehold or freehold interest for its existing use.

For the past 12 months the following stats are taken from EGi Property Link:



Selected period: 29/06/2021 - 29/06/2022

Day Week Month



140

Brochure downloads

0

Website clicks

140

Total

7.0 MARKETING OVERVIEW

The industrial market conditions in London/M25 from Dec 2017 to today have changed. Obviously we had the Covid period 2020/2021 where a lot of delivery companies were looking for small units to cook / deliver from, the 10-20 minute grocery delivery market was in it's infancy and more companies were relying on online. The ever growing delivery culture is still present in todays market however the volume of requirements for smaller grocery or hot food delivery (dark kitchens) has fallen. The industrial property market has seen somewhat a renaissance in the eyes of the wider investor market and has performed well in the past 2 years, as is well documented. The industrial market continues to enjoy a period of extremely low yields, high rents, record occupancy levels and record pipeline stock within the planning system however in the last few months the wider macroeconomics have started to bite and there is defiantly a sense the market may have reached its peak in this cycle. Ukraine crisis, inflation at the highest level for 40 years, coupled with high rents, low yields build costs / materials at their highest rate in modern times and borrowing becoming more expensive with the recent rates rises. Whilst the COVID period shone a light on the importance of good quality distribution space and the importance of reliable distribution, there are other factors the industrial market is currently grappling with. There are still micro locations throughout London which are benefiting from a lack of available stock causing increasing rents such as SW London (Battersea & Vauxhall) for example, where rents have increased to just under £40 psf exc for industrial stock and the rental growth shows no signs of slowing.

However beneath the headlines of a buoyant industrial market, there are still every day challenges and many of these relate to older generation buildings, proximity to residential, irregular sites, sites with poor access, low eaves height and buildings over more than ground floor (+say 10/15% office content). Whilst the GLA is pushing policy to try and create a new high site density multi-level industrial market it is most definitely still in its infancy. The new working from home culture has done little to boost the prospects of bringing some of the older generation office space back to life, it is more unviable than ever.

The subject units are generally of poor quality and are outdated for the needs of the modern market. Some of the units are not fit for occupation and need to be fully refurbished which would be financial uneconomical given the associated costs, nature of the current building types and lack of interest to date. Even if the buildings were refurbished, the key issue from feedback received and also having witnessed goods vehicles trying to navigate Holly Road, relates to the very constrained width of the road with parking on each side (see photos below):



^The tight nature of the road with cars on both side, seriously restricting the vehicle type which can access the site.



You will note where the mini is parked (above) makes it impossible to turn a large vehicle in to site:

Small to medium sized companies do not have the luxury of being able to request specific vehicles to deliver to site and usually rely on suppliers and third-party logistic companies who will not tailor their fleet vehicles for one delivery. It is for this reason the general efficiencies in taking a unit with compromised access gives occupiers concerns and ultimately if there is another unit of a similar size within a 30 minutes' drive they will take that as they know they will be able to meet their business obligations without the risk.

As a recent example, if you consider, the refurbishment/redevelopment of [Sandown Industrial Park, Esher](#) the access is so poor in the surrounding road network that it has suppressed rents for this modern space and limited the pool of occupiers... to the extent they have just completed a deal with a trampolining operator instead of an industrial occupier (which would produce better investment value given the current yield profile for industrial).

The other issues raised were the type of buildings on site not being suitable, the condition was also an issue but fundamentally the main issue deterring occupiers remains the access and turning in to the estate via a residential road.

More recently some of the commercial kitchens / dark kitchen occupiers along with the grocery delivery occupiers who have registered interest have said they would be concerned about scooters collecting food or alcohol in the early hours given the close proximity of the residential and the access via a residential street. Although a perceived risk it is enough to make the units unappealing.

We have had some limited interest for community uses including a gym operator, however nothing in writing has been received.

8.0 CONCLUSIONS

GMW have and will continue to market the site in whole or in part but given the poor quality of the units, the poor access and mix of units, we believe that demand will continue to be limited.

The industrial market in London and the M25 in the last 12 months has been far more buoyant than anyone could have imagined following the COVID crisis and whilst there are murmurings about a potential trade war with Europe of the current sea border and the associated Brexit related import costs, generally the London industrial market has held up well although a word of caution should be heeded for the 12 months ahead.

Through marketing the site and discussing the units with would be occupiers, it is clear the units do not suit the modern industrial/warehouse market. The condition, age and configuration of the units as well as the access issues are prevalent concerns. The lack of parking for the office buildings was raised but fundamentally the type and quality of these particular buildings has been such that parking is generally overlooked as the discussions never get that far.

To date, the marketing exercise has generated a variety of enquiries for the buildings however we have not managed a single letting on the estate. The marketing programme set out at the outset follows all of our general B class space marketing practices. It is however the case that the subject site is constrained for modern B class occupiers for the reasons set out above. There does appear to be interest from local nurseries however the nature of the estate just does not work for

them given the potential H&S risk associated with having children on an industrial/office estate.

From our experience and knowledge of the industrial / business space market, the units are very compromised for continued B-class use for the following reasons:

- Poor access into the site, and circulation around the site for commercial delivery vehicles. The residential nature of Holly Road could mean deliveries direct to units are not possible at all.
- The office accommodation lacks quality and character, the offices do not sit well with the other building types on the estate. The lack of parking and distance to the train station is an issue which presents a substantial obstacle for leasing individual office buildings.
- The lack of compatibility between the continued employment use of the buildings with the adjacent residential properties, in what is a predominantly residential area. This gives rise to the potential for noise disturbance and restrictions on operation especially for commercial kitchen occupiers who require 24/7 hours of use and operations; and
- High building maintenance and refurbishment costs due to the age, condition and quality of the buildings.

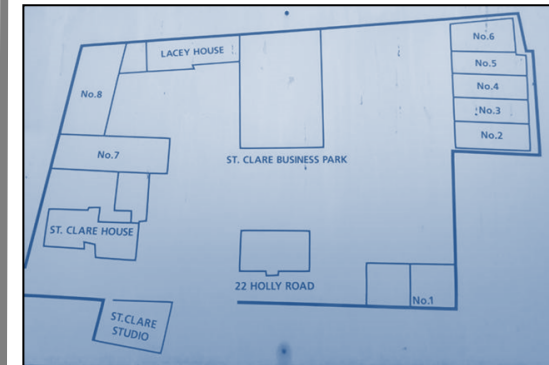
GRANT MILLS WOOD
29th June 2022

APPENDIX 1

Marketing Particulars



Various Units
St Clare Business Park
Holly Road
Hampton Hill
London
TW12 1QQ



Various Offices & Industrial Warehouse Units

TO LET / For Sale

Circa 681 – 2,964 sq ft



Location

St Clare Business Park is situated 1 mile north of Hampton Town Centre and approximately 0.1 miles from Hampton Hill High Street. The site is situated just off Holly Road which leads north from the high street.

Fulwell Rail Station is approximately 17 minutes walk or alternatively bus R70 from the station stops just off Holly Road. The site is approximately 5.5 miles south east of Heathrow Airport.



Description

St Clare Business Park is a multi functional estate offering a range of sizes and comprises of office and workshop buildings of varying quality. The buildings offer a variety of business space together with ancillary yard and parking areas.

The premises has no highway prominence although can be accessed from Holly Road.

Floor Areas / Rent / Price

	Sq ft	Sq m	Rent
Lacey House	2,964	(275.4)	£45,942
22 Holly Road	2,287	(212.5)	£35,449
Suite B	681	(63.3)	£11,594
Unit 1	1,841	(171.0)	£20,251
Unit 5	2,068	(192.1)	£22,748

Freehold offers for individual units on a whole will be considered on their merits

Legal Costs

Each party is to bear their own legal costs.

Service Charge, Rates & Insurance Premium

For service charge and insurance premium figures please contact the agents.



Grant Mills Wood and the Vendors / Lessors of this property, give notice that (i) the particulars are set out as a general outline only, for the guidance of intending purchasers or lessees and do not constitute part of, an offer or contract (ii) all descriptions, dimensions, references to condition, necessary permissions for use and occupation and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact, but must satisfy themselves by inspection or otherwise as to the correctness of each of them (iii) no person in the employment of Grant Mills Wood has any authority to make or give any representation or warranty whatsoever in relation to the property December 2017.

Viewing

Viewings are available strictly by appointment through sole agents:-

Jonathan Hay:
Jonathanh@grantmillswood.com

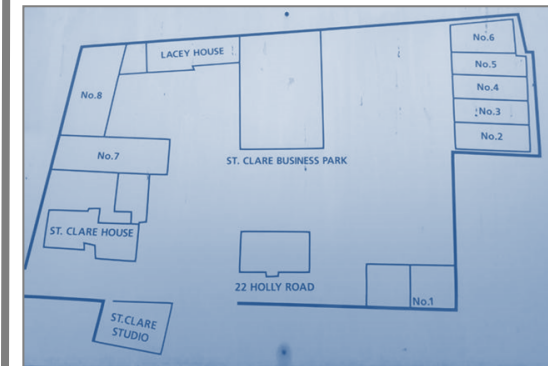
George Williams:
Georgew@grantmillswood.com



New Rents



Various Units
St Clare Business Park
Holly Road
Hampton Hill
London
TW12 1QQ



Various Offices & Industrial Warehouse Units

TO LET / For Sale

Circa 681 – 3,727 sq ft

 **Grant Mills Wood**
chartered surveyors

www.grantmillswood.com
020 7629 8501

Location

St Clare Business Park is situated 1 mile north of Hampton Town Centre and approximately 0.1 miles from Hampton Hill High Street. The site is situated just off Holly Road which leads north from the high street.

Fulwell Rail Station is approximately 17 minutes walk or alternatively bus R70 from the station stops just off Holly Road. The site is approximately 5.5 miles south east of Heathrow Airport.



Description

St Clare Business Park is a multi-functional estate offering a range of sizes and comprises of office and workshop buildings of varying quality. The buildings offer a variety of business space together with ancillary yard and parking areas.

The premises has no highway prominence although can be accessed from Holly Road.

Floor Areas / **REDUCED RENTS** / Price

	Sq ft	Sq m	Rent
Lacey House	2,964	(275.4)	£44,942
22 Holly Road	2,287	(212.5)	£34,191
Suite B	681	(63.3)	£11,083
Unit 8	3,727	(346.25)	£39,134
Unit 5	1,268	(117.80)	£13,314
Unit 2&3	2,536	(235.60)	£26,628
Unit 6	1,536	(142.70)	£16,128

Freehold offers for individual units on a whole will be considered on their merits

Legal Costs

Each party is to bear their own legal costs.

Service Charge, Rates & Insurance Premium

For service charge and insurance premium figures please contact the agents.



Grant Mills Wood and the Vendors / Lessors of this property, give notice that (i) the particulars are set out as a general outline only, for the guidance of intending purchasers or lessees and do not constitute part of, an offer or contract (ii) all descriptions, dimensions, references to condition, necessary permissions for use and occupation and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact, but must satisfy themselves by inspection or otherwise as to the correctness of each of them (iii) no person in the employment of Grant Mills Wood has any authority to make or give any representation or warranty whatsoever in relation to the property July 2018.

Viewing

Viewings are available strictly by appointment through sole agents:-

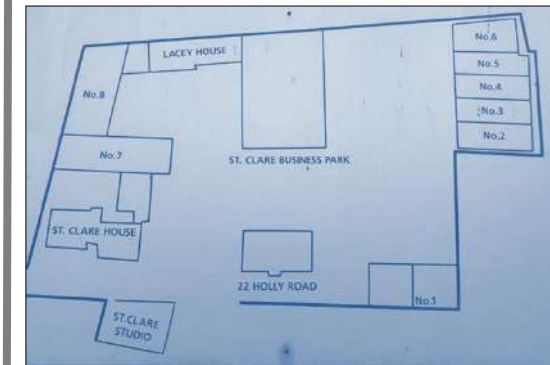
Jonathan Hay:
Jonathanh@grantmillswood.com

George Williams:
Georgew@grantmillswood.com





Various Units
St Clare Business Park
 Holly Road
 Hampton Hill
 London
 TW12 1QQ



Various Units - Industrial / Storage & Offices

TO LET / For Sale

Circa 681 – 3,727 sq ft


Grant Mills Wood
 chartered surveyors
www.grantmillswood.com
020 7629 8501

Location

St Clare Business Park is situated 1 mile north of Hampton Town Centre and approximately 0.1 miles from Hampton Hill High Street. The site is situated just off Holly Road which leads north from the high street.

Fulwell Rail Station is approximately 17 minutes walk or alternatively bus R70 from the station stops just off Holly Road. The site is approximately 5.5 miles south east of Heathrow Airport.



Description

St Clare Business Park is a multi-functional estate offering a range of sizes and comprises of office and workshop buildings of varying quality. The buildings offer a variety of business space together with ancillary yard and parking areas. The premises has no highway prominence although can be accessed from Holly Road.

Floor Areas / REDUCED RENTS / Price

	Sq ft	Sq m	Rent
Lacey House	2,964	(275.40)	£37,050
22 Holly Road	2,287	(212.50)	£28,588
Suite B	681	(63.30)	£10,912
Unit 8	3,727	(346.25)	£37,270
Unit 5	1,268	(117.80)	£12,680
Unit 2&3	2,536	(235.60)	£25,360
Unit 6	1,536	(142.70)	£15,360

Freehold offers for individual units on a whole will be considered on their merits

Legal Costs

Each party is to bear their own legal costs.

Service Charge, Rates & Insurance Premium

For service charge and insurance premium figures please contact the agents.



Grant Mills Wood and the Vendors / Lessors of this property, give notice that (i) the particulars are set out as a general outline only, for the guidance of intending purchasers or lessees and do not constitute part of, an offer or contract (ii) all descriptions, dimensions, references to condition, necessary permissions for use and occupation and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact, but must satisfy themselves by inspection or otherwise as to the correctness of each of them (iii) no person in the employment of Grant Mills Wood has any authority to make or give any representation or warranty whatsoever in relation to the property October 2021

Viewing

Viewings are available strictly by appointment through sole agents:-

Jonathan Hay:
Jonathanh@grantmillswood.com
07798605532



APPENDIX 2

Marketing update Letter

Notting Hill Home Ownership
 Bruce Kenrick House
 2 Killick Street
 London
 N1 9FL
 FAO: Julian Wain

By Email: julian.wain@nhhq.org.uk

29th June 2021

Dear Julian,

Market Update – St Clares Business Park, Holly Road, Hampton Hill, London, TW12 1QQ

Grant Mills Wood have continued to market the various units at the above business park on your behalf. The last year or so has seen the market shifting quite quickly due to COVID-19 restrictions and associated working habits changing at a pace never seen before. This has compounded the issues we already had with Lacey House, St Clare House, 22 Holly Road and Unit 8. At present securely boarding up the uninhabitable properties and having live in guardians where such can live is the safest options. We have recently had quite a lot of issues with squatters and illegal raves in a lot of our empty properties and therefore security should be alert to this.

In terms of the small industrial units: unit 1 is let short term. Units 2 and 3 are currently available, unit 4's lease expires tomorrow, units 5 and 6 remain occupied on a short term basis, units 7 and 8 are vacant. As you are aware there has been fleeting interest however generally access for large vehicles is proving to be a significant challenge given the nature of the occupiers currently in the market who in many cases require access for large goods vehicles given the way in which third party logistics works. Units 7 and 9-11 are occupied on a short terms basis.

I have copied some stats below from our marketing on EG Propertylink which illustrate that we are certainly getting a good hit rate and their software is stating "your advert quality is excellent" which is based on the data. Between April 2020 and June 2021 35,186 impressions:



Grant Mills Wood
 21 Hanover Street
 London
 W1B 2EF

Also at: Park Royal, NW10

Grant Mills Wood is the Trading name of
 Astwood Limited.
 Registered Office:
 21 Hanover Street London W1B 2EF
 Registered in England No: 3087197
 VAT No: 662808910
 Regulated by RICS

In general the market for small industrial units has been robust and the general sentiment towards unconstrained industrial throughout London remains good. The rise of the delivery market has spurred the industrial market on in micro locations with good residential catchments which put further pressure on rental levels. Having dealt with many transaction in this new age last mile delivery market, we are seeing that in some areas in close proximity to residential this is not always conducive to happy neighbours as the volume of deliveries and vehicle movements has become sensitive in some urban areas where residents dislike the number of vehicle movements that are required by the nature of the sector. I would also include food delivery in the same sentiment.

During the period throughout the pandemic industrial occupiers have been looking to move very quickly and therefore units need to be ready to walk in to. A lot of the occupiers have prescribed check lists prior to inspecting and many of these require large vehicle access, 24/7 hours of operations and generally where capex is required for older generation buildings they are discounted due to timing and cashflow limits/constraints/efficiencies (in some cases). In our experience the industrial market has fared better than other sectors throughout the pandemic and we have had an exceptionally busy 2021, unfortunately the physical constraints of the access and buildings is a significant barrier to improving occupancy and income on the estate.

We will continue to market the units on your behalf in the hope of securing new occupiers. As previously discussed, given how busy the market has been for small industrial units it is fairly obvious the products we have on the subject estate coupled with the access and turbulence within the office market are extremely problematic.

I would be happy to discuss this further in due course.

Yours faithfully



Jonathan Hay

DIRECTOR

GRANT MILLS WOOD

Email: jonathanh@grantmillswood.com

Tel: 07798605532 / 020 7659 5986

APPENDIX 3

GMW AI Enquiries

Various Units, St Clare Business Park

Interest Schedule

29th June 2022



Enquiries

Interest Schedule - 29th June 2022

Date of Requirement	Tenant / Sector	Agent	Matched Space	Summary	Comments
29th Jun 2022	Mekdi Alemayehu Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
23rd Jun 2022	Aman Giorgis Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
17th Jun 2022	Rachel Worley Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
9th Jun 2022	Max Lewin Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
7th Jun 2022	Olsi Vullnetari Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
17th May 2022	Unknown 3PL	Montagu Evans Niamh Bell	All Availability	Size: 2,000 - 5,000 sq ft Occupancy: Q2 2022 Looking for 2,000 to 5,000 sq ft of Industrial in M4 Corridor, M3 Corridor, .	
6th May 2022	Acme Graphics Ltd (Mr Nick Hellman) Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	

26th Apr 2022	Milestone Commercial (Mr Mike Martin) Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
21st Apr 2022	Joe Frankel Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
16th Apr 2022	kevin Howard Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
16th Mar 2022	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
9th Mar 2022	Nicola Engelbach Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
7th Mar 2022	Sam Saunders Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
4th Mar 2022	Richard Hancock Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
25th Feb 2022	Kate R Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
25th Feb 2022	Vithu Mankales Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park

23rd Feb 2022	Don De graaff Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
15th Feb 2022	Jayne Colquhoun Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
13th Feb 2022	Marcus Bernard Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
13th Feb 2022	Adam King Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
4th Feb 2022	AXM GROUP (Mr Zak L.) Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
29th Jan 2022	Bose Dee Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
26th Jan 2022	Gavin Marshall Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
16th Jan 2022	Met Muja Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
4th Jan 2022	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
2nd Jan 2022	Raj Subramaniam Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park

23rd Dec 2021	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
18th Dec 2021	ylber azemi Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
18th Dec 2021	Gavin Marshall Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
8th Dec 2021	Adam Dziki Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
12th Oct 2021	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
9th Oct 2021	Mr Mike King Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
7th Oct 2021	Kalyani Mehta Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
18th Sep 2021	Bamsey Associates (Mr Anthony Bamsey) Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
17th Aug 2021	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
17th Aug 2021	Ghezal Popal Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park

11th Aug 2021	Shizhe Yu Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
5th Aug 2021	Sunil Patel Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
31st Jul 2021	Tom Devaney Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
22nd Jul 2021	gaby franklin Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
20th Jul 2021	Peterson's Fund for Children (Mrs Charlene Peterson) Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
15th Jul 2021	Unknown Other	Office Hunters Gerard Barry	All Availability	Size: 3,000 - 10,000 sq ft Budget: £1,000,000 - £3,500,000 Looking for 3,000 to 10,000 sq ft of Office, Industrial, Retail, Leisure, Land, Residential, D1 (Non Residential Institutions), D2 (Assembly and Leisure), Development, Investment in Hounslow, South West London	Automatically discounted due to the requirement being taken off the market.
4th Jul 2021	Sarah Hayhoe Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
28th Jun 2021	AJEET SINGH Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
21st Jun 2021	Tom Devaney Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	

16th Jun 2021	Hampton Waste Management (Mr Vladimirs Senders) Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
2nd Jun 2021	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
1st Jun 2021	Harry Capehorn Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
21st May 2021	Wojciech Kozlowski Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
14th May 2021	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
8th May 2021	Conall O'Neill Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
6th May 2021	Tom Korobejko Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
4th May 2021	Tom Devaney Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park
3rd May 2021	Harvinder Sachdeva Unknown Sector	All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park

27th Apr 2021	James Parritt Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
31st Mar 2021	Mr shumail gillani Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
11th Mar 2021	Mr shumail gillani Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
16th Feb 2021	Unknown Property Company, Other	Fortus Will Beresford	All Availability	Size: 2,500 - 50,000 sq ft Budget: £1,000,000 - £3,000,000 Looking for 2,500 to 50,000 sq ft of Office in Croydon (+ 50 miles)	Automatically discounted due to the requirement being taken off the market.
6th Oct 2020	Fernbrook Partners (Mr Robert Diamond) Unknown Sector		All Availability	Size: 610 to 4,100 sq ft Looking for 610 to 4,100 sq ft of Office, Industrial in Within 3 miles of Various Units, St Clare Business Park	
2nd Sep 2020	Pace e Solutions (t/a Cinema Paradiso) (Mrs Aida Dugandzic) Unknown Sector		All Availability	Size: Requirement from website: Aida Dugandzic	
12th Aug 2020	LONDON SKILLS AND DEVELOPMENT NETWORK (Mrs VIRGINIE RAMOND) Unknown		All Availability	Size: Requirement from website: VIRGINIE RAMOND	

Sector

19th Jun 2020
Mr Ahmed Othman
Unknown Sector
All Availability
Size:
Requirement from website: ahmed othman

15th Jun 2020
Mr Ahmed Othman
Unknown Sector
All Availability
Size:
Requirement from website: ahmed othman

3rd Jun 2020
Ms Lisa Charles
Unknown Sector
All Availability
Size:
Requirement from website: Lisa Charles

6th May 2020
Mr Balbir Singh
Unknown Sector
All Availability
Size:
Requirement from website: Balbir Singh

APPENDIX 2

Marketing Letter From Mr Hay 2022

Notting Hill Home Ownership
Bruce Kenrick House
2 Killick Street
London
N1 9FL
FAO: Julian Wain

By Email: julian.wain@nhhg.org.uk

3rd April 2023

Dear Julian,

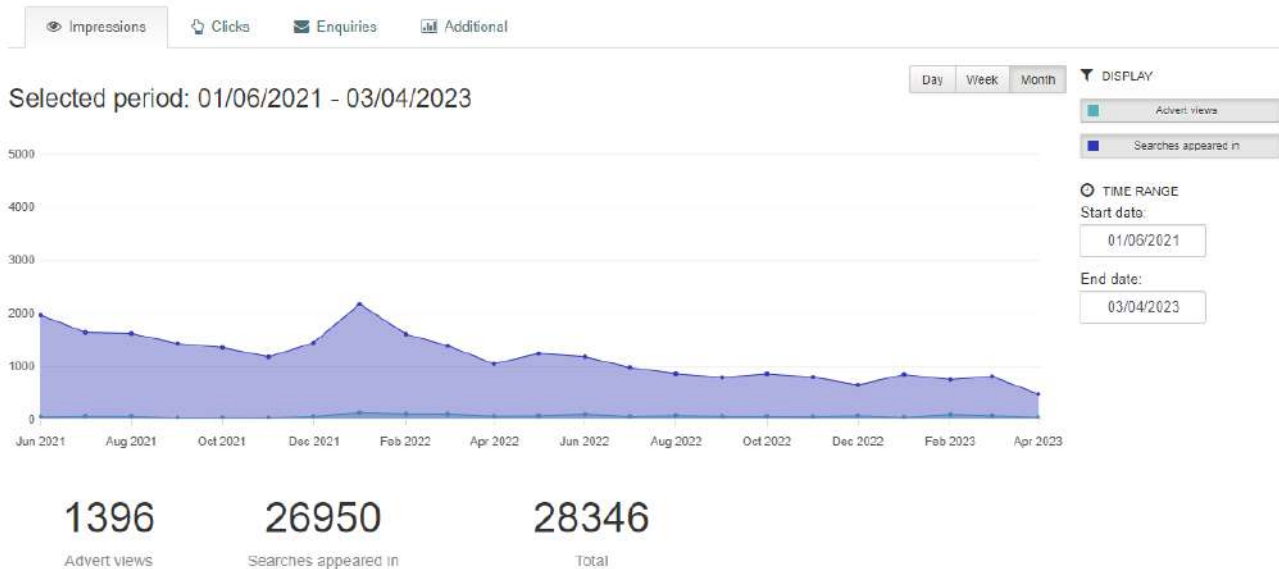
Market Update – St Clares Business Park, Holly Road, Hampton Hill, London, TW12 1QQ

Grant Mills Wood have continued to market the various units at the above business park on your behalf. As discussed, the industrial market has been in a state of flux since approx. Q.2 2022. A combination of factors have been prevalent in the market which have caused uncertainty, these include:

- The War in Ukraine
- Cost of Living Crises (including wage inflation, energy bills)
- Increase in interest rates / cost of capital
- Market slowdown following rapid expansion during the COVID pandemic
- Updated Business Rates valuation
- Mini budget (K.Kwarteng - 23.09.22)
- On-going supply chain issues

The above factors have caused a significant amount of uncertainty within business, the economy and ultimately this has filtered through to the industrial market. Current data suggests there are more industrial warehouse units on the market than any time within the last 24 months with a lot of consented schemes in the pipeline. We are currently seeing a large amount of assignments and sub-leases available in the open market which further supports the assessment that the industrial market has slowed down. As you are aware, this has compounded the issues we were already seeing with Lacey House, St Clare House, 22 Holly Road and Unit 8. Currently securely boarding up the uninhabitable properties and having live in guardians where such can live is the safest option. As previously stated, we have had quite a lot of issues with squatters and illegal raves in our empty commercial properties and therefore security should continue to be alert to this as well as fly tipping.

I have copied some stats below from our marketing on EG Propertylink which illustrate that we are certainly getting a good hit rate and their software is stating “your advert quality is excellent” which is based on the data. Between June 2021 and April 2023 a total of 28,346 impressions were recorded:



In general, we are continuing to see a clash between local planning authorities and industrial occupiers who are in close proximity to residential. We do not see this issue going away, indeed this is likely to be a persistent problem in to the future. The two uses are not always conducive to happy neighbours as the volume of deliveries and vehicle movements has become sensitive in some urban areas where residents dislike the number of vehicle movements that are required by the nature of the sector. With many people working from home on a more regular (but flexible basis), clashes are likely to increase in urban areas.

As previously mentioned, a key constraint to the site relates to access for large goods vehicles. 24/7 hours of operations are a key requirement in the modern market in order to avoid the congested road network and benefit from operational efficiencies. The physical constraints of the access to the estate and buildings is a significant barrier to improving occupancy and income on the estate.

We will continue to market the units on your behalf in the hope of securing new occupiers. As previously discussed, given how busy the market has been for small industrial units it is fairly obvious the products we have on the subject estate coupled with the access issues are extremely problematic.

I would be happy to discuss this further in due course.

Yours faithfully

Jonathan Hay
DIRECTOR

GRANT MILLS WOOD

Email: jonathanh@grantmillswood.com

Tel: 07798605532 / 020 7659 5986