

**AVISON
YOUNG**

Wates 

Economic Needs Assessment - Wates Ltd

Maidstone Borough

August 2022

Contents

1.	Introduction and Strategic Context	3
2.	Current Policy Context	6
3.	Assessment of Market Performance	20
4.	Quantitative and Qualitative Demand Assessment	37
5.	Demand and Supply Balance	60
6.	Summary and Conclusions	67

Appendices

Appendix I CoStar Rating System

Report title: Economic Need Assessment – Wates Ltd

Prepared by: James Morris, Aaron Leadbeater, Martyn Saunders

Status: Add Draft/Rev No

Draft date: 16 August 2022

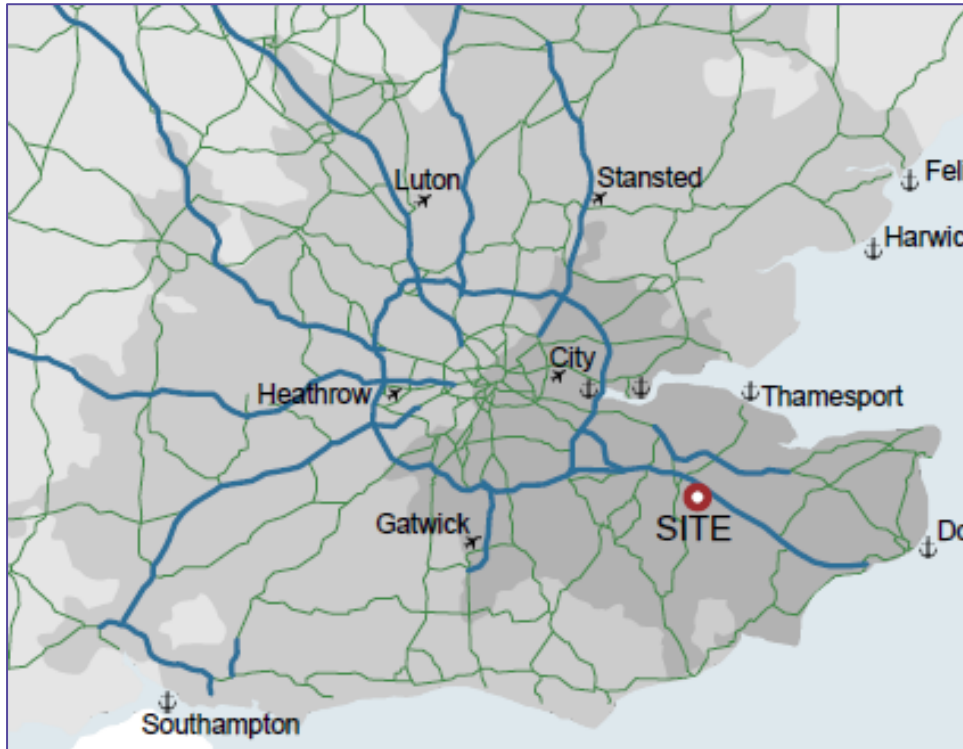
For and on behalf of Avison Young (UK) Limited

1. Introduction and Strategic Context

- 1.1 Avison Young have been appointed by Wates Ltd to prepare an Employment Land and Economic Assessment to support an employment development on land located at junction 8 of the M20 in Kent.
- 1.2 The site is currently undesignated agricultural land. The site has not previously been allocated for employment land, however, the immediate area surrounding the site is recognised within some of the local plans as a significant contributor to the economy. This is supported by its strategic position with access to Junction 8 of the M20 and its wider connections.
- 1.3 The Kent logistics market has seen unprecedented levels of take up throughout 2020-2021, with a surge of building and pre-let activity across key schemes namely Aylesford Newsprint, Powerhouse Dartford and London Medway Commercial Park.
- 1.4 In terms of Kent's supply, there is very little coming forward in terms of speculative development at the larger end of the market and the majority of this is clustered closer to the M25 south of the River Thames around Dartford and Belvedere. Given the increasing demand/supply imbalance, there is an acute need for further Grade A Logistics space (>100,000 sq.ft) to be provided in the region in the immediate term.

A Strategically Important Hub

- 1.5 The site is located at junction 8 of the M20 in Kent. It is strategically located with a reach as far the East Midlands (within 270mins by HGV), and internationally via the Eurotunnel, and Thames and Channel ports. Around 21 million consumers are reachable within 3 hours via HGV.
- 1.6 The site is geographically well placed for logistics use, with national and international connections, and the local workforce in Kent is well geared towards logistics and manufacturing, with a high proportion within the industry, or connected trades. Access to the site is well served, with 2 train stations within a 10-minute bike ride, and regular bus service connecting to Maidstone and Ashford.

Figure 1: Strategic Location of the Site

Source: Wates Developments, Proposal for Employment Use Unit, 2022

Site and Spatial Context

- 1.7 The Land at Ashford Road Maidstone (7.20 acres / 2.91 hectares) provides an excellent location and can accommodate a single unit industrial warehouse providing a total lettable floor area of **116,120 sq ft** (Gross Internal Area).
- 1.8 There are many **benefits** of the location for logistics:
- The proximity to service customers (businesses or end consumers) with good access to major population centres, including Greater London and major towns in Kent and Sussex in particular.
 - Competition due to displacement of occupiers away from London and the M25 due to significant rental and labour cost increases at existing sites.
 - Direct access onto junction 8 of the M20 providing connectivity to the national motorway network via the M25. Motorways account for < 1% of the total road length in GB but 47% of all HGV traffic.
 - Proximity to built-up area of Maidstone providing access to an economically active population / labour force.

- Between July 2020-June 2021 Maidstone's economically active population totalled 93,000, increasing to 335,100 within the wider Medway Travel to Work Area. Of this 3,500 and 12,400 people were unemployed respectively. Importantly, within these numbers whilst 8,400 people are economically inactive they are looking for employment. (Maidstone and Medway Annual Population Survey 2021).

Figure 2: Ashford Road, Maidstone Site



Source: Wates Developments, Proposal for Employment Use Unit, 2022

2. Current Policy Context

- 2.1 The starting point for understanding both the economic opportunity for growth in the industrial/warehouse sector and the need to provide additional land to accommodate it is to consider the existing policy and evidence base that is shaping the future of the economy in Maidstone.
- 2.2 Distribution and warehousing businesses tend to be flexible in terms of geography within a target area, principally focusing on accessibility to the transport network. This is unlike other employment sectors, which are mainly concerned with access to a highly skilled workforce, such as finance or bioscience, for instance.
- 2.3 Given the fluidity, there is no single definition of the market area within which Maidstone sits in terms of logistics and distribution activity. Notwithstanding this, proximate access to the M20 corridor would likely be a pre-requisite for occupiers of the nature anticipated at the Maidstone site. To account for this, we have expanded our policy review to consider supply and demand dynamics in Medway, Ashford and Tonbridge and Malling, which provide similar access to the M20 corridor and would likely attract a similar occupier base.
- 2.4 We recognise that there is a significant volume of policy and strategy information within the area and have focused on the most relevant components for this assessment. We have considered local planning policy and evidence in order to identify how land is being made available to accommodate identified growth needs.

National Planning Policy Context

National Planning Policy Framework (2021)

- 2.5 The National Planning Policy Framework (NPPF) is a document that both guides the writing of Local Plans across the UK and provides a framework for making planning decisions.
- 2.6 Chapter 2 titled 'Achieving sustainable development' states that the NPPF is intended to 'help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure' (Paragraph 8.a).
- 2.7 The NPPF is clear that 'sustainable development' includes environmental, social and economic aspects.
- 2.8 Chapter 6 of the NPPF focuses on 'building a strong, competitive economy', and is clear about the significant weight to be given to economic benefits. It states at Paragraph 81 that "Planning policies

and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities". The same paragraph also requires local authorities to take an approach which both builds on existing economic strengths and addresses weaknesses in the economy to improve future performance.

- 2.9 Paragraph 83 makes explicit reference to the storage and distribution sector, reflecting the need to ensure the locational requirements of it (and other sectors) are appropriately taken into account when making planning decisions. The accessibility of locations is noted as the key consideration in unlocking the economic opportunity and potential of an area.

National Planning Policy Guidance (2021)

- 2.10 The National Planning Policy Guidance (NPPG) provides a range of specific guidance and strategy-related to the plan-making process. It provides guidance on how to ensure sufficient land exists to support future growth by outlining the need for a 'Housing and economic land availability assessment', which is to identify *'a future supply of land which is suitable, available and achievable for housing and economic development uses over the plan period'*.
- 2.11 The NPPG states that a 'housing and economic land availability assessment' should:
- *'Identify sites and broad locations with potential for development;*
 - *Assess their development potential; and*
 - *Assess their suitability for development and the likelihood of development coming forward (the availability and achievability)'.*
- 2.12 The NPPG also notes that the *'logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land)'.*

Adopted Development Plan

- 2.13 The subject site is under the jurisdiction of Maidstone Borough Council (MBC). Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires the determination of planning applications to be made in accordance with the relevant Development Plan, unless material considerations indicate otherwise. As such, the site would need to be considered against the following policy documents:
- Maidstone Borough Local Plan (adopted 2017)

- Kent Minerals and Waste Local Plan (adopted 2016)

Maidstone Local Plan (2017)

- 2.14 The Maidstone Borough Local Plan covers the period from 2011 to 2031. The Maidstone Local Plan sets out the scale and distribution of development; identifies, by site, where development will be located; identifies where development will be constrained; and explains how the council and its partners will deliver the plan.
- 2.15 The site is outside any currently defined settlement boundary and within the open countryside within the adopted Development Plan. The site is entirely within the Kent County Council Minerals Safeguarding area (adopted Minerals Local Plan policy DM7), within which development will only be permitted for non-mineral development, where it is demonstrated that the mineral is not of economic value or cannot be extracted economically. The policy also allows development where material considerations indicate the need for the development overrides the presumption for the mineral safeguarding.
- 2.16 Immediately south of the site, south of the A20 Ashford Road, is a 'Landscape of Local Value' allocation within which development proposals should contribute positively to the conservation and enhancement of the protected landscape (Local Plan policy SP17, SS1 and para 4.114 although the site lies outside the designation).
- 2.17 The Kent Downs Area of Outstanding National Beauty (AONB) lies some 500m to the north of the site and just north of the main High Speed 1 (HS1) railway line. South of the M20 slip road, is an area of designed protected roadside verge which is required to be protected by adopted Local Plan policy DM30.
- 2.18 Policies on employment and economic development indicate the Council's commitment to supporting and improving the economy of the borough and providing for the needs of businesses. Specifically, policy SP21 is supportive of proposals that encourage highly skilled residents to work in the borough to reduce out commuting, and to improve skills in the workforce.
- 2.19 The evidence base includes a review of the previous employment land forecasts which examine the local economy to see which sectors will grow or contract. The office, industry and warehousing floorspace requirements can be met in part through the occupation of vacant buildings and land, redevelopment and planning permissions granted/completed 2011-16.
- 2.20 The amount of floorspace needed in addition to what is available from these sources is shown in Table 1 below as a net requirement for the remaining plan period. For industrial uses, sufficient land is

already available from these sources to more than meet the amount of floorspace which is forecast to be needed. The net requirement therefore appears as a negative figure. For offices, the required floorspace will be met, in part, through development on windfall sites in addition to the specific allocations in the plan.

Table 1: Net Floorspace requirements for office, industry, and warehousing

	Offices (NIA)	Industry (GIA)	Warehousing (GIA)
Gross requirement m ² (2011-31)	39,830	20,290	49,911
Net requirement m ² (2016-31)	24,600	-18,610	7,965

Source: Maidstone Local Plan (2017)

- 2.21 In addition to establishing the quantity of additional B class employment floorspace needed, an assessment of the existing, established employment sites in the borough and their continuing role in meeting future business needs was also completed.
- 2.22 The analysis identified that, without further action, the borough would lack a new, well serviced, and well-connected mixed-use business park which could be particularly aimed at providing new offices, small business orientated space, stand-alone industrial and manufacturing space built for specific end users and smaller scale distribution businesses.
- 2.23 It should be noted that Policy EMP1 (4) within the Local Plan allocates Woodcut Farm, which sits directly adjacent to the subject site. This allocation also has planning consent, providing greater certainty around delivery. This materially changes the context of the subject site from one located in open countryside, to a site that sits in the immediate context of an employment location.
- 2.24 Importantly, the above has since been replaced by the evidence base supporting the emerging local plan. This is considered in greater detail below.

Emerging Policy Context

Emerging Local Plan

- 2.25 Maidstone Borough Council (MBC) is currently undertaking a review of the Local Plan. When adopted, this will replace the policies of the current 2017 Local Plan.
- 2.26 MBC is required by government to prepare a Local Development Scheme (LDS). An LDS sets out the timetable for the delivery of planning policy documents like the Local Plan.

- 2.27 The LDS 2021-2023 was approved by Full Council on 14th July 2021 and outlined the timetable for the Local Plan Review. The LDS has been amended to include the Design and Sustainability DPD and the Gypsy and Traveller DPD. The Local Development Scheme 2021-2024 was approved by Full Council on 8th December and took effect the same day
- 2.28 The emerging draft Local Plan underwent its Regulation 19 consultation stage, which ran from October to 12th December 2021. This included allocated land at Woodcut Farm for B-class employment, and this now has planning consent. The site allocations remain unaltered from the adopted plan but to the south of the A20 Ashford Road, a major safeguarded area is proposed for a new potential Leeds Langley Relief Road and the land is identified as a 'potential' strategic development area under draft policy LPRSP5(A).
- 2.29 The Council is creating an evidence base to ensure it has sufficient social, environmental, economic and physical information to inform the review of the local plan. The adopted local plan explains how its policies will be delivered and implemented and identifies performance indicators against which the success of policies is monitored. The performance indicators will be monitored through annual Authority Monitoring Reports, and the Council will monitor and review progress against the LDS programme in this document.
- 2.30 Matters to be reviewed include:
- A review of housing needs
 - The allocation of land at the Invicta Park Barracks broad location and at the Lenham broad location if the latter has not been achieved through a Lenham Neighbourhood Plan in the interim
 - Identification of additional housing land to maintain supply towards the end of the plan period and, if required as a result, consideration of whether the spatial strategy needs to be amended to accommodate such development
 - A review of employment land provision and how to accommodate any additional employment land needed as a result
 - Whether the case for a Leeds-Langley Relief Road is made, how it could be funded and whether additional development would be associated with the road
 - Alternatives to such a relief road

- The need for further sustainable transport measures aimed at encouraging modal shift to reduce congestion and air pollution
- Reconsideration of the approach to the Syngenta and Baltic Wharf sites if these have not been resolved in the interim
- Extension of the local plan period

Economic Development Needs Study (EDNS) (2019-2021)

- 2.31 The EDNS provided a comprehensive evidence base for employment, retail, leisure and town centre needs within the Borough during the period to 2037 and 2042, having regard to the revised National Planning Policy Framework ('NPPF') and Planning Practice Guidance ('PPG').
- 2.32 The study was split across three separate documents:
- **Stage one: Taking stock of the Current position** - Encompassing all employment, retail, leisure and main town centre uses.
 - **Stage Two: Future Needs Assessment** – a substantive, integrated EDNS in accordance with Government guidance and best practice for retail, leisure and employment needs.
 - **EDNS Addendum** – Providing an updated economic evidence base as at 2021, to help inform decision making and support the preferred spatial strategy and approaches going forward into the draft Local Plan (Regulation 19).
- 2.33 The EDNS considers potential employment floorspace requirements through three methods: An analysis of baseline job growth, and conversion to floorspace; past development rates; and labour supply. The EDNS concludes that the Council should plan to accommodate at least the labour demand (job growth) based requirement, and so analysis within this report focuses on this specific scenario.
- 2.34 The Experian employment projections indicate overall growth of 11,200 workforce jobs for Maidstone over the 15-year Local Plan period from 2022 to 2037, equivalent to around 747 jobs per year on average. This provides for an increase of 690 B8 jobs between 2022 and 2042, with a total growth in industrial jobs of 1,500 as detailed below within Table 2.

Table 2: Forecast Employment Change in Maidstone (2022-2042)

Use	Number of Workforce Jobs		Change (2022-2042)
	2022	2042	
Office (B1a/B1b) Jobs	16,660	19,680	3,020
Industrial (B1c/B2) Jobs	10,845	11,655	810
Warehouse (B8) Jobs	7,590	8,280	690
Total B Class Jobs	35,095	39,615	4,520
Total Workforce Jobs	92,500	108,020	15,520

Source: EDNS Stage Two, 2021 (Lichfields)

- 2.35 Based on the above, and adopting appropriate employment density figures, in line with HCA guidance, the EDNS provides for a net B8 employment floorspace requirement of 56,875 sqm between 2022 and 2042. This is detailed below in Table 3.

Table 3: Net Employment Floorspace Requirements in Maidstone

Use	Floorspace (GEA sqm)		
	2022-2037	2022-2042	2019-2037
Offices (B1a/B1b)	33,430	45,660	35,740
Manufacturing (B1c/B2)	27,135	43,940	36,625
Distribution (B8)	40,990	56,875	55,310
Total B Class	101,555	146,475	127,675

Source: EDNS Stage Two, 2021 (Lichfields)

- 2.36 Converting this floorspace requirement to hectares of employment land, this results in the following:

Table 4: Planning Requirements (Ha)

Use	Floorspace (GEA sqm)		
	2022-2037	2022-2042	2019-2037
Offices (B1a/B1b)	3.7	5.0	3.9
Manufacturing (B1c/B2)	6.8	11.0	9.2
Distribution (B8)	10.2	14.2	13.8
Total B Class	20.7	30.2	26.9

Source: EDNS Stage Two, 2021 (Lichfields)

- 2.37 The EDNS Addendum, produced in 2021 recognised the importance of an update to employment land requirements post-Covid-19. Notwithstanding the greater degree of uncertainty and variability the EDNS attributes to the most recent forecasts as a result of Covid-19, the updated floorspace requirements provide for the following:

Table 5: Maidstone Net Employment Floorspace Requirement Update 2021

Use	2022 to 2037		2022 to 2042	
	Floorspace (GEA sqm)	Land (ha)	Floorspace (GEA sqm)	Land (ha)
Offices (Class E)	39,520	4.3	56,930	6.3
Industrial (B2 & Class E)	44,320	11.1	64,905	16.2
Warehouse (B8)	56,270	14.1	84,830	21.2
Total Office, Industrial & Warehouse	140,110	29.5	206,665	43.7

Source: EDNS Addendum, 2021 (Lichfields)

- 2.38 In reviewing these, it is important to note that the employment floorspace and land requirements indicated by the December 2020 Experian forecast are around 40% higher than those from the September 2019 forecast, included within the previous version of the EDNS. The report indicates that industrial and warehousing uses account for most of this increase in floorspace due to the significant job growth outlook for industrial and warehousing sectors.
- 2.39 Some of this will be driven by the fall in current employment within the Experian model. The UK economy went through unprecedentedly turbulent times in 2020, as the COVID-19 pandemic forced the UK into either full or partial lockdown, the economy was directly impacted as consumers and businesses were forced to change their usual behaviour and activity.
- 2.40 Predicting the future of the economy is fraught with challenges even in more 'normal' times as most forecasts cannot anticipate major 'external' shocks. Forecasting in during a period of such uncertainty as we experienced in 2020 is even more of a challenge as the full impacts are unknown and the pace of recovery unclear.
- 2.41 Given this context, the EDNS forecasts from December 2020 started from a lower base. This will forecast a much steeper and quicker 'V' shaped recovery, helping support the rise in industrial and warehousing job growth.
- 2.42 Balancing these demand requirements against pipeline supply, including allocated sites, sites proposed for allocation through Local Plan Review, and extant permissions for B Class uses across the borough, the EDNS sets out that the total amount of floorspace available to help meet future needs is estimated to comprise 237,420sqm. This is detailed below in Table 6.

Table 6: Supply of Employment Floorspace in Maidstone (As at February 2021)

Source		Employment Space Supply (sq.m)				
		Office	Industrial	Warehousing	Mixed	Total
Existing Employment Allocation	EMP1 (1) West of Barradale Farm				3,564	3,564
	EMP1 (2) South of Claygate, Marden				4,084	4,084
	EMP1 (4) Woodcut Farm, Bearsted				49,000	49,000
Existing Mixed-Use Allocation	RMX1 (1) Newnham Park, Maidstone	21,270				21,270
	LPRSA146 [RMX1(2)] Maidstone East	10,000				10,000
	LPRSAEmp1 [RMX1(4)] Syngenta				46,000	46,000
	LPRSA151 [RMX1(6)] Mote Rd	2,000				2,000
Proposed Allocation (Preferred Approaches - Regulation 18b)	LPRSA145 Len House	530				530
	LPRSA147 Gala Bingo & Granada House	200				200
	LPRSA148 [RMX1(5)] Maidstone Riverside	5,148				5,148
	LPRSA149 Maidstone West	1,034				1,034
	LPRSA009 Right Kard	37				37
	LPRSA053 12-14 Week Street	81				81
	LPRSA144 High Street/Medway Street	56				56
	LPRSA150 Mill Street Car Park	358				358
	LPRSA078 Haven Farm, SV	375				375
	LPRSA260 Ashford Rd, Lenham				3,108	3,108
	LPRSA273 Land between Maidstone Rd & Whetsted Rd				41,023	41,023
LPRSA285 Dickley Court, Lenham	188				188	
Garden Settlement	Lidsing Garden Settlement*				16,917	16,917
	Heathlands Garden Settlement**				30,707	30,707
Extant planning permissions (i.e. not started)		7,543	-5,828	35		1,750
Total		48,820	-5,828	35	194,403	237,430

Source: EDNS Addendum, 2021 (Lichfields)

- 2.43 Whilst this table indicates employment uses of all types, it's important to note that industrial figures are negative, reflecting extant permissions that would remove industrial supply from the Borough's stock if implemented in full. Warehousing space provides a very small share at just 35sqm.
- 2.44 Therefore, whilst the analysis of demand/supply balance within the EDNS indicates a net surplus of employment land, and suggests that the c. 100,000sqm of industrial and warehouse requirement could be met by 'mixed supply' that is allocated and consented in Table 6, there is very limited, if any

supply coming forward to meet the specific requirements of logistics sector operators. More detailed analysis of this is considered within section 5's analysis of alternative sites.

Wider FEMA Policy Review

2.45 As detailed above, potential occupiers at the subject site will require proximate access to the M20. However, demand will not be constrained by political boundaries. We have therefore considered the supply/demand dynamics detailed within planning policy across the wider FEMA, including Ashford, Medway and Tonbridge and Malling.

Ashford

2.46 The Local Plan, adopted in 2017, establishes a policy and delivery framework that provides clear guidance to ensure that the Council's aims for the Borough are achieved where they relate to issues of planning and land use. It covers the period between 2011 and 2030.

2.47 The Strategic Employment Options Report (SEOR) derived a forecast of future employment land requirements based on the anticipated performance of the economy. Based on a jobs target of 12,600 jobs the SEOR indicated a requirement for 70.9 hectares of land for B class uses over the period from 2010 – 2030.

2.48 An additional GL Hearn commission in 2016 to undertake an Employment Land Review: Site Assessment, provided an up-dated employment land requirement for 2014-2030 of 63 hectares based on the baseline scenario from the 2012 SEOR report. The report adopted the highest assessment figures, based on past completions to ensure that employment land supply does not unduly constrain the potential of the Borough's economy and to recognise the inherent uncertainties associated with long-term forecasting. This indicated the following need.

Table 7: Ashford Net Employment Land Needs (Ha)

Use	Total 2015-30 (Hectares)
Office (B1a/b)	20
Industrial (B1c/B2)	14
Warehouse/ Distribution (B8)	27
Total	61

Source: *Employment Land: Site Assessments, 2016*

2.49 Comparing this with annual monitoring reports published since the publication of the local plan indicates the following:

- The 2017-2018 AMR provided no update on employment land.

- The 2018-2019 AMR indicated a net increase of 50,927sqm of completed employment floorspace, a net increase of 33,359 sqm under construction, and 167,917sqm consented.
- The 2019-2020 AMR indicated a net-increase of 10,398sqm of completed employment floorspace, a net increase of 30,076sqm under construction and a net employment floorspace of 324,035 sqm with planning permission but has not yet commenced development.

2.50 Whilst the figures above provide annual updates on a sqm basis, it is not possible, using the policy documents provided by the Council to ascertain total progress towards the annual land supply target as a site may shift between categories over the period of analysis. For example, a site may move from consented to under construction between different periods. This could present potential challenges with double counting.

Medway

2.51 The current Local Plan in Medway was adopted in 2003. The Local Development Scheme provides an updated programme for the production of a new local plan that will provide the basis for development policy in Medway. The scheme covers the period from 2021 to 2024 and updates the Medway Local Development Scheme published in August 2020. The key milestones targets adoption in Spring 2023.

2.52 The new Local Plan is addressing the supply of employment land to meet the needs of businesses in Medway up to 2037. An updated evidence base is being prepared and the Planning Service is liaising with wider services in planning for recovery and responding to change from the impacts of Covid on the economy.

2.53 The Employment Land Need Assessment, produced by Avison Young in October 2020 to underpin the new Local Plan provides two forecasts, depicting an 'optimistic' Covid-19 impact, and a 'pessimistic' Covid-19 impact. This provides for the following land requirements.

Table 8: Medway Synthesis Forecast (including windfall and churn) 'Optimistic'

Change from 2020 to ... (B Class Only)	Synthesis Forecast 1 (to 2040)	Synthesis Forecast 1 (to 2037)
Employment	4,336	3,667
Office (B1a)	1,049	751
Other Business Space (B1b/c, B2)	794	649
Warehouse (B8)	2,493	2,267
Floorspace (sqm)	319,677	285,279
Office (B1a)	70,419	60,107
Other Business Space (B1b/c, B2)	37,181	31,178
Warehouse (B8)	212,076	193,994
Land (Ha)	69.4	62.3
Office (B1a)	7.0	6.0
Other Business Space (B1b/c, B2)	9.3	7.8
Warehouse (B8)	53.0	48.5

Source: Medway Employment Land Needs Assessment (October 2020)

Table 9: Medway Synthesis Forecast (including windfall and churn) 'Pessimistic'

Change from 2020 to ... (B Class Only)	Synthesis Forecast 2 (to 2040)	Synthesis Forecast 2 (to 2037)
Employment	2,725	2,101
Office (B1a)	336	61
Other Business Space (B1b/c, B2)	270	134
Warehouse (B8)	2,120	1,906
Floorspace (sqm)	263,533	230,700
Office (B1a)	61,859	51,823
Other Business Space (B1b/c, B2)	18,315	12,639
Warehouse (B8)	183,359	166,238
Land (Ha)	56.6	49.9
Office (B1a)	6.2	5.2
Other Business Space (B1b/c, B2)	4.6	3.2
Warehouse (B8)	45.8	41.6

Source: Medway Employment Land Needs Assessment (October 2020)

- 2.54 These provide a requirement range of 183,359sqm to 212,076sqm for B8 floorspace based on the impacts of Covid-19.
- 2.55 The latest Annual Monitoring Report published by Medway Council covers the period 2020-2021. This outlines that although there were gains in the quantum of employment floorspace over the year, these were outweighed by losses. This is set out below in Table 10.

Table 10: Amount and Type of Completed Employment Floor Space (sqm) 2020-2021

	B1	B2	B8	Mixed B	Total
Gross	3,438	1,058	4,713	0	9,209
Net	-2,282	-424	-1,772	0	-4,478

Source: Medway AMR, 2020-2021

2.56 Building on the above net loss, The AMR indicates that there is 201,038sqm of B8 floorspace consented, and 44,675sqm under construction. Taking account of potential losses of 6,022sqm, this provides for a net pipeline of 239,691sqm. This therefore meets the floorspace requirements detailed within the employment land needs assessment.

Tonbridge and Malling

2.57 Subsequent to the Inspectors Final Report on 8 June 2021, a resolution was made to withdraw the current plan and review, refresh and resubmit the Local Plan.

2.58 Despite the decision for the submitted Local Plan to be revised, the employment land evidence base commissioned to inform the Local Plan is still of relevance. At present, the studies provide the best indication of TMBC's employment growth position, and employment sites and land.

2.59 There are four key documents which form part of the evidence base, and have been considered:

- Economics Futures Forecasting Study (January 2014)
- Economics Futures Forecasting Study - Addendum (November 2014)
- Employment Land Review (December 2014)
- Update of Employment Land Needs (November 2017)

2.60 The employment land requirement differs between the two studies. For the 2014 study, the land requirement ranged from 68.5 – 92.7 ha, whereas the 2017 update resulted in a land requirement of 75.1 – 85.9ha. Working from the 2017 update, a summary of Gross land requirement is detailed below in Table 11.

Table 11: Gross Employment Land Requirement (2011-2031) (Ha)

	Use Class	Employment Land Requirement
Office	B1a/b	6.3 ha
Industrial	B2	-7.1 ha
Warehouse	B8	86.7 ha
Total B		85.9 ha

Source: ELR Update, 2017

- 2.61 As at the publication of the ELR in 2017, there was a requirement for a further 49 ha of industrial land, as detailed below in Table 12.

Table 12: Supply/Demand of B Class Employment Land by Market Segment (2011-2031)

	Office (B1a/b)	Industrial (B1c/B2/B8)
Land Requirement	6.3 ha	79.6 ha
Land Supply	8.5 ha	30.6 ha
Surplus/ Shortfall	+2.2 ha	-49.0 ha

Source: ELR Update, 2017

- 2.62 Tonbridge and Malling has not provided AMRs to allow assessment of performance against the 49 ha shortfall since 2017.

Summary and Conclusion

- 2.63 The importance of growth in employment within the industrial, and more specifically the distribution, sector is recognised across all levels of policy, as is the need for appropriate land to be provided to ensure demand is not frustrated by a lack of supply.
- 2.64 Working from a policy basis, we recognise that in Maidstone alone, there is a net surplus of employment land. Expanding this analysis across to the wider FEMA, we can also identify a net surplus of employment land in Medway, with a lack of available data within policy to provide an up-to-date view on levels of supply in Ashford and Tonbridge and Malling.
- 2.65 Importantly, the changing nature of the industrial sector means that there is likely a heightened requirement for industrial, and particularly B8 space since demand forecasts were undertaken for each of these areas.
- 2.66 Moreover, the nature of space delivered will be critical to maximise economic benefit to the district. As will be discussed in greater detail in Chapter 5 of this report, whilst supply figures appear reasonable in some cases, the nature of the supply coming forward is simply not suitable to meet the demand from the logistics sector. This is well demonstrated in Maidstone, where just 35sqm of the floorspace pipeline is recognised as consented B8 space.
- 2.67 To be successful, any sites proposed for development need to provide the appropriate scale of land and premises and marry this with strategic accessibility to enable businesses to service multiple markets. When considered against this policy direction there is a clear need, justification and requirement for the subject site to come forward for development to enable the Council to fulfil its growth objectives.

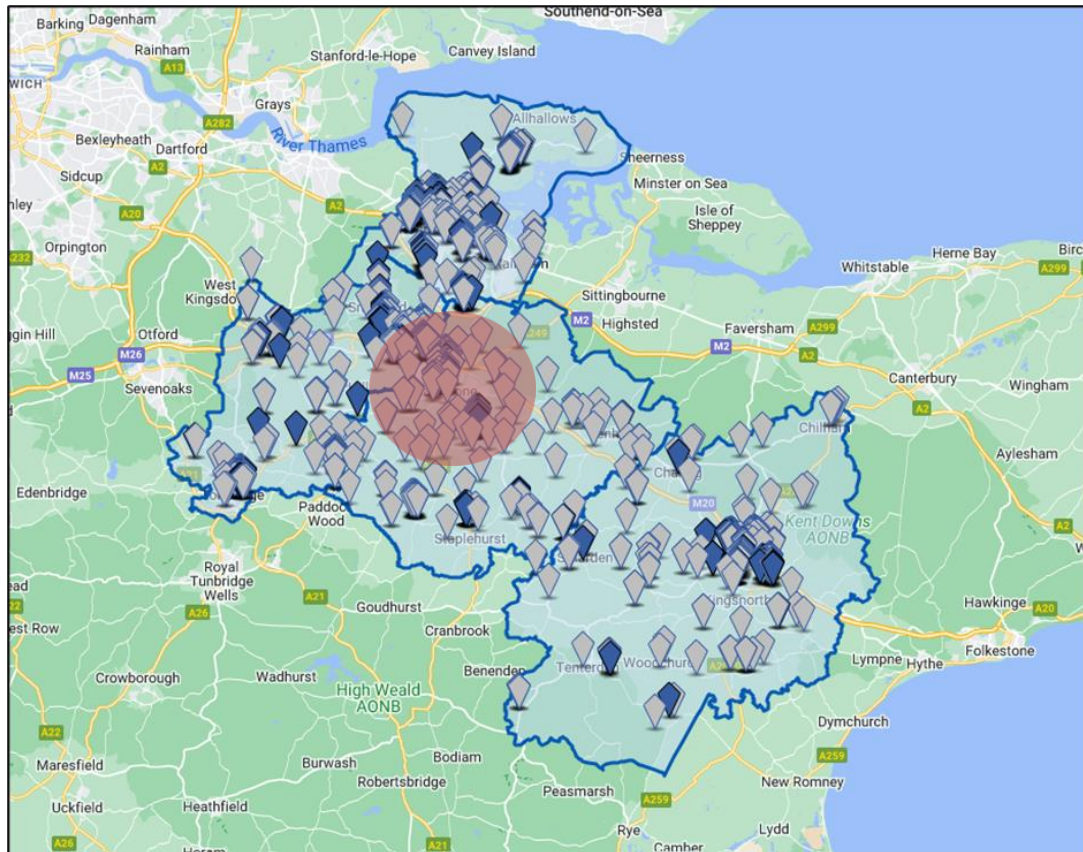
3. Assessment of Market Performance

- 3.1 The previous section has considered the policy and land supply position – both drawing directly on evidence and information prepared by the Council. In this section, we consider market dynamics to develop our understanding of the scale and nature of space that businesses are seeking to occupy and identify what this may mean for future space needs.
- 3.2 It should be noted that given this analysis relies on historic data there are some limitations in its usefulness as demand will naturally be limited by the provision of space within the district. However, it does provide a useful context to understand how future ‘forecast’ scales of development may actually be delivered.
- 3.3 The industrial and logistics market is understandably not constrained by or within political boundaries as occupiers will seek to find a property/site that meets their requirements in terms of unit size, specification and, increasingly, accessibility across a broad area of search.
- 3.4 Distribution and warehousing businesses tend to be flexible in terms of geography within a target area, principally focusing on accessibility to the transport network rather than accessibility to a particular workforce unlike other employment sectors, which are mainly concerned with access to a highly skilled workforce, such as finance or bioscience, for instance.
- 3.5 Given the fluidity, there is no single definition of the market area within which Maidstone sits in terms of logistics and distribution activity. Notwithstanding this, proximate access to the M20 corridor would likely be a pre-requisite for occupiers of the nature anticipated at the Maidstone site. To account for this, we have focussed our research across two spatial levels.
- 3.6 Firstly, in line with the analysis of planning policy, we have reviewed the property market dynamics in Maidstone, Medway, Tonbridge and Malling and Ashford. Secondly, we have focussed on the M20 corridor between Swanley and Ashford.

Industrial Provision

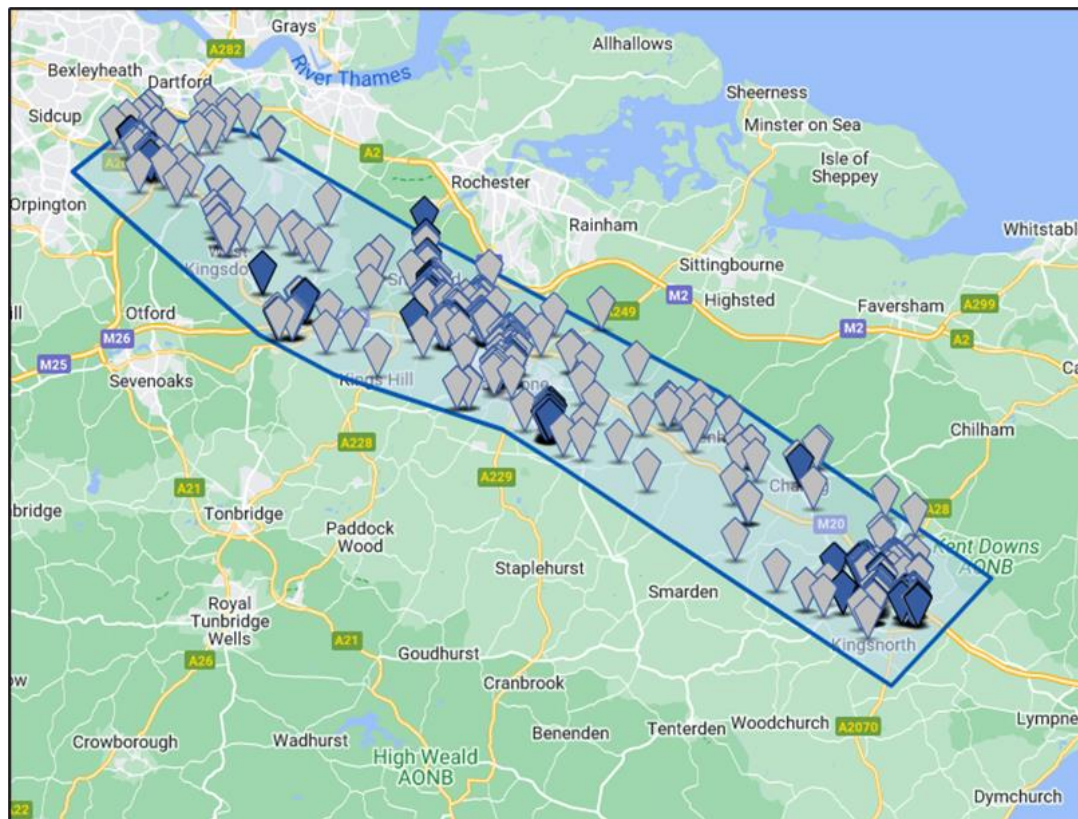
- 3.7 The spatial distribution of industrial stock in the sub-region, and the M20 corridor is detailed below in Figure 3 and Figure 4. The red circle indicates the current clustering of industrial stock around Maidstone. This generally falls within Maidstone town and to its south and west, with limited stock to the north and east. There is a large cluster of industrial units south east of Maidstone (Park Wood Industrial Estate) in Langley. This reflects older patterns of industrial activity, but does not reflect the location drivers of the logistics market.

Figure 3: Sub-Regional Industrial Area



Source: CoStar, 2022

Figure 4: M20 Industrial Corridor Industrial Area



Source: CoStar, 2022

- 3.8 Across the sub-region, there is a total of 1,268 industrial properties. Warehousing occupies c.40% of all industrial properties in the area. Warehousing and Service properties occupy c.75% of the total industrial floorspace, which demonstrates the importance of this sector to the local economy and a tendency for occupiers in this sector to be larger than other industrial businesses.
- 3.9 The stock is also of a fairly low quality, with an average rating of 2.5 out of 5 in the CoStar assessment¹. This, in part, reflects the fact that most of the stock is relatively old, with the average industrial property being built in the 1983. This is important for a number of reasons:
- 3.10 Firstly, key logistics occupiers require well located units of a high specification to support their operations. The date and quality of stock detailed below simply does not meet these requirements.
- 3.11 Secondly, in the context of climate change, the energy efficiency of buildings has become of increasing importance. The Minimum Energy Efficiency Standards (MEES) requires that landlords cannot grant a tenancy to either new or existing tenants of properties that have an Energy Performance Certificate (EPC) with a rating of F or G, unless they have legitimate reason. In April 2023, it will become an offence for landlords to **continue to let** a property with an EPC rating below E. Current Government proposals, detailed within the Government's UK Energy White Paper indicate a potential requirement for all properties to have at least a B rating from April 2030. Given the dated nature of much of the stock in the sub-regions, and the M20 corridor, this could render a large proportion of stock obsolete, presenting significant challenges to the local economy.

Table 13: Industrial Stock – Sub Regions

	Number of Properties		Floorspace (sqft)			CoStar Quality Rating	Average Year Built
	Total	%	Total	%	Average		
Distribution	63	5%	6,463,537	21%	102,596	3.1	1989
Warehouse	507	40%	15,208,124	49%	29,996	2.7	1988
Light Distribution	2	0%	8,988	0%	4,494	2.5	1975
Refrigeration/Cold Storage	2	0%	159,433	1%	79,717	2.5	1994
Food Processing	4	0%	399,714	1%	99,929	2.8	1980
Light Manufacturing	122	10%	1,647,217	5%	13,502	2.3	1970
Manufacturing	12	1%	2,599,849	8%	216,654	2.6	1985
R&D	0	0%	-	0%	-	N/A	N/A
Service	457	36%	3,015,010	10%	6,597	2.4	1982
Showroom	4	0%	119,406	0%	29,852	2.0	1986
Unknown	95	7%	1,299,585	4%	13,680	2.6	1984
ALL INDUSTRIAL	1268	100%	30,920,863	100%	54,274	2.5	1983

Source: CoStar, 2022

¹ See Appendix for CoStar rating system

- 3.12 Along the M20 corridor, the industrial stock comprises 615 properties making up 16.5 million sqft of industrial floorspace. Maidstone makes up 29% of the total industrial floorspace across the M20 corridor.
- 3.13 It's worth noting that stock across the M20 corridor makes up c. 48% of the units and 67% of the stock compared with the wider sub-region. 76% of properties are distribution/warehousing, indicating the significance of access to the M20 for logistics uses given its strategic positioning and access to key markets in London and across the South-East more broadly.
- 3.14 Along the M20 corridor, the main clusters are in Ashford, Maidstone, Langley (Park Wood), Ditton, Cobtree Manor Park – East of Aylesford, New Hythe, and Swanley. It is worth noting that whilst Langley (Park Wood) sits within the spatial extent of our M20 study area, we do not consider that this has strong connections to the motorway network and is therefore likely to be less appealing for distribution uses.
- 3.15 Stock is of a similar age and quality to that within the broader sub-region, with an average CoStar rating of 2.4 and average build completion dates of 1980. This therefore reflects a need to renew some of the stock within the area to bring it up to modern standard.

Table 14: Industrial Stock - M20 Corridor

	Number of Properties		Floorspace (sqft)			CoStar Quality Rating	Average Year Built
	Total	%	Total	%	Average		
Distribution	30	5%	4,307,413	26%	143,580	3.1	1991
Warehouse	282	46%	8,256,109	50%	29,277	2.7	1989
Light Distribution	1	0%	3,521	0%	3,521	2.0	1950
Refrigeration/Cold Storage	3	0%	165,634	1%	55,211	2.3	1994
Food Processing	3	0%	344,131	2%	114,710	2.7	1987
Light Manufacturing	60	10%	596,330	4%	9,939	2.2	1967
Manufacturing	7	1%	1,155,289	7%	165,041	2.3	1985
R&D	0	0%	-	0%	-	-	-
Service	227	37%	1,597,770	10%	7,039	2.4	1982
Showroom	2	0%	94,964	1%	47,482	1.5	1980
Unknown	0	0%	-	0%	-	-	-
ALL INDUSTRIAL	615	100%	16,521,161	1	63,978	2.4	1980

Source: CoStar, 2022

- 3.16 Table 15 shows the share of properties built by period. This shows that only 20% of the existing industrial stock was built in the last 20 years, with the rest of the stock mainly dating from the 1976-2000 period (52%).
- 3.17 The low share of distribution space built in the past 50 years (4%) demonstrates the lack of “modern” distribution properties in the area. This observation is even more relevant for light distribution space,

as there has simply been no construction of any units over this timeframe. Again, this will present challenges due to the lack of suitability of stock for modern logistics occupiers requirements, and the impact of MEES, both through existing regulations and strengthening proposals from 2030.

Table 15: Industrial Stock, Year Built – Sub Regions

	Pre-1950	1951-1975	1976-2000	2000-2022
Distribution	1%	0%	2%	2%
Warehouse	1%	7%	24%	9%
Light Distribution	0%	0%	0%	0%
Refrigeration/Cold Storage	0%	0%	0%	0%
Food Processing	0%	0%	0%	0%
Light Manufacturing	2%	4%	3%	1%
Manufacturing	0%	0%	0%	0%
R&D	0%	0%	0%	0%
Service	2%	10%	19%	6%
Showroom	1%	1%	3%	2%
ALL INDUSTRIAL	6%	22%	52%	20%

Source: CoStar, 2022

- 3.18 Table 16 shows the share of properties built by period across the M20 Corridor. Much like the wider sub-region, this shows that only 21% of the existing industrial stock was built in the last 20 years, with the rest of the stock mainly dating from the 1976-2000 period (51%).
- 3.19 Warehousing has seen half as much development in the past 20 years compared to the period 1976-2000, indicating a critical need for modernisation of stock.

Table 16: Industrial Stock, Year Built – M20 Corridor

	Pre-1950	1951-1975	1976-2000	2000-2022
Distribution	0%	1%	3%	2%
Warehouse	1%	7%	27%	12%
Light Distribution	0%	0%	0%	0%
Refrigeration/Cold Storage	0%	0%	0%	0%
Food Processing	0%	0%	0%	0%
Light Manufacturing	2%	4%	3%	1%
Manufacturing	0%	0%	1%	0%
R&D	0%	0%	0%	0%
Service	2%	12%	16%	7%
Showroom	0%	0%	0%	0%
ALL INDUSTRIAL	5%	23%	51%	21%

Source: CoStar, 2022

- 3.20 In terms of size, there is a spread across size bands – Service units tend to be smaller, with a large spread of units between 5000-10,000 sqft. Warehouses tend to be larger – the stock mainly varies between either 10,000 – 20,000 sqft or 20,000 – 50,000 sqft.

Table 17: Number of Industrial Properties by Size (sqft) – Sub Regions

	< 2,000 sqft	2,000 - 5,000 sqft	5,000 - 10,000 sqft	10,000 - 20,000 sqft	20,000 - 50,000 sqft	50,000 - 100,000 sqft	> 100,000 sqft
Distribution	4	0	4	4	15	15	21
Warehouse	5	10	21	215	191	48	17
Light Distribution	0	1	1	0	0	0	0
Refrigeration	0	0	0	0	0	0	0
Food Processing	0	0	1	0	1	1	1
Light Manufacturing	30	30	23	17	10	9	1
Manufacturing	0	1	0	0	2	1	8
R&D	0	0	0	0	0	0	0
Service	57	167	212	10	3	5	1
Showroom	0	1	1	1	0	1	0
ALL INDUSTRIAL	96	210	263	247	222	80	49

Source: CoStar, 2022

- 3.21 Many “large” industrial units (i.e., assumed as units above 100,000 sqft here) are being used for distribution and warehousing. Scale is clearly more important to the distribution and warehousing activities compared to other activities. Warehousing occupies 86% of all industrial units 20,000 sqft – 50,000 sqft, and the warehousing and distribution sectors take up 79% of all units above 50,000 sqft, which highlights the need to respond to their demand for larger units in the future.
- 3.22 Despite their prominence relative to other unit typologies, the presence of just 38 units over 100,000sqft across the wider sub-region demonstrates limited supply in the context of strong demand for logistics space. This point is accentuated when you take account of the stock quality and age discussed above, as this indicates very limited stock that of the scale and quality to meet the requirements of modern logistics occupiers.
- 3.23 These trends are also displayed when viewing the M20 corridor. Given the strategic location with proximate access to the M20, the relative lack of distribution and warehouse space over 100,000 sqft is surprising. This point is accentuated when assessing the date of stock, which indicates that the majority of stock of this nature was built prior to 2000 and is therefore unlikely to meet the requirements of the leading distribution and logistics occupiers.
- 3.24 Notwithstanding this, proportionally, scale is also more important to the distribution and warehousing activities across the M20 Corridor, compared to other activities. Warehousing occupies 87% of all industrial units 20,000 sqft – 50,000 sqft, and the warehousing and distribution sectors take up 86% of all units above 50,000 sqft, which highlights the need to respond to their demand for larger units in the future.

Table 18: Number of Industrial Properties by Size (sqft) – M20 Corridor

	< 2,000 sqft	2,000 - 5,000 sqft	5,000 - 10,000 sqft	10,000 - 20,000 sqft	20,000 - 50,000 sqft	50,000 - 100,000 sqft	> 100,000 sqft
Distribution	0	0	2	0	7	7	14
Warehouse	2	5	10	113	116	29	7
Light Distribution	0	1	0	0	0	0	0
Refrigeration	0	0	0	0	0	0	0
Food Processing	0	0	1	0	1	0	1
Light Manufacturing	14	20	14	5	4	3	0
Manufacturing	0	1	0	0	2	0	4
R&D	0	0	0	0	0	0	0
Service	37	74	106	6	3	2	1
Showroom	0	1	0	0	0	1	0
ALL INDUSTRIAL	53	102	133	124	133	42	27

Source: CoStar, 2022

Vacancy

3.25 The industrial vacancy rate for all light industrial and industrial uses in the sub-regions is just 3.1%, as demonstrated in Figure 5.

Figure 5: Vacancy Rates - Industrial and Light Industrial Stock - Sub-Region

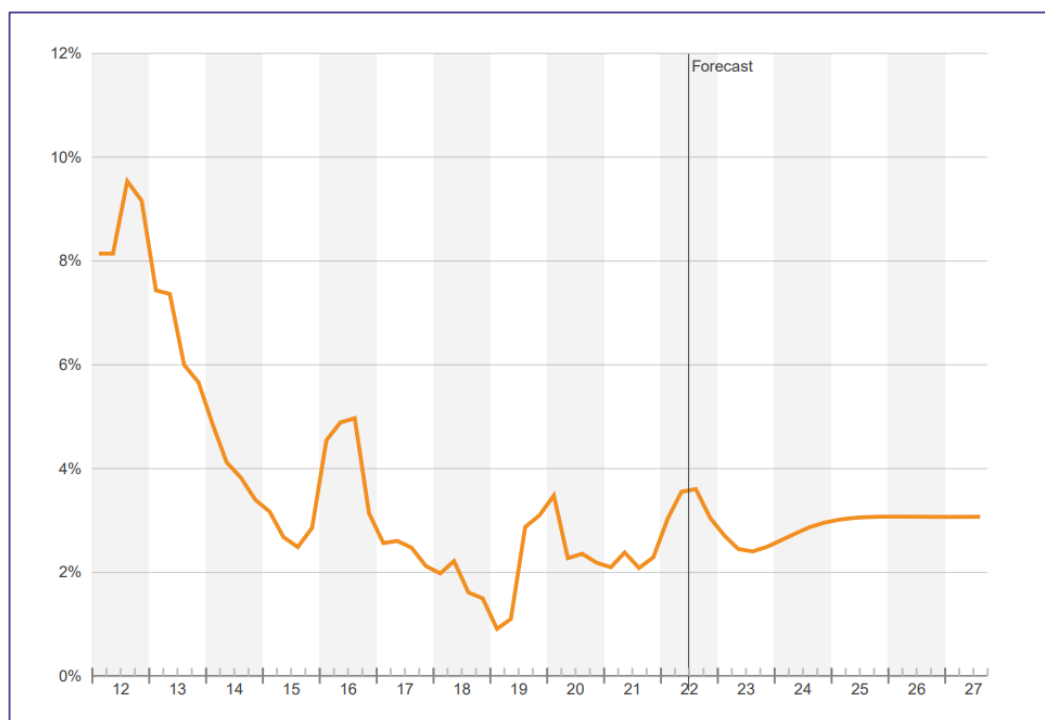


Source: CoStar, 2022

3.26 Despite an increase from 2.3% in 2019, vacancies are expected to tail off in the coming years, demonstrating the strength of the industrial market and the appetite from tenants for space in the area. When viewing trends since 2012, there has been a strong and sustained dip in vacancy. This reflects the fact that supply of new buildings is not keeping pace with growth in demand.

- 3.27 Low vacancy rates are not desirable to sustain local economic growth and high productivity as, due to lack of available space, businesses wishing to expand their activities or settle in the area might be forced to look elsewhere for suitable and available space – sometimes in sub-optimal locations.
- 3.28 To positively plan for the future of the local economy Maidstone Council will need to ensure there is provision of the right space, in the right locations for the logistics sector to ensure its full economic potential is met and wider benefits can be harnessed.
- 3.29 The vacancy rate for distribution and warehouses in the study area is approximately 3.5%. This has followed similar trends to the wider industrial market, seeing a sustained drop in vacancies due to undersupply of stock, relative to strengthening demand. The vacancy rate is expected to see further drops over the coming years.

Figure 6: Vacancy Rates - Warehouse and Distribution – Sub-Region



Source: CoStar, 2022

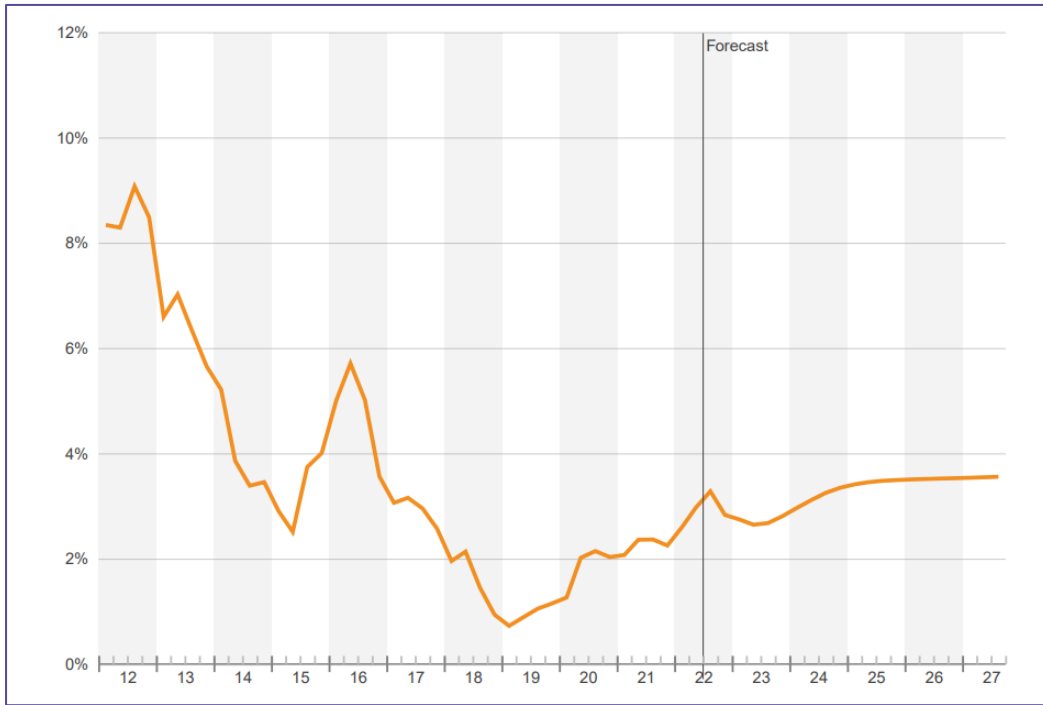
- 3.30 Given the larger floorplate nature of warehouse and distribution space, vacancy rates will generally look amplified as just a few vacant units have a significant impact on the overall rate. The fact that just 3.5% of space is deemed vacant is indicative of the constraints on existing supply.
- 3.31 The industrial vacancy rate for all light industrial and industrial uses in M20 corridor is just 2.7%, as demonstrated in Figure 7. This demonstrated an even more constrained supply base than is the case in the sub-region.

Figure 7: Vacancy Rates - Industrial and Light Industrial - M20 Corridor

Source: CoStar, 2022

- 3.32 Much like the wider sub-region, the M20 corridor has experienced a sharp and reasonably sustained drop in vacancy. Therefore, there is a real risk that a lack of available space will force businesses away from this area, potentially to sub-optimal locations without the same strength of connectivity to the strategic road network.
- 3.33 The vacancy rate for distribution and warehouses within the M20 corridor study area is approximately 3.0%. This has followed similar trends to the wider industrial market, seeing a reasonably sustained drop in vacancies due to undersupply of stock, relative to strengthening demand.

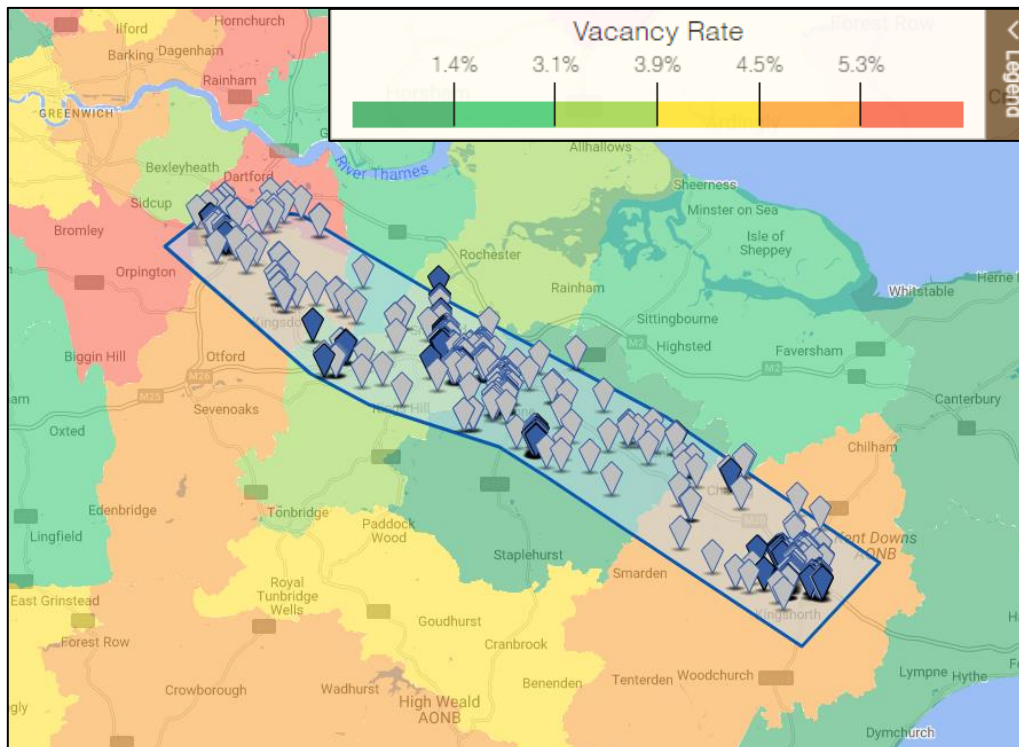
Figure 8: Vacancy Rates - Warehouse and Distribution - M20 Corridor



Source: CoStar, 2022

3.34 Figure 9 provides a more fine-grained analysis of vacancy across the M20 corridor for industrial and light industrial stock. The lowest vacancy rates (sub-3%) and therefore, the greatest imbalances between supply and demand, are found in the central area, near the subject site. This indicates the critical need for delivery of additional stock in this location.

Figure 9: Vacancy Rates – M20 Corridor

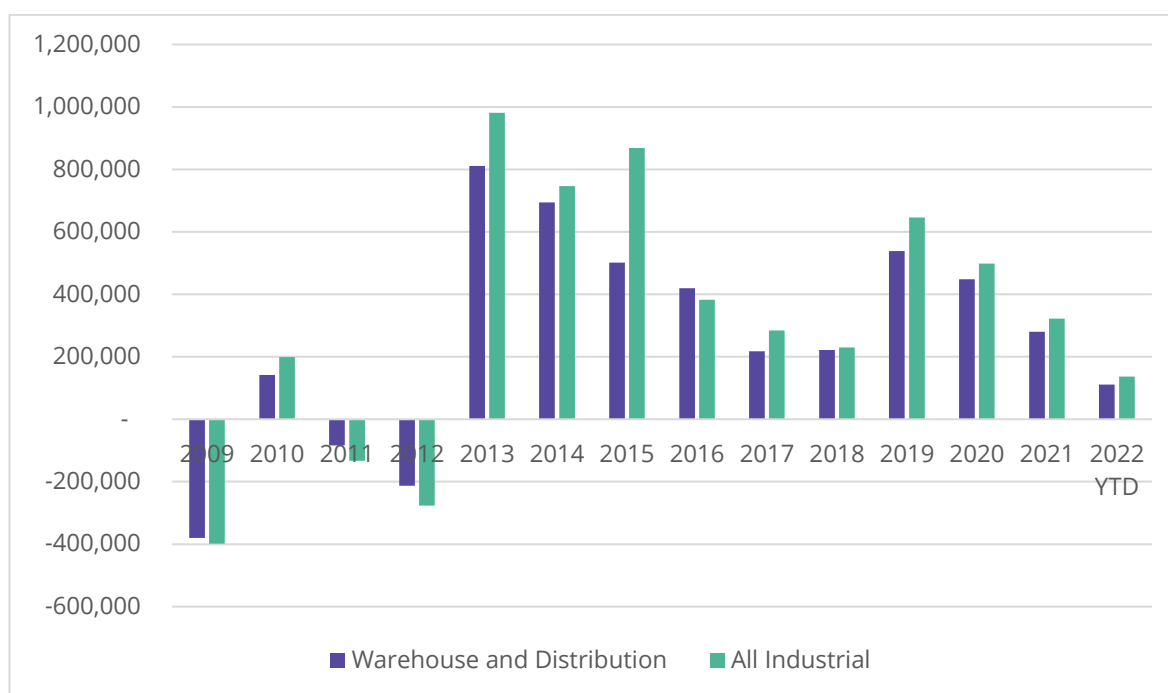


Source: CoStar, 2022

Take Up

- 3.35 The net take-up provides an indication in the change of floorspace available across a period of time. A positive net absorption means that more space was leased up than the amount of space that was made available on the market. A positive net absorption will suggest a decrease of the vacancy rate.
- 3.36 Space could be made available either by businesses moving out and vacating existing space or by the delivery of new properties.
- 3.37 When looking at Figure 10, we observe that Distribution and Warehousing space has a net absorption rate similar to the one of the entire industrial stock. This suggests that the main activity on the industrial property market is driven by distribution and warehousing space – despite there being little purpose built stock available, highlighting the desirability of the area for operators who are currently ‘compromising’ on stock to be based here.

Figure 10: Take-Up - Sub-Region

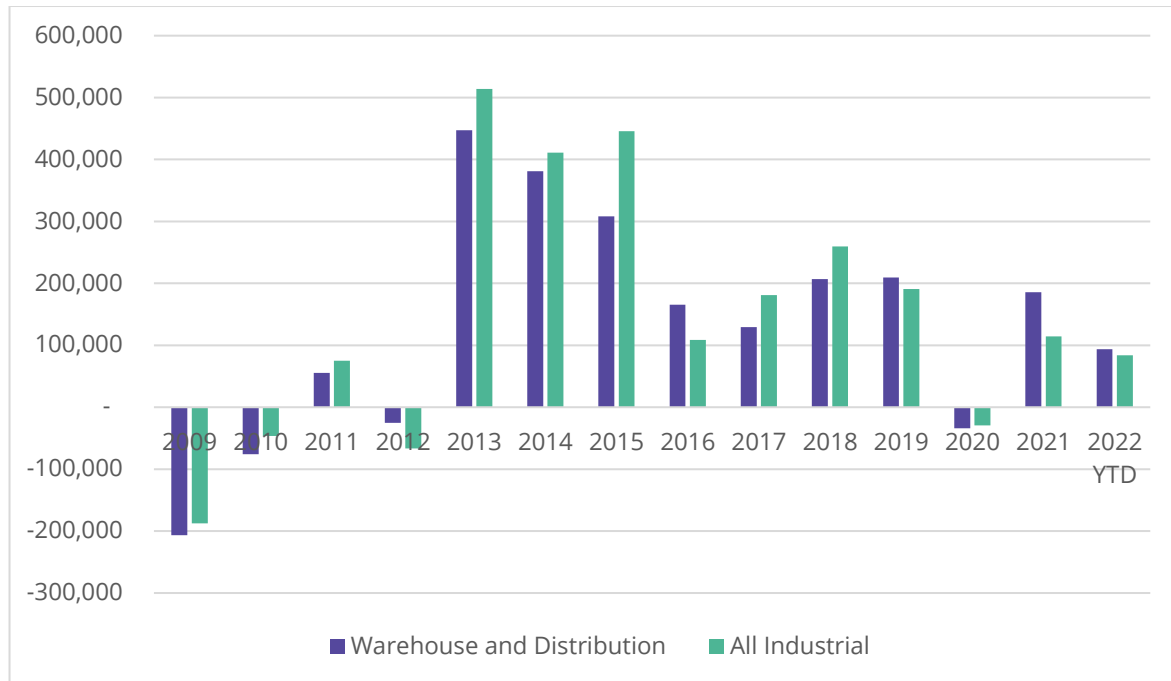


Source: CoStar, 2022

- 3.38 In the main net absorption has been positive, suggesting ongoing demand for space with take up being greater than the vacation of space. However, the relatively low levels of absorption across the period are indicative of continued low vacancies and a continued failure to provide enough additional industrial floorspace in optimal locations. It is notable that net-absorption saw significant increases between 2013 and 2016 in response to delivery of additional B8 space. This can be read alongside a small spike in vacancies (see figures 5-8) during this period.

3.39 The continued positive absorption and falling vacancies indicate that the market is absorbing this stock, and that demand remains strong for B8 space. This is also true of the M20 corridor, as depicted below in Figure 11.

Figure 11: Take-Up - M20 Corridor



Source: CoStar, 2022

Lease Activity

3.40 Over the last five years, from 2017 to 2022, there have been 597 industrial leases across the sub region. There have been 32 warehouse leases signed in 2022 indicating the strength in demand for units of this nature.

3.41 The table below shows a breakdown of the industrial properties leased in the last 5 years by secondary use. This data shows that B8 use (i.e., distribution and warehousing space) is the predominant type of space that has been leased, with 72% of all properties leased. As would be expected, warehousing and distribution space has accounted for the larger floorspaces (over 4.6 million sqft), highlighting the scale of space the sector tends to occupy.

Table 19: Industrial Properties Leased 2017-2022 – Sub Region

	# Properties Leased	Floorspace Leased (sqft)	Avg. Size Leased	Rent/SF/Y
Distribution	40	1,360,611	34,015	£8.46
Warehouse	387	3,343,261	8,639	£9.02
Light Manufacturing	32	60,179	1,881	£10.00
Manufacturing	3	456,516	152,172	£3.19
Service	134	387,859	2,894	£9.38
Showroom	1	1,180	1,180	£10.99
ALL INDUSTRIAL	597	5,609,606	33,464	£8.51

Source: CoStar, 2022

3.42 B8 space has achieved an average rental value of c.£8.74 psf per annum over the last five years across the sub-region, indicating a small premium over and above the wider industrial average. Given the significant floorspace requirement for units of this nature, and the tendency for larger stock to present lower rents psf, this is a strong indicator of the strength in demand for warehouse and distribution uses. This is reflected in spite of the majority of stock being fairly dated and of low quality.

3.43 Leasing activity has been similarly strong for warehousing and distribution space across the M20 corridor, as indicated in Table 20.

Table 20: Industrial Properties Leased 2017-2022 – M20 Corridor

	# Properties Leased	Floorspace Leased (sqft)	Avg. Size Leased	Rent/SF/Y
Distribution	7	274,362	39,195	£8.26
Warehouse	198	1,834,966	9,268	£9.44
Light Manufacturing	12	24,945	2,079	£10.94
Manufacturing	2	156,327	78,164	£5.76
Service	12	51,157	4,263	£9.98
Showroom	0	0	-	-
ALL INDUSTRIAL	231	2,341,757	26,593	£8.88

Source: CoStar, 2022

3.44 Over the last five years, from 2017 to 2022, there have been 231 industrial leases across the M20 Corridor. Warehousing makes up 86% of the total properties being leased with over 1.8 million sqft of floorspace, demonstrating the draw of accessibility to the M20, and the strength of demand in this location. There have been 17 leases in 2022 alone for Warehousing.

3.45 Leasing activity has been relatively strong over the past 5 years in the sub-region, with growth in warehouses leased from 26 in 2017 up to 88 in 2021. Rental values have increased over the period from £7.34 to £10.49 indicating the strength in demand.

Figure 12: - Number of Leases Signed and Achieved Rent PSF – Sub Region



Source: CoStar, 2022

3.46 Similarly, the M20 corridor has seen growth in values achieved for all industrial stock and B8 space. This is demonstrated by value growth from £7.94psf for B8 space in 2017, to £10.81psf in 2021. Whilst there is a small drop off at this point in 2022, we anticipate further transactions through Q3 and Q4 will drive further growth here.

Figure 13: Number of Leases Signed and Achieved Rent PSF - M20 Corridor

Source: CoStar, 2022

Sales

- 3.47 In the last five years (since 2017) there have been 221 recorded industrial sales across the sub-region, of which 146 were for distribution and warehousing spaces (66% of all sales).
- 3.48 These sales represented a total industrial floorspace of over 5.3m sqft, including 1.9 million sqft of distribution and 3.4 million sqft of warehousing space.
- 3.49 The average sale price has been £125.06 /SF/Year overall for all types of industrial properties but there are huge variances depending on the secondary type of space. High overall values are assisted by high price of distribution (£155.39/SF/Year) and warehousing (£116.11/SF/Year) spaces.
- 3.50 These points demonstrate the large appetite shown by investors for B8 space in the area, which in turn reflects the strong occupier demand and justifies the interest by investors for assets that will provide stable/lower risk income.

Table 21: Industrial Properties Sold Since 2017 – Sub Regions

	# Properties Sold	Floorspace Sold (sqft)	Avg. Size Sold	£/SF/Y
Distribution	25	1,958,117	78,325	£155.39
Warehouse	121	3,418,998	28,256	£116.11
Light Manufacturing	7	66,540	9,506	£100.29
Manufacturing	2	349,846	174,923	£64.59
Service	37	246,806	6,670	£118.38
Unknown	29	465,511	16,052	£125.06
ALL INDUSTRIAL	221	6,505,818	52,289	£113.30

Source: CoStar, 2022

- 3.51 Analysis of sales activity along the M20 corridor paints a similar picture, with warehouse and distribution space accounting for 77% of all sales activity. This translates into 91% of all floorspace sold, indicating the major significance of B8 space to the area.

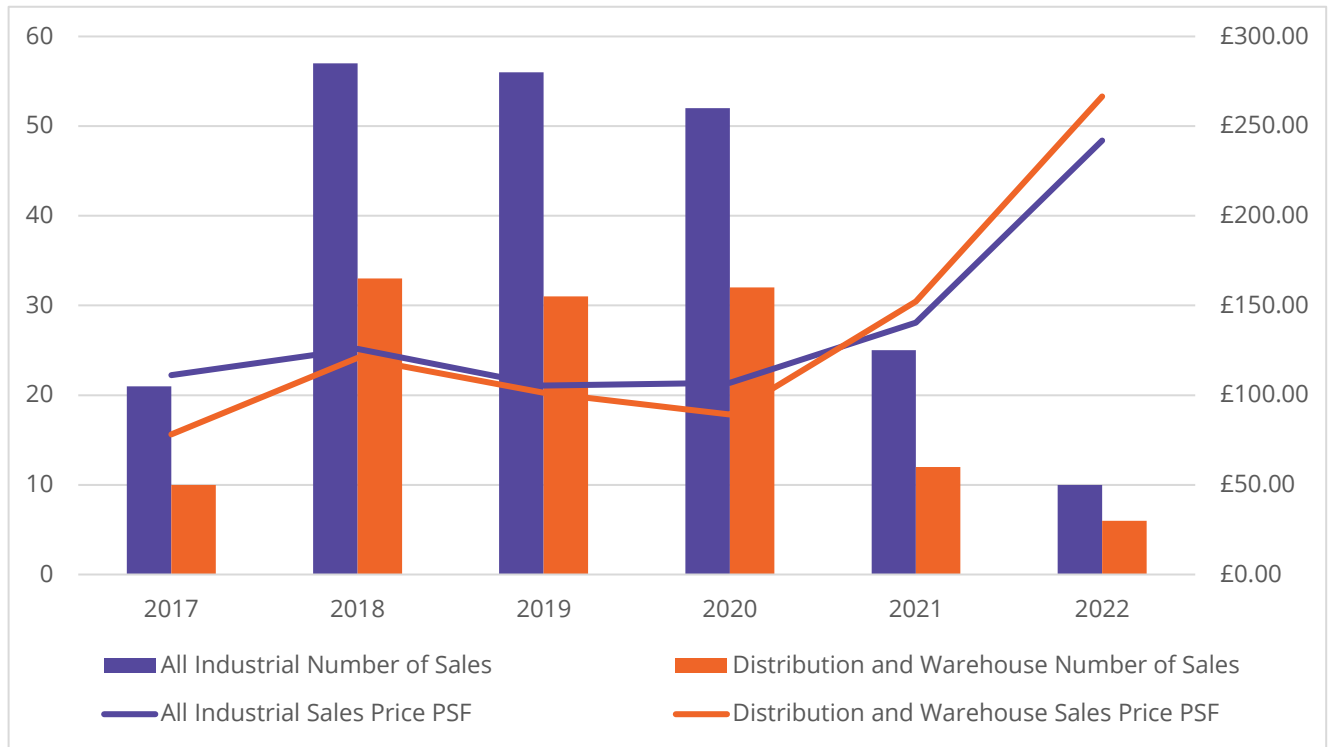
Table 22: Industrial Properties Sold Since 2017 - M20 Corridor

	# Properties Sold	Floorspace Sold (sqft)	Avg. Size Sold	£/SF/Y
Distribution	11	1,181,532	107,412	£137.77
Warehouse	92	2,379,070	25,859	£147.23
Light Manufacturing	4	43,660	10,915	£89.56
Manufacturing	1	101,990	101,990	£85.19
Service	25	197,646	7,906	£130.84
Unknown	0	0	-	-
ALL INDUSTRIAL	133	3,903,898	50,816	£118.12

Source: CoStar, 2022

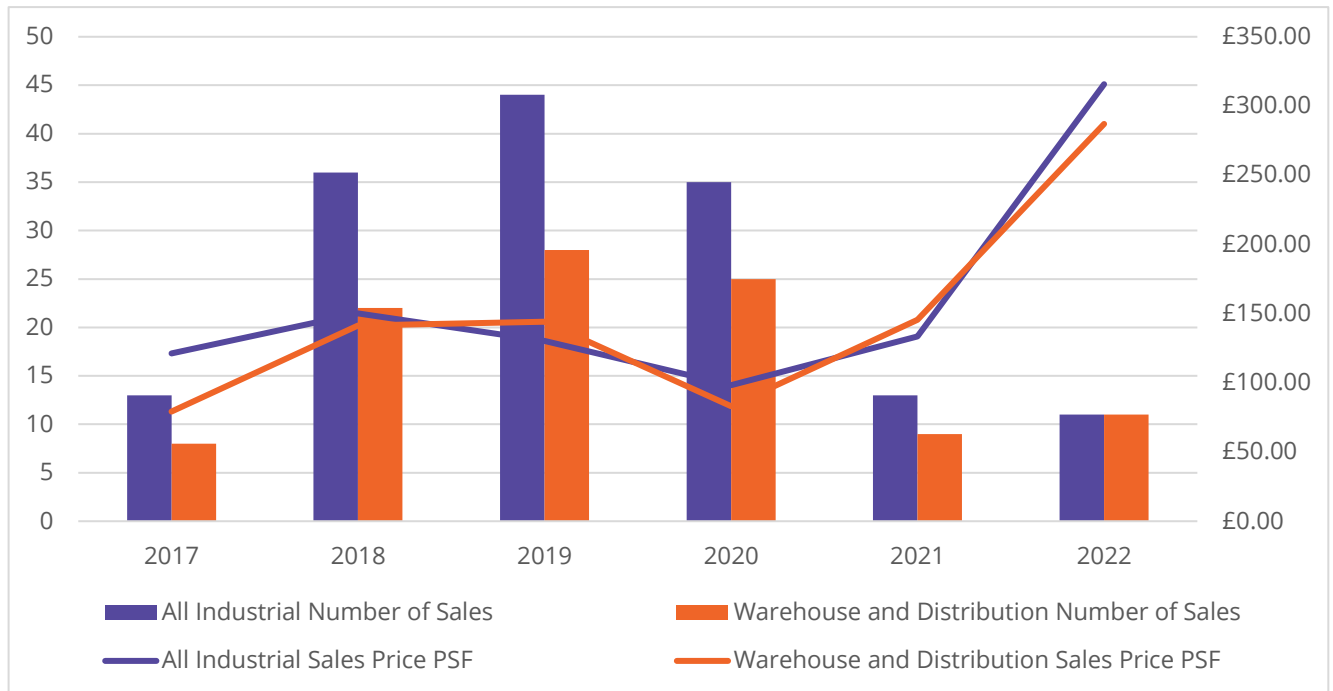
- 3.52 Analysing the above on a year-by-year basis, there was a spike in sales activity from 2018 to 2020. This is largely reflective of growth in stock over these years, with limited delivery of new build stock in 2021 limiting sales activity.
- 3.53 Sales values have seen steady growth over the last 5 years, both in the sub-region and along the M20 corridor. Generally, average sales values of distribution and warehousing space have mirrored the changes in the all industrial category, suggesting they have a significant influence on values given their importance to the industrial sector within this area.

Figure 14: Number of Sales and Achieved Sale Price PSF – Sub Region



Source: CoStar, 2022

Figure 15: Number of Sales and Achieved Sales Price PSF - M20 Corridor



Source: CoStar, 2022

4. Quantitative and Qualitative Demand Assessment

- 4.1 The preceding sections of this report consider the policy/evidence position and recent market performance, all of which show a demand and need for industrial/warehouse provision. This section builds on these points, considering how demand might be shaped into the future.

Policy Background

- 4.2 The Maidstone EDNS Addendum, produced in 2021 recognised the importance of an update to the employment land requirements post-Covid-19. In just a one-year period, land requirements indicated by the Experian forecast were around 40% higher than those from the previous version of the EDNS. Importantly, the report indicated that industrial and warehousing uses accounted for most of this increase in floorspace due to the significant job growth outlook for industrial and warehousing sectors.
- 4.3 Given this level of change, it is important to consider an up-to-date view of demand within Maidstone, as of August 2022, to take account of any further growth in floorspace demand.
- 4.4 Similarly, given the wider FEMA includes demand assessments from 2020 (Medway), 2016 (Ashford) and 2017 (Tonbridge and Malling), a demand assessment should be provided for these to account for the significant changes to the economy that have happened since their publication.

Updated Demand Assessment

- 4.5 A robust assessment of future demand needs to consider a range of factors. Whilst there is no set definition of how (technically) this assessment should be undertaken, the NPPF (Paragraph 81) is clear that decision making should be based on both existing strengths of an economy and also the opportunity to address gaps/weaknesses in the future. Paragraph 83 states that future growth should also respond to the attributes of a place – either to support cluster of activity or (most relevant to logistics development) where appropriate accessibility infrastructure exists.
- 4.6 Given the guidance provided by the NPPF, the ‘traditional’ approach to estimating demand by solely relying on model-based projections to quantify future need is not sufficient as they are constrained in two key ways. Firstly, they are calibrated to the scale and nature of the existing (and historic) economy of an area and therefore cannot consider an ‘opportunity’ to address past weaknesses. Secondly, they cannot respond to the nature of place and therefore don’t take into account the ability of an area to attract new activity based on its physical attributes. In simple terms, the modelling is often ‘trend based’ and largely backward looking and can provide a limited sense of the current or future economic opportunities or needs of an area.

- 4.7 Outside of the NPPF context there is a further weakness of a sole reliance on econometric modelling, that it cannot keep pace with the scale and nature of change in a sector, such as logistics and distribution, which has seen a phenomenal level of growth in the past 10 years, which has not been predicted (or indeed replicated contemporaneously) in economic models.
- 4.8 As such, whilst there is still a role for econometric projections to play in understanding future demand, they shouldn't be the only factor, with a wider understanding of sector trends, market demand and spatial opportunities also forming a key element of the decision-making process. Indeed, whilst projections may provide the starting point for quantifying demand, for the logistics sector in particular these other factors will have a much greater influence on future space needs as highlighted in the Planning Practice Guidance, which calls for logistics to be planned separately from more traditional employment uses for this very reason.
- 4.9 Given this context, new assessment of demand has been provided through:
- 'traditional' econometric based projects of employment growth – sourced from Experian;
 - An estimate of 'suppressed demand' that may have arisen in the market by historic lack of supply – this will align with the methodology published by the BPF;
 - Sector specific factors that are driving demand outside of that which can be forecast – including changing floorspace typologies, the drive towards more sustainable premises, shifts in consumer behaviour.

Econometric Forecasting

- 4.10 We have prepared a new forecast of employment growth in Maidstone, and across the wider sub-region, comprising Tonbridge and Malling, Ashford, Maidstone and Medway. This reflects the broader locational basis of demand for employment floorspace. We have then converted these employment growth projections into floorspace and land requirements.
- 4.11 The approach used aligns with guidance provided by MHCLG (now DLUHC) in both the NPPF and NPPG and draws on Avison Young's significant track record in advising on employment land requirements both to support Local Authorities in developing their Local Plan evidence base and landowners in developing strategies for their sites. It is worth noting that the previous Local Plan relied on a similar model of employment-led demand projections prepared by Avison Young (at the time known as GVA) showing the approach has been considered appropriate in this location/market context.

4.12 The employment land forecasting model and approach used has been found sound at Examination in Public and therefore provides a robust basis for understanding future needs. The model draws on a range of data including:

- Experian's Local Market Forecast (Summer 2022 version released June 2022)
- ONS Business Register and Employment Survey Results (2020)
- HCA Employment Density Guide 3rd Edition (2015)

4.13 In terms of the conversion from jobs into floorspace requirements, we have applied two sets of assumptions:

4.14 Firstly, we have adopted the following assumptions, in line with the approach used by Lichfield's within the EDNS in Maidstone:

- A job density of
 - Office – 12.5sqm per job (NIA)
 - Industrial – 45sqm per job (GIA)
 - Warehouse/Distribution - 1 workforce job per 65 sqm for general, smaller scale warehousing (assumed to account for 80% of warehousing stock in Maidstone) and 1 workforce job per 80 sqm for large scale, lower density units (assumed to account for 20% of total stock). A plot ratio of 0.4 for industrial and warehouse/distribution and 2.0 for office.

4.15 However, it is recognised that employment densities are a significant point of debate at this point in time across sectors as the role of technology, changing work patterns, ('post-pandemic') space standards and increased employee welfare provision are all changing how space is designed and used.

4.16 Based on our work with occupiers within the logistics sector, the warehouse/distribution job density figure adopted in the EDNS doesn't reflect the nature of the operations that would use 'strategic' distribution sites. In other words, the density assumptions used reflect the historic nature of demand, rather than what it may be in the future – limiting its relevance to understanding future needs based on market trends identified in this report.

4.17 To account for this, we have also considered the impact of adopting the Regional Distribution Centre (RDC) density, set out within the HCA Employment Density Guide. This reflects a density of 77sqm (GEA) per job. In our experience, there remains a broad consensus that this average is a reasonable basis for understanding potential future needs and, in the absence of any updated guidance, remains the best basis for understanding needs when using employment projections.

4.18 Looking at the forecast for Maidstone alone, it is anticipated that in the 20-year period from 2021 to 2041 the local economy will grow by c.10,300 full time equivalent (FTE) jobs, equating to an increase in employment of 15%.

4.19 As shown below, employment growth will be spread across a number of B and non-B class activities.

Figure 16: Employment Change by Sector Maidstone 2021-2041



Source: Avison Young Analysis of Experian Data, August 2022

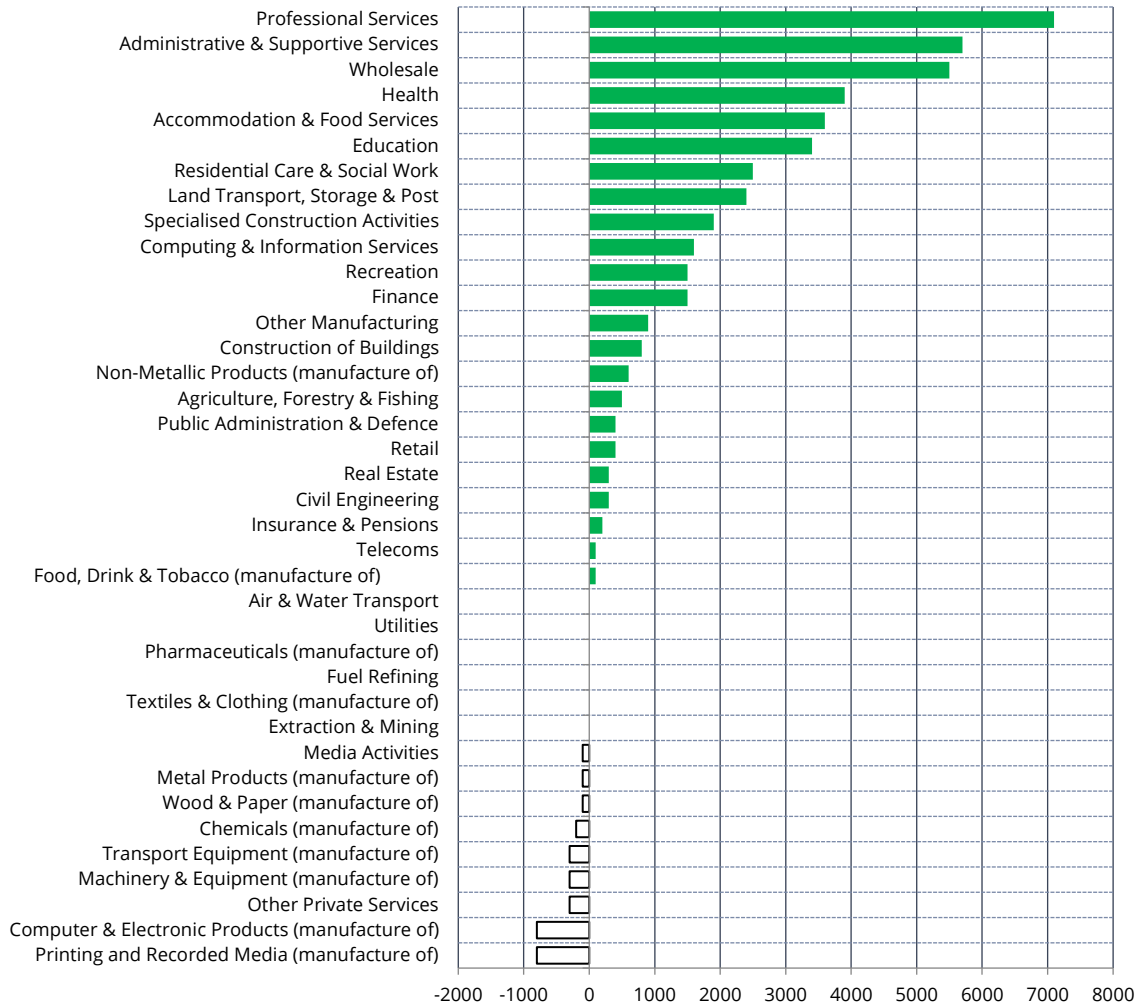
4.20 The largest jobs growth within a single category will be within the health sector, which will see an increase of c.1,700 jobs. The Wholesale and Land Transport, Storage and Post categories, both of which drive demand for B8 space, will grow by 1,300 jobs in total. This represents 10% of net job growth across all sectors, demonstrating the increasing importance of these sectors to the local economy.

4.21 The minimal contraction in jobs across sectors over the 20-year period is also notable, with Experian expecting the most significant contraction to be the loss of 300 jobs in utilities. In terms of

employment land needs, this suggests there may be limited capacity arising within the existing built stock, as the bulk of businesses will not relocate, contract or close over that specific period.

4.22 Expanding this analysis to the wider sub-region, taking account of forecasts for Maidstone, Medway, Ashford and Tonbridge and Malling, we see that the local economy will grow by c. 42,200 full time equivalent (FTE) jobs, equating to an increase in employment of 17%. As with Maidstone alone, employment growth will be spread across a number of B and non-B class activities.

Figure 17: Employment Change by Sector, (Maidstone, Medway, Ashford, Tonbridge and Malling) 2021-2041



Source: Avison Young Analysis of Experian Data, August 2022

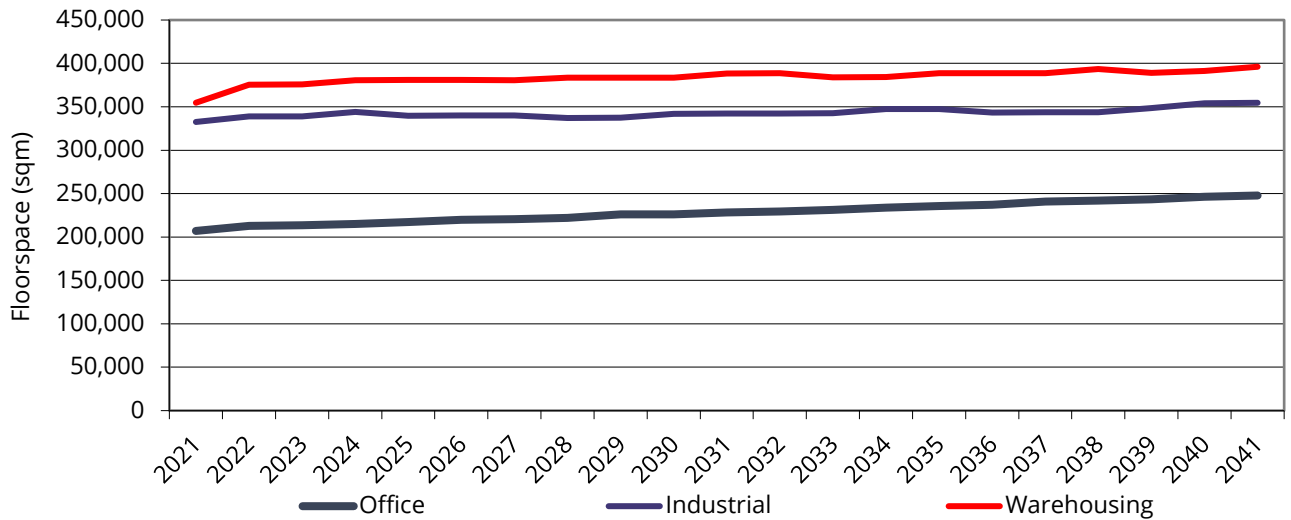
4.23 The largest jobs growth within a single category will be within the professional services sector, which will see an increase of c.7,100 jobs. The Wholesale and Land Transport, Storage and Post categories, both of which drive demand for B8 space, will grow by 7,900 jobs in total. This represents 19% of net job growth across all sectors, demonstrating an even greater level of importance for these sectors to the local economy.

- 4.24 Whilst we cannot isolate the impact along the M20 corridor specifically, as outlined within previous sections of this report, access to the strategic road network is critical for these sectors. It is therefore likely that a significant proportion of these jobs will need to be focussed in close proximity to the subject site.
- 4.25 Again, as was outlined in Maidstone specific analysis, the minimal contraction in jobs across sectors over the 20-year period is notable. This suggests there may be limited capacity arising within the existing built stock, as the bulk of businesses will not relocate, contract or close over that specific period.
- 4.26 Using these sector forecasts as the base, it is possible to estimate, in broad terms, the scale of employment floorspace and land required to accommodate the projected jobs growth. This has been done through four calculations:
1. Assessment of potential future land requirements in Maidstone, Adopting Lichfield's EDNS assumptions on Employment Densities.
 2. Assessment of potential future land requirements in Maidstone, Adopting HCA Density Guide assumptions on Employment Densities.
 3. Assessment of potential future land requirements in Sub-Region, Adopting Lichfield's EDNS assumptions on Employment Densities.
 4. Assessment of potential future land requirements in Sub-Region, Adopting HCA Density Guide assumptions on Employment Densities.

Calculation 1

- 4.27 Using the assumptions set out above under scenario 1, the results for Maidstone are shown in the chart below for each use type.

Figure 18: Potential Future Land Requirements, Maidstone (Trend Forecast) 68sqm per Warehouse Job



Source: Avison Young Analysis of Experian Data, 2022

4.28 As shown, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.104,308 sqm of additional employment floorspace in Maidstone based solely on projected employment growth.

Change 2021-2041	FTEs	Floorspace (sqm)	Land (Ha)
Office	3,265	40,813	3
Industrial	490	22,050	6
Warehouse/Distribution	609	41,445	10
Total	4,365	104,308	19

Calculation 2

4.29 Using the assumptions set out above under scenario 2, the results for Maidstone are shown in the chart below for each use type.

4.30 As shown, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.109,793 sqm of additional employment floorspace in Maidstone based solely on projected employment growth.

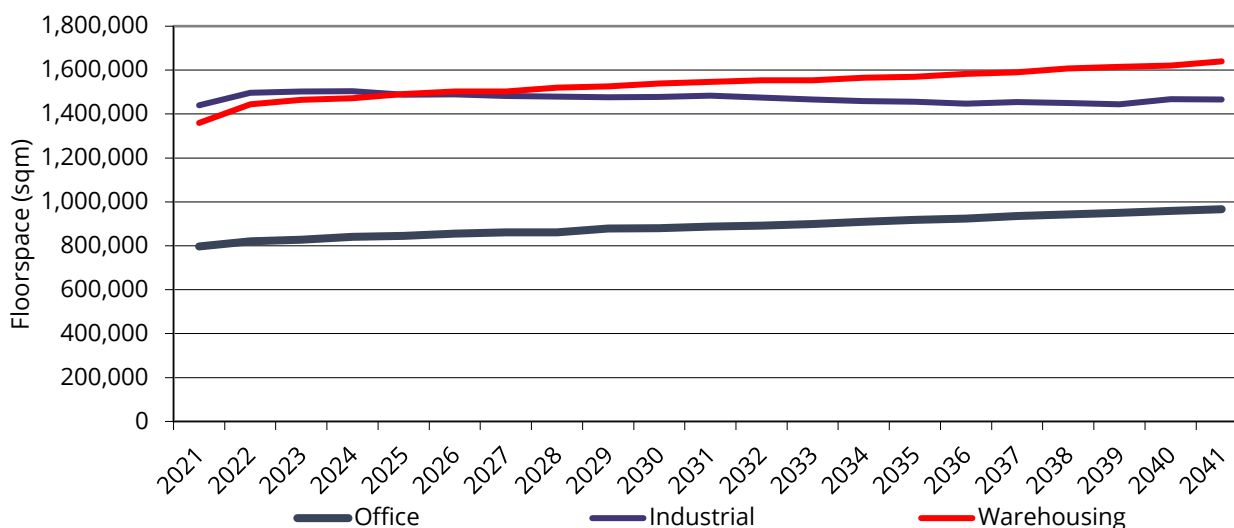
4.31 This presents an additional c. 5,000sqm and c.2 ha of warehouse/distribution land.

Change 2021-2041	FTEs	Floorspace (sqm)	Land (Ha)
Office	3,265	40,813	3
Industrial	490	22,050	6
Warehouse/Distribution	609	46,930	12
Total	4,365	109,793	20

Calculation 3

- 4.32 Expanding this analysis to the wider sub-region, taking account of forecasts for Maidstone, Medway, Ashford and Tonbridge and Malling, a broad estimation of floorspace requirements based on the assumptions set out under scenario 3 indicates the following:

Figure 19: Potential Future Land Requirements (Maidstone, Medway, Ashford, Tonbridge and Malling) (Trend Forecast) 68sqm per Warehouse Job



Source: Avison Young Analysis of Experian Data, 2022

- 4.33 Again, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.475,934 sqm of additional employment floorspace in the sub-region based solely on projected employment growth. Critically, 58% of this space is for warehouse/distribution use.

Change 2021-2041	FTEs	Floorspace (sqm)	Land (Ha)
Office	13,554	169,427	11
Industrial	582	26,190	7
Warehouse/Distribution	4,122	280,317	70
Total	18,258	475,934	88

Calculation 4

- 4.34 Using the assumptions set out above under scenario 2, the results for Maidstone are shown in the chart below for each use type.
- 4.35 As shown, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.109,793 sqm of additional employment floorspace in Maidstone based solely on projected employment growth.
- 4.36 This presents an additional c. 37,101sqm and c.9 ha of warehouse/distribution land.

Change 2021-2041	FTEs	Floorspace (sqm)	Land (Ha)
Office	13,554	169,427	11
Industrial	582	205,814	7
Warehouse/Distribution	4,122	317,418	79
Total	18,258	692,659	97

- 4.37 The analysis indicates that warehouse/distribution space is critical to the economy of the sub-region. Again, the focus of provision of this space will need to be in strategic locations with access to the motorway network, such as the subject site.
- 4.38 These forecast based quanta represent a baseline position, and the Secretary of State has confirmed that they are meant as a starting point rather than a ceiling (see Harworth's Wingates Decision dated June 2021²). Additional needs will be generated by more strategic macro-economic influences and the changing nature of certain sectors. The logistics sector in particular has, in recent years, seen significant levels of growth and demand, driven both by changing consumer behaviours and also changes to the business-to-business supply chain structure.
- 4.39 These strategic/sub-regional considerations do not form part of the assessment and qualitative needs should be considered in addition to the 'local needs' identified in the forecast. To help develop the understanding of the other drivers of need not considered in the Economic Needs Assessment we consider a range of factors in the rest of this Chapter.

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995042/210621_Wingates_combined_DL_IR_R_to_C_note.pdf

Suppressed Demand

- 4.40 Over the past decade the warehouse and distribution sector has grown significantly in all parts of the UK. However, as demand for space has grown the provision of land has not kept pace, meaning that demand that may have occurred in a particular area has been suppressed by a lack of space available for it to occupy.
- 4.41 In seeking to understand the demand for space within an area in the future it is important to not only consider take up of space that has occurred (as is considered in Section 3), but also what would have occurred had an area had sufficient space available for businesses to occupy. Recent research described in the British Property Federation's (BPF's) Report 'Levelling Up: The Logic of Logistics' (January 2022³) considers this issue and sets out a methodology for assessing the level of demand that could have existed in areas where supply is considered to suppress take up.
- 4.42 The starting point for understanding demand is to consider net absorption, which is a measure of the amount of floorspace let against the amount vacated by businesses. A positive net absorption suggests there is strong demand in an area – i.e. more space is being occupied by businesses than being left by businesses.
- 4.43 The next step is to understand the availability of floorspace in the area as a proportion of total floorspace stock (or inventory). It is important that a market has an available supply of floorspace at any given time to allow businesses to move into new space. Whilst vacancy rates vary by market and location it is commonly assumed that a vacancy rate of 8% of total stock represents a healthy relationship between demand and supply. In locations where the availability rate is consistently below this level it could be assumed that demand is being constrained by a lack of supply.
- 4.44 To create a healthy market position, supply in the area would need to be increased by the amount for floorspace needed to move the availability rate to 8%. The suppressed demand would then be the proportion of that additional space that would have been occupied by businesses had it been in existence. This is calculated using the ratio of net absorption to available floorspace that occurred in the market.
- 4.45 All of these factors are set out in the table below:

³ <https://bpf.org.uk/media/4772/levelling-up-the-logic-of-logistics-bpf-report.pdf>

Figure 20: Maidstone Suppressed Demand Calculation

	Inventory (sqm)	Floorspace Net Absorption (sqm)	Floorspace Delivered (sqm)	Available Floorspace (sqm)	Availability Rate	Net Absorption as % of Available Floorspace	Floorspace Required to Meet 8% (sqm)
2022 YTD	567,112	2,233		-	-	-	-
2021	567,112	6,210	-	11,428	2.0%	54%	33,941
2020	566,564	-1,433	1,307	21,062	3.7%	-7%	24,263
2019	565,257	30,914	34,158	16,005	2.8%	193%	29,216
2018	531,099	2,439	-	19,479	3.7%	13%	23,009
2017	531,099	-2,890	-	19,286	3.6%	-15%	23,201
2016	531,099	1,905		7,529	1.4%	25%	34,959
2015	531,099	17,288	3,642	13,052	2.5%	132%	29,436
2014	527,457	1,005	10,528	26,189	5.0%	4%	16,007
2013	516,929	5,171		22,352	4.3%	23%	19,002
2012	516,929	16,417	-	30,902	6.0%	53%	10,452
2011	516,929	2,382	-	41,162	8.0%	6%	192
Change 2012-2021	49,635	73,197		- 20,100			
Annual Average (10yr)	4,964	7,320			4.1%	43%	22,153
Annual Suppressed Demand (sqm)							9,471
10 Year Suppressed Demand (sqm)							94,709
Notional 10 Year Land Need (ha)							24
Change 2017-2021	35,465	30,934		13,533			
Annual Average (5yr)	7,093	6,187			3.1%	42%	26,930
Annual Suppressed Demand (sqm)							11,266
5 Year Suppressed Demand (sqm)							112,664
Notional 5 Year Land Need (ha)							28

Source: Avison Young analysis of CoStar Data, 2022

- 4.46 Data indicates an annual suppressed demand for industrial stock in Maidstone of 11,266sqm. Spread across five years, this figure reflects 112,664sqm. This indicates a notional 5-year land need of c. 28 ha of industrial stock.
- 4.47 Expanding the suppressed demand analysis across the wider sub-region, incorporating Maidstone, Medway, Ashford and Tonbridge and Malling provides for the following figures:

Figure 21: Sub-Region Suppressed Demand Calculation

	Inventory (sqm)	Floorspace Net Absorption (sqm)	Floorspace Delivered (sqm)	Available Floorspace (sqm)	Availability Rate	Net Absorption as % of Available Floorspace	Floorspace Required to Meet 8% (sqm)
2022 YTD	2,700,159	13,793	44,171	-	-	-	-
2021	2,655,988	30,794	-	115,500	4.3%	27%	96,979
2020	2,626,288	46,051	24,552	140,243	5.3%	33%	69,860
2019	2,601,736	60,262	100,987	139,882	5.4%	43%	68,256
2018	2,498,092	22,144	-	88,348	3.5%	25%	111,500
2017	2,488,258	25,508	-	117,772	4.7%	22%	81,289
2016	2,488,166	29,616	42,793	146,234	5.9%	20%	52,819
2015	2,445,373	77,422	56,659	175,646	7.2%	44%	19,984
2014	2,388,714	64,154	31,218	158,306	6.6%	41%	32,792
2013	2,357,496	78,042	10,526	183,965	7.8%	42%	4,635
2012	2,346,970	- 17,867	-	283,439	12.1%	-6%	- 95,681
2011	2,345,713	- 11,754	-	253,024	10.8%	-5%	- 65,367
Change 2012-2021	280,575	373,577	266,734	- 112,781			
Annual Average (10yr)	28,058	37,358	26,673		6.9%	26%	34,279
Annual Suppressed Demand (sqm)							8,877
10 Year Suppressed Demand (sqm)							88,771
Notional 10 Year Land Need (ha)							22
Change 2017-2021	138,122	183,581	168,332	-5,991			
Annual Average (5yr)	27,624	36,716	33,666.31		5.0%	29%	76,745
Annual Suppressed Demand (sqm)							21,933
5 Year Suppressed Demand (sqm)							219,326
Notional 5 Year Land Need (ha)							55

Source: Avison Young analysis of CoStar Data, 2022

- 4.48 Again, the analysis indicates a heightened need for additional industrial stock, with an annual suppressed demand of 21,933sqm. This reflects a 5 year suppressed demand of 219,326sqm and a notional 5 year land need of 55ha.
- 4.49 Overall it is important to note that the biggest historic 'undersupply' of space appears to be within Maidstone, with it representing c.51% of all estimated 'suppressed demand' in the FEMA covering 4 districts in total. This suggests that the borough hasn't provided land to meet market needs in the same way its neighbours have which, in turn, would mean trend based employment projections would under-estimate market needs.

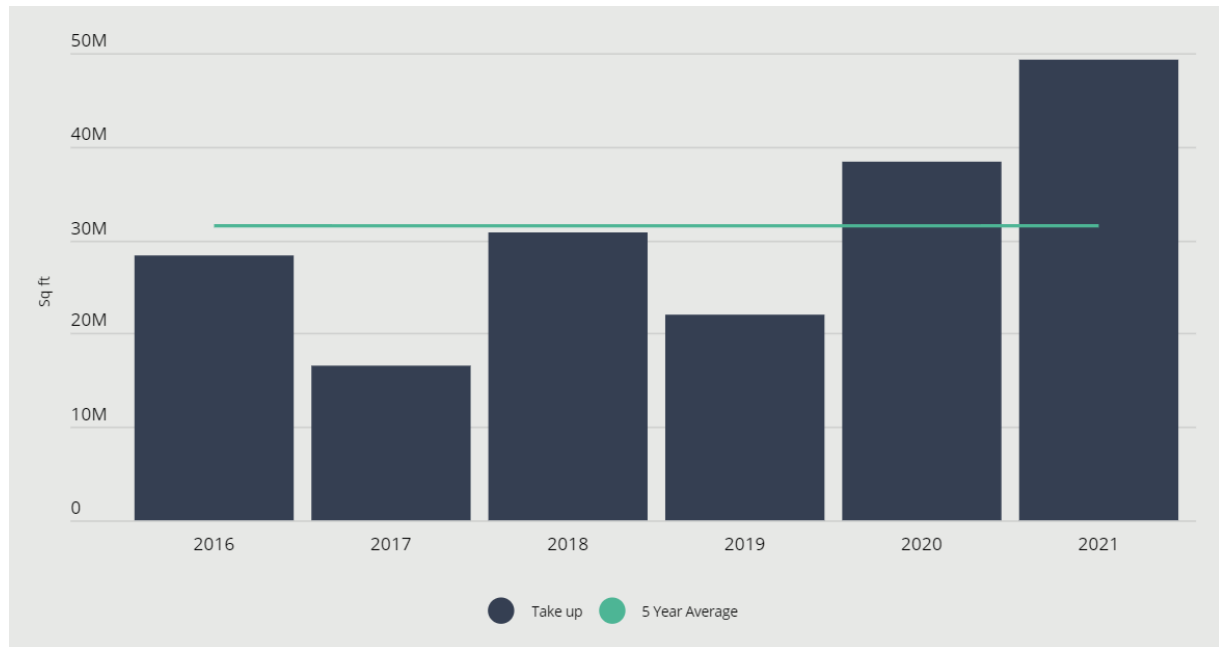
- 4.50 As outlined in the section on econometric forecasting, certain areas across the FEMA will feel suppressed demand more acutely. Given the importance of strategic road connections to the industrial sector, the requirement for additional stock to allow for a healthy level of vacancy will be heightened along the M20 corridor.

Demand Arising from the Rapid Growth of the Sector

- 4.51 A variety of forces have combined to generate heightened demand for industrial and distribution space. Over the past 5 years the UK economy has experienced significant changes. The COVID-19 pandemic has accelerated trends and brought the critical role of the logistics sector into sharp focus. However, wider changes to consumer and business behaviour were already underway and influencing demand for property across the UK. A combination of changing consumer demand and the emergence of new sectors provide new economic drivers for the demand for large spaces in well-connected locations. These are not captured in historic economic forecasts and therefore are not included in most of the evidence base reports that direct local employment land policy.
- 4.52 Even before the onset of the pandemic in early 2020 the UK had one of the highest levels of online expenditure in the world with 19% of all expenditure happening online in 2019 compared to 15% in Germany. Unsurprisingly, with the closure of physical retail stores for a large part of 2020, this figure increased substantially to an average of 26% of all sales in 2020 happening online having peaked at 36% in late 2020.
- 4.53 Whilst the first half of 2021 saw this rate of expenditure decrease slightly, there is no sign that it will return to pre-pandemic levels with online shopping expected to have reached a value of c.£122bn in 2021. Indeed, forecasts by Experian (Retail Planner Briefing Note 14, 2022) indicated that online sales could increase back to 30% by 2025 and reach at least 37% of retail expenditure by 2040. This continued growth will drive further needs for warehouse and distribution space in particular.
- 4.54 The above reflects irreversible changes in consumer behaviour, particularly as older age groups have been forced to order items, including groceries, online and have realised how convenient this is as well as being reluctant to visit a local store due to concerns over social distancing.
- 4.55 As online sales have grown as a proportion of total expenditure demand for large distribution space has increased. An 80% growth in online grocery shopping has seen food retailers significantly expand their distribution capacity. Reports from CoStar suggest this increase could create demand for an additional 7.1 million sqft of warehouse space to 2024.

4.56 2021 was another record year for the UK industrial market as take-up of Grade-A space over 100,000 sq ft surpassed 49 million sq ft, totalling c.50 million sq ft. In line with recent trends e-commerce continued to dominate the occupier market. This huge increase in demand has led to a reduction of stock, and a surge in land and rental values.

Figure 22: National Take Up of Large Units (100,000sqft +)

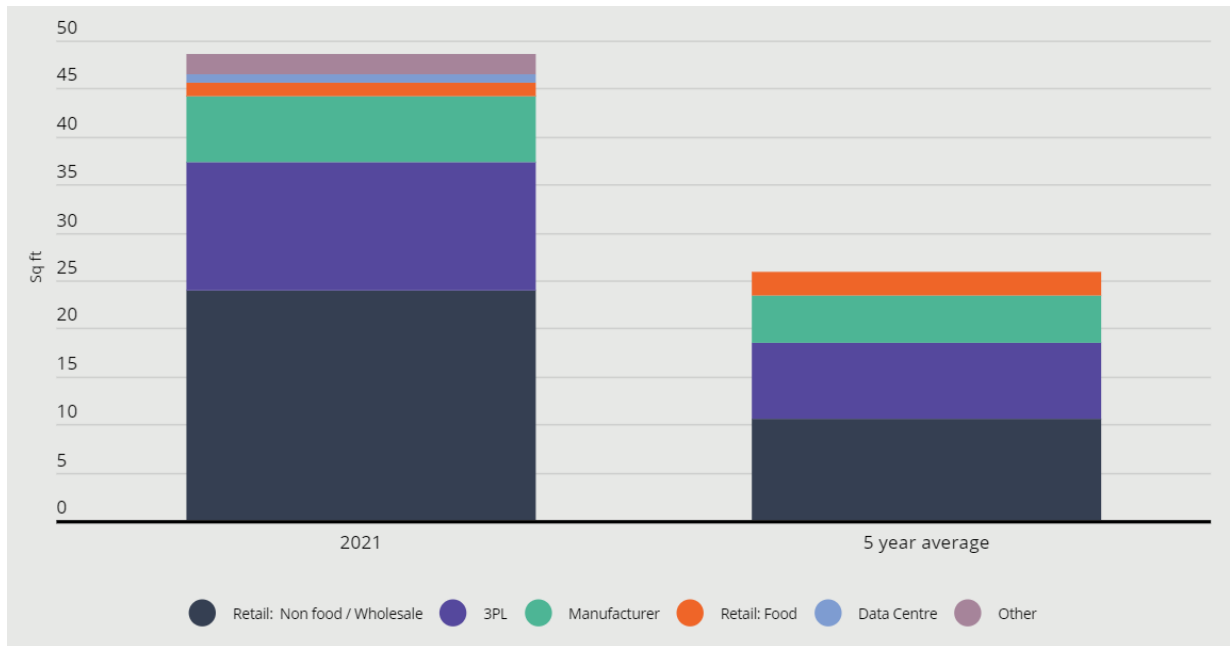


Source: Avison Young Big Box Bulletin⁴, 2022

4.57 Take-up of Large (100,000 sq ft+) units increased by 28% compared to 2020. This represented an increase of 57% on the five-year average. There was an increase in demand from non-food retailers, who accounted for 48% of all take-up, compared with 41% in 2020. Third-party logistics accounted for 27% of all market activity throughout the year.

⁴ <https://www.avisonyoung.co.uk/big-box-bulletin-2021-review>

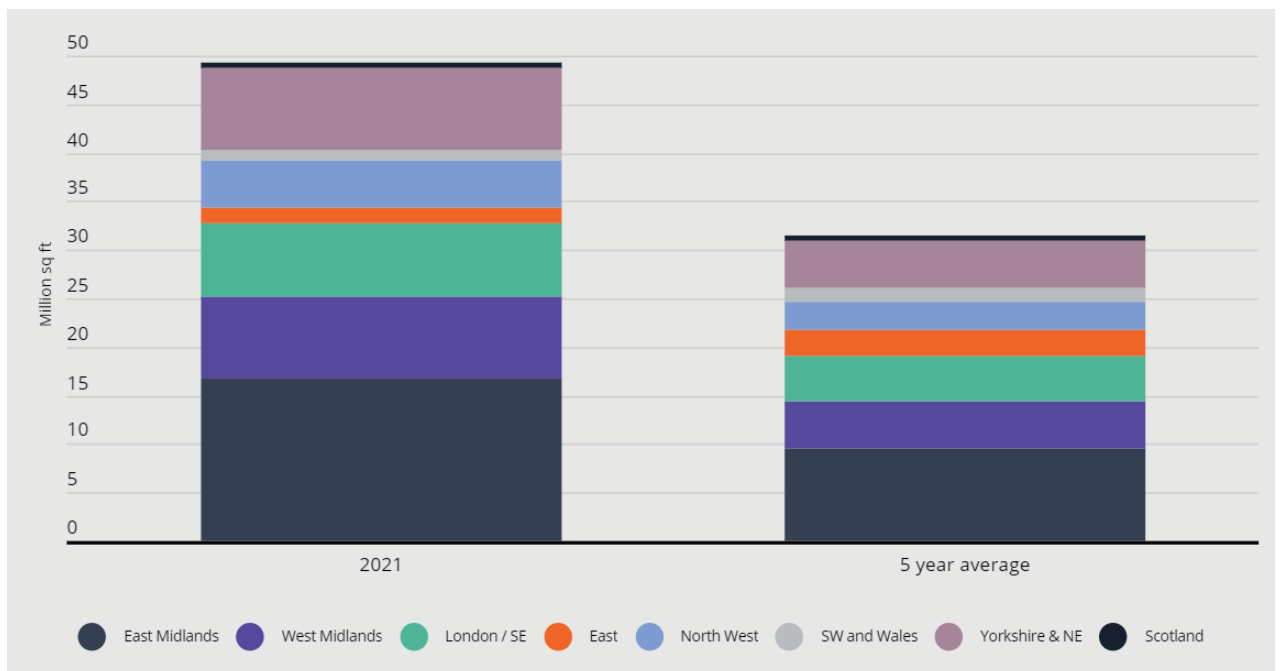
Figure 23: National Take Up of Large Units (100,000sqft +) by Use



Source: Avison Young Big Box Bulletin, 2022

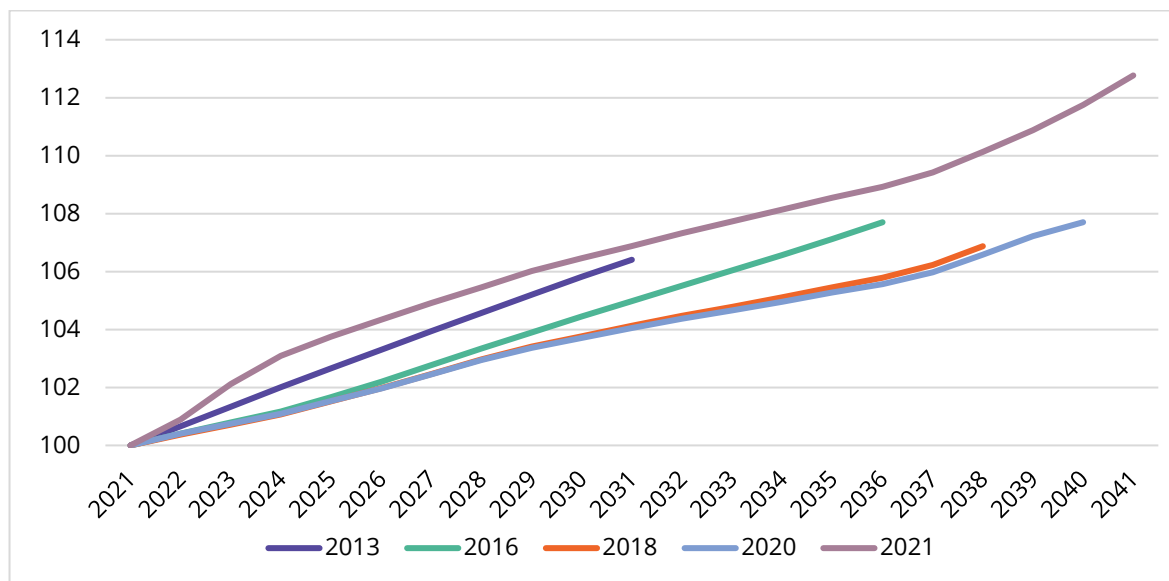
- 4.58 Availability of these large spaces totalled 24.2 million sq ft at the end of 2021, indicating a national availability rate of just 2.9%. This level of available stock is 6% lower than at the end of 2020 and meaning, for the second consecutive year, there is less than a year’s supply of available stock in the market.
- 4.59 Critically, demand has grown in all parts of the country as operator requirements have changed and there is an increasing need to be closer to end users. As shown below.

Figure 24: National Take Up of Large Units (100,000sqft +) by Region



Source: Avison Young Big Box Bulletin, 2022

- 4.60 It is expected that the broad demand trends for large space will continue in 2022 as the competition intensifies, from traditional occupiers looking to increase their warehouse space to accommodate the continued growth in demand from online shopping to new occupiers such as film studios and Q-commerce operators.
- 4.61 A range of new activities and sectors have emerged in recent years and look set to become major new components of the economy in the future.
- 4.62 The drive towards net zero carbon has led to demand for more sustainable methods of construction. As a result, the UK has seen significant new demand for offsite construction manufacturing facilities, with the likes of TopHat, Swan Housing and Countryside all seeking or occupying major units in the last 18 months.
- 4.63 As we move towards greater use of electronic vehicles (EVs) there is new demand for 'gigafactories' where vehicles and their batteries are developed. Britishvolt have been a pioneer in the UK, planning a 2.7mn sqft factory in Blyth.
- 4.64 Home working and increasing demand for video streaming, social media, downloaded content for home entertainment, for 'big data' solutions and cloud-based computing have driven a rapid expansion in datacentre demand, with an expectation of 10% growth per annum over the next 5 years. More niche activities such as vertical farming are also expected to expand significantly.
- 4.65 In many cases these emerging sectors are competing with logistics uses for the same employment land without being factored into employment land calculations, adding to the supply side issues.
- 4.66 As noted, these demand side drivers are not fully taken into account within econometric forecasts, indeed if historic forecasts are compared it is clear that they have consistently underestimated the level of need in the sector.
- 4.67 The following graph compares forecasts for the Land Transport, Storage and Post category in the Experian Local Market Forecasts. Figures from June 2021 show a 13% higher level of growth nationally than any previous forecast when set against a consistent base level.

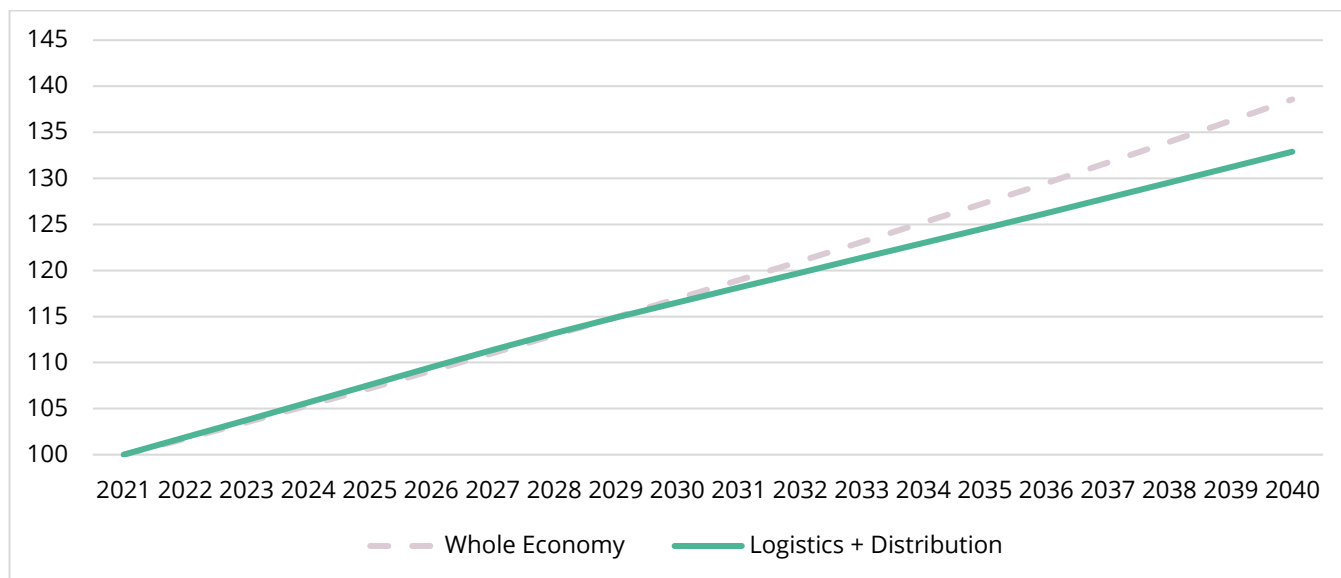
Figure 25: Comparison of Employment Growth Forecasts

Source: Avison Young/Experian, 2021

- 4.68 As shown, historic forecasts significantly under-estimate the scale of growth in the sector over the period they covered. This is a critical point when considering land supply as it directly shows that the basis on which land needs have been determined fail to capture the new dynamics and needs of the sector.
- 4.69 If Local Plan allocations were to be based on these older forecasts, they are at high risk of underproviding land for a sector that is likely to be a significant driver of jobs and economic value in the future. Added to this is the failure to account for emerging sector requirements (e.g. data centres) and evidence prepared pre-COVID. It does not capture the significant acceleration of previous trends (i.e. ecommerce and data centre growth) thus rendering the evidence base out of date.
- 4.70 As the UK transitions to a post-Brexit and post-pandemic economy, it is clear the sector will play a crucial role in economic recovery, growth and levelling up. As demonstrated, shifts to online shopping, the emergence of new sectors and new property requirements will all lead to the expansion of activity and increases in production.
- 4.71 The e-commerce sector alone is expected to drive major new requirements. Capital Economics analysis suggests that for every £1bn increase in online retail activity there is additional requirements for logistics space of 1mn sqft. Based on Capital Economics current growth estimates for online shopping growth, it is estimated that the UK will need to accommodate in the region of 100mn sqft of additional floorspace by 2030. Other predictions suggest even this figure could be exceeded in the short term.

- 4.72 Gross Value Added forecasts from Experian underline the leading role the sector will play in the UK's recovery in the coming years.

Figure 26: Gross Value-Added Growth in England



Source: Avison Young/Experian, 2021

- 4.73 For the next 8 years, growth in the logistics and distribution sector is anticipated to grow at a faster rate than the economy as a whole – experiencing c.1% additional growth per annum. This reinforces the need to ensure land is available now to accommodate this growth otherwise there is a risk that the wider economic performance it underpins in the long term will be undermined.

Demand Arising from Changing Business Practices

- 4.74 Our analysis of forecast growth shows a clear need for more land/property. However, it is likely even this underestimates the need for new development across the Country. As we've considered there is a clear growth in demand from economic growth and consumer behaviour – which is growing and diversifying the sector.
- 4.75 The forecasts clearly reflect this, but still only capture part of the wider dynamics of the sector that themselves generate a need for new and additional space and land. Whilst sector expansion is significant it is twinned with fundamental shifts in the operational needs and priorities of all businesses within the sector.
- 4.76 The sector is a fast adopter of new technology to improve operations. It is also responding to the climate emergency and taking steps to enhance its performance. Both have major impacts on property needs. The issues with stock being old and poor quality in Maidstone, as detailed within section 3, will exacerbate this trend locally and drive demand for new stock both from new

businesses and existing occupiers in the borough. Historic under provision therefore makes this far more relevant in Maidstone than elsewhere in the country.

Impact of Technology

- 4.77 Much has been made of the fast-paced adoption of new technology in the logistics sector and its impact on efficiency of deliveries management. However, what is less well understood is the changes it enables within the operational estate they occupy. As a response to increases in the volume and speed at which goods are processed logistics operators have focused on occupying more floorspace more efficiently, which is enabled by new technology applications.
- 4.78 In simple terms automation has allowed goods to be stored vertically on taller racks. The introduction of automated vertical storage systems such as vertical lift modules have enabled businesses to create a saving of up to 85% on floorspace required to store goods.
- 4.79 Ultimately this has meant that many operators now place more importance on building volume than building footprint. Consequently, buildings are getting larger to cope with demand volatility so a warehouse that offers scope for expansion and contraction will be best placed to meet market requirements. Operators are increasingly attracted to warehouses that are of a sufficient height to allow for internal stacking and installation of automated machinery.
- 4.80 The adoption of technology is gathering pace as land and floorspace become more expensive across the country. Whilst upfront investment in the technology is expensive it is offset by longer term savings on property costs. It also reduces the risk to workers of undertaking tasks at height, creating better working conditions for staff.
- 4.81 This ability to use the floorplate of a building more efficiently is driving a new generation of building typologies that accommodate more activity and output within the same built footprint. This new building typology has allowed major retailers with a significant e-commerce presence such as Ocado, Amazon and Tesco to make much more productive use of sites they occupy by utilising the vertical space.
- 4.82 In effect this creates a much more efficient use of land, generating higher amounts of utilised space within each hectare of land. This also means that many older employment units cannot accommodate modern operational needs due to low eaves heights and clearance.
- 4.83 Given the levels of automation within such buildings the traditional relationship between floorspace and levels of employment has broken down, with the additional operational space at times not requiring the same relationship between floorspace and additional workers. As such, whilst it does

generate further jobs this may be at a lower rate for mezzanine floors than for the 'ground floor' – overall however larger buildings do require both more workers and, often, a broader range of skills. Given these changes traditional approaches to understanding land needs as a function of employment growth only will fail to provide the right amounts and types of land capacity to meet needs.

Improved Environmental Performance

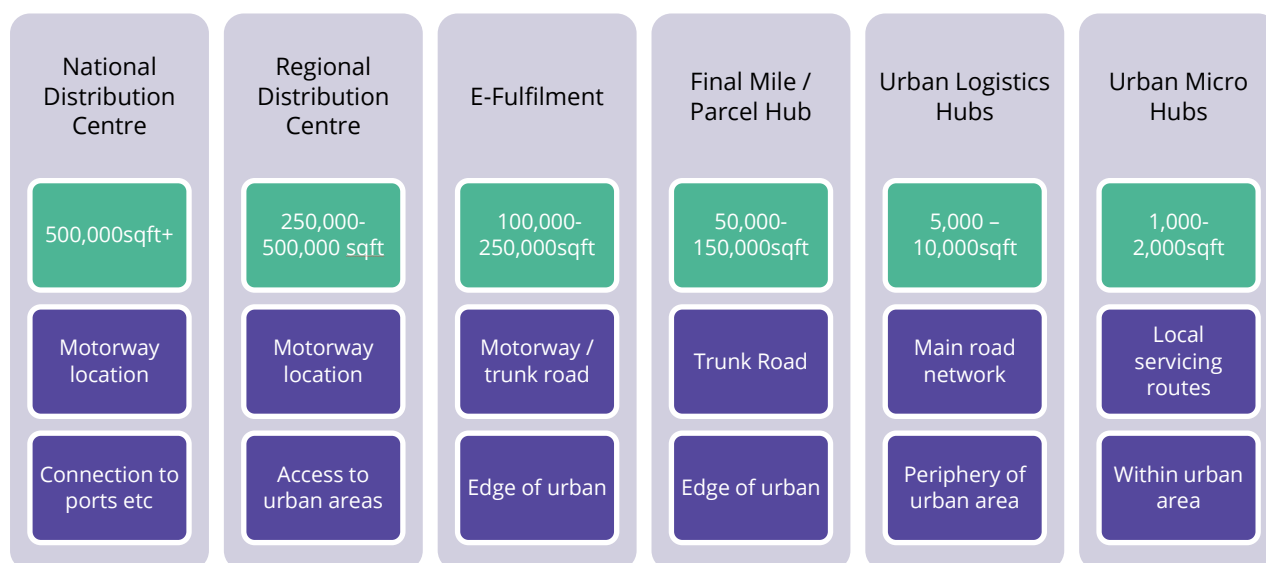
- 4.84 Traditionally the industrial sector has often sought to 're-use' existing stock, rather than drive significant amounts of new/replacement development. It is estimated that almost 60% of the UK's industrial stock is over half a century old. Whilst much of this space remains functionally suitable for some occupiers and activities, there industry-wide concerns about its environmental performance and suitability.
- 4.85 The Minimum Energy Efficiency Standard (MEES) is one force driving a focus on the environmental performance of industrial buildings, with an estimated 40,000 industrial properties likely to fall foul of the requirement to meet EPC standard E in 2023, a figure that will grow significantly when the B standard is introduced in 2030. More broadly businesses themselves are more conscious of their environmental impact and actively seeking premises that allow them to improve the sustainability of their operations.
- 4.86 This demand for more efficient space is creating additional pressure for development within the industrial and distribution sector. Over the past 5 years there has been a steady upward trend in the delivery of stock that secures higher environmental performance, with 2021 expected to set a new record for the number of properties built that reach the highest energy performance standards.
- 4.87 Both developers and occupiers are directly addressing the issue and seeking to integrate new forms of heating and power generation, from solar to heat recovery in order to improve performance. Ultimately businesses are beginning to make decisions based on these factors, with some major occupiers now actively relocating from poor performing stock into new, more efficient premises.
- 4.88 This dynamic creates a new layer of demand for replacement stock in addition to space needs generated by new demand.

Needs Driven by Changing Space Requirements

- 4.89 Growing consumer demand and a focus on shorter delivery timeframes has meant that ecommerce is reshaping the traditional distribution network within the UK.

- 4.90 The established system was relatively simple. Goods entered the supply chain (either from a port or UK factory) via a national distribution centre, which then passed goods to a regional centre, and then from there goods went to the end user.
- 4.91 However, the growth in ecommerce and the arrival of next /same day delivery has meant this is no longer a viable model – particularly when coupled with more defined delivery windows.
- 4.92 Today, a more complex system is evolving. This includes the two existing facilities but is expanded to a wider range of facilities that allow product ranges to be held for short periods of time much closer to the end user, as shown below.

Figure 27: The 'New' Logistics Space Portfolio



Source: Avison Young, 2021

- 4.93 The traditional larger national and regional centres remain focused on highly accessible locations, mainly by road and to a lesser degree rail. Critical to their success is the drive time from points of entry for goods into the UK (ports and airports) and the network of regional centres/markets. This new mix affects employment densities and reinforces the need to augment those used by Lichfield's within the EDNS, which simply reflects historic market performance/demand and businesses.
- 4.94 Given the importance of ports to these facilities, the 'Golden Triangle' at the intersection of the M1 and M6 remains the prime location for this activity. However, smaller facilities focused on the delivery of goods to homes have different location requirements.
- 4.95 E-fulfilment and final mile hubs are much more reliant on the ability to distribute quickly. As such, they require less storage space (as they don't hold products for long) but need closer proximity to homes. Increasingly these are focused on the edge of urban centres, clustered on major trunk road junctions in order to enable both HGV and van access.

- 4.96 Latterly a new form of urban logistics hubs and micro-hubs have emerged. These small spaces provide consolidation points within urban areas in order to enable deliveries to be undertaken by cargo bikes etc rather than vans in city centres. These spaces can re-use existing properties (such as car parks or retail stores) and help distributors service areas with high congestion and dense populations.
- 4.97 In the main it is clear that demand is growing most significantly in the 'mid-tier' of this portfolio, with businesses seeking units of 100,000sqft+ to provide an effective network to distribute goods to end users in shorter delivery windows.
- 4.98 Given the scale of space occupied by businesses in the sector the cost of premises has long been the primary driver of location decisions. However, given the changing operational needs, location decisions now take into account a much wider set of factors in order to identify the most appropriate location.
- 4.99 Whilst cost is still an important factor it is now complemented by greater consideration of the broader location and its ability to enable reliable journeys to end users. The suitability of stock from an operational perspective is also critical with businesses prepared to locate in areas that can deliver the space they need. Again this links directly to the environmental credentials of the property.
- 4.100 As the nature of employment in the sector changes labour and skills supply has become an increasingly important factor. The sector will require more, higher skilled workers in the future – and expects these to be hard to recruit – therefore locating in places where the skills exist is increasingly important.
- 4.101 Primarily these trends are focussing new demand at the edges of urban areas with good road links that enable online retailers to service customers. In recent years we have seen a growth in floorspace in these locations – a trend that will continue in the future as the sector grows.
- 4.102 A range of new industrial sub-markets have emerged, or smaller markets have grown as a result of these needs. However, what is clear is that while demand is somewhat footloose, this is only within certain limits.
- 4.103 The ultimate constraint on how far businesses can be from their 'ideal' location is the ability to service the intended market. Moving too far from it breaks down the efficiency of the distribution network and means delivery times and windows cannot be met.

- 4.104 There are no set parameters for the scale of area within which a business can locate to service a particular market. The determinants of this location flexibility are focused on a number of considerations, including:
- Operator specific models;
 - Density/scale of population;
 - Scale/nature of business base;
 - Highway access and congestion;
 - Accessibility to RDC/NDC; and
 - Planned growth and development (i.e. a growing market).
- 4.105 The planning of land supply needs to take these factors into account. Recognising that demand is being driven by residents and businesses in a particular area, and space needs to be accommodated close to them in order to satisfy them. This has implications for the nature of land needed in Maidstone both in scale and location terms if it is to meet these future needs.

Conclusion

- 4.106 The analysis in this section clearly shows that there is current and future demand for warehouse and distribution space and, therefore, a need for more land to be identified in Maidstone, and the wider sub-region in order to meet the needs arising from projections of employment growth, estimated 'suppressed demand' that flows from historic undersupply of space, the rapidly changing dynamics in the sector and a lack of suitable alternative supply in the area.
- 4.107 It is clear a range of internal and external factors are driving rapid expansion in the sector and increasing the need for well-located sites to be made available to accommodate both business expansion and new entrants to the market.
- 4.108 Critically, the sector is expected to be a key component of the UK's economic recovery with growth in the short to medium term outstripping the wider economy. The sector will therefore become increasingly important in the provision of jobs for residents: particularly as restructuring decreases employment opportunities in other sectors.
- 4.109 However, as shown, and discussed in the following chapter, the area has fundamentally failed to ensure land availability has kept pace with demand for large-floorplate, B8 stock leading to an undersupply of space that even known new developments do not adequately address the requirements for nature of space.

5. Demand and Supply Balance

- 5.1 To understand whether there is a justified need for the proposed development at Maidstone, M20 Junction 8, it is critical to understand the current employment land portfolio and consider whether it is capable and suitable of meeting the needs of all economic activities going forward.
- 5.2 In the market section of this report, we identified that there is an under provision of large-scale, modern distribution units within the local market. We therefore need to review the development pipeline to understand whether any units of this nature are coming forward to meet the demonstrated demand for large-scale logistics space.
- 5.3 Econometric forecasting indicates a total requirement for an additional 12ha of B8 land within Maidstone, and 79ha of industrial land across the sub-region, adopting HCA density guide assumptions on employment densities. As indicated in the analysis, it is likely, given the requirements of modern logistics operators, that a large quantum of this space will need to be situated in close proximity to the M20 and within larger units – as such land supply needs to be in the right location and of the right scale to meet the needs of the sector – a simple quantitative balancing is not sufficient to ensure a robust land supply position.
- 5.4 Critically, as aforementioned, econometric forecasting provides a starting point rather than a ceiling (see Harworth’s Wingates Decision dated June 2021⁵). Additional needs will be generated by more strategic macro-economic influences and the changing nature of certain sectors. The logistics sector in particular has, in recent years, seen significant levels of growth and demand, driven both by changing consumer behaviours and also changes to the business-to-business supply chain structure.
- 5.5 Whilst supply in the Maidstone AMR indicates that the total need of employment floorspace has been met, importantly, a significant quantum of this has been met via mixed-use B class schemes, with very limited B8 space consented or allocated.
- 5.6 It is challenging to assess the existing position across the wider sub-region, with a number of Local Authorities not providing up-to-date Annual Monitoring Reports.
- 5.7 Notwithstanding this, a review of the nature of supply coming forward indicates that there is simply not enough suitable B8 space to meet the growing demand within the logistics sector, and suitably fulfil the 79ha required across the sub-region. This has been analysed in more detail below.

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995042/210621_Wingates_combined_DL_IR_R_to_C_note.pdf

Analysis of Alternative Sites

5.8 Table 23 considers consented/completed developments on allocated sites from the AMR in Maidstone.

Table 23: Amount of B class floorspace by type consented/completed on allocated sites per annum

Site Allocation	Allocation Progress	B1a (sqm)	B1b (sqm)	B1c (sqm)	B2	B8	Total (sqm)
					(sqm)	(sqm)	
EMP1 (1) West of Barradale Farm, Maidstone Road, Headcorn	Complete. Remainder of allocation – no application	0	0	0	967.7	967.7	1,935.40
EMP1 (2) South of Claygate, Pattenden Lane, Marden	No application	0	0	0	0	0	0
EMP1 (3) West of Wheelbarrow Industrial Estate, Pattenden Lane, Marden	Partly developed, remaining part of the site yet to be developed.	0	0	0	0	0	0
EMP1 (4) Woodcut Farm, Bearsted Road, Bearsted	Not started	2906	5182	14,934	0	22,273	45,295
RMX1 (1) Newnham Park, Bearsted Road, Maidstone	Not started	12,375	12,375	0	0	0	24,750

RMX1 (2) – Maidstone East and forming Royal Mail sorting office, Maidstone	Previous temporary permission completed	0	0	0	0	0	0
RMX1 (4) Former Syngenta works, Hampstead Lane, Yalding	Application pending decision	0	0	0	0	0	0
RMX1 (5) Powerhub Building and Baltic Wharf, St Peter's Street, Maidstone	Expired permission for foodstore	0	0	0	0	0	0
RMX1 (6) Mote Road, Maidstone	Application pending decision	0	0	0	0	0	0
Total		15,281	17,557	14,934	967.7	23,240.70	71,980.40

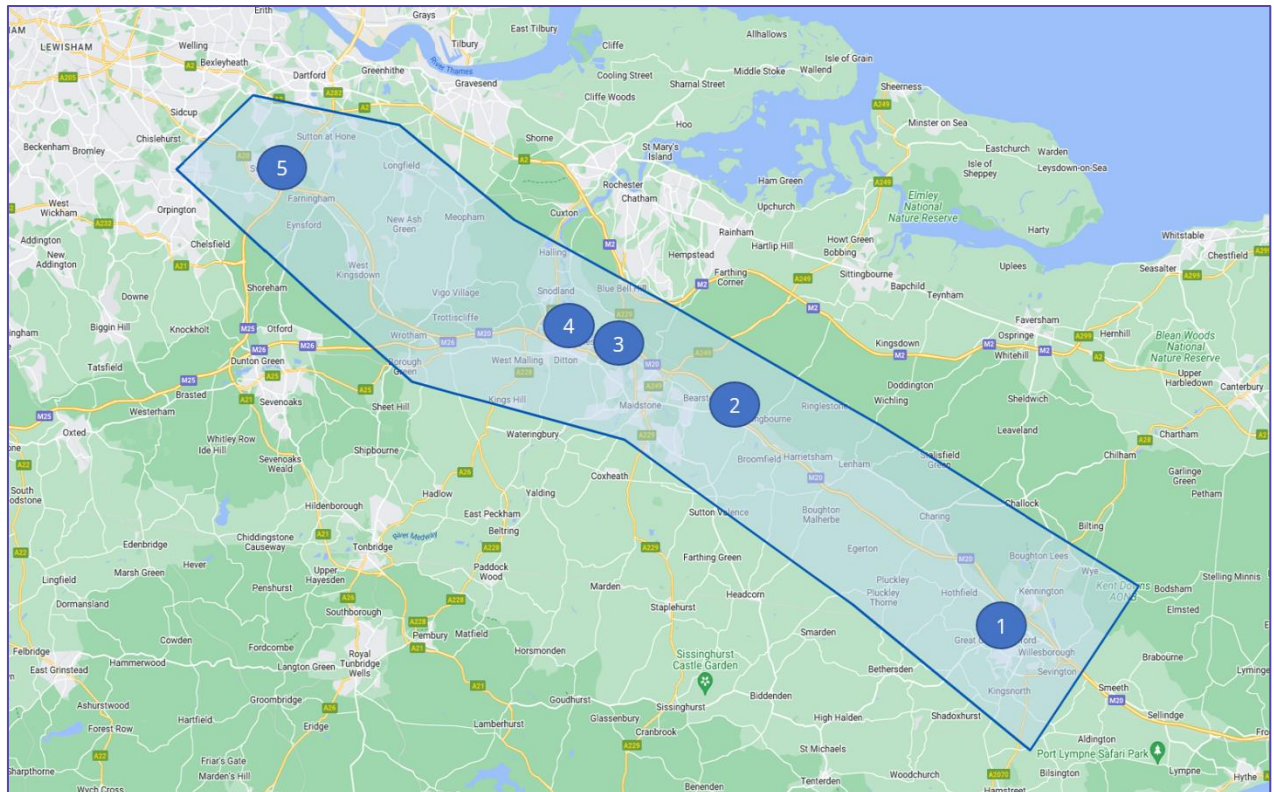
Source: Maidstone AMR, 2020-21

- 5.9 Analysing these sites, only the allocation at Woodcut Farm, Bearsted, directly adjacent to the subject site, presents a potential scheme capable of accommodating the type of units the sector needs to respond to demand dynamics. Given this lack of appropriate supply, it will be critical that Maidstone considers the potential of the subject site to help meet identified need.
- 5.10 Extending analysis to all schemes within the Council area currently consented, or under construction, that can meet the needs of modern logistics occupiers.
- 5.11 Given the lack of any scheme of this nature coming forward anywhere else within the Council area, and some of the demand dynamics indicated in the sections above, it is anticipated that provision of an additional unit at the subject site would present little impact on demand for units at the adjacent Woodcut farm site. Moreover, this would assist the Council in meeting the econometric forecast target of 46,930sqm of appropriate B8 space.

5.12 As set out above, the key attractor for occupiers seeking space in this location will likely be proximity to the M20 corridor. We have therefore extended our analysis to incorporate the wider corridor, as show below in Figure 28.

5.13 Taking this wider area, there is limited competition across the M20 between Swanley and Ashford, further reflecting the need for additional B8 space. Competing developments comprising 50,000sqft of industrial floorspace or more are detailed below in Figure 28 and Table 24.

Figure 28: Competing Developments, M20 Corridor



Source: CoStar, 2022

Table 24: True Availability, M20 Corridor

Key	Context		Overall		Existing floorspace				Future Capacity	Commentary
	Submarket	Scheme	Total Size (sqft)	% Developed	Built space (sqft)	Occupation (sqft)	Vacant floorspace (sqft)	True Availability (sqft)	True Availability (sqm)	
1	Ashford	Beaver Lane - Chart Leacon Depot	247,856	0%	0	0	0	247,856	0	Train Depot being delivered to support the adjacent rail line.
2	Ashford	LOC8 (B8 Units)	191,825	N/A	N/A	85,566	106,259	106,259	0	Not clear how much space has been developed. However, of the four B8 units, two have been pre-let, leaving a remaining c. 106,259sqft split across two units
3	Tonbridge and Malling	Click Aylesford	302,845	0%	0	0	302,845	273,330	0	Due to complete in 2023. Units 5 and 6 are under offer. Sizes range from 13,692sqft up to 110,557sqft.
4	Tonbridge and Malling	Panattoni Park	528,010	N/A	N/A	N/A	N/A	N/A	230,000	80% of the logistics park is already let or under offer, with just 2 units remaining. These are due to be completed in 2023.
5	Sevenoaks	Goya Distribution Hub, Swanley	161,192	0%	0	0	0	0	161,192	The scheme has been consented. Units range from 26,581sqft to 55,212sqft

Source: Avison Young, 2022

- 5.14 In reviewing the above, it is important to take account of the scale of the proposed development at the subject site, comprising a single unit industrial warehouse providing a total lettable floor area of **116,120 sq ft.**
- 5.15 Whilst the development at **Beaver Lane – Chart Leacon** represents a significant quantum of floorspace, the scheme being delivered is to accommodate a train depot. This therefore presents an offer targeted at a market incomparable to the logistics sector, and the use proposed at the subject site.
- 5.16 The scheme at **LOC8** provides a mixed-use development comprising B1c, B8 and B2 space. To reflect the logistics sector and potential competing development, we have limited our analysis to B8 space. There are four B8 units being delivered at the scheme, comprising 45,275sqft, 40,293 sqft, 47,138 sqft and 59,119 sqft. Of these units, we are aware that two have been pre-let, leaving a remaining floorspace available of 106,259 sqft, split across two units. Even taking account of this available floorspace, the units are c. half the size of the proposed unit at the subject site. These units do not meet all demand anticipated in the market and address a different range of businesses needs to the proposal site.
- 5.17 **Click Aylesford** will provide 6 industrial units of the following sizes:
- Unit 1 – 47,168 sqft
 - Unit 2 – 110,557 sqft
 - Unit 3 – 64,444 sqft
 - Unit 4 – 51,161 sqft
 - Unit 5 – 15,823 sqft
 - Unit 6 – 13,692 sqft
- 5.18 From discussion with agents, we are aware that units 5 and 6 have been pre-let, leaving c. 273,330 sqft of floorspace available across 4 units. Of the units remaining, Unit 2 is the only unit of a scale that would be likely to compete with the proposed development at the subject site.
- 5.19 The scheme at **Panattoni Park** is 80% let, with just two further units coming forward (due to complete in 2023) at Plot 3A and Plot 3B. These units are 130,277sqft and 100,697sqft respectively. These units fit the size and specification parameters of the proposed development at the subject site

and could therefore be considered competing developments. However, such is the scale of market need, it is unlikely that two units will satisfy current market demand.

- 5.20 The development at **Goya Distribution Hub, Swanley** will provide c. 161,192sqft of industrial floorspace, with units ranging from 26,581sqft to 55,212sqft. The smaller nature of these units would likely attract a different occupier to the subject site and is therefore not competing directly.

Summary

- 5.21 Summarising the above, despite the high levels of demand across the M20 corridor, both now, and into the future, outlined within sections 3 and 4, there is very limited B8 logistics space of suitable size and specification coming forward within the area.
- 5.22 Analysing the pipeline, there are just 4 units of the scale and nature required to meet growing demand currently proposed and available. None of these fall within Maidstone, where vacancy rates are currently most constrained, and demand is arguably highest. Based on this, there is an imminent need to increase the quantum of logistics space along the M20 corridor to service demand and drive local economic growth.

6. Summary and Conclusions

- 6.1 The subject site occupies a critically important location for the existing and future economy of Maidstone, and the wider region in the future.
- 6.2 There is an under provision of large-scale, modern distribution units within the local market. There is a critical need to address this through delivery of high-quality, modern logistics space. This will ease vacancy rates, allow for healthy levels of churn, and help attract and retain logistics occupiers, to benefit from their wide-ranging impact on the local economy.
- 6.3 When considering econometric forecasting, there is a requirement for 12ha of additional employment land in Maidstone, and 79ha in the wider sub-region between 2022 and 2041. Critically, this acts as a starting point rather than a ceiling and the logistics sector is likely to see significant growth in demand over and above these forecasts. These trends are already being felt, with growing demand for large units beyond e-commerce alone. For the next 8 years, growth in the logistics and distribution sector is anticipated to grow at a faster rate than the economy as a whole.
- 6.4 Building on this context, and analysing the land supply in greater detail, the type of space being delivered in most instances is not suitable for distribution activity of the nature proposed at the subject site. In Maidstone, there is just one development coming forward of the scale required to attract blue-chip occupiers. Expanding the analysis to the wider M20 corridor, this increases to just 4 further units with 'true availability.' These levels of delivery will simply not meet the depth of demand currently in the market for logistics space.
- 6.5 The failure to deliver large scale stock along the M20 corridor is acting as a constraint for growth for Maidstone, and for the wider region. The siting of a distribution hub at Junction 8 of the M20 could present significant opportunity to address the deficiency in existing stock and the development pipeline. This would result in provision of high-quality jobs, enhancing the economic vitality of the area, and the wider region.

Appendix 1

CoStar Rating System

	Office	Retail	Industrial
★★★★★ & ★★★★	<ul style="list-style-type: none"> • New or refurbished construction exhibiting the latest trends in office design. • Prominent in its context. • Sustainable and energy efficient. • High quality materials and systems. • Efficient floor plates and generous ceiling heights. • High glazing ratios for daylight and views. • Rents above market averages. 	<ul style="list-style-type: none"> • Located in prime retail corridor or submarket. • Leading, high volume shopping centres. • Positively differentiated design to attract customers. • Industry leading retailers, paying rents above market averages. 	<ul style="list-style-type: none"> • Efficient loading ratios. • High eaves heights. • Land available for manoeuvrability, access and expansion. • Likely new, large, modern distribution and warehouse facilities. • Adequate roof lights. • Flexibility to accommodate various tenants and uses. • Rents above market averages within its secondary type.
★★★	<ul style="list-style-type: none"> • An older structure, but not refurbished. • Standard ceiling heights with less efficient floor plates. • Average or near average market rents 	<ul style="list-style-type: none"> • In a good retail location, but average building quality. • Smaller shopping centres. • Retailers paying average or near average market rents 	<ul style="list-style-type: none"> • Smaller structures with lower eaves heights. • Limited land for expansion and access. • Average or near average market rents.
★★ & ★	<ul style="list-style-type: none"> • In need of significant refurbishment or only suitable for smaller tenants. • Lowest rents in market. 	<ul style="list-style-type: none"> • Functional design. • Likely in a less desirable location • Lowest rents in market. 	<ul style="list-style-type: none"> • Suitable for smaller, unique industrial uses. • Limited functionality. • Lowest rents in market.

Contact details

Enquiries

James Morris

james.morris@avisonyoung.com

Visit us online

[avisonyoung.com](https://www.avisonyoung.com)

Avison Young

65 Gresham Street, London EC2V 7NQ

Copyright © 2022. Avison Young. Information contained in this report was obtained from sources deemed reliable and, while thought to be correct, have not been verified. Avison Young does not guarantee the accuracy or completeness of the information presented, nor assumes any responsibility or liability for any errors or omissions therein. All opinions expressed and data provided herein are subject to change without notice. This report cannot be reproduced, in part or in full, in any format, without the prior written consent of Avison Young.