LAND NORTH OF THE A20 ASHFORD ROAD HOLLINGBOURNE KENT

Summary Proof of Evidence of Mr Martyn Saunders MIED

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MAIDSTONE BOROUGH COUNCIL REF: 23/500899/OUT

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Contents

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For and on behalf of Avison Young (UK) Limited

1. Introduction

1.1 I am Martyn Saunders. I hold a Bachelor of Arts (Honours) in Economics and Politics and a Masters of Science in Local and Regional Economic Development. I have been a Member of the Institute of Economic Development since 2003.

1.2 I have over 20 years experience of planning, economic development, regeneration and development working for both the public and private sector. I have been employed by Avison Young/GVA since 2008, over which time I have provided a range of regeneration and property advice to clients, with a particular focus on the economic development agenda for London and the South East of England. Prior to joining Avison Young I worked as an Economic Development Officer at Gravesham Borough Council.

1.3 I have been advising Wates Developments Ltd ("The Appellant") in relation to the Appeal Site since July 2022.

1.4 I have focussed my proof on addressing the core economic and employment land issues raised in the Council's Statement of Case, Reason for Refusal 1, specifically Paragraph 2.1 which states:

There are no Maidstone Borough Local Plan 2017 policies that allow for major employment development outside of designated economic development areas, site allocations, or upon undeveloped greenfield land falling within the countryside. The proposals are therefore contrary to the Spatial Strategy (policy SS1) of the Maidstone Borough Local Plan and policy SP21 for the location of economic development.

1.5 Which is expanded at Paragraph 2.4 to state:

The key issues in relation to these reasons for refusal are likely to relate to:

1. The principle of major commercial development on an unallocated site within the countryside.

2. The need for the development.

Statement of Truth

1.6 The Proof of Evidence has been prepared in accordance with professional standards and reflects my professional assessment of the information available to me.

1.7 I confirm I have no financial or other personal interest in the outcome of this Appeal.

1.8 I confirm that I understand and have complied with my duty as an expert witness which overrides any duty to those instructing or paying me.

1.9 I confirm that I have given my evidence impartially and objectively, and that I will continue to comply with that duty as required.

1.10 I confirm that my Proof has drawn attention to all material facts which are relevant and have affected my professional opinion.

1.11 As such, I confirm that the opinions expressed are my true and professional opinions.

2. Need and Demand

Need from Employment Projections

2.1 The starting point for understanding whether the Appeal Scheme is justified is to consider the need arising from econometric projection modelling.

The Adopted Local Plan

2.2 As set out in CD3.1 the Adopted Local Plan, drawing on evidence published in 2014, planned to accommodate a total of 49,911sqm (gross) of B8 space over the period 2011-2031 and identified a net requirement of 7,695sqm of additional floorspace to be provided.

2.3 CD5.5 notes an under-representation of larger stock within the borough's (at the time) existing supply of space. It also notes an opportunity to "*utilise the M20 accessibility to attract regional and nationally focussed activities." (Table, Page 23 of CD5.5).*

2.4 The "Qualitative Site Assessment" [CD5.4] noted "*Maidstone's land portfolio for employment use suggests that, in the main, the land stock is at odds with the identified operational challenges faced by businesses within the borough. All of the identified capacity for industrial/warehouse activity lies within the south of the borough, excluding Brooklyn Yard, the area with the weakest road links." (Paragraph 6.9, Page 65).*

2.5 CD5.4 concluded that additional land will be required to meet quantitative and qualitative needs, providing specific property requirements that "*existing sites/locations were not suitable for, including warehouse and distribution space to service local and sub-regional market*s" (Paragraph 8.1, Page 83).

The Local Plan Review

2.6 The Main Modifications document [CD6.14] identifies a need for a minimum of 48,940sqm of additional B8 space to be accommodated within the borough between 2021 and 2038.

2.7 The Employment Land Needs Study Addendum [CDCD6.9] provides the basis for the Local Plan Review figures, it identifies potential need to be 56,270sqm from 2022 to 2037 and 84,830sqm to 2043, drawing on forecast data from 2020.

2.8 CD6.9 observes that the logistics and distribution sector had become *"instrumental"* to the economy and the sector *"will also be given a greater emphasis in the future" (Table 2.1, Page 3).* Indicating that there was greater need for logistics space during the pandemic and future growth would therefore not be a 'replacement' for lost activity during the pandemic.

2.9 However CD6.9 discounts this need for growth on the grounds it would (in part) be replacement for lost activity during the pandemic. This is significant given the Addendum (at Paragraph 3.24, Page 16) notes that floorspace needs are some 40% higher in the 2020 projections than the 2019 version and (at Paragraph 3.25 of CD6.9) it observes in Figure 3.2 (Page 14) that the distribution sector alone would deliver an additional 325 jobs over the estimate provided in 2019.

2.10 By not responding to this signal of significantly changed demand the Local Plan review does not fully reflect the need for additional c.15,000sqm of B8 space in the borough between 2022 and 2037.

Planning Application Evidence

2.11 In 2022 I prepared an assessment of the potential demand and supply of employment land.

2.12 The projection model uses different assumptions and techniques to CD.6.9 but yields a broadly similar outcome of between 41,445sqm and 46,930sqm of B8 space in the borough.

2.13 The consistency in the MBC and AY assessments highlights the issue for the borough in relying on the 2019 figures used in CD6.11. It is clear from two different models that is expected to be an ongoing need for new B8 space within the borough which is in excess of that planned for within the Adopted Local Plan or the draft Local Plan Review.

Market Demand

2.14 The Adopted Local Plan was supported by analysis of property market activity in the period to 2013 within its evidence base. The Local Plan Review has some limited market information within its evidence base (CD6.10) but it appears the majority of information is from 2019 (for example see Table 6.1, Page 68). As such, at the time of Examination, the Inspector had no up to date detailed primary analysis provided to him by the Council's evidence. This is an obvious evidential deficiency.

2.15 Over the past 5-10 years the logistics and distribution sector has experienced unparalleled levels of growth both in terms of economic value and employment. Understandably growth rates have cooled in the last 12-18 months, but are still positive. Nationally take up of large (100,000sqft+) B8 units remains above the 5 year average, Avison Young's "Big Box Bulletin[1]" for Quarter 3 notes growing enquiry levels for space, with most requirements seeking space of 100,000sqft-200,000sqft.

2.16 Within the Maidstone all market activity remains generally above pre-pandemic levels with take up in 2022 well above the 5 and 10 year averages. Within both Quarter 2 and Quarter 3 of 2023 higher levels of leasing activity has been achieved than most comparable quarters in the last decade. Market data also highlights the pent up demand for space in the borough, with 2019 and 2022 showing significant peaks in take up, aligned to delivery of new space at Loc8 and Panattoni Park.

2.17 This need for the right type of space in the borough is highlighted by new analysis from JLL which demonstrates the ongoing market attractiveness of high quality space along the M20 to a range of occupiers, noting that schemes such as Loc8, Panattoni Park and Click have seen high levels of leasing even before buildings are complete and occupiable and have limited supply remaining.

2.18 The 2023 Kent Property Market Report [CD5.3] draws out this strong demand that results in increased rents being paid in the borough, which has seen the highest proportional increase in achieved rent over the most recent 4 years. This increase has meant Maidstone is now the third strongest performing market behind Dartford and Sevenoaks.

2.19 Demand is anticipated to continue as a result of:

- Ongoing increase increases in e-commerce;
- The diversification of the UK industrial sector;
- Changing operating practices;
- Increasing requirements for building environmental performance.
- New businesses seeking to locate in the area,
- Existing South East/Kent operators considering new facilities to expand their network.
- Resident businesses who's accommodation needs have been suppressed by a lack of stock.

Together these factors reinforce trends first identified in the adopted and clearly demonstrate the need for the borough to maintain an appropriate scale and nature of B8 sites.

[1] *https://avison-young.foleon.com/research-uk/big-box-bulletin-q3/*

3. Sector Space Requirements

3.1 It is not in question that, overall, there is a need and demand for additional B8 floorspace to be provided within the borough. In meeting need and demand it is important to consider the market dynamics and factors that influence the location of occupier demand so that both quantitative and qualitative needs are provided for in the borough.

3.2 The Adopted Local Plan is based on an evidence base that considers in detail (through CD5.4 and CD5.5) both the sectoral needs of the economy and, in turn, the qualitative requirements of businesses that operate within those sectors and concluded that, for qualitative reasons, there was a need for additional sites in the borough to be identified and allocated.

3.3 Oddly, the Local Plan Review was not supported by such similar evidence, with the information in CD6.9, CD6.10 and CD6.11 focussed predominantly on the quantitative balance of demand and supply and concluding that the previously allocated sites could simply be 'rolled forward' supplemented by space at the Garden Settlements.

3.4 It is generally accepted within the property industry that B8 businesses have specific location, site and premises requirements – this is set out be JLL as:

– Location

- is well located to service their customers (businesses or end consumers);
- has good access to the national motorway network, which is related to the first requirement;
- benefits from good access to an appropriate supply of labour;
- has an appropriate supply of power.

– Site/Premises

- A secure site.
- A good external yard area.
- Sufficient loading provision.
- Clear and open floorspace.
- Clear internal height.
- Office area.

3.5 The need for buildings/sites to provide the above characteristics, coupled with an increased focus on environmental performance of the property they occupy, means logistics companies are now far less likely to seek to occupy existing dated properties and new leasing activity is more heavily focussed on new/modern stock.

4. Land Supply

4.1 Having considered both the deeper understanding of need and demand that has been established and the deeper insight provided by JLL on the site/premises attributes needed to suitably accommodate distribution activity I now turn to consider the appropriateness of the land supply identified to meet B8 need, both from a quantitative and qualitative perspective.

4.2 In terms of the Adopted Local Plan, the following sites were allocated for employment use (see CD3.1 Pages 229-234):

Site Reference	Site Name	Capacity	Use Mix	Notes
EMP1 (1)	West of Barradale Farm, Headcorn	5,500sqm	B1, B2, B8	
EMP1 (2)	South of Claygate, Marden	6,800sqm	B1, B2, B8	
EMP1 (3)	West of Wheelbarrow Industrial Estate, Marden	14,500sqm	B1, B2, B8	Potential limitation of building scale due to Air Ambulance flight path
EMP1 (4)	Woodcut Farm, Bearsted	49,000sqm	B1, B2, B8	Minimum 10,000sqm B1a/b Maximum unit size 5,000sqm Maximum 40% site coverage

4.3 The Regulation 19 version of the Local Plan Review identifies the following portfolio of sites:

<table>
<tr><th>Site Reference</th><th>Site Name</th><th>Office</th><th>Industrial</th><th>Distribution</th><th>Town Centre</th></tr>
<tr><td>LPRSA151</td><td>Mote Road</td><td>1,169sqm</td><td></td><td></td><td></td></tr>
<tr><td>LPRSA146</td><td>Maidstone East</td><td>5,000sqm</td><td></td><td></td><td></td></tr>
<tr><td>LPRRMX1 (1)</td><td>Newnham Park (Kent Medical Campus)</td><td>21,270sqm</td><td></td><td></td><td>14,300sqm</td></tr>
<tr><td>LPREMP1 (4)</td><td>Woodcut Farm</td><td colspan="3">49,000sqm</td><td></td></tr>
<tr><td>EMP1 (1)</td><td>West of Barradale Farm, Headcorn</td><td colspan="3">3,500sqm</td><td></td></tr>
<tr><td>EMP1 (2)</td><td>South of Claygate, Marden</td><td colspan="3">4,000sqm</td><td></td></tr>
<tr><td>LPRSA260</td><td>Ashford Road, Lenham</td><td colspan="3">2,500sqm</td><td></td></tr>
<tr><td>LPRSAEmp1</td><td>Former Syngenta Works, Yalding</td><td colspan="3">46,000sqm</td><td></td></tr>
<tr><td>LPRS4(A)</td><td>Healthlands Garden Settlement</td><td colspan="3">19,110sqm</td><td>4,764sqm</td></tr>
<tr><td>LPRS4(B)</td><td>Lidsing Garden Settlement</td><td colspan="3">42,998sqm</td><td>1,055sqm</td></tr>
</table>

4.4 No sites have been proposed for allocation within the Local Plan Review for solely distribution uses, the Local Plan Review assumes identified need and demand can be met through the mixed employment use developments at LPREMP1 (4), EMP1 (1), EMP1 (2), LPRSA260 and LPRSAEmp1, alongside the two Garden Settlements LPRS4(A) and LPRS4(B).

4.5 Sites EMP1 (1) and EMP1 (2) are considered inappropriate for larger B8 activity within the Adopted Local Plan given their limited scale and their location in the rural south of the borough. Nothing has changed in the intervening period to suggest these would now be attractive.

4.6 LPRSA260 has limitations in terms of its scale and accessibility. For these reasons it should not be considered qualitatively suitable for B8.

4.7 The borough is therefore reliant upon only two site specific allocations and land earmarked within the Garden Settlements to meet the needs of the distribution sector, noting that these have to also provide the majority of capacity to meet the identified need for industrial space and make a contribution to meeting office needs.

4.8 In pure quantum terms there is likely to be sufficient supply to meet identified need in CD6.11, however there are a number of qualitative issues that make them unsuitable. No qualitative analysis of sites against actual occupier needs was not undertaken as part of the Local Plan Review.

4.9 A qualitative assessment of these four sites shows all are significantly limited in their ability to deliver market aligned B8 space and therefore it becomes clear that the borough, either through existing allocations or proposed additions to them, does not have the right portfolio of sites to meet the identified need and demand.

4.10 Outside of the borough there is only one unit available of a similar (100,000sqft) size at Click Aylesford.

5. Summary and Conclusions

5.1 There is broad agreement across all employment land and property market evidence available to the Inquiry that there is a need for the borough to ensure there is an appropriate scale and nature of employment land capacity available to meet the identified need and demand for B8 space.

5.2 It is also consistently agreed within that evidence that the M20 is the primary driver of the distribution market and the “prime location” for such development/business activity. This spatial requirement has been identified across the evidence base prepared for the Adopted Local Plan and the Local Plan Review, supported by the up to date market evidence presented by Avison Young, JLL and KCC/Locate in Kent (via the Kent Property Market Report) and further reinforced by the leasing success of the developments such as Loc8, Panattoni Park and Click when other sites in the south of the borough (such as the Former Syngenta Works) have remained largely undelivered.

5.3 There is also a general consensus that recent global events, ongoing changes to consumer behaviour and a range of other factors will mean that there will be a continued need for B8 space to be provided in the right locations as businesses focus on good quality stock and locations.

5.4 The strengthening of the M20 market in recent years means Maidstone has a key role to play in ensuring the right space is delivered at the right time in the right places to ensure market demand and need is met and the economy is not unduly stifled.

5.5 However, as I have shown in my evidence, at present the borough does not possess the requisite portfolio of sites to meet identified need and demand across relevant sectors.

5.6 None of the seven identified mixed employment use site allocations proposed in the Local Plan Review offer the attributes that would make them attractive for distribution businesses and therefore cannot be demonstrated to be suitable sites for such use.

5.7 Moreover, the reliance on employment land within the two Garden Settlements adds a significant delivery risk with the current expectation being that that land would not be commenced until 2033 at the earliest – potentially meaning little capacity available in the first part of the plan period given development at Woodcut Farm is almost complete.

5.8 Given these limitations and the availability of up to date market data highlighting demand in the M20 corridor part of the borough there is a clear justification for the Appeal Scheme, offering as it does an opportunity to deliver a different form of space than the proposed employment allocations.

5.9 Critically the Appeal Scheme will provide space that directly aligns with the immediate requirements of the market, in the prime location for B8 activity in the borough and in a time period when other sites will not be able to deliver. It therefore provides the only potential response to the acute issue of qualitative need that the Local Plan Review has not addressed.

5.10 As such I conclude this is not an issue that can wait for another Local Plan Review to be resolved and the Appeal Site should therefore be considered positively in terms of its role in enabling the borough to meet its economic needs.

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