

THE CO-OPERATIVE GROUP LIMITED

Application for Planning Permission for Residential
Development at Lairds Way, Penistone

Employment Land Assessment by
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1. INTRODUCTION

- 1.1 Carter Towler are commercial property agents who were appointed by The Co-operative Group ("TCG") to market land at Lairds Way, off Sheffield Road in Penistone. I am retained by the TCG to provide an employment land assessment to inform consideration of their outline application for residential development.

2. QUALIFICATIONS AND EXPERIENCE

- 2.1 I hold a Master of Arts degree in Land Economy from the University of Cambridge and I am a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Chartered Institute of Arbitrators. I am currently a partner in Carter Towler, a firm of Chartered Surveyors based in Leeds which specialises in commercial property. I have worked as a general practice valuation surveyor in West Yorkshire since 1977, since 1985 at the level of Partner. During that time I have gained experience in a wide range of commercial property, with particular emphasis on industrial, warehouse and office premises.
- 2.2 One of the main areas of my practice has been in Dispute Resolution. Since 1985 I have acted as Arbitrator or Independent Expert in many commercial property rent reviews and other property value related disputes. I have also acted as Expert Witness in several substantial disputes concerning the value of development land. I therefore consider that I have an experience, knowledge and understanding of the workings of the commercial property market such as to enable me to provide expert opinion on the employment land issues which are relevant to this application.

3. SUBJECT PREMISES

Description

- 3.1 The land has been previously developed but is now vacant with no existing buildings. It is roughly triangular in shape and extends to 3.66 acres or thereabouts (1.4 hectares). The site is predominantly level but is at a level materially above the residential properties to the southeast and the adjoining Sheffield Road. The condition of the site is currently scrub land with self set Silver Birch trees.

Situation

- 3.2 The site is situated within the existing urban area close to Penistone Railway Station with frontages to Sheffield Road and Lairds Way (via which access is taken). Penistone Town Centre is just over ½ a mile away to the north west.
- 3.3 A location plan and a site plan are attached at Appendix MJB 1

Ground Conditions

- 3.4 The site has been the subject of a Geo-Environmental Investigation Report prepared by Opus International Consultants. Phase 1 of the report was a Desk Study in 2008 and Phase 2 was a Ground Investigation in April 2009. A consolidated and updated copy of this report has been submitted as part of the documentation in support of the planning application.
- 3.5 This report was prepared to address the geo-environmental issues in the context of potential development for employment and residential uses. Because of the lower values associated with development for employment uses there can be a greater impact on viability than for residential development.

- 3.6 The Geo-Environmental issues and possible significant abnormal costs that emerge from the report which are of particular relevance to potential redevelopment for employment and residential use are as follows:

Made Land

- 3.7 The report identifies that the site has a layer of “made land” to a depth of between 1.50m and more than 4.60m throughout and concludes that this will necessitate either specialist piled foundations or ground improvement by vibro replacement or the like. The footprint of an employment building is usually much larger than the foot print of an individual house. They are therefore even more vulnerable to ground instability problems. This means that buildings on the site will need special foundation solutions, probably involving piling.

Slope Stability

- 3.8 A detailed slope stability assessment has not been undertaken but the depth and angle of the slopes to the north, east and south raise cause for concern, which is highlighted by the localised bending of tree trunks on the north slope. A combination of retaining structures and a sterile development zone at the crest of the slopes is likely to be required, increasing cost and decreasing developable area.

Floor Slab Design

- 3.9 The Report identifies that floor slabs for residential development will need to be suspended. This would also apply to employment buildings and because of the larger floor plates the enhanced specification that this incurs will be a further significant additional cost.

Contamination

- 3.10 The report identifies high risk of organic and/or inorganic contaminants in made ground and risk of ground water contamination and ground gases. Investigation and mitigation of these matters will further increase costs.

4. MARKETING HISTORY

4.1 The property was placed on the market in January 2009 on the basis of its existing UDP allocation for employment development through the joint agency of Carter Towler of Leeds and Hale Saunders of Sheffield (who subsequently merged with SMC Chartered Surveyors). The marketing programme included the following

- (i) Board - 6ft x 4ft angle board on the entrance to the site displaying the words "All Enquiries" along with both agent's logos and contact details.
- (ii) Details - In-house details were prepared incorporating a location plan and site plan and giving basic information as to the nature of the site and the current planning allocation. A copy of the agents particulars is attached at Appendix MJB 2.
- (iii) Mailing – The marketing details were circulated to all West and South Yorkshire Agents at the outset of marketing and have subsequently been sent to commercial developers based in Yorkshire and throughout the North of England.
Both agents have also circulated details to all relevant industrial requirements on their data bases.

The details were also sent to Yorkshire Forward and to Barnsley Development Agency and the latter confirmed they would place the property on the Barnsley Council website.

- (iv) Website Advertising – Throughout the marketing period the availability of the site has been advertised on both agents websites.

5. ENQUIRIES

- 5.1 A limited number of enquiries were received resulting in the following offers:-
- 5.2 **May 2009** – An offer of £155,000 from Edwin Morris looking to buy the site for the erection of a light industrial unit. The offer was subsequently increased to £180,000. The offer was subject to contract and ground investigation.
- 5.3 **July 2009** – An offer of £300,000 from Jeremy Nuttall, subject to contract and subject to planning for a mixed use scheme with affordable housing as well as a satisfactory Ground Contamination Report.
- 5.4 **November 2009** – An offer of £300,000 from Barnsley Metropolitan Borough Council which was subject to contract, Council approval, detailed ground investigation and satisfactory planning permission for employment use.
- 5.5 Other offers were received for a combined site incorporating adjoining land in a separate ownership and also conditional on obtaining planning permission for residential development use. TCG were not in a position to satisfy either condition.
- 5.6 In view of known difficulties of the site in terms of Geo-Environmental issues it was decided none of these offers represented a viable way forward.

6. THE MARKET FOR EMPLOYMENT LAND

- 6.1 I have considered the Employment Land Market on three bases as follows:-
- (i) The Barnsley district as a whole
 - (ii) West Barnsley
 - (iii) Penistone

The Barnsley District as a whole

- 6.2 The slow rate of development sites being brought forward and the low rents and capital values of commercial buildings and land in Barnsley clearly

illustrates that from a market perspective there is no actual, perceived or prospective shortage of land and buildings for commercial use in Barnsley. The site is not well situated in relation to the Motorway or Trunk Road system and this, combined with its relatively small size and market town location, means that it is not able to contribute to the new development sites sought in the “Barnsley Growth Corridor” in accordance with the spatial strategy set out in the core strategy. A copy of the plan at Section 6 of the Adopted Core Strategy is attached at Appendix MJB 3 and shows that the Barnsley Growth Corridor is situated exclusively to the east of the M1. This site therefore makes no meaningful contribution to the availability of employment development sites in Barnsley as a whole, and there are plenty of available sites in Barnsley without it.

West Barnsley

- 6.3 The M1 runs to the west of Barnsley and there is extensive commercial accommodation and land available for employment development at Junction 36 (Tankersley) and Junction 37 (Dodworth). Once again the slow rate of take up of both land and buildings and the relatively low rents and capital values is a strong market indication that there is a plentiful market supply.
- 6.4 At Junction 36 there is the well established Wentworth Park Industrial Estate offering extensive B2 and B8 accommodation. Approximately 25 acres (10 ha) of land suitable for B1, B2 and B8 industrial/distribution uses is currently being promoted by Gladman, to be known as “Gladman Park”. The scheme is being marketed on the basis that it is consented (4 units), funded and deliverable. Particulars of this scheme are attached at Appendix MJB 4.
- 6.5 At Junction 36 there is also available Maple Court, providing available B1 office accommodation within the Wentworth Park Estate.
- 6.6 At Junction 37 of the M1 there are several established estates comprising:
- Capitol Park
 - Dodworth Business Park North and South

- Elmhirst Park
- Kuyoto Factory
- Fall Bank Industrial Estate

These estates offer a plethora of existing accommodation offering a wide range of types and size of employment accommodation. There is a significant availability of vacant accommodation.

6.7 Capitol Park also offers approximately 36 acres of prime commercial development. Part of the site has been developed, including a Ramada Encore Hotel and a Toby Inn pub and restaurant. I estimate that between 25 – 30 acres of available developable land remains here. A copy of the agent's particulars for Capitol Park is attached at appendix MJB 5.

6.8 On the basis of the available accommodation and development land at Junctions 36 and 37 of the M1 I do not think there can be any suggestion that loss of the subject site would have an impact on employment potential in the West Barnsley District. As the above clearly demonstrates there is a plentiful supply without it.

Penistone

6.9 The only area in which this site could conceivably make a positive contribution to employment land is by providing opportunity for local businesses within Penistone. There is commercial activity in Penistone already, and therefore the question is whether this site could enhance that activity. I will consider specifically the possibilities with regard to B1, B2 and B8 uses.

B1

6.10 The new build cost for B1 Offices is now circa £90ft² plus finance, fees, infrastructure and abnormal costs. It is generally accepted that a rental value of £14.50ft² is the break even point to develop on land which does not have high infrastructure or abnormal costs. Good quality modern second hand offices in the locality currently have asking rents of between £8ft² and £10ft²,

details of the following properties which are currently available are included at Appendix MJB 6:-

- Unit 4 Maple Court – Quoted Rent £7.50 per sq ft
- Norec House, Fall Bank Industrial Estate – Quoted rent £5.75 per sq ft

- 6.11 Take up of B1 Offices on a local, district and regional basis has been very low for the last 5 years and it is generally accepted that there is significant over capacity in such accommodation at present.
- 6.12 Also included in Appendix MJB 6 are particulars of “The Gateway”, St Marys Street, Penistone. This proposed development offers 6,954ft² of offices in suite sizes of 236ft² to 645ft² (with possibility of combined units).
- 6.13 Clearly unlike Lairds Way this is a Town Centre and therefore planning policy compliant location for office development, and in any event is a more appropriate and sustainable location for offices than Lairds Way. It is unthinkable that there is sufficient demand to justify development of both sites for B1 offices.
- 6.14 In the very unlikely event that rental rates for B1 Offices rose significantly in the foreseeable future there is sufficient availability of land at Capitol Park, Dodworth and Tankersley to meet demand. Building costs will be the same for all these sites. Infrastructure costs and abnormal costs are likely to be higher at Lairds Way than either of the other two sites, and it is unthinkable that offices at Lairds Way would be developed in preference to Capitol Park and Tankersley. Both of these sites are within a 10 minute drive of Penistone and significantly, of course, have excellent access to and from the M1.
- 6.15 Development of B1(C) accommodation (light industry) would also be unviable because potential occupiers of such units cannot afford rental levels proportionate to new developments and prefer to occupy second hand space which is usually much cheaper, and of which Penistone has a significant supply.

B2 and B8

- 6.16 This site is located on a single carriageway road with a restricted headroom railway bridge in both directions. This means that the location is too remote from the trunk road and motorway system to be suitable for B8 use (where, in any event, the number of jobs created would be relatively low).
- 6.17 The minimum rental figure at which B2 development would be viable is £4.50ft² to £5ft² (depending on unit size). Once again this assumes that no unusual infrastructure or abnormal costs ground costs, which is not the situation at Lairds Way.
- 6.18 Currently achievable B2 rental levels in Penistone are significantly below this. A little further southeast on Oxspring Road is the Marrtree Business Park which was developed in 2008/2009 and offers a total of 24,500 sq ft in 6 units capable of lettings as a single unit of 3,750 sq ft to 9,000 sq ft. Approximately one half of the accommodation has never been occupied and asking rents are £3.00 per sq ft with significant rent free periods and other inducements available. This accommodation was developed as part of a mixed use scheme and demonstrates conclusively that supply does not necessarily produce its own demand.
- 6.19 This is a good quality modern development in a virtually identical location. Newly built accommodation at Lairds Way would not be any more attractive in the market place.
- 6.20 The agent's letting particulars are attached at Appendix MJB 7.
- 6.21 Once again in the unlikely event of a significant increase in rental value of viability the new development at Capitol Park Dodworth and Tankersley would be achieved well before Lairds Way, Penistone. The extensive availability at these locations means that even if Lairds Way were developed for residential use there are plenty of employment development sites remaining in the locality. This would include the adjoining land owned by Yorkshire Land which has an area of approximately three acres and which would still be available allocated employment land.

7. SUMMARY OF MARKET

7.1 The relevant characteristics of the market can be summarised as follows:-

- (i) There are plenty of alternative sites available whether considering Barnsley as a whole, West Barnsley or the Penistone locality. The designation of the Barnsley Growth Corridor and the immediate and high profile availability of sites at Capitol Park (J37) and Gladman Park (J36) mean that no employment opportunity on a district or local basis would be jeopardised by the removal of Lairds Way from designated employment land.

- (ii) At a local Penistone level the site makes no contribution to potential employment provision because its development for offices, workshops and storage/warehousing is unviable in the current and foreseeable market conditions, and even if rents generally increased Capitol Park, Dodworth and Tankersley would become viable for new development well before Lairds Way and would be much more attractive in the market place.

7.2 In my opinion, therefore, the loss of the site from employment land supply would have no detrimental effect on potential employment prospects in the district or locality.