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Date 29<sup>th</sup> August, 2023

Dear Craig

**Chalcroft Business Park: Commercial Development of the Paddock Site**

We refer to recent correspondence in connection with this site.

**Instructions**

We understand to support the planning application for the proposed development of the above site, a short statement is required on the commercial market.

This statement focuses on the requirement for the type of smaller units proposed in the planning pre-submission to facilitate the Economic Regeneration Statement of this site.

We understand that this development would provide an opportunity to secure existing users already based on the business park, whilst also attracting new tenants to the estate.

**Proposed Development**

We have reviewed the proposed site and understand this will comprise new business starter units on a site of 4.45 acres, with a Gross External Area of 49,267 sq ft currently set out across 7 detached buildings.

| GROSS INTERNAL AREAS BY BUILDING |              |               |
|----------------------------------|--------------|---------------|
| BUILDING                         | SQ M (GIA)   | SQ FT (GIA)   |
| Farm Shop                        | 318          | 3,423         |
| Building A                       | 572          | 6,157         |
| Building B                       | 1,147        | 12,346        |
| Building C                       | 585          | 6,297         |
| Building D                       | 723          | 7,782         |
| Building E                       | 593          | 6,383         |
| Building F                       | 344          | 3,703         |
| <b>TOTAL</b>                     | <b>4,282</b> | <b>46,091</b> |



These buildings, as proposed, will have a height to haunch of 6m to 8m and the site coverage will be approximately 25%. The proposed use is Class E(g) (ii) (iii), B8 and Sui Generis.

### **Commercial Market Commentary**

The surveyor providing this statement has nearly 35 years' experience in the Industrial & Logistics sector in the Hampshire area.

Despite headwinds in the wider economy, the Industrial/Logistics sector continues to be, of all the asset classes, one of the more attractive. This sector provides a more reliable safe haven for investors and developers in comparison to traditional real estate sectors of Offices and Retail.

South Hampshire has historically had a lack of supply of suitable sites available for commercial development. The residential 'boom' and Government agenda favouring residential development has resulted in a significant volume of employment sites being lost to residential development. Coupled with this pressure on availability, those sites that have come forward have seen any Industrial & Logistics development focusing on larger single let floorspace rather than smaller starter unit schemes, like those proposed on the subject site.

Significant rental growth has taken place since Brexit and the Pandemic, with manufacturing and logistics occupiers onshoring in the UK to reduce the length of their supply chain. This strong demand has attracted institutional funds and property companies to focus on larger scale development. Increasing building costs have impacted on development appraisals across the whole Industrial/Logistics sector and this is particularly apparent with higher build costs and more protracted development timelines for a smaller unit scheme, compared with larger scale development.

In the lettings market, Oxenwood has developed a 5 unit scheme at Power Park, Eastleigh. This is due to complete in September and the last two remaining units are now under offer resulting in this 14,000 – 56,000 sq ft development being fully let prior to practical build completion. Realest are the joint letting agents on this project.

Faraday Business Park, a new 4 unit development by Fareham Borough Council, comprising units of 11,000 – 22,000 sq ft is now fully let.

At Quest 271, Nursling, Southampton, Realest are jointly appointed by Salmon Property and Royal London Asset Management on a new development comprising 3 new A grade units of 44,309 – 95,420 sq ft. This scheme is currently under construction.

There has been no new development of small units, similar to those proposed at Chalcroft, since 2019 when Glenmore Developments built a 1,000 – 5,000 sq ft business unit development at Hardley, New Forest. This scheme is some 20 miles distant from the subject site.

In the immediate surroundings, close to Chalcroft Business Park, is an established Industrial area adjacent to Junction 7, M27 at Hedge End. The principal industrial estates are Wellington Park, Waterloo Trade Park, Herald Industrial Estate, Hamilton Business Park, Strategic Park, Royal London Park, Flanders Industrial Park, Hedge End Business Centre and Solent Industrial Estate. Of these estates only Herald Industrial Estate and Solent Industrial Estate provide space of a comparable size to that proposed. However, these estates were built in the 1970's/80's and are circa 50 years old resulting in no provision of green credentials or the energy performance levels required by modern occupiers. This location is therefore suffering from an acute lack of supply of new smaller



unit development; of sufficient quality, capable of supporting, retain and enabling otherwise successful businesses in this area to grow, whilst also attracting new employment to the area.

### **Conclusion**

Realest would fully support a smaller unit scheme in this location to secure and retain employment of existing users and attract new tenants in a location where there is an acute undersupply.

We are aware that the employment content in the One Horton Heath scheme adjacent has been reduced over time. This development, whilst more expensive due to higher build costs compared with larger scale schemes, will meet demand in a sector where there is a complete undersupply. Furthermore, it is noted the site coverage proposed is only 25%, a low site coverage which is less intensive in comparison with a larger scale development of 40-50% site coverage.

Given the prominence of the location, we also anticipate demand from a wider mix of occupiers than manufacturing and storage, including trade counter and convenience, which is now common in developments such as this and generates similar levels of employment. We note that the proposed scheme includes a farm shop. A use such as this or similar is likely to attract good demand.

Kind Regards

Yours sincerely



**Adrian Whitfield MRICS**