HAVANT INDUSTRIAL PROPERTY REVIEW 2004

Prepared on behalf of

HAVANT BOROUGH COUNCIL

by

VAIL WILLIAMS RESEARCH

VAIL WILLIAMS RESEARCH
MERIDIANS HOUSE
OCEAN VILLAGE
SOUTHAMPTON
SO14 3TJ

Tel: 023 8082 0900
Direct: 023 8082 0917
Fax: 023 8082 0950

Contact: Simon Ward BSc MRICS
E-mail: sward@vailwilliams.com

VAIL WILLIAMS
Incorporating
Robert Shaw
planning

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1.0 INTRODUCTION

1.1 Havant Borough Council has appointed Vail Williams to update the Industrial Property Market Review prepared in April 2000 on their behalf. This was an assessment of the industrial property market and the characteristics of Havant's employment land supply.

1.2 Our brief for this report was to assess the position as at mid-2004 having analysed the demand and supply of industrial premises and land.

1.3 Meetings with the council at the outset of and during the project have established the methodology for the research and confirmed the Town Planning status of allocated employment sites. Although there have been market movements between 2000 and 2004, there are certain aspects of Havant's property supply that have not changed.

1.4 This report reviews the juxtaposition between the demand and supply of industrial accommodation and updates our assessment of employment land supply following the recent Local Plan Inspector's report.

1.5 Our analysis includes a regional, sub-regional and local viewpoint. An assessment of the quality of industrial estates and potential development sites is also included.

1.6 The report also updates earlier estimates of the number of years supply of employment land given various demand scenarios.

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2.0 METHODOLOGY

2.1 Our research methodology has been similar to that employed in 2000 in order to maintain a degree of consistency between reports. Much of the work has been a process of updating data tables and statistics published in our earlier report. We have not made site visits other than in the course of normal business because the majority of estates and sites are well known to us.

2.2 In most cases the inherent characteristics of the employment sites have not changed, although some are no longer available – due to development for example. Others have been the subject of detailed comment during the review of the Local Plan.

2.3 We have undertaken a detailed review of property transactions achieved in Havant during the last 9.5 years. This data has been drawn from our local market knowledge as property agents as well as additional research. We report on vacant accommodation available, space under construction and the amount let/sold to new occupiers.

2.4 Drawing from the Vail Williams property database we have set this into context with the wider market area by reference to the major centres of central southern England (Portsmouth, Southampton, Basingstoke, Reading, Blackwater Valley, Bracknell and Crawley). Our sub-regional analysis is based on the Eastern end of the M27 corridor (Havant, Portsmouth, Fareham and Gosport market areas) and our analysis is concentrated on industrial buildings over 929 m^2 (10,000 sq ft) in size for consistency of trend information.

2.5 Using the findings of the research above, as well as a market perspective, we been able to provide a reasoned opinion on the competitive commercial appeal and impact of employment sites. We have also suggested scenarios for the potential number of years supply of employment land based on upon past rates of take-up.

2.6 Our assessment of the quality of sites follows the approach taken in the 2000 report. However, we note that Hampshire County Council is in the process of consulting local authorities and Hampshire Economic Partnership on the quality of sites. Consequently there would be some merit in comparing their findings with those in this report.

2.7 We have not undertaken a business survey or inspected individual properties on this occasion. Although we have referred to demographic data, we have not undertaken detailed labour market analysis or research into housing. This means that this report may need to be read in the light of other council research and policies.

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3.0 ACCOMMODATION SUPPLY AND DEMAND

3.1 Market Context

3.1.1 To put the Havant study into context we have examined the balance of supply and demand in the commercial property market both regionally and locally.

3.1.2 The following graphs show the results of ongoing research by Vail Williams into the availability of industrial space, construction rates and take-up of accommodation on a quarterly basis. The regional picture is followed by analysis of the eastern M27 corridor market area. Then special consideration is given to the Havant market area.

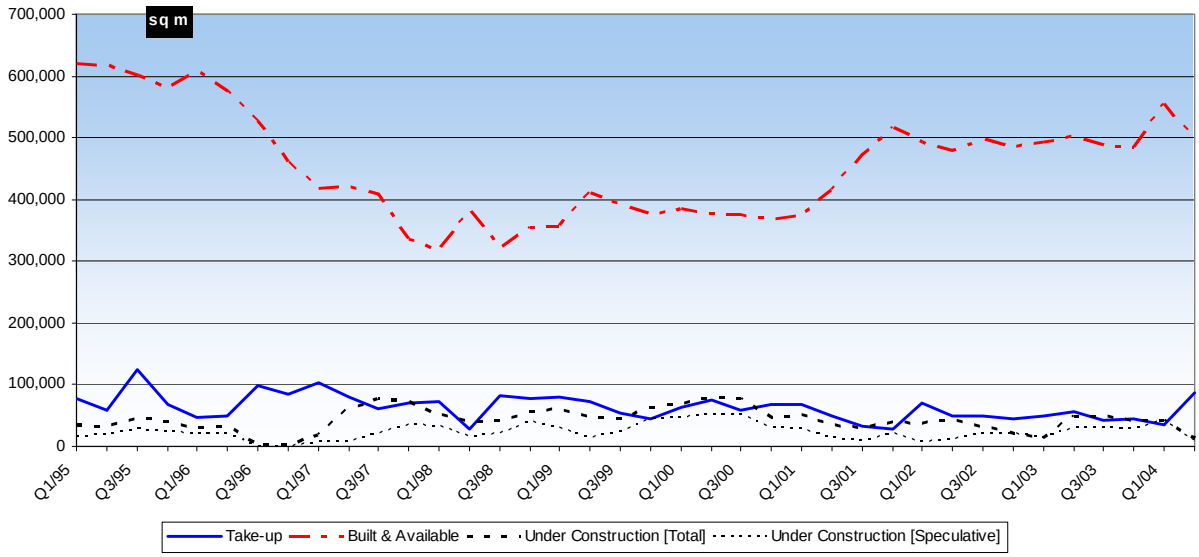
3.2 Regional Market Context

3.2.1 We reported in 2000 that supply of industrial accommodation around the region had fallen by 40% since the beginning of 1995.

3.2.2 Since 2000 the property market has seen considerable change - the regional office market in particular has been affected by a downturn in the ITC sector and US economy. However, the manufacturing industry has also had to adjust to global pressures and this has had an effect on the industrial property market. We have seen a good proportion of properties coming back to the market as a result. Construction levels have stalled in response to increasing supply but the south coast has seen an increase in construction.

3.2.3 There has been a 29% rise in supply since the beginning of 2000 to mid 2004. This equates to a 20% fall since Q1 1995. This is illustrated in the following graph.

Regional Industrial Demand and Supply Trends
(929 sq.m. plus)



Source: Vail Williams Research

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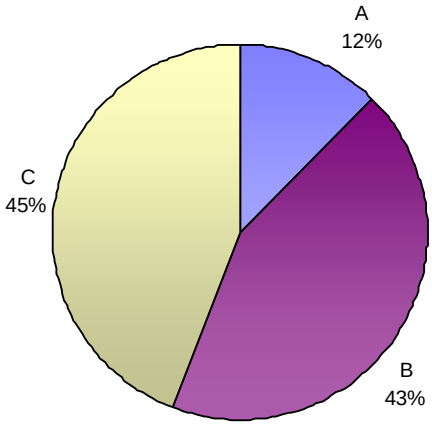
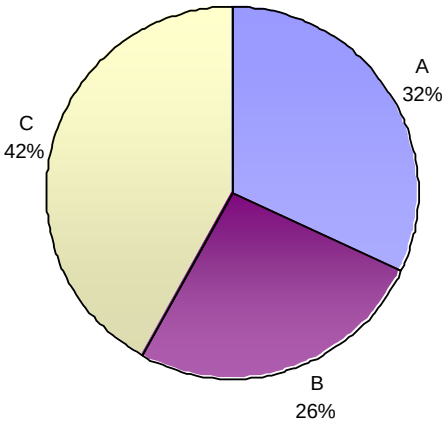
3.2.4 Annual take-up has remained steady since 2000 at around 186k sq m (2 million sq ft) per annum, whereas prior to 2000 it had reached levels of circa 250k sq m to 325k sq m (2.7 m sq ft to 3.5 million sq ft) per annum.

3.2.5 The breakdown of the quality of supply at the end of 1999 shows similarities with that at the end of the second quarter 2 2004, see pie charts on the left below.

Q4 1999 Available Industrial Space by Quality



Annual Industrial Take-up by Quality Q1 1999 to Q4 1999



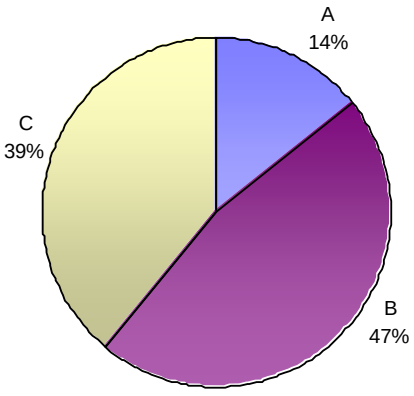
Source: Vail Williams Research – Regional quality analysis

Grade A: New or completely refurbished – top specification
Grade B: Previously occupied – modern, good specification
Grade C: Secondary, poor access, restricted eaves height, etc.

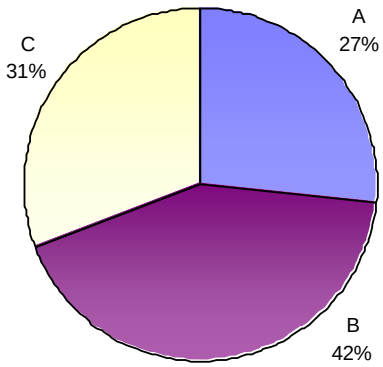
3.2.6 Equally the breakdown of annual take-up in the twelve month period to the end of Q2 2004 shows a very similar pattern of demand to that seen in 1999, see pie charts to the right.

3.2.7 There still remains a mismatch between demand and supply with about a third of demand around the region being for new grade A space and just 14% of supply is made up of grade A space.

Q2 2004 Available Industrial Space by Quality



Annual Industrial Take-up by Quality Q3 2003 to Q2 2004



Source: Vail Williams Research – Regional quality analysis

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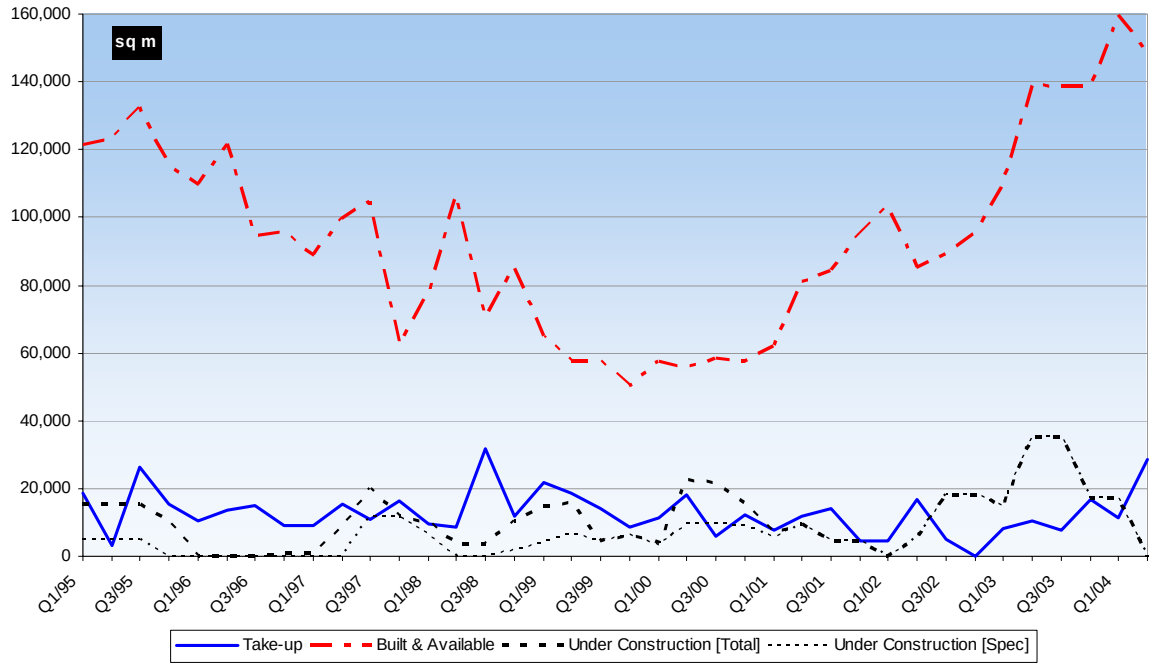
3.3 Eastern M27 Corridor

3.3.1 Supply and demand along the eastern M27 corridor (Segensworth, Fareham, Gosport, Cosham, Portsmouth, and Havant) reflects the regional picture. We have seen a complete cycle in the property market over the past 9.5 years with supply reaching its lowest level at the end of 1999. Supply has since been steadily rising, having risen by 159% over the period Q1 2000 to Q2 2004. Built and available industrial accommodation totalled 148,800 m^2 [1.6 million sq ft] at the end of Q2 2004.

3.3.2 The difference between the regional market and the eastern M27 corridor market area is that supply is now 22.4% higher than it was at the beginning of 1995 whereas regionally supply is still lower than it was in 1995. This is largely due to increased speculative construction activity, particularly at Segensworth.

Industrial Demand and Supply Trends in the Eastern M27 Corridor Market Area
(929 sqm plus)



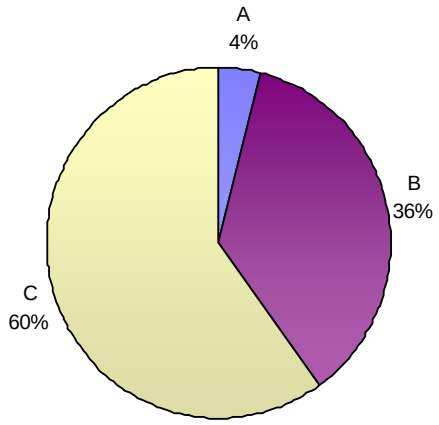
Source: Vail Williams Research

3.3.3 In the eastern M27 corridor there was a reduced level of demand in 2002 which fell significantly, however in the last 3 quarters demand has risen considerably. Over the period October 2003 to June 2004, there has been over 55,740 sq m [600,000 sq ft] of space taken up.

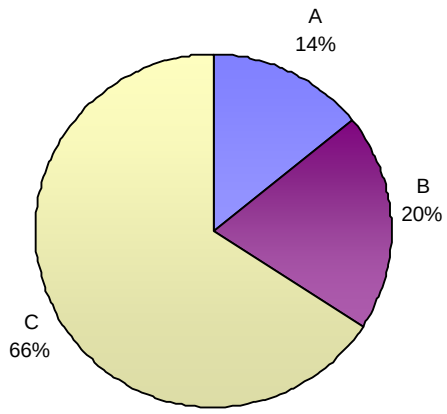
3.3.4 The following pair of pie charts shows the quality of vacant space at Q4 1999 compared to take-up in the previous 12 months. They are followed by equivalent information as at Q2 2004.

 © Vail Williams Research 2004

Q4 1999 Available Industrial Space by Quality



Annual Industrial Take-up by Quality Q1 1999 to Q4 1999

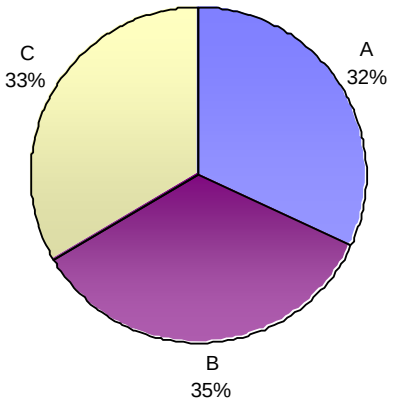


Source: Vail Williams Research – Quality Analysis Eastern M27 Corridor

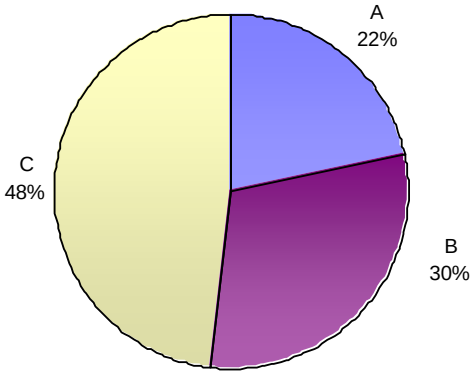
3.3.5 The increased construction levels in the area are evidenced by the breakdown of supply according to the quality of buildings available. This shows an increase from 4% grade A accommodation in 1999 compared to 32% grade A accommodation now - which means there has been some improvement in the choice of property on the market.

3.3.6 As choice has improved, so there has been an increase in the proportion of take-up that has been of good quality accommodation, with 52% of demand being for either new or good quality space. Over the last decade we have seen take-up being fairly evenly split across the three quality bands, as demonstrated later in this report, and a one third split might be regarded as the norm.

Q2 2004 Available Industrial Space by Quality



Annual Industrial Take-up by Quality Q3 2003 to Q2 2004



Source: Vail Williams Research – Quality Analysis Eastern M27 Corridor

3.3.7 Previously, the majority of grade A space taken-up has been attributable to “design and build” projects (built to order). The increased level of speculative construction has been welcomed by the market - now the take-up of grade A accommodation is largely related to the letting of

speculatively built space. This demonstrates that there has been latent demand for new buildings.

3.3.8 When we previously reported we were anticipating more speculative development in the short to medium term as at that time investment funds were targeting the industrial market and there was a significant weight of money to be committed. In the absence of "standing" industrial investment opportunities, more funds were prepared to invest speculatively.

3.3.9 We were also of the opinion at that time that Havant could have benefited from this opportunity if better sites had been available. Also, major road improvements would have helped to catalyse investment in the borough's existing sites, such as Southmoor Park which at the time was owned by Prologis Kingspark who were reluctant to build without prelets.

3.3.10 In the last two years alone we have seen c.80,000 m^2 [850,000 sq ft] of speculative, industrial space built along the eastern M27 corridor with over 57,800 m^2 [600,000 sq ft] of that space being built at Segensworth. A very small proportion of this development has taken place in Havant.

3.4 Havant Market Area

3.4.1 Havant sits in a coastal position in close proximity to the A3(M)/M27, with a high proportion of housing and high levels of out-commuting. It has a population of 116,000, 59% of which (68,000) is of working age.

3.4.2 It is considered to be more of an industrial area because of its manufacturing base. But one of the challenges for Havant has been global changes in the manufacturing industry, with low cost competition abroad leading to the loss of employment in the Borough. The local economy now needs to adapt to take advantage of more advanced technological and knowledge based businesses in order to expand its employment base. This demands modern premises to complement the lower quality/lower cost premises already in the Borough.

3.4.3 Take-up

3.4.4 As mentioned above, since 2000 there has been a reduced level of take-up in the eastern M27 corridor, of which Havant forms a part. Take-up fell quite significantly in 2002 but we have since seen an improvement and in the first 6 months of 2004 the level of take-up has almost equalled that for the whole of 2003.

3.4.5 In Havant there has been a similar trend where take-up was particularly low in 2002 but has increased in 2003 and in the first 6 months of this year has totalled 19,813 m^2 [213,272 sq ft]. This is higher than the total annual take-up for any other year with the exception of 1995, see table 1 below, and amounts to 47% of take-up along the eastern M27 corridor.

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Table 1		
Havant Market Area Annual Take-up (929 m^2 plus)		
	m^2	**ft^2**
1995	22,351	240,591
1996	15,886	171,002
1997	5,413	58,264
1998	14,274	153,644
1999	3,967	42,696
2000	5,669	61,016
2001	4,194	45,147
2002	3,691	39,731
2003	8,832	95,066
Q1/Q2 2004	19,813	213,272
Annual Average	**10,957**	**117,940**

3.4.6 The annual average take-up for premises over 929 m^2 [10,000 sq ft] is 10,957 m^2 [117,940 sq ft]. As demonstrated in the table above. The mid year statistics for 2004 show that the level of take-up is 81% above the annual average. The majority of demand has been from existing occupiers within the Havant area.

3.4.7 In the past, take-up has been boosted by larger scale design and build options. In the last eighteen months there has been a total of 13 sizeable transactions (above 929 m^2) which have ranged in size from 948 m^2 to 9,955 m^2 [10,200 sq ft to 107,000 sq ft], the largest of which was the letting of a secondhand property which formed part of the Procter and Gamble premises, which was let to Applied Logistics. Four of the larger transactions were the sale of four newly developed units at the Penner Road estate, Broadmarsh to Transfreight Express, Jordan Engineering, Initial City Link, and Coopers who acquired units in a size range of between 1,394 m^2 [15,000 sq ft] and 2,134 m^2 [23,000 sq ft].

3.4.8 To put this into context with the wider market area, we have again compared annual take-up in Havant with the eastern M27 corridor, and illustrated in the table below are the take-up rates over the past 9.5 years.

3.4.9 The annual average rate of take-up for the Havant area over the past 9.5 years is 10,957 m^2 [117,940 sq ft] which compares with an annual average rate of 51,402 m^2 [553,293 sq ft] in the eastern M27 corridor, see table 2 below. From this analysis we can see that historically Havant has captured just over a fifth of take-up (21.32%) in the eastern M27 corridor. As mentioned, improved market conditions in the eastern M27 corridor has resulted in increased levels of take-up and for Havant this has meant that in the last 6 months the area has captured 47% of take-up in the eastern M27 corridor.

Table 2					
Annual Take-up (929 sq m plus)					
Year	**Eastern M27 Corridor**		**Havant Market Area**		**Havant Percentage Share**
	m^2	**ft^2**	**m^2**	**ft^2**	**%**
1995	63,796	686,701	22,351	240,591	35.04
1996	48,367	520,623	15,886	171,002	32.85
1997	51,376	553,010	5,413	58,264	10.54
1998	61,131	658,014	14,274	153,644	23.35
1999	62,364	671,289	3,967	42,696	6.36
2000	47,435	510,595	5,669	61,016	11.95
2001	38,386	413,184	4,194	45,147	10.93
2002	26,095	280,885	3,691	39,731	14.14
2003	45,762	492,579	8,832	95,066	18.73
Q1/Q2 2004	40,056	431,160	19,813	213,272	46.93
Annual Average 1995-2004	**51,402**	**553,293**	**10,957**	**117,940**	**21.32**
Annual Average 1995-1999	**57,552**	**619,488**	**11,666**	**125,572**	**20.27**

3.4.10 Analysis of take-up in the region shows that over the past 9.5 years the eastern M27 corridor market area, of which Havant forms a part, continues to capture 20% of the industrial take-up in the region on average. In the last 18 months this area has continued to show an above average level of take-up, along with Basingstoke, when compared to the other areas included within our regional analysis such as Southampton, Basingstoke, Reading, Blackwater Valley, Bracknell and Crawley.

3.4.11 In the twelve month period preceding our previous research, much of the local take-up had been of relatively poor quality space such as that found in Aston Road and Aysgarth Road. In our opinion this was more indicative of a lack of choice in the marketplace rather than a lack of demand for better quality accommodation. This is demonstrated in the pie chart on the following page (set to the left of the page), which gives a breakdown of take-up by quality.

3.4.12 A breakdown of take-up today shows a very similar picture. See the pie chart below to the right which demonstrates a breakdown of take-up by quality over the twelve month period from Q3 2003 to Q2 2004. It should be noted that this may not be wholly reflective of demand, rather a reflection of the type of space that has been taken up. This pie shows that 40% of take-up in recent months has been for either new grade A space or good quality secondhand accommodation (grade B), ie the new build premises at Penner Road where there are just two larger units remaining, and the refurbished Kenwood buildings at New Lane. The grade C accommodation is space at Solent Road, and a large amount of space taken at the Procter and Gamble premises.

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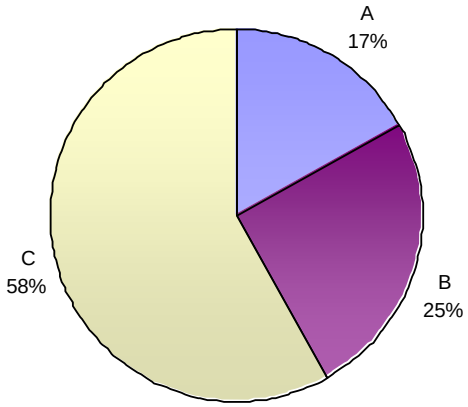
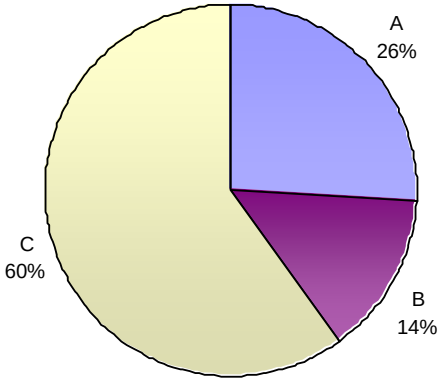
Annual Industrial Take-up by Quality
Q1 1999 to Q4 1999



Annual Industrial Take-up by Quality
Q3 2003 to Q2 2004

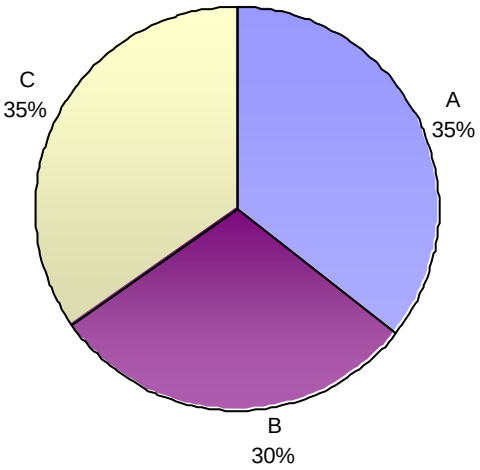


Source: Vail Williams Research – Quality Analysis Havant Market Area

3.4.13 In the wider eastern M27 corridor area we demonstrated that 52% of take-up in the last twelve months had been for new and good quality accommodation where there is a well balanced supply of accommodation.

3.4.14 Analysis of the breakdown of take-up by quality over the past 9.5 years shows that this has been fairly evenly spread across the quality bands.

Industrial Take-up by Quality
1995 to Q2 2004 (9.5 year period)



Source: Vail Williams Research – Quality Analysis Havant Market Area

3.4.15 We have examined take-up in Havant in terms of the number of units. The results are tabled below, table 3. We have also separated these results into size bands.

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Table 3					
Take-up by No of Units in Size Range					
(m^2)	**929-1,394**	**1,394-1,858**	**1,858-2,322**	**2,322+**	**Total**
1995	4	-	2	2	8
1996	2	1	1	1	5
1997	3	1	-	-	4
1998	4	1	3	1	9
1999	2	-	1	-	3
2000	1	1	-	1	3
2001	2	-	1	-	3
2002	2	1	-	-	3
2003	3	2	1	-	6
2004	1	3	2	1	7
TOTAL	**24**	**10**	**11**	**6**	**51**
Average June 2004	2.5	1.05	1.16	0.63	
Average Dec 1999	2.4	0.6	1.4	0.8	

3.4.16 Interestingly, in the last 18 months, there has been a total of 13 units taken up, six in 2003 and seven in 2004 over the six month period to the end of quarter 2. This increase has in part been attributable to recent development at Penner Road where most of the units built (a number being below our threshold of 929 m^2) have now been taken up, there are just two units left at this development of circa 929 m^2 [c.10,000 sq ft] each. Five of the seven units taken up in Havant in the last six months have been either new or good quality secondhand space which confirms our view that the market has been starved of good quality accommodation which has impacted on take-up.

3.4.17 The average number of transactions in each size band, shown in Table 3, can be compared with the number of units now available in Table 6 later in the report.

3.4.18 Demand in the area remains strong for good quality accommodation and freeholds are especially popular at present.

3.4.19 Built & Available Accommodation in Havant

3.4.20 It has been useful to consider the percentage of stock available compared to total stock and it is interesting to see how this has changed since our previous research. Table 4 compares the changes in Havant with the changes in Portsmouth and Fareham.

3.4.21 This table shows that the percentage of available industrial stock has reduced since our previous research from 2.99% in December 1999 compared to 2.09% as at June 2004. In both Portsmouth and Fareham the percentage of available industrial stock has increased.

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Table 4				
(m^2)	Built & Available Premises Q2 2004	Total Stock of industrial floorspace	Percentage of stock available June 2004	Percentage of stock available December 1999
Portsmouth	43,245	885,000	4.89%	3.16%
Havant	11,632	557,000	2.09%	2.99%
Fareham	68,696	471,000	14.59%	3.89%

Source: Total stock figures are sourced through the Office of National Statistics Census 2000 – Neighbourhood Statistics - 2001

3.4.22 In Fareham the percentage of available stock has increased substantially since our last research, the likely reason for this is the large amount of new development that has taken place over the past few years at Segensworth which has now come to the market.

3.4.23 We have also considered the economically active population (ie the number of people who live in the Borough who are either employed or actively seeking employment) in Havant and how this compares with Portsmouth and Fareham and the total employee jobs, ie the number of people employed in the Borough, see table 5 below.

3.4.24 We can see that there is a small degree of variance between each of the areas in the percentage of the population that are of working age. However there is a greater difference between the population that is economically active and the number of employee jobs. In Havant and in Fareham the number of jobs is much lower than the economically active. In this regard, Havant is worse off than Fareham, indicating a high level of out-commuting. In Portsmouth the total employee jobs is higher than the economically active population emphasising that workers are coming into the city.

Table 5						
	Population (Local Authority area)	Working Age Population	% that is Working Age	Economically Active	% of Population Economically Active	Total Employee Jobs
Portsmouth	189,000	120,000	63.49%	96,000	50.79%	102,603
Havant	116,000	68,000	58.62%	52,000	44.83%	38,914
Fareham	109,000	66,000	60.55%	54,000	49.54%	43,517

Source: Nomis official labour market statistics [Mid year population estimates 2003; local area labour force survey Mar 2002-Feb 2003; annual business inquiry employee analysis 2002]

3.4.25 As a result of recent development along the south coast, the eastern M27 corridor market area now has a better balanced supply of industrial accommodation as compared to a few years ago where there was an extreme shortage of good quality property in the locality. But, this change has not occurred to any great degree in Havant. The small amount of development that has taken place is rapidly being taken up and there remains a shortage of new prime space. This is demonstrated in the pie chart below, to the left of the page.

3.4.26 There is currently a total of 11,632 m^2 [125,205 sq ft] of industrial accommodation available in Havant which represents just 7.8% of available space in the wider eastern M27 corridor. The

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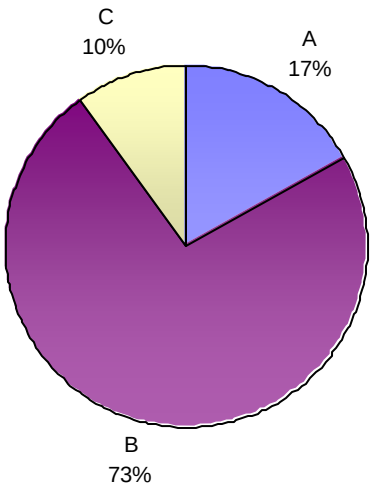
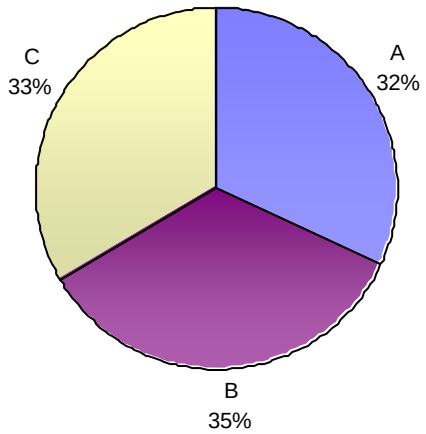
pie chart demonstrating the breakdown of the quality of supply shows that 17% of supply in Havant is new prime grade A space which equates to 1,957 m^2 [21,069 sq ft] in just two buildings, both at the new Penner Road development. This compares with an increase to 32% of new grade A accommodation in the eastern M27 corridor.

Q2 2004 Available Industrial Space by Quality - Havant



Q2 2004 Available Industrial Space by Quality - Eastern M27 Corridor



3.4.27 Four units make up the grade B accommodation in Havant, ie Units 2/3 Kingscroft Court, Unit 1 Hayward Business Centre, Unit 1 The Ridgeway and just one of the refurbished units remaining at Kenwood Business Park, providing a total of 8,463 m^2 [91,100 sq ft].

3.4.28 We have looked at supply in terms of the number of units in size ranges and how this compares with our previous analysis of the market. It can be seen from table 6 that there are 7 units available compared to 4 units at the end of 1999. This analysis highlights the limited supply of accommodation in the Borough which has changed very little over the last 4.5 years.

Table 6

Built & Available Accommodation in Size Range (m^2) – Havant

	929-1,394	1,394-1,858	1,858-2,322	2,322+	Total
Dec 1999	2	1	-	1	**4**
June 2004	4	1	1	1	**7**
Average No. of Units taken-up in a typical year (1995-2004) – Havant					
	2.5	1.05	1	0.6	**5.1**

3.4.29 We have also tabled the average number of units in a typical year based on take-up rates over the past 9.5 years. There has been relatively little change in the number of units available in the size range in excess of 929 m^2 [10,000 sq ft]; there remains a perceived shortage of accommodation. This is evidenced by the fact that there have been 13 units taken up in the last 18 months, 7 of which have been taken up in the period from January to June 2004. Havant is unable to respond to the recent improvement in the market.

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3.4.30 Our analysis of units currently available over 929 m^2 [10,000 sq ft] in Havant reveals that 7 units are available. This compares with 59 units in the wider market area, see table 7 below, which further demonstrates the lack of choice of premises in Havant.

Table 7					
Built & Available Accommodation in Size Range (m^2) – Eastern M27 Corridor					
	929-1,394	**1,394-1,858**	**1,858-2,322**	**2,322+**	**Total**
June 2004	20	9	5	25	**59**

3.4.31 In Havant, some 13 units in the size range of circa 232 m^2 to 2,137 m^2 [2,500 sq ft to 23,000 sq ft] have been developed by Priority Sites Limited at the Southmoor Park site which has been brought forward for development in conjunction with SEEDA. Part of this site is now being developed by Durngate Developments where construction of a small unit scheme has just commenced.

3.4.32 Construction of buildings greater than 2,322 m2 [25,000 sq ft], have been mostly in the wider eastern M27 corridor. In the last four years the market has seen little change. The only larger units to have been built locally are the six units at Penner Road, five of which were built to occupiers' specifications and one has been built speculatively.

3.5 Assessment of the Quality of Existing Industrial Estates

3.5.1 In our previous research, we considered the quality of each of the industrial estates. In this respect the only major change that has occurred since we last reported is the new development at Penner Road which scores highly for the quality of the accommodation, but still scores less well for public transport and proximity to local amenities.

3.5.2 In our appraisal, we considered the quality of each of the industrial estates in Havant using the following criteria:-

- Quality of buildings (eg relates to age, state of repair and environmental quality)
- Quality of estate (eg relates to landscaping and appearance)
- Prominence/Position (eg whether the estate has a main road profile)
- Vehicular Access (eg whether the estate has poor or good vehicle access)
- Public Transport (eg whether the estate has poor or good access to public transport)
- Local Amenities (eg whether there are shops/banks within close proximity)

3.5.3 From this assessment we found that 12 out of the 26 estates in the Borough scored poorly, and none achieved the maximum score.

Table 8				
Number of Estates in Quality Bands				
Best	**Upper**	**Average**	**Poor**	**Worst**
0	8	6	11	1

3.5.4 Our detailed appraisal of the industrial estates is shown in table 9 on the following page.

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Table 9
HAVANT INDUSTRIAL ESATES APPRAISAL

INDUSTRIAL ESTATE	NO. OF UNITS	AGE OF BUILDINGS	QUALITY OF BUILDINGS	QUALITY OF ESTATE	PROMINENCE/ POSITION	VEHICULAR ACCESS	PUBLIC TRANSPORT	LOCAL AMENITIES	SCORE
BRAMBLES BUSINESS PARK AREA 1 (WATERBERRY DRIVE (NORTH) / WESTSIDE VIEW)	6 units (plus various suites)	1980s + later	4	4	3	8	3	2	24
BRAMBLES BUSINESS PARK AREA 2 (WATERBERRY DRIVE)	8 blocks	1980s + later	4	4	3	8	3	2	24
BRAMBLES BUSINESS PARK AREA 3 (WATERBERRY DRIVE - NORTH WEST)	24	1980s + later	4	4	3	8	3	2	24
BRAMBLES BUSINESS PARK AREA 4 (ELETTRA AVE/WATERBERRY DR - SOUTH WEST)	30	1980s + later	4	4	3	8	3	2	24
BRAMBLES BUSINESS PARK AREA 5 (SILVERTHORNE WAY/RELAY ROAD - SOUTH EAST)	7	1980s + later	4	4	3	8	3	2	24
ASTON ROAD, INDUSTRIAL ESTATE	48	1960s +	2	2	3	8	3	3	21
CHURCHILL YARD	15	Huge range	1	1	2	6	3	3	16
PARKWOOD CENTRE (ASTON ROAD)	16	1980s-1990s	3	3	3	8	3	3	23
HAMBLEDON ROAD INDUSTRIAL ESTATE (HAMBLEDON RD/AYSGARTH RD/ARNSIDE RD)	30	1960s	2	2	3	8	3	3	21
DUNSBURY WAY	3	Various ages	2	2	1	4	2	2	13
NEW LANE (NORTH) INCLUDING NEST BUSINESS PARK AND DOWNLEY POINT	13 (+ 2 new schemes	1950s - 1990s	Best 5 Worst 2	3	2	6	3	2	18-21

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Table 9
HAVANT INDUSTRIAL ESATES APPRAISAL (Cont'd)

INDUSTRIAL ESTATE	NO. OF UNITS	AGE OF BUILDINGS	QUALITY OF BUILDINGS	QUALITY OF ESTATE	PROMINENCE/ POSITION	VEHICULAR ACCESS	PUBLIC TRANSPORT	LOCAL AMENITIES	SCORE
THE OAKWOOD CENTRE (DOWNLEY ROAD)	24	1980s	3	3	2	6	3	2	19
HAYWARD BUSINESS CENTRE (NEW LANE)	11	1980s	4	4	2	6	3	2	21
NEW LANE (SOUTH)	7	1960s	3	3	2	6	3	2	19
THE TANNERIES (BROCKHAMPTON LANE)	20	1960s	A-E 3 Others 1	2	3	8	4	4	22-24
BROCKHAMPTON LANE (SOUTHERN SIDE)	14	1960s	2	2	4	9	4	4	25
SOLENT ROAD (WESTERN/EASTERN ENDS)	10	1960s	2	2	5	9	4	4	26
MARPLES WAY (THE KINGSCROFT CENTRE)	12	1980s	4	4	4	8	3	3	26
HARTS FARM WAY	26	1980s	3	3	4	7	0	0	17
SOUTHMOOR LANE	15	1960s +	2	3	1	6	1	0	13
PENNER ROAD	13	2004	5	5	1	6	1	0	17
QUEEN STREET, EMSWORTH	23	Pre 1950's	2	2	1	4	2	4	15
NORTH STREET, EMSWORTH	24	1970s-1980s	3	3	2	4	2	4	18

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Table 9
HAVANT INDUSTRIAL ESATES APPRAISAL (Cont'd)

INDUSTRIAL ESTATE	NO. OF UNITS	AGE OF BUILDINGS	QUALITY OF BUILDINGS	QUALITY OF ESTATE	PROMINENCE/ POSITION	VEHICULAR ACCESS	PUBLIC TRANSPORT	LOCAL AMENITIES	SCORE
NEW BRIGHTON ROAD, EMSWORTH	10		2	2	1	4	2	2	13
WREN CENTRE, EMSWORTH	23		2	2	1	4	0	0	9
HAYLING BILLY BUSINESS CENTRE (FURNISS WAY)	7	1980s	4	4	0	1	1	2	12

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3.5.5 The scores for each estate are summarised in the following table. We have also indicated our views on access to each location and the quality of the buildings using the criteria shown beneath the table.

Table 10

Estate Address	Total Score (Overall Appraisal)	Access to Location	Quality of Accomodation (No. of buildings)		
			a	b	C
Solent Road (Western/Eastern Ends)	26	A	-	1	9
Marples Way (The Kingscroft Centre)	26	B	-	12	-
Brockhampton Lane (Southern Side)	25	A	-	2	12
Brambles Business Park Area 1 (Waterberry Drive (North)/Westside View)	24	B	-	6	-
Brambles Business Park Area 2 (Waterberry Drive) – Enterprise Centre	24	B	-	8	-
Brambles Business Park Area 3 (Waterberry Drive – North West)	24	B	-	24	-
Brambles Business Park Area 4 (Elettra Ave/Waterberry Drive – South West)	24	B	-	30	-
Brambles Business Park Area 5 (Silverthorne Way/Relay Road – South East)	24	B	-	7	-
Parkwood Centre (Aston Road)	23	B	-	16	-
The Tanneries (Brockhampton Lane)	22-24	B	-	-	20
Aston Road, Industrial Estate	21	B	-	-	48
Hambledon Road Industrial Estate (Hambledon Road/Aysgarth Road/Arnside Road)	21	B	-	-	30
Hayward Business Centre (New Lane)	21	B	-	11	-
The Oakwood Centre (Downley Road)	19	B	-	24	-
New Lane (South)	19	B	-	-	7
New Lane (North) including 2 small unit schemes Nest Bus Park and Downley Point	18-21	B	13	3	10
North Street, Emsworth	18	C	-	-	24
Priority Sites development, Southmoor Park	17	B	13		
Harts Farm Way	17	B	-	-	26
Churchill Yard	16	B	-	-	15
Queen Street, Emsworth	15	C	-	-	10
Dunsbury Way	13	C	-	-	3
Southmoor Lane	13	B	-	5	10
New Brighton Road, Emsworth	13	C	-	-	10
Hayling Billy Business Centre (Furniss Way)	12	C	-	7	-
Wren Centre, Emsworth	9	C	-	-	23
TOTAL		**26 estates**	**26**	**156**	**257**
			6%	36%	58%
Grade A Estates [8%]		2	-	3	21
Grade B Estates [69%]		18	26	146	166
Grade C Estates [23%]		6	0	7	70

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3.5.6 The criteria used for preparation of the above table were:

Location

A = Excellent or very good
[easy access and close to main road/motorway network A27/A3(M)]
B = Good-generally satisfactory
C = Poor or disadvantaged

Quality of Accommodation

a = New or completely refurbished– top specification
b = Previously occupied, modern, good specification
c = Secondary, poor access, restricted eaves height, etc.
NB – Properties not inspected for this report

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4.0 ASSESSMENT OF LAND SUPPLY

4.0.1 In our assessment of land supply, all available sites in the area have been considered, including those listed in the Revised Deposit Havant Borough District-Wide Local Plan and the Hampshire County Council Industrial Land and Office Floorspace Supply survey.

4.0.2 We have undertaken a qualitative and quantitative assessment of the available land supply. When appraising the sites we also formed a view of the anticipated timing of each site coming forward for development categorising these into long term, medium term and immediately available for development.

4.1 Qualitative Assessment

4.1.1 Our judgement of the quality of a site has been based on certain criteria which make some sites more commercially attractive than others. In order to make a thorough assessment of the land supply the following key issues have been applied in our appraisal of each site based on the current situation:-

- Availability (eg whether the site is being actively marketed (score 5), or our opinion of when these sites may come forward based on short term (0-1 year), medium term (1-5 years), or long term (5-10 years)
- Site layout/size (eg shape and size of site)
- Vehicular access (eg whether the site has poor or good vehicular access)
- Public transport (eg whether the site has poor or good access to public transport)
- Local amenities (eg whether there are shops/banks within close proximity)
- Prominence/ position (eg whether the site has a main road profile)
- Character of area/ mix of uses (eg whether the site is in a residential/rural/existing commercial area)

4.1.2 For the purposes of this report, it has been assumed that the ground conditions of each site are satisfactory for development, with no contamination issues which would impact on development viability.

4.1.3 We have applied a scoring system to each category in our assessment (similar to that of the industrial estates appraisal), scoring the merits of each site out of 5. Again, because of the importance of vehicular access, this category has been weighted and scored out of 10. A site that is located close to a main road or the motorway network with easy access in and out of the site would score highly. A detailed appraisal is shown on the following pages. Sites have been listed in score order in the table below; the maximum score that could be achieved is 40.

4.1.4 It can be seen from this table that the highest scoring site is the proposed MDA at Waterlooville. This scores highly in most categories, however it has not gained a maximum score because it is not close to the motorway network.

4.1.5 Dunsbury Hill Farm does not score quite so well but in the event of good public transport links to the site and local facilities being provided, this would raise the score of the site to equal or exceed that of the MDA at Waterlooville. Dunsbury Hill Farm also has the potential advantage of excellent access by road; it also has close proximity to Havant's

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labour force to the east and an opportunity to create a new business area with an entirely fresh image.

Table 11			
Ranking	**Site Address**	**Total Score**	**Potential Timing**
1	MDA Site West of Waterlooville	38	Long Term
2	Land at Former BT Depot, Brockhampton Lane	33	Immediate
3	Dunsbury Hill Farm	31-39	Long Term
4	Land Adjacent to Larchwood Avenue, Bedhampton (Horsefair)	30	Immediate
4	Langstone Technology Park, Langstone Road	30	Immediate
5	Plot 1 North of Electra Avenue, Brambles Farm	29	Immediate
6	Phase 4A Stratfield Park, Brambles Farm	28	Immediate
7	Site 4, (Former HBC Depot), Harts Farm Way	26	Immediate
8	Land between A27(T) and Railway, Emsworth	24	Immediate
8	Land at Interbridges, New Brighton Road, Emsworth	24	Immediate
8	Land adj Dunham Bush, Downley Road	24	Medium Term
9	Land to rear of Vickers, Downley Road	23	Immediate
10	Procter & Gamble Site, Dunsbury Way	22	Long Term
11	Penner Road	19	Immediate
12	Mill Rythe Industrial Area, Hayling Island	14	Immediate
13	Land at Station Road east, Hayling Island	13	Medium Term

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Table 12
SITE APPRAISAL SUMMARY

HBC REF	GRADE	SITE ADDRESS	SITE ACR	SITE HE	AVAILABILITY	SITE LAYOUT/ SIZE	VEHICULAR ACCESS	PUBLIC TRANSPORT	LOCAL AMENITIES	PROMINENCE/ POSITION	CHARACTER OF AREA/MIX OF USES	TOTAL
	B	MDA Site west of Waterlooville	30.3	12.3	5	5	9	4	5	5	5	**38**
EC5	B	Land at Former BT Depot, Brockhampton Lane	0.62	0.25	5	5	8	4	5	4	2	**33**
EMP 1.10	A	Dunsbury Hill Farm	Various scenarios		5	5	10	1	0	5	5	**31**
EC4	B	Land adj to Larchwood Avenue (Horsefield)	1.1	0.45	5	3	8	4	4	4	2	**30**
	B	Langstone Technology Park, Langstone			5	5	9	3	2	3	3	**30**
EC2	B	Plot 1 Elettra Avenue, Brambles Farm North, Waterlooville	0.79	0.32	5	5	8	3	2	3	3	**29**
EC3	B	Phase 4A Stratfield Park, Brambles Farm, Waterlooville	0.2	0.08	5	5	8	3	2	2	3	**28**
EMP 1.2	B	Site 4, Former HBC Depot, Harts Farm Way	10.0	4.05	5	5	7	1	1	5	2	**26**
EC6	B	Land adj Dunham Bush, Downley Road	1.01	0.41	5	5	6	3	2	1	2	**24**

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Table 12
SITE APPRAISAL SUMMARY (Cont'd)

HBC REF	GRADE	SITE ADDRESS	SITE ACR	SITE HE	AVAILABILITY	SITE LAYOUT/ SIZE	VEHICULAR ACCESS	PUBLIC TRANSPORT	LOCAL AMENITIES	PROMINENCE/ POSITION	CHARACTER OF AREA/MIX OF USES	TOTAL
EC8	B	Land at Interbridges, New Brighton Road, Emsworth	2.47	1.0	5	2	2	5	4	4	2	**24**
EMP 1.15	B	Land between A27(T) and Railway, Emsworth	14.33	5.8	5	2	2	5	4	4	2	**24**
	B	Land to rear of Vickers, Downley Road	3.41	1.38	5	4	6	3	2	1	2	**23**
	C	Procter & Gamble Site	7.41	3.0	5	5	2	4	4	1	1	**22**
EC7	B	Penner Road	0.46	0.18	5	5	6	0	0	1	2	**19**
EC9	C	Mill Rythe Industrial Area, Hayling Island	1.11	0.5	3	5	2	1	0	2	1	**14**
EMP 1.16	C	Land at Station Road east, Hayling Island	2.55	1.03	2	5	1	1	2	0	2	**13**

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4.2 Quantitative Analysis

4.2.1 We have considered the potential floorspace that each site represents. Where the floorspace has not been established through the Town Planning process our calculation has been based on an assumed site coverage of 1,672 m^2 (18,000 sq ft) of built space per acre – a plot ratio of approximately 40%. In some cases it is only practical to achieve a lower plot ratio due to restrictions in the layout of the site. HCC's land monitoring report suggests that 30% is achieved on average across the county – hence our estimate may be high compared to this particular benchmark.

4.2.2 The sites assessed could potentially provide 68,345 m^2 [735,665 sq ft] of employment floorspace. This excludes the land at Dunsbury Hill Farm and the employment floorspace at the MDA at Waterlooville.

4.2.3 The potential employment floorspace at Dunsbury Hill Farm has been calculated using three masterplan options:-

Table 13

Dunsbury Hill Farm Floorspace Options - B1/2/8 elements

(excludes proposed hotel)

	m^2	ft^2
Option 1 – 100% Masterplan Option	61,780	665,000
Option 2 – 75% Masterplan Option	46,451	500,000
Option 3 – 65% Masterplan Option	39,019	420,000

4.2.4 The potential employment floorspace at Waterlooville MDA has been calculated using figures provided by Havant Borough Council as follows:-

4.2.5 The total area allocated for employment use at the MDA is 30 ha which could potentially provide 102,192 sq m (1,100,000 sq ft) of employment floorspace. There is provision for 2,000 dwellings (with a reserve allocation for a further 1,000 dwellings). Given a requirement of 1.14 jobs per household this equates to a total requirement of 2,280 jobs (for 2,000 dwellings) and, given a ratio of 129 jobs per hectare, this gives a land requirement of 17.7 hectares for employment use to correlate with the housing proposed.

4.2.6 This leaves 12.3 ha available for non MDA residents which equates to 41% of the total employment land allocation. We have therefore made the assumption that 41% of the potential floorspace, 41,899 m^2 [circa 451,000 sq ft], could be available to meet the needs of Havant. This does not make any allowance for a possible increase to 3,000 dwellings at this stage – therefore this estimate of employment land available for the Havant economy may be conservative in the long term.

4.2.7 We have assessed the pipeline supply in the same manner as that in our 2000 research, considering the likely timing that in our opinion these sites may come forward for development – looking at supply in the short term (up to 1 year) which includes built and available supply, in the medium term (1-5 years) and long term (5-10 years). We then considered the number of years supply this represents by dividing this by the annual average take-up of floorspace in Havant.

4.2.8 We have adopted three different scenarios for the basis upon which the rate of take-up of commercial floorspace in the future might be judged.

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4.2.9 The three take-up scenarios are:

- Scenario 1 – Assume that annual average take-up, 1995-2004, persists into the future (for industrial units of 930 sq m plus)
- Scenario 2 – Extra allowance made for smaller industrial units (465 sq m plus) as for the 2000 report
- Scenario 3 – Annual average take-up, 1995-2004, for office units (of 465 sq m plus) plus industrial units (of 930 sq m plus)

4.2.10 The take-up rate in Scenario 1 is a more conservative approach and is based upon the annual average take-up rate for a narrower range of industrial units. The annual average take-up rate of industrial accommodation in this case is 10,957 m^2 [117,940 sq ft] per annum.

4.2.11 The take-up rate in Scenario 2 adopts the same approach as our previous research which took into account the take-up of smaller units. This is helpful given that employment land is likely to include a range of unit sizes when developed. The annual average take-up rate in this case is 15,477 m^2 [166,594 sq ft].

4.2.12 In our third scenario we have combined the take-up rates for both industrial units in excess of 929 m^2 [10,000 sq ft] and offices in excess of 464 m^2 [5,000 sq ft]. This helps to reflect the fact that some land will come into office use. This gives an annual average take-up rate of 14,284 m^2 [153,752 sq.ft.] per annum. This strikes a balance between the three estimates (although none truly reflect the needs of start-up businesses or companies seeking move-on accommodation below 465 m^2 in size which would merit separate consideration).

4.2.13 As with all forecasts, the actual take-up rate that will be achieved in practice is a matter of speculation and subject to a variety of assumptions about economic growth, housing numbers, business needs, windfall sites and losses to alternative uses for example. These additional factors have not been considered, which means that our forecasts should be read in conjunction with the council's other research and policy priorities. For the purposes of this report, and given the scope of our instructions, we have prepared a range of values for the number of years supply of premises and land that is based on these three scenarios.

4.2.14 For each scenario we have also shown how much floorspace we believe is "deliverable" from sites in the short term (0-1 year), medium term (1-5 years) and long term (5-10 years). If several sites come to the market simultaneously then there will be increased choice for businesses and a degree of competition amongst landlords. Ultimately the market will determine the pace at which take-up occurs, assuming that land or premises are available in the first place.

4.2.15 In each scenario we have shown the effect of adding Dunsbury Hill Farm and the MDA to our calculations. If these sites were available now then they could start to contribute to business needs immediately. In practice the time required to gain the necessary statutory consents, install infrastructure and commence construction is likely to mean that they would come forward late rather than early in the Local Plan period.

4.2.16 Notwithstanding that there may be some overlap in the timing of their availability, our considered "market opinion" is that the two sites have different selling points. Dunsbury Hill Farm has the potential to create a strong, individual identity as a B1 location. The

MDA is more associated with neighbouring B1 c uses and also has a role to play in meeting the needs of Winchester District (excluded from our take-up analysis). Given that elements of each site could be phased we anticipate that both sites would attract demand. We note that there continues to be strong demand for freehold land and premises at present, so the investment criteria of the respective landowners and their attitude to leasehold/freehold disposals is an important factor.

4.2.17 As a separate exercise we have prepared outline development appraisals on Dunsbury Hill Farm for Havant Borough Council. These indicate that the site could bear the cost of assumed Section 106/278 contributions depending on the cost of the site. The residual land value is very much dependent upon the amount of floorspace that is built on a speculative basis (and the related cost of finance). This means that the landowner's financial aspirations and strategy for development (including phasing) are key when estimating when in the Local Plan period development might occur.

4.2.18 The three scenarios for the overall land supply position are as follows:-

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4.2.19 Scenario 1

4.2.20 Our analysis of the future number of years supply based on Scenario 1 (table 14 below) adopts the most conservative approach of the three. It uses an annual average rate of take-up of 10,957 m^2 [117,940 sq ft], and shows that there is potentially 7.30 years supply of built and available accommodation and potential floorspace at sites in Havant.

Table 14 – Scenario 1 [using annual average industrial take-up rate for units >929 m^2]			
	m^2	**ft^2**	**Potential number of years supply based on annual average take-up**
Annual Average Industrial Take-up since 1995 (>929 m^2)	**10,957**	**117,940**	
Built & Available Industrial Space Q2 2004	11,632	125,207	1.06
Planning Pipeline – Immediate (0-1 year)	49,998	538,183	4.56
Planning Pipeline – Medium Term (1-5 years)	5,950	64,048	0.54
Planning Pipeline – Long Term (5-10 years)	12,396	133,434	1.13
Total Planning Pipeline and Built & Available Space	**79,977**	**860,872**	**7.30**

4.2.21 If we include the potential employment floorspace at Dunsbury Hill Farm (excluding the proposed hotel), then supply could be increased to between 10.86 and 12.94 years depending on the extent of development.

Dunsbury Hill Farm Scenarios			
Option 1 – 100% Masterplan Option	61,780	665,000	5.64
Option 2 – 75% Masterplan Option	46,451	500,000	4.24
Option 3 – 65% Masterplan Option	39,019	420,000	3.56
Total Year's Supply if adding Dunsbury Hill Farm			
Option 1 – 100% Masterplan Option	61,780	665,000	12.94
Option 2 – 75% Masterplan Option	46,451	500,000	11.54
Option 3 – 65% Masterplan Option	39,019	420,000	10.86

4.2.22 In addition to this, the employment floorspace at the MDA in Waterlooville could provide a further 3.82 years supply – equating to 14.68 to 16.76 years supply in total. This again would be dependent upon the extent of development at Dunsbury Hill Farm (DHF).

Total Year's Supply if then adding 41% of employment land at MDA (12.3 ha)			
MDA	41,899	451,000	3.82
Option 1 – 100% Masterplan Option (DHF)	61,780	665,000	16.76
Option 2 – 75% Masterplan Option (DHF)	46,451	500,000	15.36
Option 3 – 65% Masterplan Option (DHF)	39,019	420,000	14.68

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Scenario 2

4.2.23 If we consider the future number of years supply using the higher rate of average annual take-up of 15,477 m2 [166,207 sq ft] in Scenario 2, this reduces the number of years supply to 5.17 years, with the exclusion of Dunsbury Hill Farm and the MDA (see table 15 below).

Table 15 – Scenario 2 [using annual average industrial take-up rate for units >464 m^2]			
	m^2	**ft^2**	**Potential number of years supply based on annual average take-up**
Annual Average Industrial Take-up from 1995-1999 (>464 m^2)	**15,477**	**166,594**	
Built & Available Industrial Space Q2 2004	11,632	125,207	0.75
Planning Pipeline – Immediate (0-1 year)	49,998	538,183	3.23
Planning Pipeline – Medium Term (1-5 years)	5,950	64,048	0.38
Planning Pipeline – Long Term (5-10 years)	12,396	133,434	0.80
Total Planning Pipeline and Built & Available Space	**79,997**	**860,872**	**5.17**

4.2.24 The potential floorspace options at Dunsbury Hill Farm will raise the number of years supply from a minimum of 7.69 years to a maximum of 9.16 years depending on whether it is developed using the lowest sized option or the highest.

Dunsbury Hill Farm Scenarios			
Option 1 – 100% Masterplan Option	61,780	665,000	3.99
Option 2 – 75% Masterplan Option	46,451	500,000	3.00
Option 3 – 65% Masterplan Option	39,019	420,000	2.52
Total Year's Supply if adding Dunsbury Hill Farm			
Option 1 – 100% Masterplan Option	61,780	665,000	9.16
Option 2 – 75% Masterplan Option	46,451	500,000	8.17
Option 3 – 65% Masterplan Option	39,019	420,000	7.69

4.2.25 In this scenario, the employment floorspace at the MDA in Waterlooville could provide a further 2.71 years supply – equating to 10.4 to 11.87 years supply in total. This again would be dependent upon the extent of development at Dunsbury Hill Farm (DHF).

Total Year's Supply if then adding 41% of employment land at MDA (12.3 ha)			
MDA	41,899	451,000	2.71
Option 1 – 100% Masterplan Option (DHF)	61,780	665,000	11.87
Option 2 – 75% Masterplan Option (DHF)	46,451	500,000	10.88
Option 3 – 65% Masterplan Option (DHF)	39,019	420,000	10.40

4.2.26 Scenario 3

4.2.27 If we consider the future number of years supply using Scenario 3, an average annual take-up of 14,284 m2 [153,752 sq ft], then the number of years supply becomes 6.72 years, with the exclusion of Dunsbury Hill Farm and the MDA.

Table 16 – Scenario 3 [using combined combining office/industrial annual average take-up rates]			
	m^2	**ft^2**	**Potential number of years supply based on annual average take-up**
Annual Average Office & Industrial Take-up from 1995 (Offices >464 m^2/Industrial >929 m^2)	**14,284**	**153,752**	
Built & Available Off & Industrial Space Q2 2004	27,634	297,452	1.93
Planning Pipeline – Immediate (0-1 year)	49,998	538,183	3.50
Planning Pipeline – Medium Term (1-5 years)	5,950	64,048	0.42
Planning Pipeline – Long Term (5-10 years)	12,396	133,434	0.87
Total Planning Pipeline and Built & Available Space	**95,979**	**1,033,117**	**6.72**

4.2.28 In this scenario, the potential floorspace options at Dunsbury Hill Farm will raise the number of years supply to a figure of from 9.45 to 11.04 years.

Dunsbury Hill Farm Scenarios			
Option 1 – 100% Masterplan Option	61,780	665,000	4.33
Option 2 – 75% Masterplan Option	46,451	500,000	3.25
Option 3 – 65% Masterplan Option	39,019	420,000	2.73
Total Year's Supply if adding Dunsbury Hill Farm			
Option 1 – 100% Masterplan Option	61,780	665,000	11.04
Option 2 – 75% Masterplan Option	46,451	500,000	9.97
Option 3 – 65% Masterplan Option	39,019	420,000	9.45

4.2.29 Following the same logic, the employment floorspace at the MDA in Waterlooville could provide a further 2.93 years supply at the take-up rate adopted for Scenario 3 – equating to 12.38 to 13.98 years supply in total. This again would be dependent upon the extent of development at Dunsbury Hill Farm (DHF).

Total Year's Supply if then adding 41% of employment land at MDA (12.3 ha)			
MDA	41,899	451,000	2.93
Option 1 – 100% Masterplan Option (DHF)	61,780	665,000	13.98
Option 2 – 75% Masterplan Option (DHF)	46,451	500,000	12.90
Option 3 – 65% Masterplan Option (DHF)	39,019	420,000	12.38

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5.0 IMPACT OF NEW LAND ALLOCATIONS

5.1.1 In accordance with our previous report, we have updated the following table showing sites in size order. This highlights the significant gap in supply of high ranking sites above 1.1 acres (the Larchwood Avenue site scored 30 points in our assessment).

5.1.2 Without Dunsbury Hill Farm and the MDA there is a lack of good quality sites.

Table 17 SITES IN SIZE ORDER

Site Address	Site Acres	Site Hectares	Potential Floorspace m^2
Phase 4A Stratfield Park, Brambles Farm, Waterlooville	0.2	0.08	331
Penner Road	0.46	0.18	769
Mill Rythe Industrial Area, Hayling Island	1.11	0.5	929
Land at Former BT Depot, Brockhampton Lane	0.62	0.25	1,033
Plot 1 Elettra Avenue, Brambles Farm North, Waterlooville	0.79	0.32	1,321
Land adj Dunham Bush, Downley Road	1.01	0.41	1,694
Land adj to Larchwood Avenue (Horsefield)	1.1	0.45	1,839
Land at Interbridges, New Brighton Road, Emsworth	2.47	1.0	4,132
Land at Station Road east, Hayling Island	2.55	1.03	4,256
Land to rear of Vickers, Downley Road	3.41	1.38	5,702
Langstone Technology Park, Langstone			9,787
Procter & Gamble Site	7.41	3.0	12,396
Site 4, Former HBC Depot, Harts Farm Way	10.0	4.05	14,864
Land between A27(T) and Railway, Emsworth	14.33	5.8	9,290
MDA Site west of Waterlooville	30.3	12.3	41,899
Dunsbury Hill Farm	Various scenarios		

5.1.3 The following table provides a clearer picture of the number of sites by size range. As can be seen, the majority of sites are less than 5 acres in size.

Table 14 -

0-5 Acres	6-10 Acres	11-15 acres	16-20 acres	21 plus acres
10	3	1	0	2

5.1.4 We are aware that the Broadmarsh area is the subject of planning applications for new development that will assist the supply position but, as reported in 2000, the Borough still has very limited capacity for large inward investment enquiries or for smaller companies seeking modern accommodation in a prestigious, businesslike setting with good road access.

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5.1.5 Other points made in our 2000 report still hold true. For example, CPO or other means of site assembly in business areas may be perceived as a threat to existing businesses.

5.1.6 The current focus on SE Hampshire as a potential growth area emphasises the need for more employment land. Havant has the potential to play an important sub-regional and regional role – not least because of the constrained land supply of the peninsula districts of Portsmouth and Gosport, but also because of Havant's strategic location close to large centres of population at the foot of the A3(M).

5.1.7 In our view there is scope for growth amongst indigenous firms in the district. This could come from firms based in the area's managed workspace as well as larger companies. For example, the scope for potential growth amongst companies occupying 15,000 sq ft premises is evidenced by the recent sales at Penner Road, Broadmarsh to Transfreight Express, Jordan Engineering, Initial City Link, and Coopers, these companies taking circa 1,590 m2 [17,000 sq ft] and 1,950 m2 [21,000 sq ft] respectively.

5.1.8 There has also been movement of major companies in the area. Estee Lauder has recently taken circa 200,000 sq ft of space at Kites Croft, Segensworth in Fareham which is currently under construction. This company are relocating from Petersfield and it is expected that the operation at Segensworth will include labour intensive uses as well as distribution; staffing issues were an important factor in their search criteria. The area of search extended from Petersfield down the A3 and along the M27 corridor as far as Nursling. Havant was an option and Dunsbury Hill was considered but the future of this site was too uncertain at the time. In addition they considered Broadmarsh but this too was disregarded because of its industrial and utilitarian image.

5.1.9 It remains the case that the M27 is an economic corridor within which Havant's property market has a sub-regional role. As reported before, we believe that high quality development in Havant could be shortlisted by companies searching for premises in the Portsmouth, Southampton, Fareham or Chichester market areas, especially if they are interested in out of town or edge of town locations with access to a labour pool. New land allocations at Havant would therefore fulfil a role within the M27 marketplace and improve the Borough's competitive offer.

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6.0 CONCLUSIONS

6.1.1 This report echoes the principal findings of the 2000 study – confirming the local and strategic need for additional employment land within the Borough.

6.1.2 Although there has been a change in the market since the 1990s, reflecting a shift in the economy, the historic undersupply in Havant remains uncorrected. Whilst there is a wider choice of accommodation available in the M27 corridor, this improvement has not occurred in Havant. The new supply that has been made available has been quickly taken.

6.1.3 The lack of choice in Havant is further evidenced by ODPM data on vacancy rates – highlighting that Havant has half the vacancy rate of Hampshire as a whole.

6.1.4 There continues to be demand for good quality sites and a lack of these has meant that Havant has been unable to attract the levels of investment seen in neighbouring areas. The rapid take up of the new units in Penner Road further confirms this position. Demand for freehold units is especially strong and Havant has the potential to meet this demand.

6.1.5 Havant has an improving share of take-up in the M27 industrial property market. This coincides with new supply being built and is evidence of latent demand that has been unable to express itself in the take-up statistics of the past.

6.1.6 The number of years supply of employment land depends upon assumptions made about future take-up rates. Such figures should be read in conjunction with other research and policy priorities of the council. Further research into property and labour market information may narrow the risks associated with these forecasts.

6.1.7 On the basis of trend information collated over the last decade there is about 5.2 to 7.3 years of definite supply available. Dunsbury Hill Farm could add 2.5 to 5.6 years and part of the MDA attributable to Havant's employment base could add 2.7 to 3.8 years. This totals 10.4 to 16.7 years. This range narrows to 12.9 years if using the take-up rate in Scenario 3 (to help reflect the fact that development of employment land will include some office space), and if using the second masterplan option for Dunsbury Hill Farm (which council officers are recommending the council to adopt).

6.1.8 Ideally there needs to be some flexibility within the Local Plan that reflects the needs of business for good quality sites – it is likely that some of the potential supply will continue to "stall". This means that there needs to be a working surplus that allows the better scoring sites in our assessment to come forward. There are examples of companies that would have invested in Havant had sites like Dunsbury Hill Farm or the MDA been available.

6.1.9 The rationale for Dunsbury Hill Farm is providing improved choice of business land and premises in Havant whereas the rationale for the MDA is meeting housing targets(with an accompanying element of phased employment land). In terms of timing, all sites may experience a degree of overlap and ultimately the market will dictate the pace of take up, but the needs of businesses will only be met if a supply of land is maintained. Dunsbury Hill Farm stands out as an easily accessible site with potential for creating a new business environment of quality - superior to any other site in the Borough.

6.1.10 We conclude that the market has changed since our last report, weakening in parts of the region, but Havant has increased its market share in accordance with new supply being built. Analysis of property market data indicates that the Local Plan is at risk of perpetuating an undersupply of employment land without new land allocations.

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