

Date: March 2023



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Sent by email to:

Planning Policy  
Planning Department  
Chichester District Council  
East Pallant House  
Chichester

vailwilliams.com

Dear Sir/Madam

## **Consultation Response to Chichester Local Plan 2021-2039: Proposed Submission (Regulation 19) – Drayton Investments Limited**

Vail Williams LLP has been instructed to submit representations on behalf of Drayton Investments Limited in relation to the Chichester Local Plan 2021-2039: Proposed Submission Regulation 19 Consultation – with respect to the ‘tests of soundness’.

These representations are accompanied by a Flude Property Consultants Report which looks at the supply and the demand for the warehouse and industrial market in and around Chichester.

### **INTRODUCTION**

These representations are specifically centred around Chapter 7: Employment and Economy – ‘Meeting Business and Employment Needs’ with particular focus on Policy E1, Map 10.10 and reliance on Chapter 10 Policy A20 (Land to the South of Bognor Road).

These representations are made in the light of a live planning application (22/02202/FUL) for Land North Of Drayton Waterside. The proposed development consists of the erection of employment space [flexible Class B2 (general industry), B8 (storage / distribution), Trade Counter, E(d) (indoor sport / recreation) and Class E(g) (office, research and development, light industry) uses], with associated parking and landscaping. The employment space is provided over 33 units totalling 5,706 sq. m.

These representations will also look in detail at the Countryside policy and compare the proposed single new site (Land to the South of Bognor Road) with a site which is currently subject to a pending planning application (22/02202/FUL) for land which is geographically comparable with the proposed single site only without the implementation issues listed in the proposed Local Plan, as well as being deliverable, achievable and focused on the market requirements for smaller units.

These representations bring into question the ‘tests of soundness’. In particular, the question as to whether it is ‘sound’ on the basis of being ‘positively prepared’, ‘justified’ and ‘effective’ in respect to employment land provision.

As set out at Paragraph 35 of the NPPF local plans are required to be ‘sound’. Plans are considered sound when the following applies:

- a) **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs<sup>1</sup>; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;

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- b) **Justified** – an appropriate strategy<sup>2</sup>, taking into account the reasonable alternatives<sup>3</sup>, and based on proportionate evidence<sup>4</sup>;
- c) **Effective** – deliverable over the plan period<sup>5</sup>, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
- d) **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this Framework and other statements of national planning policy, where relevant.<sup>6</sup>

These representations seek to highlight that Chapter 7 has not been **positively prepared**, in so far as it does not provide [1.] *“a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs”* see the details set out in the accompanying Flude Property Consultants Report together with the details set out below.

It is also considered that Chapter 7 is not **justified** as the employment strategy is [2.] *is inappropriate* as it relies on a single new site, with multiple issues some of which are in conflict with other parts of the local plan, plus the site does not appear to have been included in the previous Local Plan consultations.

Chapter 7 is also not **justified** with respect to its provisions do not [3.] *take into account reasonable alternatives*. And that the provision for a single site not previously seen in any Regulation 18 consultation, is not [4.] *based on proportionate evidence*.

With respect to whether Chapter 7 is **effective** is questionable in terms of soundness given that the proposed allocation highlights a number of issues with the site set out in more detail below.

It is considered on the basis of the other factors highlighted in these representations and the accompanying Flude Report that the proposed employment land provision is not **‘Consistent with national policy’** as the proposed provision does not enable the delivery of sustainable development. It is considered that the proposed plans are contrary to the NPPF paragraph 16a, 16b, 16c, 16d and paragraph 20a.

## EMPLOYMENT IN GENERAL

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### *Chapter 7 Employment and Economy – ‘Meeting Business and Employment Needs’*

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The stated purpose of Chapter 7 of the proposed submission local plan is Meeting Business and Employment Needs. The background information to the chapter states the following:

- *The Local Plan objectives support a strong, thriving and diverse economy, **improving employment opportunities for all skills** whilst moving to a low carbon economy. This reflects the Plan vision and the main priorities identified in the council’s Economic Development Strategy.*
- *The Local Plan will assist the creation of new jobs in a variety of ways, **most obviously through the allocation of land for employment uses***
- *The main background evidence focus is the Chichester Housing and Economic Development Needs Assessment (April 2022) which considers the amount of employment land to provide for in this Plan. Based on a combination of labour demand (for office use) and past trends (for industrial and warehousing uses), with an allowance for flexibility, replacement of some losses and an*

*adjustment for Covid, it recommends between 108,000 and 115,000 sqm of employment floorspace is provided for between 2021 and 2039, comprised of between **36,500 and 43,000sqm of office space, 50,500sqm of industrial space and 21,000sqm of warehousing.***

Paragraph 7.5 sets out the details of how the identified (area based) needs are suggested to have been met. These include past allocation, previous permissions and a single new proposed allocation.

With respect of general employment allocations and provisions in Chichester there are a number of areas of concern raised below and in the accompanying Flude Property Consultants Report which looks in detail at the Chichester property market.

It is also relevant to note that the Flude Report (dated July 2022) not only assesses the supply and demand in the local market for employment land, it objectively assesses the most recent evidence set out by the Local Planning Authority within the April 2022 Chichester Housing and Economic Development Needs Assessment (HEDNA).

Both the HEDNA and Flude Report independently advise that there is a lack of suitable employment space supply in Chichester, particularly for starter units between 750 and 2000 sq. ft.

Category		Floorspace (m2)
<b>Employment floorspace requirement for the full Plan period (1 April 2021 to 31 March 2039)</b>		
<i>Identified need from HEDNA</i>		108,000 to 115,000
<b>Identified sources of supply</b>		
Employment floorspace completions (1 April 2021 to 31 March 2022)		3,695
Floorspace supply (1 April 2022 to 31 March 2039)	Permissions	53,655
	Allocation in Site Allocations DPD 2014 - 2029	7,200
	Proposed allocations in this Plan (see Strategic Site Allocations Chapter)	
	Brought forward from adopted plan (remaining employment space without permission):	
	Land West of Chichester	22,000
	Chichester Business Park	92
	New allocations:	
	Land South of Bognor Road	28,000
<b>Total supply for the full Plan period (1 April 2021 to 31 March 2039)</b>		<b>114,652</b>

*Policy E1: Meeting Employment Land Needs*

The Policy E1 table sets out a number of floorspace calculations. None of which are identified by their Use Class.

### Land West of Chichester

This site is a reallocation of the current Local Plan Policy 15. The new policy is Policy A6. The original allocation was adopted in 2015 and this therefore raises concerns in respect of deliverability of the proposed employment floorspace.

Notwithstanding the concerns around deliverability, the uses identified in the 'submission local plan' Policy A6 states: "6 hectares of employment land (suitable for E(g)(i)/(ii) Business uses)" and therefore none of the suggested 22,000m<sup>2</sup> allocation equates to light industrial, general industrial or storage and distribution (i.e. it does not include E(g)(iii), B2 or B8) and therefore does not meet any need for industrial or storage and distribution.

### Kingsham Road - DPD Allocation

This site the current DPD allocation (Policy CC5). The allocation was adopted in 2019 and this therefore raises concerns in respect of deliverability of the proposed employment floorspace.

Kingsham Road is a DPD allocation for 7,200m<sup>2</sup> is for office use, and therefore does not meet any need for industrial or storage and distribution.

### Land South of Bognor Road

The Land South of Bognor Road, the single proposed new allocation, not previously set out in the previous Local Plan consultations is looked at in greater detail in the following section of these representations.

### Planning Permissions to Date

Chichester Council Planning Policy team have kindly provided a copy of the employment planning permissions to date which make up the 53,655 figure within the employment floorspace Policy E1. From a review of these sites it is apparent that a large number are for specific end users (e.g. Rolls Royce) or for change of use and not for the open market which will not meet the employment floorspace demand locally, particularly for starter units for SME's.

### Summary

In summary, Policy E1 is heavily reliant on adding up floor spaces which either may not occur or are not for an employment use which meets the needs for industrial use or storage and distribution use needs.

## PROPOSED NEW ALLOCATION – LAND SOUTH OF BOGNOR ROAD (POLICY A20)

This allocation is a 19.5ha site for employment uses, to accommodate at least 28,000sqm of employment floorspace.



*Figure 1: Aerial Image and Outline of Policy A20 allocation*

There are several fundamental issues with the proposed site allocation known as Land to South of Bognor Road (Policy A20), these include:

- The site is new to the Local Plan production process in respect of entering in at Regulation 19 and has therefore not been through any of the previous rounds of consultation.
- The land is Grade 1 agricultural land which is (a) in active use, (b) forms part of wider farmland which is proposed to be separated from the farm buildings therefore potentially limiting the effectiveness of the remainder of the farmland, (c) it conflicts with other parts of the local plan which promote protection of the best agricultural land and food production. (details below)
- There are several site constraints to delivery to the allocation (details below).
- The Policy also seeks to provide plots for Gypsy and Travelling Showpeople the allocations do not require to be part of the same site however they have been placed under the same site policy which implies that the provision for both types of use are in short supply and that the way in which the Local Plan has been produced seeks to address the Gypsy and Traveller sites shortfall on the same allocation as part of the solitary site for employment.
- The size of the site in terms with respect to Natural England's Guide to assessing development proposals on agricultural land (2021).

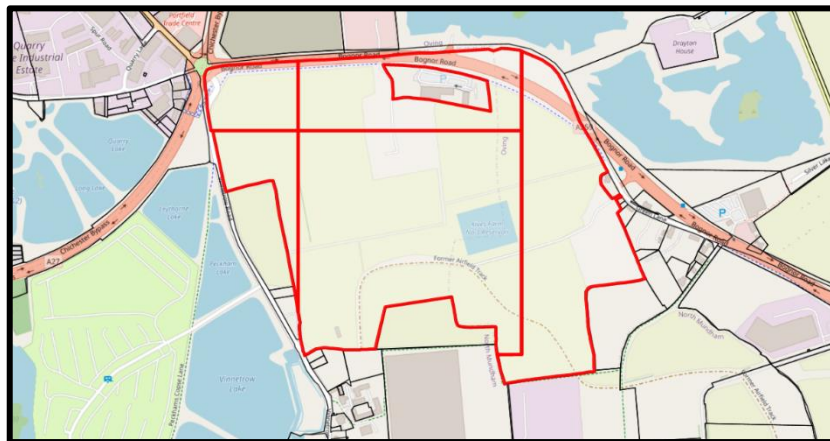


## Land South of Bognor Road – Policy A20 – Agricultural Land and Site Size

The Land South of Bognor Road site is both grade 1 agricultural land (the best value) and in active food production. Development on this site would raise conflict with other Local Plan approaches and policies as follows.

The proposed Local Plan at Paragraph 4.8 states that: *The council will seek to protect the best and most versatile agricultural land from large scale, inappropriate or unsustainable non-agricultural development proposals that are not in accordance with the Development Plan. For proposals not in accordance with the Development Plan, that will result in the loss or likely cumulative loss of 20 hectares or more of best and most versatile agricultural land, the council will consult with Natural England and have regard to “Natural England’s Guide to assessing development proposals on agricultural land (2021)” and any subsequent guidance.*

It is noteworthy to mention that the site is 19.5ha and, as with neighbouring land, is owned by West Sussex County Council (WSSC). The outline of the site allocation is odd and appears to sever the remainder of the WSSC land to the south from the WSSC owned land. This both impacts the opportunity to farm the remaining land and raises the question of whether there is an approach to avoid Natural England’s 20ha threshold and therefore is the current site area a salami slice of an extended future land promotion.



**Figure 2:** Ownership of West Sussex County Council

**Policy NE2 Natural Landscape** Development of poorer quality agricultural land is fully considered in preference to best and most versatile land Grades 1, 2 and 3a.

**Policy NE10 Development in the Countryside** The proposal is complementary to or compatible with its countryside location and does not prejudice any viable agricultural operations or other existing viable uses.

The National Planning Policy Framework (paragraph 174) and Natural England’s Guide to assessing development proposals on agricultural land (2021) promotes recognition of the value that best and most versatile agricultural land can provide.

#### **4.1 Grade 1 – excellent quality agricultural land**

Land with no or very minor limitations. A very wide range of agricultural and horticultural crops can be grown and commonly includes:

- top fruit, for example tree fruit such as apples and pears
- soft fruit, such as raspberries and blackberries
- salad crops
- winter harvested vegetables

Yields are high and less variable than on land of lower quality.

Above: extract from .Gov website under *Natural England's Guide to assessing development proposals on agricultural land (2021)*

### **Land south of Bognor Road - Policy A20 – Site Constraints impacting Delivery**

#### Flood Risk

Policy A20 supporting text paragraph 10.87 outlines that parts of the site are at risk of surface and ground water flooding which would need careful management.

#### Landscape Impact

The large scale of the site will create a landscape impact that could be considered harmful to the current landscape character and separation between the main conurbation of Chichester and the built form around the Bognor Road/Drayton Lane roundabout. This is further discussed in the Countryside policy assessment below.

#### Highways

To facilitate development of Policy A20 the supporting text paragraph 10.87 identifies the need for realignment of Vinnetrov Road and works to the Bognor Road roundabout as part of a package of A27 improvements. It is understood that Highways England have pulled funding for these improvements and that they are to be delivered through a tariff on strategic sites. Therefore, the delivery of this site is reliant on the delivery of other strategic sites and raises concerns around timescales and deliverability.

### **SITE PROMOTION - LAND NORTH OF DRAYTON WATERSIDE, BOGNOR ROAD, CHICHESTER**

A planning application (22/02202/FUL) for the construction of business park with associated parking and landscaping is currently pending determination for land north of Drayton Waterside A259 Eastbound Merston Oving. The application is pending further highway research but is supported by no objections from all other consultees including support from the economic development officer and the Oving Parish Council..

The Economic Development Officer comment on the Planning Application is as follows:

*'The application site sits directly adjacent to a current business site and will provide units of the size and use class type that are highly sought after in the district. B2 and B8 uses are especially sought after and the amount of available space in this area has dropped from 316,000 sqft in 2017 to 97,500 sqft in 2022 (Source: SHW Industrial Focus 2022) which is a drop of almost 70% in five years.'*

Both the HEDNA (April 2022) and Flude Report (July 2022) independently advise that there is a lack of suitable employment space supply in Chichester, particularly for starter units between 750 and 2000 sqft. The proposed development at Drayton Waterside provides this type of employment space and given the current planning application status could provide this floorspace immediately.

In the Housing and Employment Land Availability Assessment (HELAA) 2021, Drayton Waterside and the proposed allocation, Land to the South of Bognor Road, are both considered 'developable' but it is noteworthy to mention that Drayton Waterside (HELAA ID HOV00011) is considered to be able to come forward sooner than the land South of Bognor Road (HELAA ID HNM0017a).

## COUNTRYSIDE

### Development in the Countryside Policy (Policy NE10)

Following review of the Drayton Waterside site above a key consideration is its location within the countryside – draft Local Plan Policy NE10. These representations do not directly object to this policy or its wording but some text is included to comment on how the Drayton Waterside site is better aligned with the countryside policy than the proposed land south of Bognor Road allocation (Policy A20).

The first consideration is paragraph 4.51 within the supporting text to Policy NE10 which outlines the role and value of the countryside and why it should be considered for protection subject to a planning balance. These points of consideration are as follows:

1. The countryside is important for food production.
  - The land south of Bognor Road is currently farmed and is large enough to support food production. The land south of Bognor Road is also Grade 1 agricultural land.
  - The Drayton Waterside site however is too small to support viable food production and is enclosed by uses which are not within agricultural use and as such could not form part of an adjacent agricultural use unlike the Policy A20 site.
2. Countryside is important for landscape character.
  - Both sites are not located in either the South Downs National Park or Areas of Outstanding Natural Beauty which cover a large part of the Chichester district.
  - The Drayton Waterside site sits adjacent to existing built form currently used for employment use and is partly a brownfield site. The site is also smaller than the Bognor Road South and whilst providing 5,706 sq m compared to the 28,000 sq m provided by the land south of Bognor Road, it should be the Council's priority to look for delivering employment on multiple smaller sites which combined have a lesser landscape impact than that of a single large site.
3. Countryside is important for recreation:



- This role for countryside in respect of both sites is not necessarily relevant but it is noteworthy to mention that the Drayton Waterside site is private land and therefore not open to the public.
4. Countryside is important for biodiversity.
- Whilst the policy requirement for the delivery of the land south of Bognor Road would include a biodiversity enhancement this is yet to be evidenced as no application has been submitted for this site.
  - The Drayton Waterside site, by contrast, has a live planning application and a Biodiversity Net Gains Assessment has been undertaken, and demonstrates that proposed development would result in calculated net gain of +12.73% Habitat Units and net gain of +13.45% Hedgerow Units. The Drayton Waterside site therefore demonstrates a substantial increase in biodiversity.
5. Countryside is important for stopping an urbanizing impact.
- The large scale of the land south of Bognor Road would create a noticeable urbanizing impact and whilst it is closer to the main conurbation of Chichester it would remove the separation between the current built form around the roundabout with Drayton Lane and Bognor Road whereas the Drayton Waterside site would neatly fit in within that existing built form and not diminish the gap between Chichester and this existing built form.

The wording of Policy NE10 outlines that sustainable development in the countryside would be permitted if the following considerations were achieved:

- There are sustainable transport links.
- The scale and design is appropriate to the location and not harmful to the rural setting.
- The proposed development preserves and enhances key countryside landscape features and does not impact any designations (Areas of Outstanding Natural Beauty or the South Downs National Park).
- The proposed development relates to an existing group of buildings.
- The proposed development does not prejudice countryside operations e.g., farming.

The Drayton Waterside site is considered to align with the requirements in this policy by:

- having strong sustainable transport links along the Bognor Road, to Chichester, including cycle routes and bus stops.
- The proposed development is of a scale where it would not harm the rural setting due to its relationship with an existing building group and being a relatively small site particularly when compared to the land south of Bognor Road.
- The proposed development is not considered to impact any designations or key features within the current countryside make up in this location and would not impact the current farming operations in the locality.

## SUMMARY

The Chichester Draft Local Plan is considered to be unsound in the respect of employment land provision as it is heavily reliant on the sites which have strong valid delivery concerns. This includes:

- Existing permissions that are not likely to be forthcoming.
- Allocations carried over from previous Local Plan documents which have not been delivered since they were allocated in the Development Plan Document Site Allocation in 2019 or worse the previous Local Plan in 2015.
- One new large strategic site allocation (Land South of Bognor Road – Policy A20) that has significant site constraints including works to the A27 where funding has recently been withdrawn by National Highways / Secretary of State for Transport.

Employment land provision should be achieved through the allocation of more, smaller, sites to improve the chances of delivery and to meet market demand which is immediate (as evidenced by the Housing and Economic Development Needs Assessment [April 2022] and the accompanying Flude Market Report [July 2022]).

The market demand set out by the Local Plan evidence base and the Flude Market Report highlights that, whilst there is an employment floorspace need generally, there is a specific need for starter units between 750 and 2000 sqft.

Application reference 22/02202/FUL for the Construction of Business Park with associated parking and landscaping at Land North Of Drayton Waterside A259 Eastbound Merston Oving is considered to be a perfect example of a site that could meet the current market demand for employment floorspace, providing starter units, and not result in a harmful impact to the countryside which Land to the South of Bognor Road (Policy allocation A20) would create due to the scale of the strategic allocation.

Drayton Investments Limited strongly implore Chichester Planning Policy team to reconsidered the proposed Local Plan employment floorspace provision and allocate more, smaller, sites which, such as Land North of Drayton Waterside, can achieve immediate delivery of employment market floorspace demand.

Yours faithfully

Ben Christian MRTPI  
Vail Williams LLP  
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**APPENDIX 1**

**FLUDE PROPERTY REPORT – JULY 2022**

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**VW**Values



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Date: 19 July 2022



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C/O Seaward Properties  
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Attention of: Mr T West

By email only: [REDACTED]

Dear Tom,

Further to your instructions for us to provide you with an update to our report please find such attached. The report outlines the suitability of Drayton Waterside as a location for a new small business unit scheme as well as reviewing the existing and potential sites allowing for the development of warehouse accommodation in Chichester and the surrounding areas. We have pleasure in enclosing the following report for your consideration.

Should you require anything further or have any questions pertaining to the report we would be happy to assist.

Kind Regards,

[REDACTED]

Mark Minchell

Enc.



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- 6.0 Demand Forecasting
- 7.0 Conclusions





## Executive Summary

- Report prepared by Flude Property Consultants who have a wealth of experience in the regional and Chichester property markets.
- Chichester is the County Town of West Sussex and boasts a number of well occupied industrial centres and numerous large employers including Rolls Royce.
- The proposed site benefits from key criteria sought by occupiers in the current warehouse and industrial market.
- The proposed site is to be the first of its kind for the area being almost completely self-sufficient incorporating a multitude of green credentials to enable this.
- Historic annual average warehouse for Chichester is in the region of 150,000 sq ft per annum
- Warehouse take up for 2020 was in the region of 80,000 sq ft. This is deemed to be down to an initial market stall and a lack of larger available units bolstering the figures. Figures for 2021 suggest take up back to normal levels.
- At the time of writing this report there is approximately 100,000 sq ft of accommodation between Worthing and Chichester. This excludes one single building of 260,000 sq ft which is deemed to be an outlier.
- There is currently in the region of 20,000 sq ft of accommodation available in Chichester. 10,000 sq ft of this is deemed to be obsolete in terms of modern requirements.
- There is approximately 350,000 sq ft in the Chichester warehouse development pipeline however a large proportion of this will not be speculatively developed.
- Occupiers seeking units less than 3,000 sq ft generally always require built and readily available units.
- There are numerous requirements from small businesses within the district for accommodation which cannot be satisfied at present. This is forcing occupiers to look outside the district.
- Further sites need to be allocated and developed to satisfy the needs of the current market.



## 1.0 INTRODUCTION

1.1 This report has been commissioned to provide an assessment of the current and consented supply of suitable Class B2/ B8 accommodation in the area areas as illustrated in Figure 1. Moreover, we will specifically focus on the suitability of Drayton Waterside (See Figure 3) as a location for the development of a new small business unit scheme. Flude Property Consultants was appointed by Drayton Investments Limited to prepare this report. It was undertaken during September 2021 with this update in summer 2022.

1.2 Flude Property Consultants is an independent, regional firm of Chartered Surveyors regulated by the Royal Institution of Chartered Surveyors (R.I.C.S.) who specialise in advising clients who own or occupy commercial real estate.

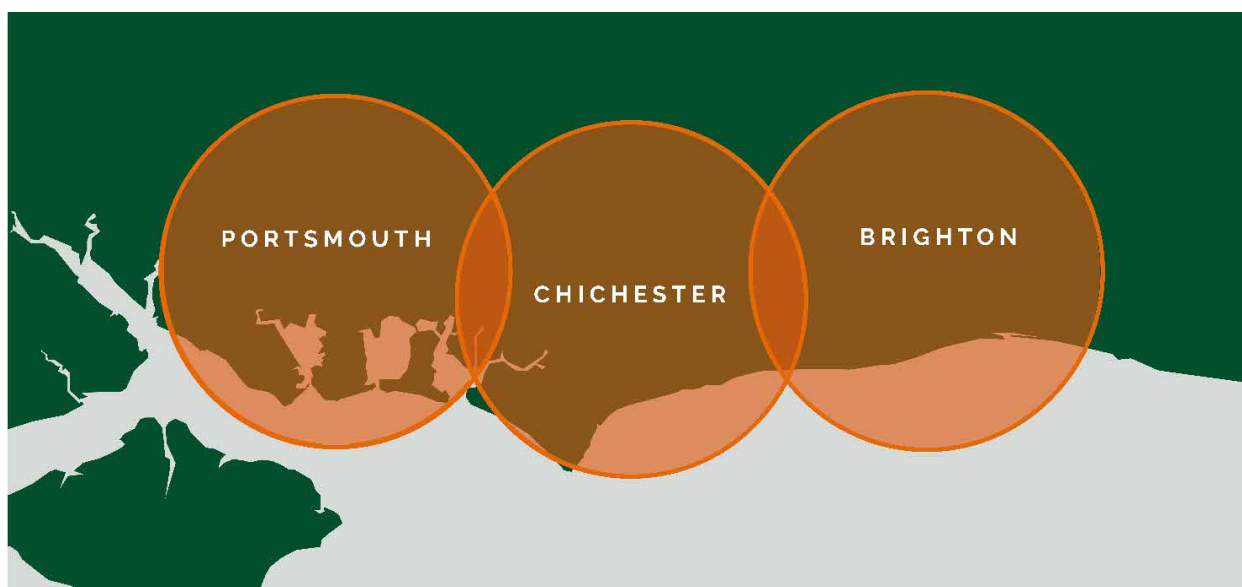
1.3 Our main areas of expertise include commercial property agency, lease advisory (rent reviews, lease renewals and lease re-gearing), property management; real estate asset valuation and general consultancy (investment and development).

1.4 Our firm comprises three offices in Brighton, Chichester and Portsmouth. Having an office in Chichester means we have extensive knowledge and an in depth understanding of how the commercial property market works at a regional and local level.

1.5 We are aware of businesses requirements for premises locally, available accommodation and the general lease terms which are being agreed.

1.6 This report has been prepared by Mark Minchell MRICS SIOR – Director – Head of Chichester Office and Agency.

Mark qualified as a Chartered Surveyor in 1992 whilst practising in London and has over 25 years' experience in the commercial property market in London and the South East having worked for firms in London, Crawley, Chichester and Worthing. Mark spent ten years of his career specialising in the Chichester property market and was responsible for the expansion of Flude opening an office there in 2011.



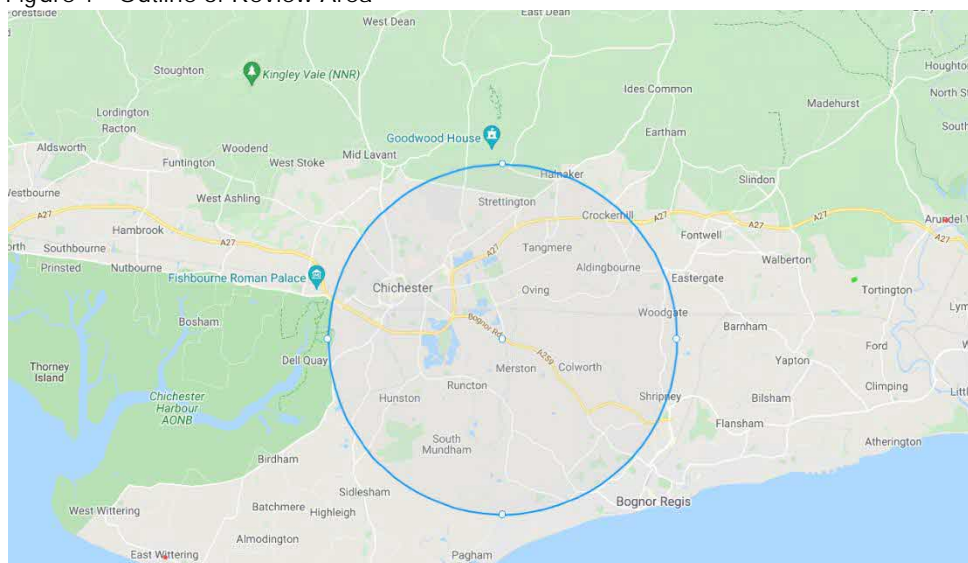


## 2.0 REVIEW OF AREA AND SITE

2.1 This section outlines the geographical area within which this report will focus on.

2.2 The Chichester District stretches from Chichester Harbour and Selsey north to the Surrey border, and includes Petworth, Midhurst and Fernhurst which fall within the SDNP. This report will focus specifically on the southern part of the District because this is where the majority of activity and employment uses are (due to infrastructure) and the positioning of the A27. This is illustrated in Figure 1 and Figure 2 below.

Figure 1 – Outline of Review Area



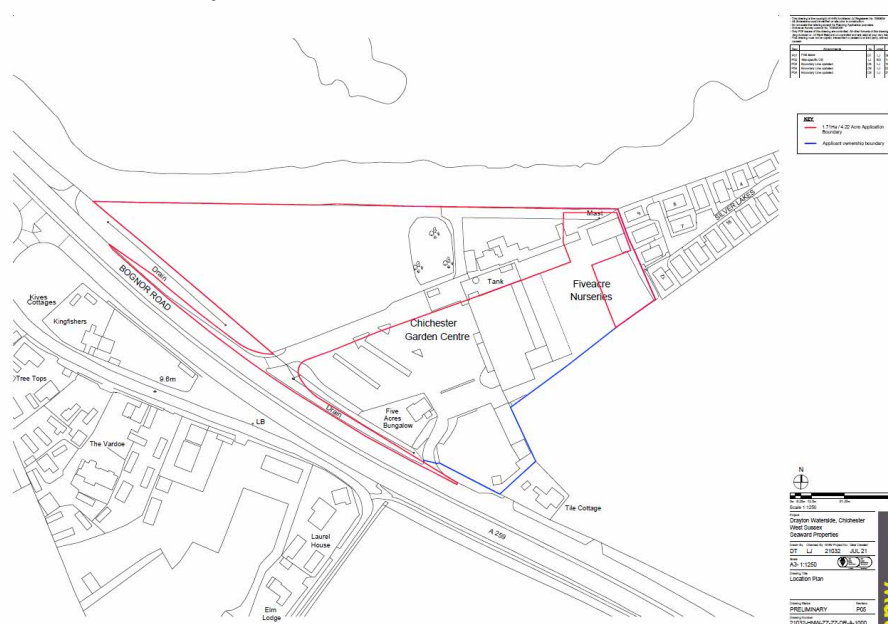
Source: LandInsight

Figure 2 – District's main industrial areas



- 2.3 Chichester is the County Town of West Sussex and is an established commercial centre and employment area. The city is strategically located on the A27 dual-carriageway which runs east to Worthing and Brighton and west to Portsmouth and Southampton, where it connects with the A3(M), M27 and M3 motorways.
- 2.4 By rail there are frequent services to key settlements in the south such as Brighton, Worthing, Bognor Regis, Portsmouth and Southampton; as well as services to Crawley, Gatwick and London.
- 2.5 The largest employers in the area are the public sector and healthcare, but there is also a strong commercial base with larger employers being Rolls Royce, Mercers, John Wiley and Sons Ltd as well as many other good quality manufacturers.
- 2.6 The subject site is situated as seen in Figure 3 at Drayton Waterside (formerly Wyevale Garden Centre) and is accessed immediately off the A259 Bognor Road. Chichester is located approximately two miles and Bognor Regis is located approximately six miles to the east.

Figure 3 – Outline of subject area



- 2.7 The site currently comprises a mixture of buildings and businesses which all benefit from excellent roadside presence. The property is adequately parked and benefits from suitable access and egress onto the A259. To the west of the site is approximately three acres comprising of a combination of grassland and secured open hard standing.
- 2.8 Key attributes of the property include but are not limited to the following:
  - Highly visible location from A259
  - Excellent road communications
  - Secure site
  - HGV accessible
  - Excellent onsite parking provision
  - Strong existing composition of tenants
  - Low current site density
- 2.9 Green Credentials  
 The Government has announced its intention that by 2030, the energy performance ratings will be tightened and set at an EPC of B – making it illegal to rent out any property rated C or below. This has been described as a potential 'time-bomb' for commercial property owners – while only 10% of existing



properties would fail to reach an E rating, currently, 85% of building stock is under the standard for a B certificate.

2.10 In consideration of the above Drayton Investment Limited are seeking to provide a first of its kind green development in the area for start-up / small businesses and propose to undertake the following:

- Installation of solar throughout
- Rainwater harvesting
- Electric car charging points
- Where possible the use of sustainable building materials and practices

### 3.0 MARKET CONDITIONS

3.1 As a general comment, due to current economic and political factors, such as the UK's decision to leave the European Union, Coronavirus and now the Ukraine conflict, there has been increased uncertainty in the commercial and residential property markets. Furthermore, in the recent past inflation has become a global issue, triggered by restricted supply-side limitations and the costs of coronavirus governmental intervention.

3.2 That said, despite the general economic and political uncertainty, the industrial and warehouse market continues to perform strongly. We have seen an increase in demand for warehouse and distribution floor space, which has been driven by internet operations and 'last mile' deliveries. There is also good demand from manufacturing businesses.

3.3 Warehouse and distribution employers seeking accommodation below 3,000 sq ft require accommodation which is well located near major road links, can offer eaves height up to 6 metres with a parking ratio of approximately 1 space to 400 sqft (1:400). Increasingly, modern businesses are moving towards operating 24 hours a day, seven days a week and therefore a planning consent that provides this would be ideal

3.4 Timing is another major factor for businesses who require new accommodation. Typically, occupiers seeking less than 3,000 sq ft will want to be in within a matter of weeks. Therefore, having readily available built units is essential in this fast-moving market.

### 4.0 HISTORIC TAKE UP

4.1 Average warehouse take up for Chichester is in the region of 150,000 sq ft per annum over the last five years. This was in the region of 80,000 sq ft for 2020 but we believe this was firstly, largely down to an initial stall in the market during the first lockdown (which has now seen a positive rebound effect) and secondly, a lack of available accommodation in excess of 20,000 sq ft and therefore a lack of 'larger' transactions in this part of south West Sussex.

4.2 One significant point that we would make is that a considerable amount of space transacted is contracted by occupiers already in the wider Chichester area. This means that the take-up consists mainly of existing occupiers moving around within the existing industrial / warehouse market.

4.3 In fact in recent years due to a lack of any 'larger' Grade A or Grade B or C premises available or deliverable we have seen an outward migration and a number of missed opportunities for the District. Namely CSS group who relocated to Fareham, Rolls Royce who occupied 400,000 sq ft in Bognor-Regis and Warburtons who located to Bognor-Regis.

### 5.0 SUPPLY

5.1 There is genuine scarcity of built accommodation available across the South Coast. We calculate that there is only just over 100,000 sq ft of built space available between Chichester and Worthing (with the exception of one 250,000 sq ft unit in Worthing) and about 30% of this is from three buildings. This is illustrated in **Appendix A**. To put this into context and as stated in point 4.1 above the annual warehouse take-up for Chichester alone is normally in the region 150,000 sq ft plus.

5.2 At the time of writing this report, in the Chichester area there is only approximately 20,000 sq ft of warehouse accommodation available of which 10,000 sq ft is almost obsolete in terms of modern occupier requirements due to poor loading, low eaves height and dated condition. Again, this is illustrated in **Appendix A**





- 5.3 The greatest demand from occupiers is currently for 'starter' units from 750 – 2,000 sq ft and at the time of writing this report there is currently none available that are built. As soon as a building becomes available there are normally four or five parties viewing within 48 hours.
- 5.4 There is in the region of 340,000 sq ft of consented Class B8 accommodation in the Chichester development pipeline. We have detailed below said schemes and analysed them accordingly in Sections 5.5, 5.6 and 5.7.
- 5.5 Chichester Business Park at Tangmere (planning reference: 19/ 01675/ FUL) has consent for approximately 100,000 sq ft of Class B8 accommodation with units from 3,500 sq ft up to 30,000 sq ft. The site is consented for high bay modern units however the historic obstacle for Chichester Business Park has been the hours of use restrictions. As referenced earlier in our report modern requirements are such that 24/7 use is fundamental to the operation of these larger businesses. As alluded to in Section 4.3, Warburtons were considering Chichester as a location and Chichester Business Park specifically, but due to the hours of use restrictions did not enter into meaningful discussions on such. Occupiers are increasingly requiring 24/ 7-hour usage. Lastly the scheme proposed is not intended to satisfy the demand for small units of less than 2,000 sq ft.
- 5.6 Cathedral Business Park at Bognor Road (planning reference: 14/ 04284/ OUT) has outline consent for approximately 80,000 sq ft of Class B8 accommodation. The site would be able to accommodate a small unit scheme however the consent for the scheme is a mixed commercial use including roadside users and existing interest from occupiers means it is unlikely that a small unit scheme will be developed.
- 5.7 Springfield Business Park, which neighbours Cathedral Business Park to the south east has outline consent for 100,000 sq ft, however the existing passive income weighed up against the risks of a speculative development or otherwise, significantly reduces the probability of a scheme being built in the short to medium term.
- 5.8 There are two sites we are aware of at present which is proposed to accommodate a 'starter' unit scheme. These are St James Industrial Estate, which is currently under complete refurbishment. The site is due to provide 50,000 sq ft of accommodation. In addition is an application submitted under ref 21/ 02094/ FUL for the erection of approximately 20,000 sq ft of 'small' units at the former Wrenford Centre on Terminus Road. However as illustrated above this would only equate to roughly 50% of the annual take up figure for Chichester.
- 5.9 A summary table of the above can be found in **Appendix B**

## 6.0 DEMAND FORECASTING

- 6.1 In this section we will outline ongoing enquiries from businesses who are looking for accommodation in the region.
- 6.2 The table below includes a summary of current enquires from businesses. For confidentiality reasons we have had to remove the occupier's names. This list is to provide context of the demand and is by no means exhaustive.

Nature of applicants Use	Requirement	Timing	Ideal Location
Building Contractor	500 sqft	ASAP	Chichester
E Commerce	550 sqft	ASAP	Chichester
Engineering	900 sqft	ASAP	Chichester
Bakery	900 sqft	ASAP	Chichester
Plastics patent designer	1,000 sq ft	ASAP	Chichester
EV Charging company	1,000 sq ft	ASAP	Chichester
Window manufacturer	1,200 sq ft	ASAP	Chichester
Online retailer of records	1,250 sq ft	ASAP	Chichester
Consortium of Engineers	1,500 sq ft	ASAP	Chichester
Agricultural company	1,800 sq ft	ASAP	Chichester
Joinery Business	2,000 sq ft	ASAP	Chichester



- 6.3 As active local and regional agents, we have extensive knowledge and an in depth understanding of how the commercial property market works. As such, we receive consistent levels of enquiries for commercial accommodation within Chichester and the surrounding area. This means we regularly receive feedback and are in detailed discussions with businesses who are looking for accommodation.
- 6.4 At present, we are advised that the parties set out in the above table are looking outside the District because suitable accommodation is not available for them as set out in Section 5.0.
- 6.6 As already mentioned, timing is another major factor for businesses requiring accommodation. A very large proportion of the time, occupiers requiring starter units need to be in occupation within a few weeks. This is largely down to a general lack of experience on their part regarding the complexities and timescales of leasing commercial premises, so properties being ready for occupation is vital.

## **7.0 CONCLUSION**

- 7.1 This review identifies that there is already a lack of suitable supply available for businesses in Chichester, especially for starter units between 750 and 2,000 sq ft. Based on historic take up there is only two months of built supply, or two years when including consented land.
- 7.2 There is strong demand from businesses for accommodation which can meet their requirements across all size ranges.
- 7.3 There are a number of factors which mean the available supply (built and consented) are not suitable for businesses who require accommodation now. These are:
1. Limited supply of starter units
  2. Low eaves height
  3. Poor energy efficiency ratings
  4. Not close to main road and/or A27/A259
  5. Proximity to residential uses which restricts usage
  6. Hours of use restrictions
  7. High speculative development costs
- 7.4 If supply is not increased and improved, then this will mean in the long-term businesses will continue to be forced to locate outside of the District. Competing locations with strong employment allocations of consented land will continue to attract businesses.
- 7.5 It is evident there is need to release further land for employment (specifically within Classes B2 and B8 uses) which can meet businesses requirements. There are few opportunities in the District to locate and build modern industrial accommodation.
- 7.6 Overall it is our view that the local authority need to address the lack of suitable supply by both increasing the allocation of employment land and the relaxing of restrictions where existing sites could accommodate warehouse and employment uses.

Your Sincerely,

**Mark Minchell**



## Appendix A – Current available Warehouse Accommodation – Worthing – Chichester

Property	Estate	Size (sq ft)	Use	Tenure	Rent	psf	Eaves	Year Built
<b>Chichester</b>								
Unit A4	Glenmore Business Park	1,396	B8	LH	£17,000	£12.18	6m	2010s
Unit L48	Glenmore Business Park	1,346	B8	LH	£14,995	£11.14	6m	2010s
Unit 65	Glenmore Business Park	942	B8	LH	£12,000	£12.74	6m	2010s
Unit 66	Glenmore Business Park	942	B8	LH	£12,000	£12.74	6m	2010s
Unit 11	Chichester TradeCentre	6,000	sui generis	LH	£75,000	£12.50	3m	2000s
Plot 26b and 28	Terminus Road	10,000		LH		£5.00		1950s
	<b>Total</b>	<b>20,626</b>						
<b>Bognor-Regis</b>								
Unit 15	Castlegrove Business Park	7,969	B1/B8	LH	£65,000	£8.16	4m	1980s
Unit 12	Castlegrove Business Park	17,414	B1/B8	LH	£142,500	£8.18	6m	1980s
Units 6-7	Durban Road	4,032	B1/B2/B8	LH	£40,481	£10.04	3.64m	1980s
	<b>Total</b>	<b>29,415</b>						
<b>Littlehampton &amp; Rustington</b>								
Unit R4	Riverside Industrial Estate	2002	B8	LH	£23,000	£11.49	5.4m	1970s
Unit M1	Riverside Industrial Estate	1947	B8	LH	£20,700	£10.63	4.8m	1970s
Unit 3	Gloucester Road Estate	3164	B8	LH	£16,500	£5.21	2.62m	1970s
Unit 10	Newcourtwick Lane	67000	B8	LH	£588,000	£8.78	6m	1980s
Unit 6b	Lineside Industrial Estate	3376	B8	LH	£32,150	£9.52	4.4m	1970s
Units 33-34	Lineside Industrial Estate	6,848	B1/B8	LH	£85,600	£12.50	8m	2020s
Unit 35	Lineside Industrial Estate	2,674	B1/B8	LH	£33,425	£12.50	8m	2020s
	<b>Total</b>	<b>87,011</b>						
<b>Worthing</b>								
All Units	Faraday 261	261,727	B8	LH	£1,962,953	£7.50	9.5m	2020s
	<b>Total</b>	<b>261,727</b>						
	<b>Grand Total</b>	<b>398,779</b>						

## Appendix B – Chichester Warehouse Development Pipeline

Address	Road	Town	Size sq ft	Use	To be speculatively built?
Cathedral BP	Bognor Road	Chichester	85,000	B8 trade	No
Springfield Park	Bognor Road	Chichester	100,000	B8 trade	No
Chichester Business Park	City Fields Way	Chichester	100,000	B2/B8	Unknown
St James Industrial Estate	Westhampnett Road	Chichester	48,000	B2/B8	Yes
Wrenford Centre	Terminus Road	Chichester	20,000	B8	Yes
		<b>Total</b>	<b>353,000</b>		