

Market Assessment Report

Employment land at Bedford Business Park, Bedford



Contents

1.	Executive Summary	1
2.	Introduction	3
3.	Site location and proposals	5
4.	Economic Policy Review	8
5.	UK Industrial and warehouse market	20
6.	Bedford regional and local industrial market	26
7.	National office market	35
8.	Local economic benefits	41
9.	Deliverability	43
10.	Summary and conclusions	44

1.0 Executive Summary

- 1.1** The site at Bedford Business Park extends to 550 acres and could accommodate up to 8.4m sq ft of mixed use development configured as 20% B1, 40% B2 and 40% B8.

1.2 Economic Context

- Bedford Local Plan has policies that support development.
- The A421 corridor is identified as a strategic location for business growth.
- The Economy and Employment land Study (Oct 2015) forecasts to 2032 but many sites are already gone.
- Bedford Borough Growth Plan 2018 – 2022 encourages new investment.
- National investment in the East West Rail project and the proposed Oxford-Cambridge Expressway could enable new settlements across the corridor in which Bedford is at the centre.
- The National Infrastructure Commission proposes the delivery of up to one million new homes by 2050.

1.3 Market Context

- There is a shortage of good quality industrial stock in Bedford and limited deliverable land for development.
- Office stock in Bedford is old and poor quality which does not suit the need of modern occupiers.
- There are no freehold sites in B1, B2 nor B8 available for purchase by owner occupiers.
- There are no industrial buildings currently available in Bedford over 100,000 sq ft and only two large units are currently under construction speculatively which will provide 511,251 sq ft.
- Bedfordshire lags behind Northamptonshire and Buckinghamshire in its stock of industrial units and the shortage fails to support forecasted economic growth.
- Large manufacturers such as food & drink manufacturing, high performance technology, engineering and creative sector related industries have wide geographical search areas and are often footloose. They will choose to locate where their search criteria is best satisfied including availability of large areas of freehold land.
- There are currently live enquiries from occupiers in the Bedford area for:

B1: 540,000 sq ft

B2: 270,000 sq ft

B8: 6m + sq ft

- Demand may be suppressed by limited existing stock and is likely to increase in the future as a result of growing investment in the Oxford to Cambridge arc.
- Nationally, 26% of take up in 2018 was by manufacturers and food production businesses in the B2 use class. 61% was taken by retailers, parcel delivery providers, 3rd party logistics, wholesalers and other B8 users.
- Nationally, vacancy rates have been falling across the industrial and office market despite new development being delivered.

1.4 Local Economic Benefits

- The logistics sector is increasing employing technically skilled workers in response to the shift to automation and robotics creating jobs suitable for the NQV4 educated workforce in Bedford.
- The proposals at Bedford Business Park could create in the order of 15,000 jobs.
- Estimated Gross Value Added of £600m could be generated.
- Income from business rates could be in the order of £25m per annum.
- Development at Bedford Business Park could reduce the amount of commutes local people make to their places of work reducing congestion and improving air quality.

1.5 Conclusion

- Considering the large size and scale of the site, there is an opportunity to create high value sector clusters in a mixed use scheme blended to complement a diverse range of occupier requirements.
- The Bedford Business Park proposals offer a deliverable opportunity to provide freehold development land to attract investment from large employers; significant benefits to the local economy and they support the proposed future economic growth of the area.
- B1 demand is currently 540,000sq ft of office and hybrid space which requires 27 acres to be satisfied. Bedford's current office stock is poor quality and does not meet the needs of modern occupiers. Whilst Bedford currently has 159.3 acres of land available for this use, most of the sites are compromised or are not readily available due to a variety of reasons mainly related to flooding and viability. We expect office demand to rise as a result of the proposed investment in the Oxford to Cambridge arc.
- B2 demand is currently 270,000 sq ft for manufacturing use which requires approx. 15 acres. Of the sites available in Bedford, only land West of Manton Lane has the correct allocation or permission to suit but the site is sloping and not desirable.
- B8 demand is in excess of 6m sq ft which requires 300 acres to be satisfied. There are no freehold sites available with a B8 allocation.
- The large scale of the this development site requires a long term commitment to ensure the scheme attracts short and medium term investment which acts as a catalyst to attracting future employers into the locality.
- Ideally, to attract manufacturing operations, the site will need to offer freehold options which allow long term investment in bespoke facilities.

2.0 Introduction

- 2.1** Savills is instructed by Cloud Wing UK to consider the market need for employment development at land to the south east of A421 at Kempston Harwick close to Bedford. This report examines the demand and supply dynamics of the commercial market in a national, regional and local context.
- 2.2** The subject site extends to approximately 550 gross acres at a strategic location near to the intersection of the A421 and A428 to the south of Bedford town. The A421 is the main thoroughfare connecting Bedford with the M1 and A1 and is the route where significant investment is proposed in the major infrastructure upgrade of the Oxford to Cambridge corridor.
- 2.3** The location is recognised by occupiers as one which is desirable for employment and logistics development and they are attracted to the area as demonstrated most recently by Whistles taking a unit at Gazeley's Bedford Distribution Centre.
- 2.4** The site's proposed masterplan provides for a total of 8.4m sq. ft of new B1/B2/B8 employment floor space apportioned 20:40:40 respectively to meet both the local and wider regional occupier demand in a range of different unit sizes. It is likely that the site, due to its scale, will contain larger floorplate units in order to assist with the funding of the upfront infrastructure required to deliver sites of this scale and ensure viability. However a mixed range of sizes and uses is envisaged as it becomes established.
- 2.5** The purpose of this report is to advise as to the level of demand from commercial occupiers and how they could be accommodated on the supply side by land within Bedford Borough Council. The report demonstrates that the subject site has the potential to:
- Maximise the investment opportunity provided by the key strategic location at the intersection of the A421/A428;
 - Maximise the benefits of future public and private sector investment in this location and along Oxford to Cambridge corridor;
 - Meet the acknowledged need for accommodation for offices, R&D uses, supply chain companies and to attract UK manufacturers;
 - Meet the significant levels of demand for high quality employment floorspace in the wider region along the M1 and A1 corridors, attracting new investment to Bedford and expanding upon growth already seen;
 - Address the undersupply of land and premises in the Bedford area.
 - Deliver valuable economic benefits for Bedford including job generation (and a corresponding reduction in out-commuting); growth in Gross Value Added; and the generation of business rates.
- 2.6** The remainder of this report is set out as follows:
- A description of the site and the development proposals;
 - Relevant economic policy;



- The market need for the site is considered, including an assessment of the demand for, and supply of, similar land and premises which may compete with the subject site. This section also includes a review of the existing portfolio of strategic employment land within Bedford Borough Council;
- Local economic benefits of the scheme;
- The deliverability of the development proposals; and
- Summary and conclusions.

3.0 Site location and proposals

3.1 The subject site extends to approx. 550 acres and is irregular in shape. It is located immediately to the south east of A421 close to its junction with A428, approximately 2.5 miles to the south of Bedford town centre. The local train line is on the western side of the site and nearby Kempston Hardwick Station connects to Bedford and Bletchley. Gazeley's Marsh Leys Business Park is located immediately to the west but the eastern side is largely undeveloped where lakes formed from the former brickworks are situated. Manor Road bisects the site and connects it with the B530 and Woburn Road which gives access to the A421. The main Bedford to London railway line runs nearby to the east of the site.

Figure 1: Location Plan

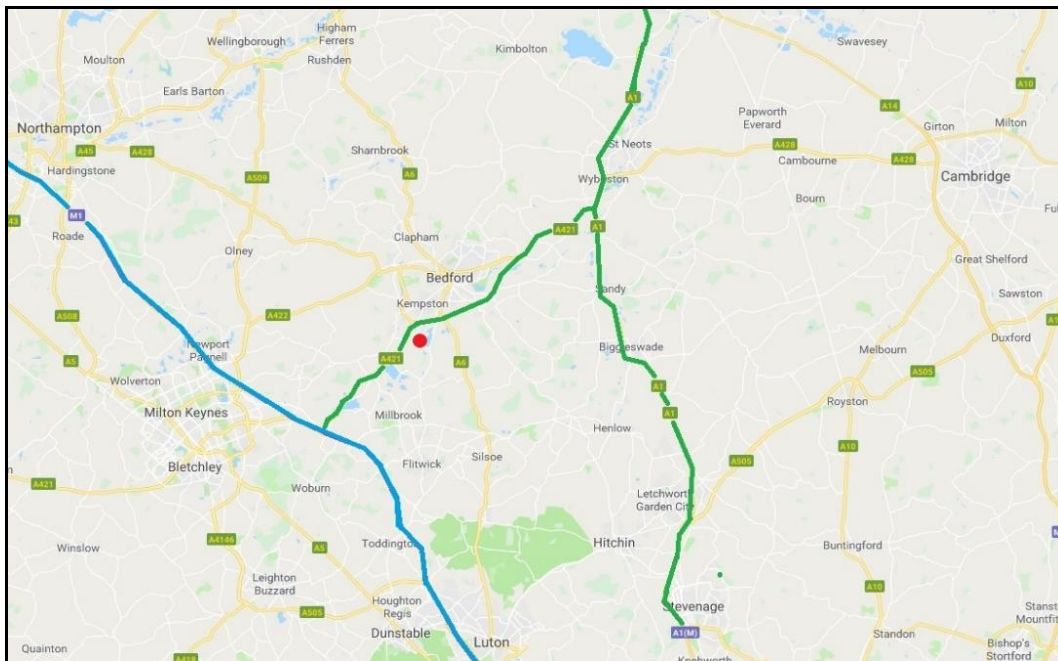
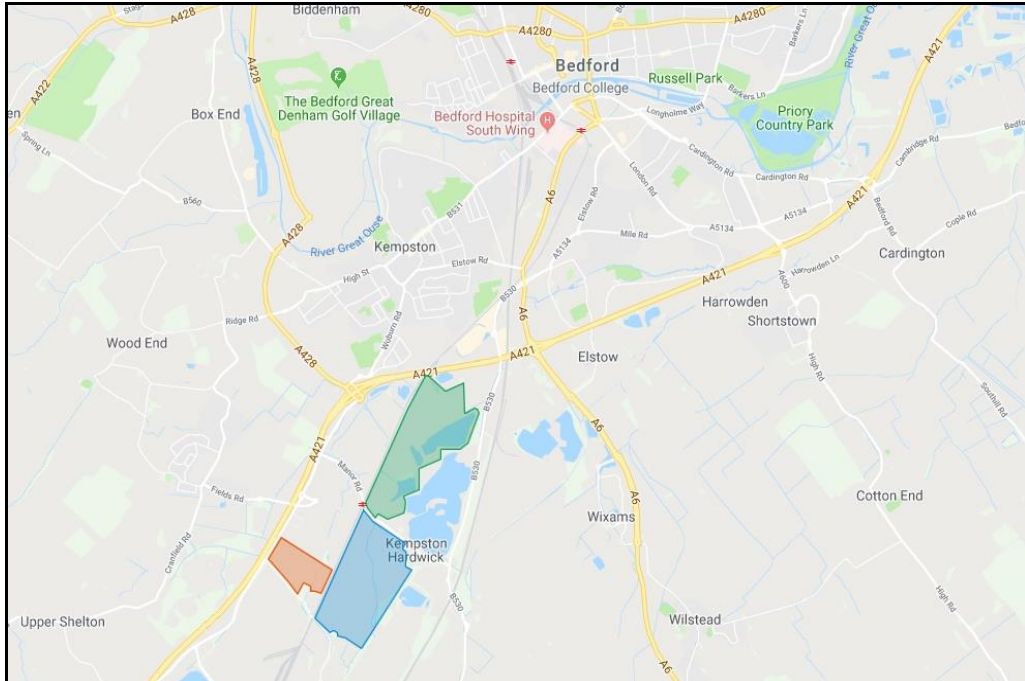


Figure 2: Site Plan



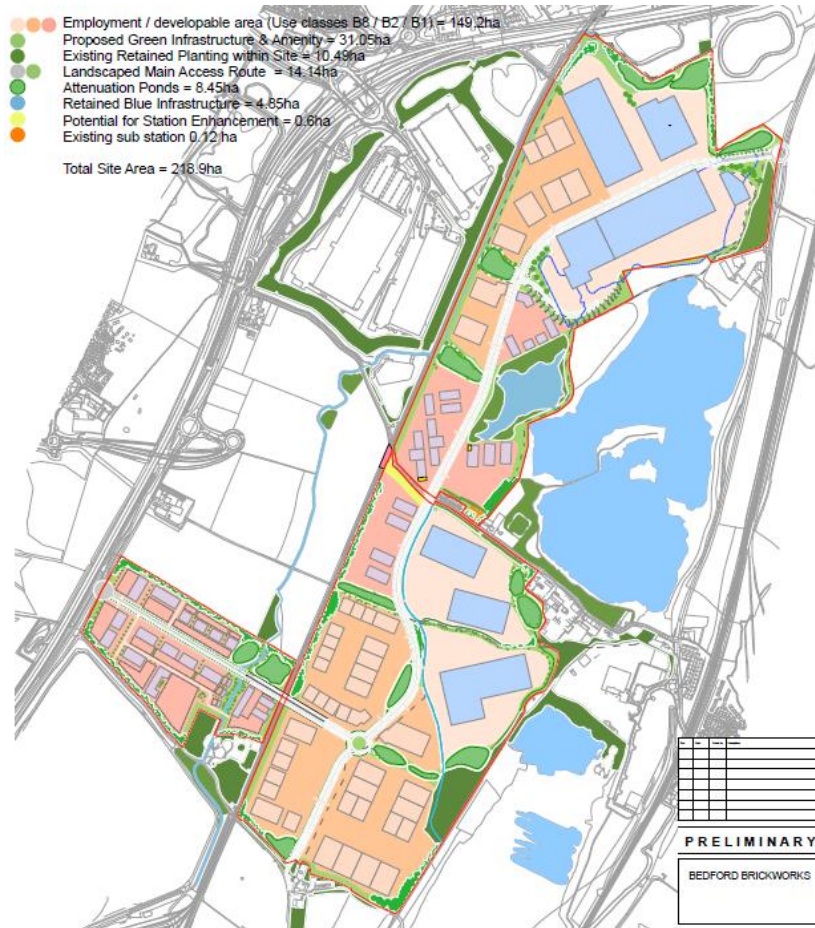
3.2 The site occupies a nationally strategic position, 30 miles west of Cambridge, 40 miles east of Oxford, 50 miles north of London and 98 miles east of Felixstowe. With ease of access to both the M1 and the A1, over half the UK population is within a 2 hour drive. Proposals for the Oxford to Cambridge corridor offer an opportunity for Bedford to benefit from this significant infrastructure project and there are already proposals to create a continuous expressway to connect and upgrade the A428 towards Cambridge with the A421 circumventing the Blackcat junction on the A1.

3.3 Recent improvements include the A421 which underwent a £200m upgrade in 2010 to provide direct dual carriageway access to J13 of the M1 and the Blackcat Roundabout junction on A1. Both are now within 10 minutes of Bedford. And the £18m second phase of the western bypass directly linked the A6 to the A421 which completed in 2016.

3.4 Development proposals

3.4.1 The development proposals are for up to 8.4m sq ft of mixed employment comprising offices, general industrial and warehousing premises laid out in complementary clusters to suit the various types of employers likely to locate there. The large size of the site is rare in the UK and key to its appeal and ability to attract an occupier. The proposed scheme could provide high quality premises without competing with smaller units for local companies. These may be regionally-based companies growing or modernising their space, or national/international companies seeking to serve the regional market.

Figure 3: Proposed layout plan



3.4.2 The indicative lay out plan provides a mixture of uses to accommodate market demand and attract a diverse range of employers to Bedford. The proposed infrastructure will provide flexibility for a varied range of unit sizes across the whole scheme and there may also be the potential to provide rail enabled access, should this be required. It is envisaged that larger buildings will be delivered earlier to respond to current occupational demand and to assist with the significant funding required to provide the upfront infrastructure.

4.0 Economic Policy Review

- 4.1** This section sets out the context by summarising the key economic policies and strategies which relate to the need for the development proposals and later sections in this report provide the evidence base required to assess how the policies are addressed.
- 4.2** There are a number of generally supportive policies in the national and local plan and other. To achieve outline planning consent will require evidence that there is a need for such development which cannot be met elsewhere. Other sections of this paper set out relevant information.

The following documents have been reviewed:

- National Planning Policy Framework (July 2018);
- The Industrial Strategy White Paper (November 2017);
- National Infrastructure Commission report Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc (November 2017)
- Bedford Allocations and Designations Local Plan (July 2013);
- Draft Bedford Local Plan 2035 (January 2018);
- A 2010 Local Economic Assessment for Bedford (November 2010);
- Economy and Employment Land Study (October 2015);
- Bedford Borough Growth Plan 2018 – 2022;
- South East Midlands Local Enterprise Partnership Economic Plan (November 2017);
- Forest of Marston Vale 'Forest Plan' (2000).

4.3 National Planning Policy Framework (July 2018)

- 4.3.1** The new National Planning Policy Framework (NPPF) was published in July 2018 and sets out the Government's planning policies for England. The new NPPF provides a positive context in relation to positively encouraging investment and economic growth and providing new employment land which meets the locational requirements of different sectors, including logistics. This can be used in support of the proposals.
- 4.3.2** The policies are now material considerations which should be taken into account by local planning authorities when dealing with applications and plans should also take account of the policies. The previous NPPF (March 2012) is still relevant for those plans submitted to the Secretary of State until 24th January 2019 but for newer plans the 2018 NPPF is the relevant consideration.
- 4.3.3** Fundamental to the framework is a presumption in favour of sustainable development, which meets economic, social and environmental objectives (Chapter 2).

- 4.3.4 Chapter 6 'Building a strong, competitive economy' sets out the Government's policy on employment development. It is stated that:
- 4.3.5 'Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.' (paragraph 80, page 23)
- 4.3.6 The implication therefore is that planning policies should anticipate, rather than be reactive to the needs of businesses.

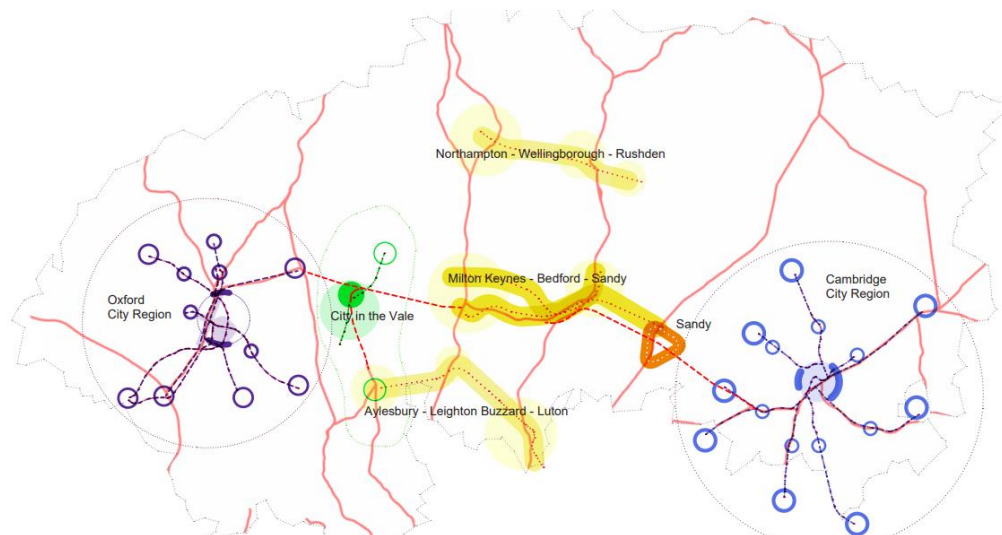
4.4 Industrial Strategy White Paper (November 2017)

- 4.4.1 The Industrial Strategy White Paper emphasises the need to drive productivity improvements and economic growth which will be delivered in part through Local Industrial Strategies. These objectives can be used in support of the proposals.
- 4.4.2 It is stated that 'Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for...storage and distribution operations at a variety of scales and in suitably accessible locations.' (paragraph 82, page 23).
- 4.4.3 The aim of the Strategy is 'that by 2030 we will have transformed productivity and earning power across the UK to become the world's most innovative economy and the best place to start and grow a business, with upgraded infrastructure and prosperous communities across the country.' (page 241).
- 4.4.4 The White Paper is based upon five foundations of productivity: ideas; people; infrastructure; business environment; and places. Four 'Grand Challenges' are identified, with the aim of putting the UK at the forefront of the industries of the future (page 34):
 - 1. Put the UK at the forefront of the artificial intelligence and data revolution;
 - 2. Maximise the advantages for UK industry from the global shift to clean growth;
 - 3. Become a world leader in shaping the future of mobility; and
 - 4. Harness the power of innovation to help meet the needs of an ageing society.
- 4.4.5 The Strategy announces the launch and roll out of Sector Deals (partnerships between Government and industry aiming to increase sector productivity) in life sciences, construction, artificial intelligence and the automotive sector. This builds upon previous successes, such as the Government's backing of the UK aerospace sector

4.5 Partnering for Prosperity: A new deal for the Cambridgeshire-Milton Keynes-Oxford Arc (Nov 17)

- 4.5.1 National investment in the East West Rail project and the proposed Oxford-Cambridge Expressway could enable new settlements across the corridor. These schemes are proposed to play a key role in tackling the corridor's housing crisis, unlocking major new development locations and enabling transformational growth around existing towns and cities. Some initial thinking prepared by 5th Studio for the National Infrastructure Commission (NIC) for the spatial distribution of growth is presented in Figure 4. This includes ideas for a linked series of villages/towns to the south of Bedford.
- 4.5.2 The NIC's work concluded that to maximise the corridor's economic potential current housing delivery rates will need to double – delivering up to one million new homes by 2050. Local authorities will need to plan for, and work with investors, developers and housebuilders to deliver, large new settlements and major urban extensions.

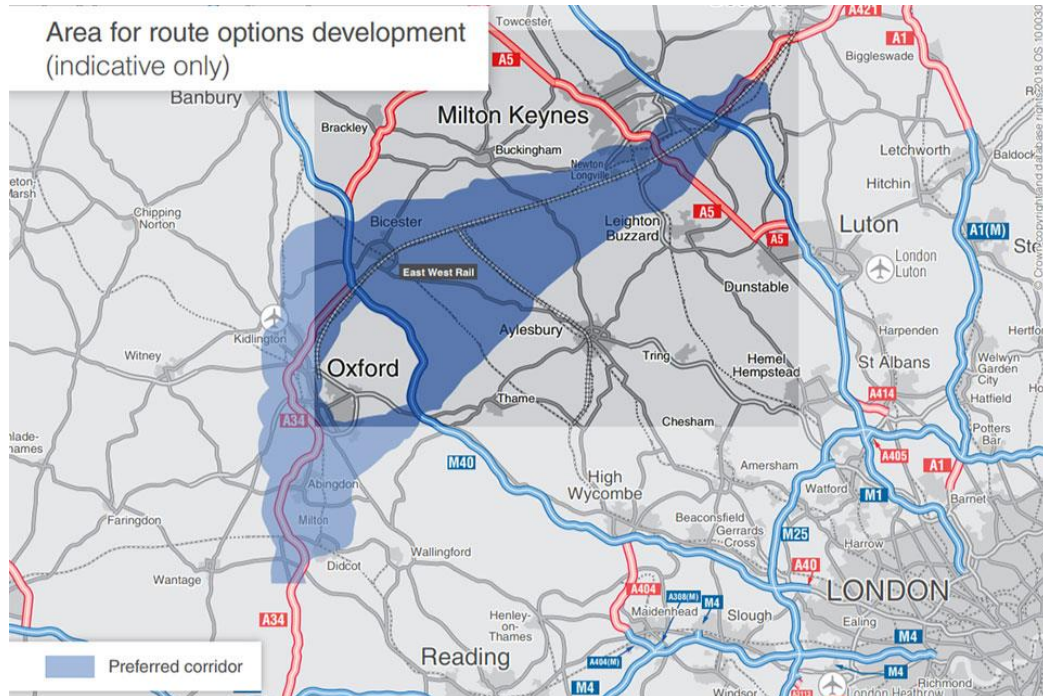
Figure 4 The Spatial Distribution of Growth



Source: Cambridge, Milton Keynes and Oxford Future Planning Options Project, 5th Studio, SQW, NIC, February 2018

- 4.5.3 On 12th September 2018 the Government made an announcement of the preferred corridor option between the A34 south of Oxford and the M1 which will connect to the A421 at the junction 13. This is shown in Figure 5 below and this proposal will significantly improve road links between Bedford and Oxford.

Figure 5



Source: <https://www.gov.uk/government/news/corridor-announced-to-unlock-full-potential-of-englands-economic-heartland>

4.6 Bedford Local Plan Documents

4.6.1 To secure a planning permission for the proposed development will require evidence that there is a need for such development which cannot be met on existing allocated sites. The local plan documents and their associated evidence base do include some information on need and our wider market analysis has found evidence of insufficient allocations in the wider area.

4.7 Bedford Allocations and Designations Local Plan (July 2013)

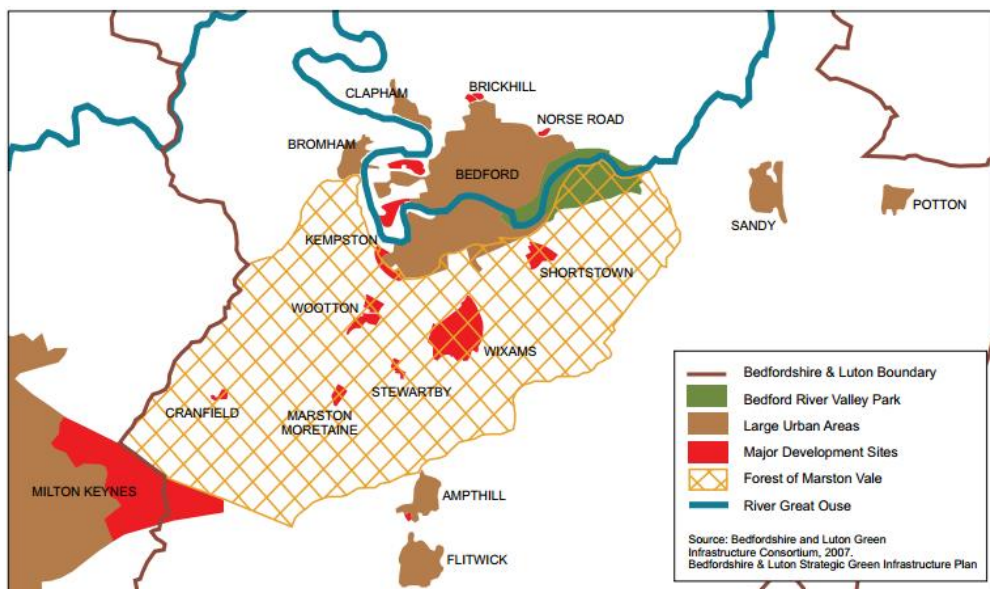
4.7.1 The Allocations and Designations Local Plan replaced Bedford Local Plan 2002. Previously Bedford’s Development Plan was made up of a series of Local Development Documents. The overall strategy was set out in the Core Strategy and Rural Issues Plan 2008, which is still in operation, especially for the amount and location of development.

4.7.2 The borough-wide vision is addressing growth.

4.7.3 ‘Change is embraced. Growth focused on the borough’s main urban areas and the Marston Vale has fostered a successful economy and expanding sustainable communities, supported by better social and transport infrastructure’ (page 7)

- 4.7.4 5Policy AD1 - Sustainable Development, reinforces a positive approach that replicates the presumption in favour of sustainable development contained in the NPPF. It assures that the council will work to find solutions for proposed developments wherever possible to secure improvement in economic, social and environmental condition in the area.
- 4.7.5 Employment needs have been assessed in Bedford Employment Land Study 2006. The study identifies that up to 75 ha of predominantly class B1 employment land is be required 2001 to 2021.
- 4.7.6 The preferred strategic location is the Growth Area in accordance with Core Strategy and Rural Issues Plan Policy CP5 containing sequential approach to the allocation of land.
- 4.7.7 The plan recognises the need to consider development suitably located to reduce traffic congestion and Bedford's central location between Oxford and Cambridge. The plan comments on strategic business location within improved A421 corridor:
- 4.7.8 '...the recently improved A421 corridor is emerging as a key business location for those sectors that require close proximity to the strategic road network' (page 29).
- 4.7.9 Forest of Marston Vale area is one of the 12 Community Forests (refer to Figure 6) designated by Government as part of initiative to regenerate degraded landscape near large urban populations. The primary aim is to increase woodland cover, with 2,000 hectares of new woodland to be planted in Bedford by 2031. Policy AD25 Forest of Marston Vale states that:
- 4.7.10 '...the Council will expect proposals to address the aims of the project as set out in the Forest Plan 2000 and seek contributions towards its implementation, including the 30% woodland cover target' (page 57).

Figure 6 Location of Forest of Marston Vale

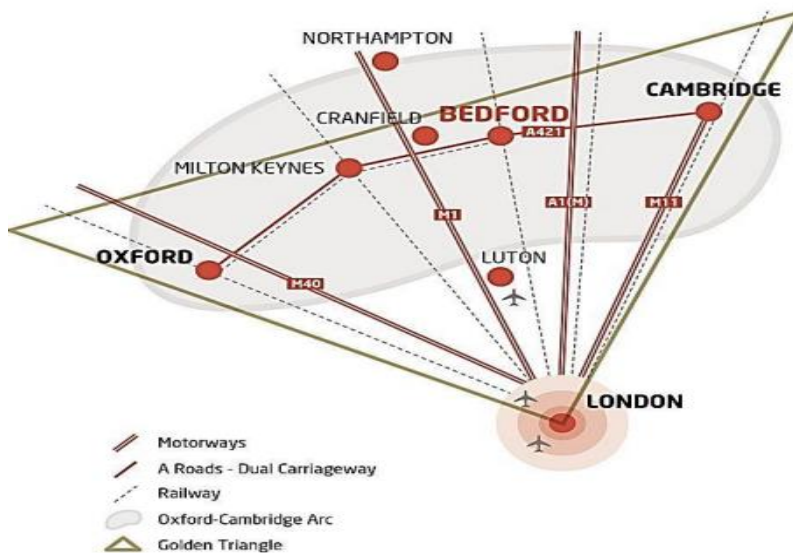


Source: Bedford Borough Council, Allocations and Designations Local Plan 2013

4.8 Draft Local plan 2030 (Jan2018)

- 4.8.1 The draft plan is currently out for consultation until the end of Oct 2018. It will replace most of the policies from Local Plan 2002, Core Strategy and Rural Issues Plan 2008, Bedford Town Centre Area Action Plan 2008 and Minerals and Waste Local Plan 2014. The Allocations & Designations Local Plan are still relevant and will not be replaced.
- 4.8.2 The plan recognises the borough's strategic position between the M1 and A1, about 30 miles north of the M25. Improving east west transport infrastructure will strengthen the links with centres in the Oxford and Cambridge corridor, as shown in Figure 7.

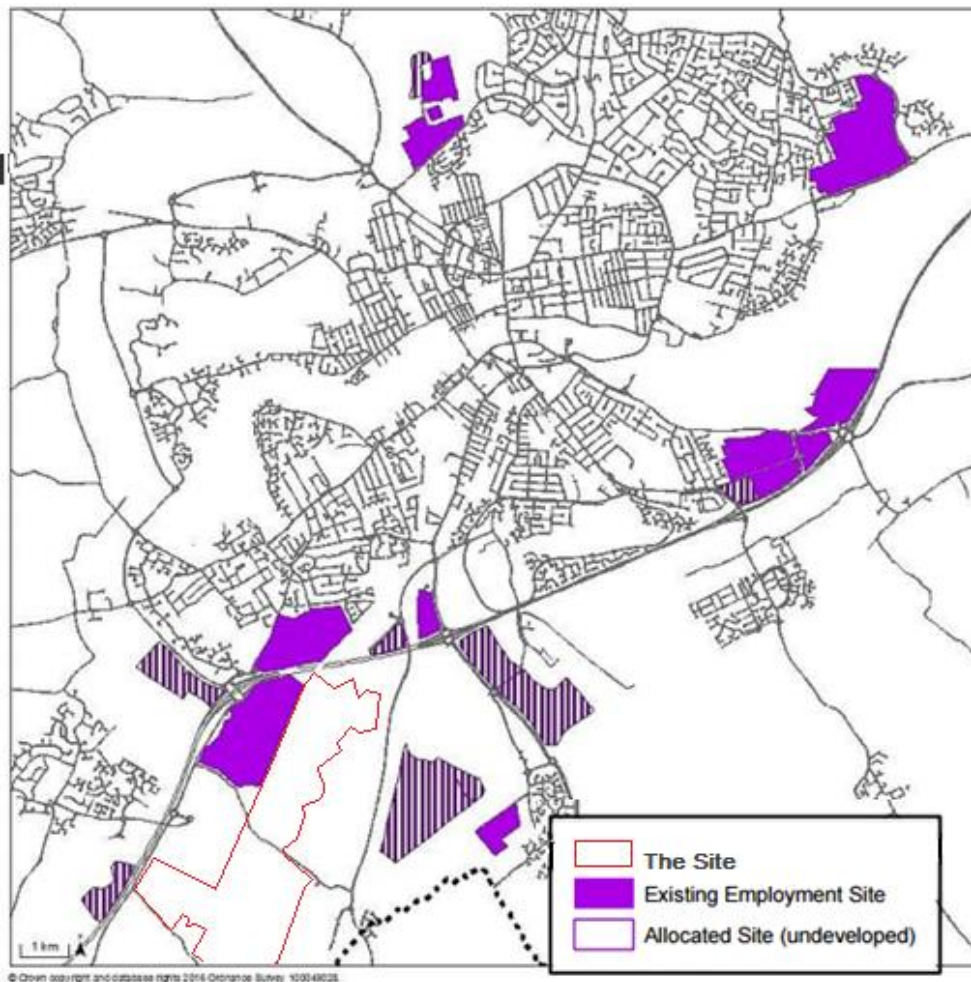
Figure 7 Bedford's Strategic Location



Source: Local Plan 2035 (January 2018), Page 9

- 4.8.3 Council participates in ongoing discussions between the wider south east authorities about accommodating London's future growth.
- 4.8.4 Strategic sites for business growth are located in proximity to the A421 corridor with good links to strategic road network, as per Figure 8.

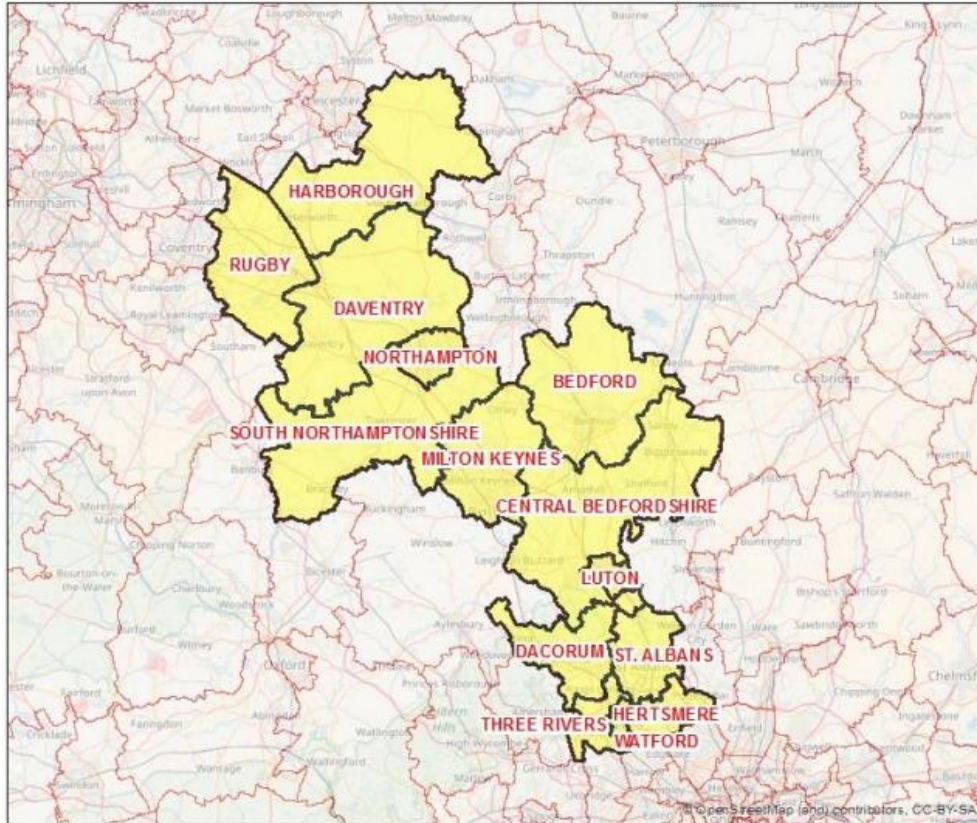
Figure 8 Strategic Employment Sites



Source: *Local Plan 2035 (January 2018), Page 18 & Savills*

4.8.5 The industrial and distribution sectors benefit from the strategic connections provided by A421 to both M1 and A1, which place Bedford at the heart of the functional distribution market area as shown on Figure 9.

Figure 9 Functional Distribution Market Area



Source: Local Plan 2030 (January 2018), Page 19

4.8.6 The draft plan objectives address:

- High quality growth to facilitate sustainable development and inclusive places
- Provision of appropriate amounts and types of housing
- Support for a stronger local economy
- Delivery of existing and future infrastructure needs to support growth
- Transport infrastructure improvements.

4.8.7 The targets for homes and jobs in the period 2015 to 2030 must meet the objectively assessed need of 19,000 homes and 11,400 jobs.

4.8.8 Policy 2S – Spatial strategy comments on preferred employment locations:

iii. Building on and expanding the town's employment base with a focus on strategic locations related to the primary road network in the context of increasing east-west connectivity through road and rail improvements. (Page 30)

- 4.8.9 Policy 75S – Additional strategic employment development addresses proposals for new B use class developments on sites of 5 ha and above and not previously allocated. The policy sets out the criteria to be met by these sites:

It has been demonstrated that there is no availability of land to meet the requirements of the business/industrial sector within existing or allocated employment sites, and

- i. There is a demonstrable demand and need at the proposed location, and*
- ii. It has been demonstrated that the proposal provides a high quality development that would bring significant economic benefits to the borough by widening the employment offer in terms of job opportunities and/or skills involved, and*
- iii. The proposal is adjacent to the strategic transportation network by road or rail; and is well located for borough residents i.e. in accessible locations by a range of transport modes, and*
- iv. Delivery of additional strategic warehousing and logistics facilities will not result in an over concentration in the market or the proposed location, and*
- v. Appropriate mitigation of any landscape impact can be achieved in order to provide a development which respects its surroundings and provides sufficient landscaping/green infrastructure. (Page 138)*

- 4.8.10 Policy 77 – Employment skills requires developments over 200 dwellings or 5ha of B class uses to prepare an Employment and Skills Plan identifying opportunities for the employment and up-skilling of local people.

- 4.8.11 Policy 78 New employment development in the countryside specifies what development will be supported in the countryside. The development will be supported in the following circumstances

- i. Where it is within a defined employment area; or*
- ii. For the reuse of land in use or last used for employment purposes within the 'B' use classes or for the reuse of existing buildings; or*
- iii. For the expansion of an established business within its existing operational site; or*
- iv. For the diversification of agricultural and provision for other land based rural businesses.*

Applicants will be required to demonstrate all of the following:

- v. If a new building is proposed, there are no existing buildings that could be used for the proposed use;*

- vi. *The proposed use needs to be in the rural area and cannot be located within a Settlement Policy Area or within a designated Small Settlement;*
- vii. *Open storage is ancillary to employment buildings and is located in well contained and screened areas of the site with an appropriate height restriction;*
- viii. *The proposal would not generate traffic movement and volume that would lead to unacceptable environmental impacts or detriment to highway safety objectives;*
- ix. *The proposal would not have a significant and demonstrable harm to the established character of the area and the local amenities and adjoining land uses' (page 141).*

4.9 A 2010 Local Economic Assessment for Bedford (Nov 2010)

- 4.9.1 The Local Economic Assessment (LEA) provides analysis of economic conditions, identifies strengths and weaknesses of local economy and its geography.
- 4.9.2 Bedford travel to work, housing market and retail catchment show that the area is fairly self-contained. There are significant interactions with neighbours, particularly with Milton Keynes in respect of retail impact.
- 4.9.3 There are high value sectors in Bedford's economy which are likely to grow well relative to the region and nationally. The following priority sectors are identified, which have good prospects for growth:
 - Productive entrepreneurship
 - Knowledge economy and growth sectors
 - Creative/innovation hubs
 - Human capital development/skills
 - 'Anchor' institutions.
- 4.9.4 Transport costs and regulation were the most reported constraints while new consumers and the strong economy were the most reported opportunities.

4.10 Economy and Employment Land Study (Oct 2015)

- 4.10.1 The study was prepared to review employment land provision in the period to 2032 and to provide evidence supporting the new Local Plan for the Borough.
- 4.10.2 The socio-economic analysis shows that Bedford is generally performing well and has high percentage of 'top level' occupations. Bedford benefits from good strategic location, with links to nearby economic centres. The challenge is to continue to compete with strong neighbours by the provision of skilled employment in the borough.

- 4.10.3 The study takes the view that a two tier property market operates within the borough, which is divided into the rural area and the urban area. The urban market is more active, recording circa three times more office and industrial unit transactions than the rural area over the period of analysis.
- 4.10.4 Industrial units in Bedford tend to be small, second hand and located in edge of centre industrial parks. Since 2010 the number of transactions has decreased significantly, with only 12 units leased in 4 years.
- 4.10.5 The study determines that under the majority of scenarios there is limited quantitative need to allocate additional employment land within the borough. However the current portfolio is also unlikely to provide the appropriate range and choice of accommodation for the expected nature of future demand. To realise its economic potential the borough needs:

'...to provide new employment land to enable Bedford to compete within the regional market for major industrial and distribution activity. Any new additions to the employment land portfolio should enable a genuinely new form of capacity and quality rather than replicate what is already provided. (page 96).

4.11 Bedford Borough Growth Plan 2018-2022

- 4.11.1 The Growth Plan intends to:
'...support and encourage the right conditions to create sustainable private sector jobs and to stimulate and deliver economic growth across Bedford Borough that enables everyone to fulfil their ambitions and aspirations' (page 4).
- 4.11.2 To achieve these goals the Council will support and grow Bedford's existing businesses and attract new investment. The delivery of a modern and integrated transport network, through the Transporting Bedford 2020 agenda and England's Economic Heartland, will improve connectivity and drive the development. Developing people will ensure that partners have access to the most appropriate labour market and the borough will be a place where everyone who wants to work can and have a fulfilling and rewarding career.

4.12 South East Midlands Local Enterprise Partnership Economic Plan (Nov 2017)

- 4.12.1 The South East Midlands Local Enterprise Partnership (SEMLEP) area is located between London, Birmingham, Oxford and Cambridge, covering Bedford Borough, Central Bedfordshire, Luton and Milton Keynes.
- 4.12.2 The Plan seeks to promote the South East Midlands to prospective investors and strengthen links between business and government.
- 4.12.3 SEMLEP has secured £265m of Local Growth Fund from Government to improve transport infrastructure and unlock housing and employment land, as well as to support other strategic projects identified as critical to long-term growth.

4.13 The Forest of Marston Vale 'Forest Plan'

- 4.13.1 The plan should be a material consideration in determining planning applications for development within the Forest boundary.
- 4.13.2 'The Forest Team will seek to secure meaningful on and off-site landscape gains from development schemes in the Community Forest. These should be appropriate to the scale and location of the development' (page 14)

5.0 UK Industrial and warehouse market

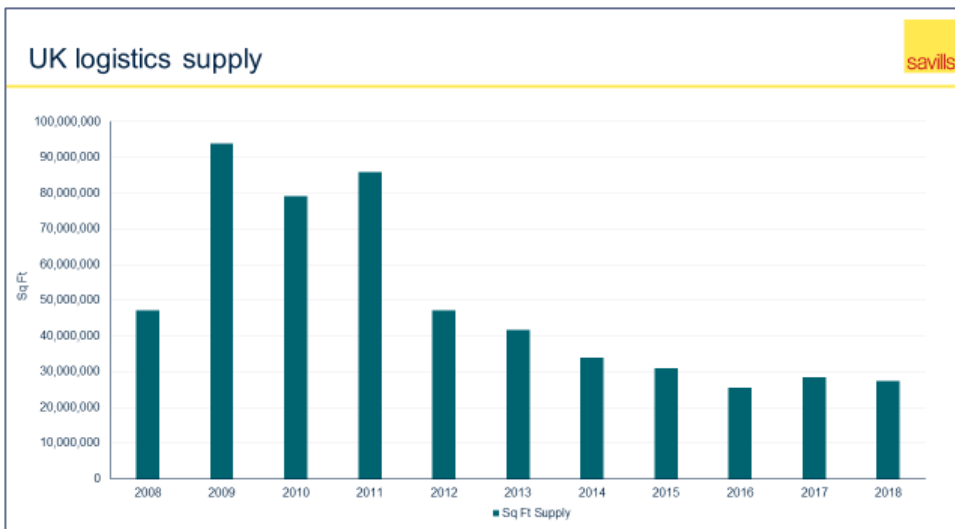
5.1 This section reviews the market dynamics for industrial and warehousing units of 9,290 sq. m/100,000 sq. ft and above at a national and regional/local level. The statistics used below include industrial (B1c / B2) and warehouse/storage and distribution (B8) uses.

5.2 National Market Context - Supply

5.2.1 In the whole of the UK, the supply of vacant existing units over 100,000 sq ft (9,290 sq. m) is currently 27.3 million sq. ft across 143 separate units. Savills, in conjunction with the UK Warehousing Association, has undertaken an audit of the current UK stock. This study estimates a current supply total stock figure of approximately 478 m sq. ft (44.4 m sq. m), and therefore a current nationwide vacancy rate of 5.08% which is low.

5.2.2 There has been a continued decrease in available supply which is apparent in the chart below. Strong occupier demand and high levels of take-up have stimulated this supply shortage in many regions. The chart highlights that supply has fallen by 4% since the end of 2017 and by 71% from the peak of 94 m sq. ft (8.73 m sq. m) in 2009. The number of units currently available on the market are at less than 1/3 of the levels of the 2009 peak.

Figure 10: UK Supply of vacant floorspace (units over 9,290 sq. m)



Source: Savills

Figure 11: UK Supply by Grade & Size

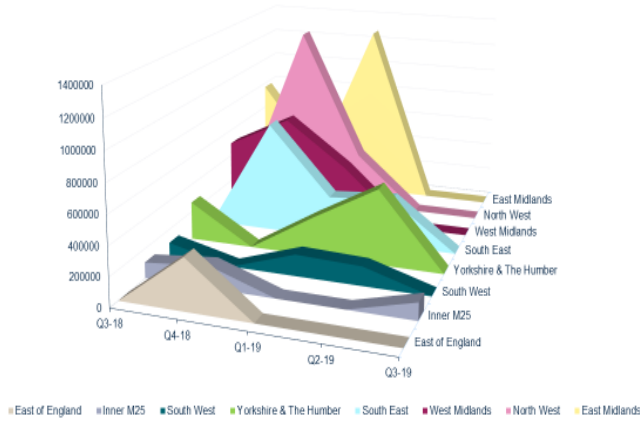


Source: Savills and Costar

- 5.2.3 The units are graded according to their age, specification and quality with grade A being the best and grade C the worst. The majority of the existing available units are second hand stock of varying degrees of quality. 55% of the units available are classified as either grade B or C. We have also analysed the available stock by size range and it is evident that there exists a shortage of units in the larger size band above 400,000 sq ft which means limited or no choice for occupiers and demand being potentially unsatisfied.
- 5.2.4 Current stock levels show just 22 buildings available in the whole UK market in excess of 300,000 sq. ft (27,871 sq. m), the largest being Altitude at Milton Keynes comprising of 574,254 sq. ft and M6DC in Cannock comprising of 372,000 sq. ft.
- 5.2.5 We expect the supply pressure to be alleviated towards the end of 2018 at the lower end of the size range between 100,000 and 300,000 sq ft as speculative units currently under construction reach practical completion.
- 5.2.6 Savills research tracks all speculative development announcements through the development pipeline. In the whole of the UK, Savills are tracking 9,879,207 sq. ft currently under construction and due for delivery across 51 schemes predicted to reach practical completion by June 2019. So far throughout 2018, 2.2m sq. ft has achieved practical completion.

Fig 12: UK Industrial development pipeline

UK 2018 Development Pipeline



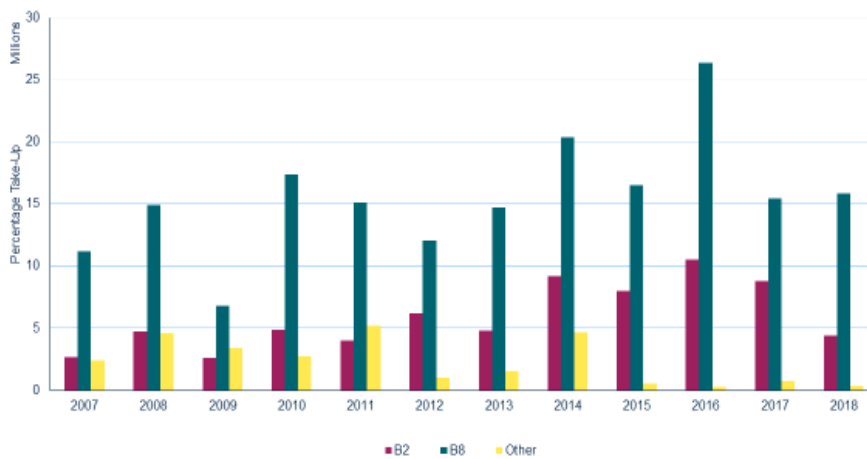
Source: Savills and Costar

5.3 UK National take up

5.3.1 Take-up for H1 2018 reached 16,647,126 sq ft in 55 lettings which is 35% higher than the long-term average. These high take-up figures continue to reflect the strong occupier demand that currently exists within the market.

Figure 13: UK Take-up by use class

National Take-Up by Class Use

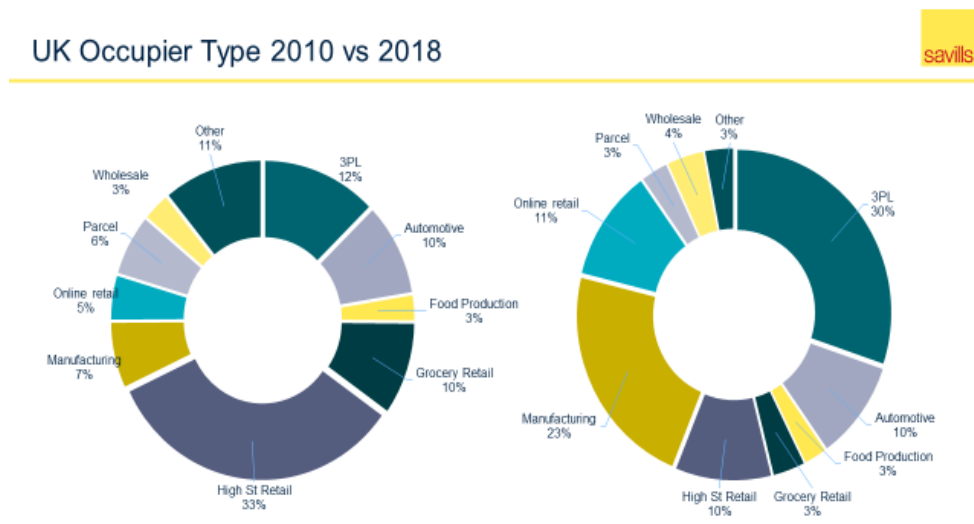


Source: Savills and Costar

14

- 5.3.2 Despite the scarcity of their supply, the 500,000 + sq. ft unit size band witnessed the highest amount of transactional activity with 7,373,367 sq ft traded, accounting for 43.8% of total space leased. Build-to-suit lettings have counted for all bar one of the deals within the 500,000 sq. ft+ size band, the largest deal being Link 66 Darlington where Amazon acquired 1,508,367 sq. ft of space. Occupiers who are seeking larger units are relying on the availability of deliverable sites and the build-to-suit option to acquire stock.
- 5.3.3 With the shortage of large units, build-to-suit is the preferred route for occupiers and they will locate where consented and deliverable land is available. Large manufacturers often require bespoke buildings on a build to suit basis and these occupiers prefer freeholds in which to invest long term.
- 5.3.4 The charts below in Figure 14 demonstrate how the occupier market share has varied in eight years. Notably, 3rd party logistics take up has increased from 12% to 30% which is substantially driven by the trend towards online shopping and manufacturing has also grown over threefold from 7% to 23%.

Figure 14: UK Occupiers by Type



Source: Savills and Costar

5.4 Demand trends

- 5.4.1 In the industrial and logistics sector there are a range of factors which combine to determine the occupier’s choice of location, including:

- The availability of suitable buildings / land;
- The diversity of routes available from a location and congestion;
- The availability of labour and power, particularly for manufacturers;
- Reliability of the transport solution (and available alternatives);
- The growth in carbon taxes;
- Social responsibility and corporate governance

- 5.4.2 The ability to hold, consolidate and distribute goods in HGV-size loads from one location is the most efficient method of organising supply chains for manufacturers, hence the development of both national distribution centres (NDCs) and regional distribution centres (RDCs). This is not only in terms of pure costs - the ability to consolidate and distribute 'mixed loads' results in fewer HGV journeys being required, resulting in environmental benefits
- 5.4.3 Manufacturers make up an important component of the sector. They are more likely to store and distribute goods to suppliers or retailers direct from a production site. However, some manufacturers do occupy distribution centres where there is limited space on site or where they have a number of factories and there are benefits to consolidating storage. In addition, some manufactures locate their storage facilities close to their customers, in order to meet their strict just in time delivery arrangements, particularly in the automotive industry.

5.5 Implications for the property market

- 5.5.1 The continuing shift away from manufacturer/suppliers delivering direct to their customers has seen a rise in the average size of buildings and has led to an increase in plot sizes necessary to accommodate them.
- 5.5.2 The long-term trend has been an increase in eaves heights provided to allow greater occupier flexibility and numbers of loading doors for greater efficiency. Specifically, greater eaves heights allow for increased racking capacity. More recently an increase in height has been driven by the e-commerce sector and the need to install mezzanine floors to aid storage and stock picking.
- 5.5.3 There is growth in demand for rail served warehousing, predominantly from retailers, and this also generates demand for larger units, which can maximise the benefits of rail in terms of volume and consistency.
- 5.5.4 The significant large scale of recent distribution warehouses is illustrated by these transact

Table 1: Large transactions

Location	Size (sq m)	Occupier	User	Building type	Year
Wixams Bedford	88,250	Aldi	B8	BTS	2018
Wixams Bedford	92,900	B&M Retail	B8	BTS	2018
Damson Parkway Solihull	91,797	Jaguar L Rover	B2	BTS	2018
iPort Doncaster	100,367	Amazon	B8	BTS	2016
Central Park Avonmouth	107,648	The Range	B8	BTS	2016
Mountpark Bardon	92,900	Amazon	B8	BTS	2016
DIRFT Daventry	92,900	Sainsbury's	B8	BTS	2015
G-Park Doncaster	85,082	Next	B8	BTS	2014
Central A14 Islip Northampton	98,474	Primark	B8	BTS	2014
Magna Park Milton Keynes	87,182	Waitrose	B8	BTS	2014

Source: Savills

5.5.5 Clearly this also has a direct impact on the size of overall schemes capable of accepting these larger buildings and the speed at which sites are taken-up.

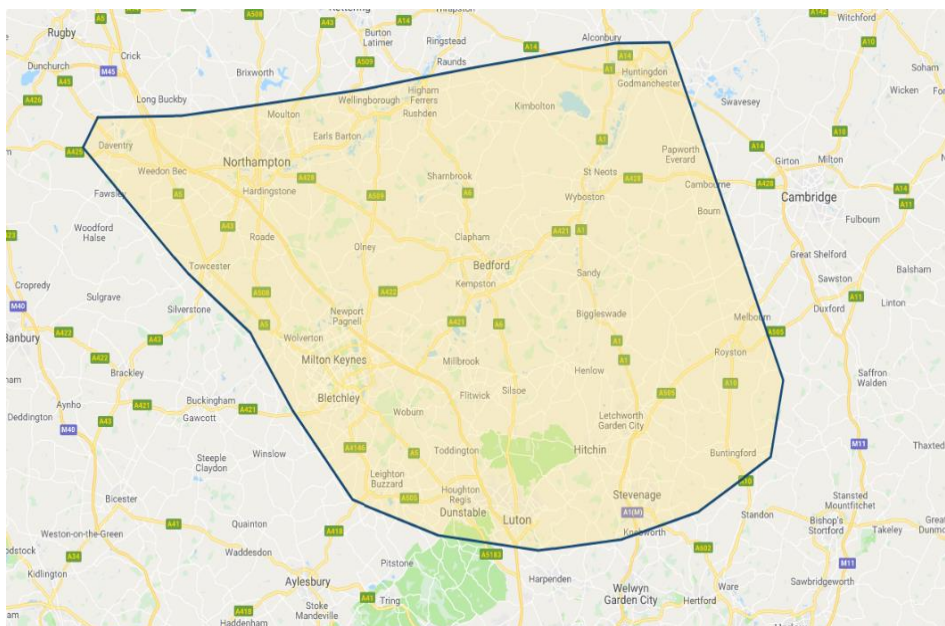
5.5.6 Implications for the property market include:

- An increased demand for rail-served and rail-linked warehousing which allows occupiers to maximise the cost savings and environmental benefits of rail freight.
- A significantly increased demand for employment land and floorspace which can meet the needs of the on-line retail sector, i.e. large, well-located sites which allow the construction of bespoke units and enable occupiers to achieve the fastest possible fulfilment times;
- A significant proportion of demand is now for larger units and plot sizes;
- Consequently, a direct impact on the size of overall schemes capable of accepting these larger buildings and the speed at which sites are taken-up.
- A choice of sites is needed which can accommodate a range of bespoke requirements in terms of location, scale and configuration of unit.
- In order to maximise the economic potential of the logistics sector, it is essential to provide the appropriate accommodation and sites to deliver the required accommodation.

6.0 Bedford regional and local industrial market

- 6.1** The large scale of the subject site can accommodate the above mentioned growing trend for very large single units. This section addresses the local/regional market specifically focusing on the analysis of units of 9,290 sq. m (100,000 sq ft) and above together with the supply of sites capable of providing a new unit of this size.
- 6.2** The market areas to be considered include those locations which are likely to be searched by an occupier seeking to locate in Bedford and the surrounding market. The typical search area for industrial companies seeking accommodation will differ by sector, with those larger floorplate requirements typically being more footloose
- 6.3** Occupiers seeking large sites tend to search on a region wide basis. The local industrial property market in Bedford competes within the region. This is defined by the A1 and M1 corridors. The area stretches from Luton in the South, Northampton in the north and spans between Milton Keynes in the west to Biggleswade in the east, shown on the plan in Figure 15.
- 6.4** All occupiers are driven by cost efficiency based on their supply chain dynamics. The core search area will vary between occupiers, depending on individual business needs, locations of suppliers or retail stores etc.

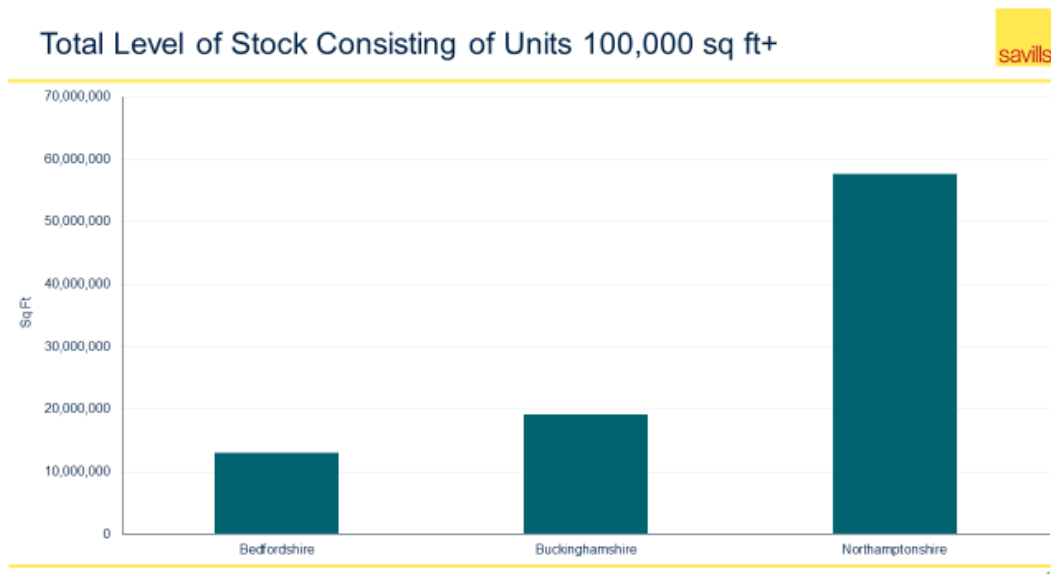
Figure 15: Local industrial market





6.5 The south east as a region is a key occupational market with the long term average take-up amounting to the highest for any UK region. However Bedfordshire, although forming part of this strong south east region, lags behind its neighbouring counties in terms of provision of industrial floor space and land. The graph below compares the total stock of industrial floor space in Bedfordshire with Buckinghamshire and Northamptonshire.

Figure 16: Total stock



Source: Savills and Costar

6.6 Looking more closely at the defined Bedford regional market, its very low vacancy rate of 4.47% is at a level that can stifle take up and economic growth. In this area, there are only 10 separate units currently available on the market and developers have responded to the lack of supply by building speculatively. However, strong occupier demand has taken space as it is built keeping the vacancy rate low.

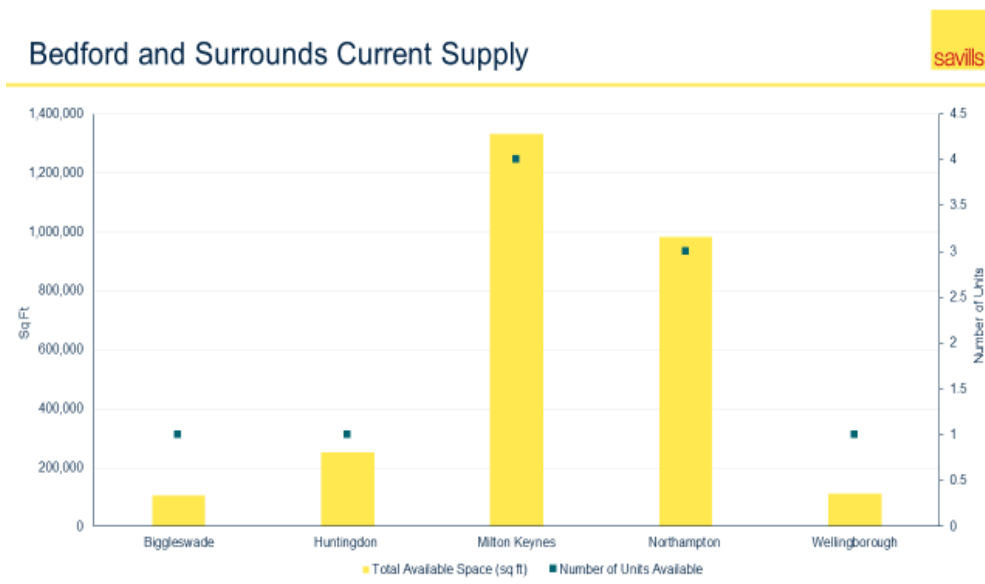
6.7 Of the ten units available, five are good quality grade A units providing a total of 1.6m sq ft. but only one, at G Park in Biggleswade, is in Bedfordshire. The largest vacant grade A unit is Altitude at Milton Keynes which totals 574,254 sq ft. This unit was developed by Gazeley and was completed March 2018. 50% of the available units are less favoured, older grade B or C quality revealing the poor choice available to employers who may consider locating near Bedford.

Table 2: Available units B1, B2, B8

Unit	Town	County	Grade	Sq Ft
Altitude	Milton Keynes	Buckinghamshire	A Spec	574254
DC3 Prologis Park Pineham,	Northampton	Northamptonshire	A	374132
MK 360	Milton Keynes	Buckinghamshire	A	360000
Brackmills 320	Northampton	Northamptonshire	B	320041
Moulton 290	Northampton	Northamptonshire	B	287750
Huntingdon 252	Huntingdon	Cambridgeshire	B	251746
Valor Park	Milton Keynes	Buckinghamshire	B	209949
Latitude 186	Milton Keynes	Buckinghamshire	A Spec	186443
Helix Park	Wellingborough	Northamptonshire	C	112760
Building 2 G Park	Biggleswade	Bedfordshire	A Spec	106338

Source: Savills and Costar

Figure17: Local Market Supply of available units B1, B2, B8



Source: Savills and Costar

6.8 The current supply in the market area is dispersed across the region surrounding the major distribution hubs but there are none in Bedford. Presently, the majority of the vacant stock is located within Milton Keynes and Northampton.

6.9 Developer confidence in Bedford is illustrated in the table below which shows the units currently under construction. 1,340,729 sq ft is being speculatively developed across six units. The largest unit under construction is Bedford 405 where Goodman is speculatively developing 405,000 sq ft close to the subject site and 106,251 is being built by Graftongate at Bedford Point.

Table 3: Units under construction

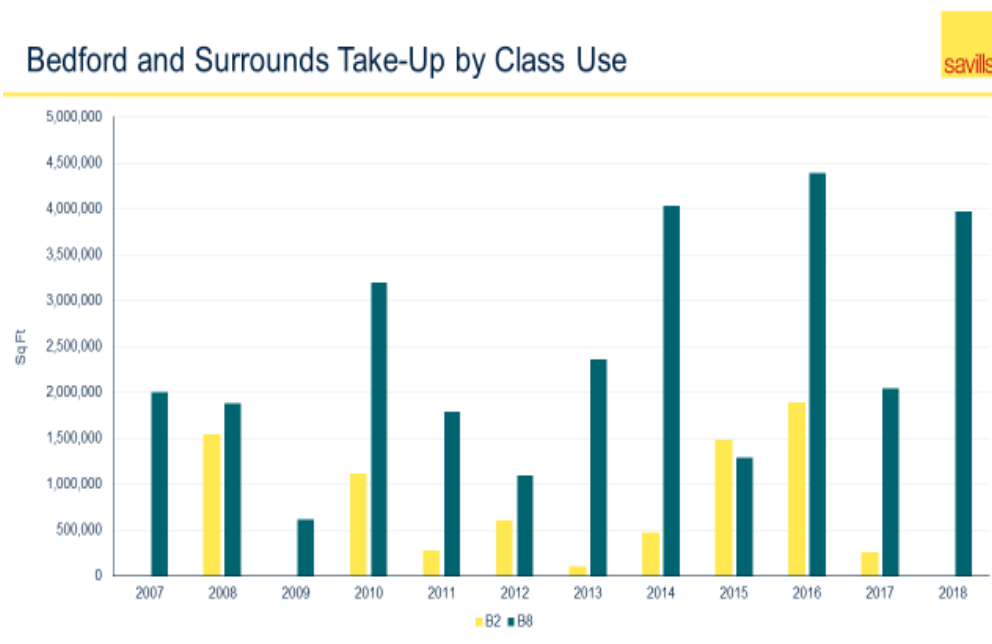
Developer	Scheme	town	County	Size S Ft	Status	Completion
Goodman	Bedford 405	Bedford	Bedfordshire	405000	under construction	Q3 2019
Baytree	Unit A Baytree Dunstable	Dunstable	Bedfordshire	266947	under construction	Q4 2018
Prologis	DC7 Prologis Park Pineham	Northampton	Northamptonshire	211304	under construction	Q4 2018
Liberty	Liberty 196	Northampton	Northamptonshire	196000	under construction	Q1 2019
Gazeley	G Park Northampton	Northampton	Northamptonshire	155227	under construction	Q1 2019
Graftongate	Unit 3, Bedford Point	Bedford	Bedfordshire	106251	under construction	Q4 2018

Source: Savills

6.10 Take-up in the Bedford area has historically been strong. In 2018 take up to September has already reached 3,972,357 sq ft which is a 72.77% increase from levels reached in the full year 2017. Comparing this to the long term average of 3,031,634.5 sq ft, there is less than one year’s supply which fails to support the strong economic growth prospects of the region.

Figure 18: local take up by use class

Source: Savills and Costar

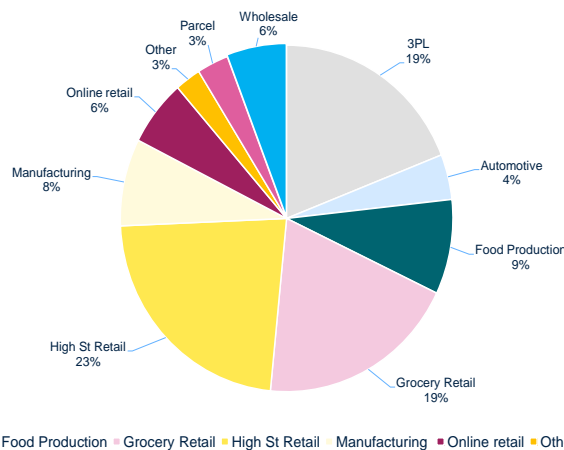


12

- 6.11** Historically, the 100-200,000 sq ft size band has been the most popular with 46.45% of units transacted since 2007 being within this range. There have been sixteen transactions above 500,000 sq ft since 2007 and the reasons for the changing trend towards very large facilities have been mentioned in section 5. The retail sector has dominated these transactions accounting for 81.25% of all deals above 500,000 sq ft. Of note are B&M and Aldi who are under construction for very large units taking up 2.1m sq ft in two transactions. The most popular area for transactions over 500,000 sq ft has been Milton Keynes, with John Lewis and Waitrose locating their distribution network at Magna Park. Other notable large occupiers include Amazon, Lidl, Tesco and Sainsbury's. The occupier preference for new units is demonstrated by 95% of take up so far in 2018 being grade A quality.
- 6.12** Since 2007, the build-to-suit sector has seen the highest volume of take-up accounting for 15.6m sq ft and equating to 48.4% of total space transacted. Magna Park in Milton Keynes and DIRFT in Daventry have successfully attracted employers to build to suit units because of their availability of consented land and credible delivery track record. The cluster effect of being close to operations, suppliers as well as markets has also attracted them but may in future cause problems associated with labour availability and power. Recent large transactions include Sainsbury's leasing 950,000 sq ft at Daventry and Lidl building 1,100,000 sq ft at Dunstable
- 6.13** Occupier demand is illustrated in the chart below which demonstrates the wide range of industries which have been taken space in the market since 2007. This cross sector spread demonstrates a diverse employer base and is a strength of this market.

Fig 19: Local Take up by occupier type since 2007

Take-Up by Occupier Type.



Source: Savills and Costar

6.14 Competing sites supply and recent take up of allocated land.

Of key note is that there are no freehold units nor freehold employment sites currently available for sale in Bedford.

This section examines the current supply of employment land in Bedford Borough Council which in the past two years has seen take up at unprecedented levels by key occupiers as follows:

Table 4: Key occupier take up in Bedford

Site	Size	User	Occupier
Apex Site	14 acres	B8	Travis Perkins and Matthew Clarke
G Park	14 acres	B8	Whistl
Wixams	50 acres	B8	Aldi
Wixams	70 acres	B8	B&M
Cardington Point	2 acres	B1c/B2	IT Efficient
Total	150 acres		

Source: Savills

6.15 Other sites with allocations in the local plan have been taken by developers as follows:

Table 5: Sites taken by developers

Site	Size	Developer
Bedford Link	44 acres	Graftongate and London Metric will develop to lease
Bedford Commercial Park	44 acres	Goodman – Bedford 405 currently under construction will develop to lease (formerly Marston Vale Innovation Pk)
Wilstead Industrial Park	10 acres	Welland and Canmoor – build to lease only
Total	88 acres	

Source: Savills

6.16 The sites controlled by respective developers are speculatively building units to rent only, which will be taken relatively quickly, as they see strong demand. There is no employment land for sale freehold in Bedford, a lack of land which is not controlled by developers and no freehold units for sale; which many occupiers require. B & M considered a wide geographical search area, and were attracted to Bedford by its availability of deliverable freehold land.

6.17 There is very little land now available in Bedford and much of what is advertised in Bedford Borough Council's own Strategic Sites brochure has been taken. Of the immediately available new sites only Colworth Science Park is available which would not accommodate a large industrial employer. Of the short to medium sites advertised, only Wyboston Business Site is available which is B1 and not B1/2/8.

6.18 Available sites in Bedford are either longer term or have considerable constraints described below:

Table 6: Bedford Available sites

Site	Size	User	Comment
Colworth Science Park	3 acres estimate	B1	Existing Science park with capacity for a further 6,000 sq m ready for development but in a remote location with poor road access and transport links.
Wyboston Business Site	14 acres	B1	Existing business park with expansion room with poor access and transport links.
Medbury Farm	76 acres	B1	B1 site of 76 acres but flood risk reduces this gross acreage to approx. 50%. Viability challenges associated with providing utilities.
Bedford River Valley Park	32.5 acres	B1	B1 greenfield site which is undeliverable at the moment. Areas at risk of flood. Minerals consultation area. Part of site of archaeological interest. Listed buildings on site and B1 use proposed as enabling works for a rowing lake affect viability of site.
West of Manton Lane	14.8 acres	B1/B2	Highly constrained, sloping site and undeliverable.
Wixams expansion	12 acres	resi	We understand this is now going for residential.
Wixams West of B530	8 acres	B1	Poor road access from Cowbridge might be residential or retail if close to East West Rail Station.
Total	159.3 acres		

Source BBC Strategic Site Brochure

Bedford is in a weak position to attract inward investment with little industrial land available and no freehold building opportunities.

6.19 Local Industrial Market Demand

In the context of the south east and southern M1 corridor specifically, occupier demand across the sector remains strong. The market has witnessed a steady influx of requirements throughout 2018 with the largest proportion being big-box buildings in excess of 100,000 sq ft. 2018 saw a rise in owner occupier activity with a number of operators purchasing land to enable them to construct their own buildings. The most pertinent example of this is Lidl agreeing to purchase 58 acres in Houghton Regis of this site for c £1.5m per acre in December 2017.

6.20 The current list of active industrial enquiries demonstrates a diversity of both size and type of occupier. Whilst not all requirements will necessarily result in a transaction, there is currently in excess of 6m sq ft of active enquires in this general area which include the following:

6.21 Key conclusions from the local and regional market analysis are as follows:

- There is strong demand for land and premises which is at a level much higher than is currently being delivered by speculative development.
- Recent take up in the area has diminished supply to levels which cannot support the future expected economic and population growth.
- Whilst the limited supply of large units is insufficient in quantitative terms and qualitatively the second hand supply does not meet the needs of modern occupiers;
- There are extremely limited opportunities along the A1 corridor for sites which benefit from direct access.
- There is a lack of high quality employment land suitable for mid-range or large employment units;
- The majority of existing supply has recently been taken up with B&M and Aldi key recent examples but this leaves Bedford without sufficient deliverable land supply to grow.
- The proposed Oxford to Cambridge road infrastructure improvements creates the opportunity to shift demand away from Milton Keynes to Bedford.
- Vacancy rates have been falling across the market area despite new development being delivered;
- There is a low proportion (in comparison to the national average) of existing vacant stock which is classified as new/Grade A accommodation;
- The majority of take-up of larger units has been for build-to-suit opportunities, although speculative units have seen good demand when available. This demand for build-to-suit premises has direct implications for the demand for land;
- The subject site provides the opportunity to add to Bedford's depleted employment land portfolio, providing additional land which meets the needs of occupiers, being easily accessible to the M1 and A1 corridors and offering a range of unit sizes to serve the manufacturing and logistics sectors;
- Bedford has potential to attract demand which has previously been distributed elsewhere in the market area (Milton Keynes, Dunstable, Northampton).

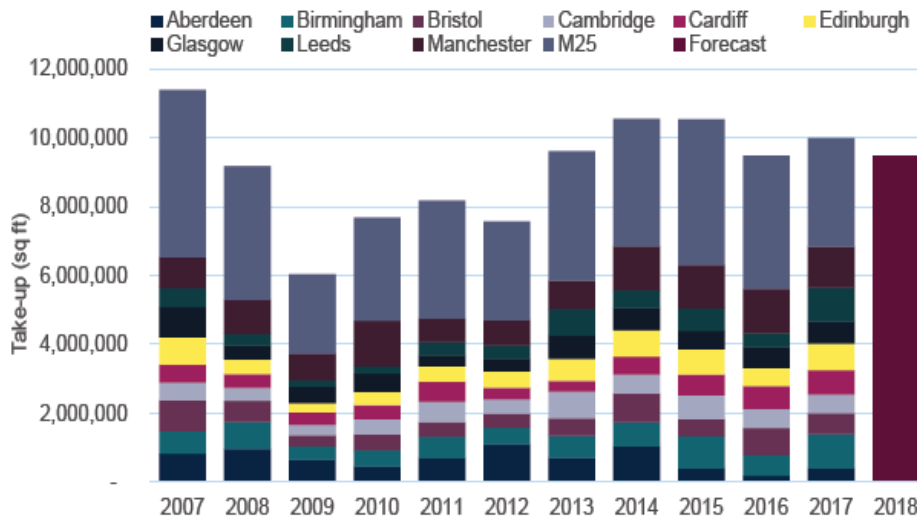
The proposals to construct 1m new homes in the Oxford to Cambridge corridor requires the commercial balance of large scale employment land.

The proposals for large scale development at Kempston Hardwick are therefore complementary to the current supply of land and premises in Bedford and will not prejudice the delivery of any other site. The site will be a valuable addition to the depleted portfolio.

7.0 National office market

7.1 The UK office market can be divided into two distinct areas, the UK regional office market which includes the main office centres across the UK and the London market which has its own unique dynamics and is monitored separately. In the UK Regional market, Savills is forecasting take up of 9.5m sq ft which is 5% above the long term average but lower than total take up in 2017 which reached 10 million sq ft.

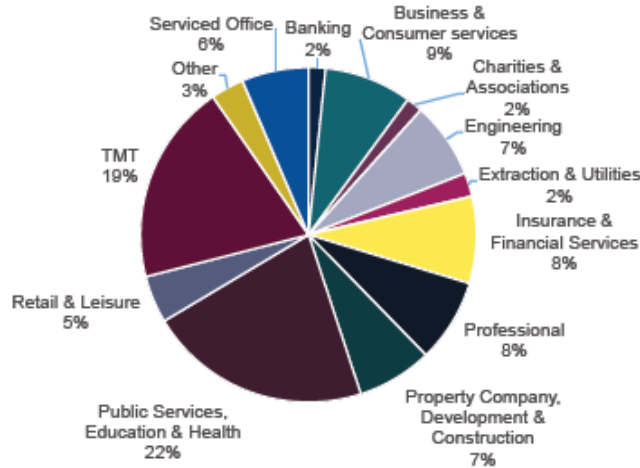
Figure 20: National Office Take up



Source: Savills Research

7.2 A strength of the office market is the wide range of industry sectors that make up demand in this sector. In 2017, demand has been driven by large Government Property Unit (GPU) acquisitions. The public sector accounted for the highest proportion of total take up at 22% during 2017 and the Tech, Media and Telecoms (TMT) sector also dominates with a 19% market share. The serviced office sector rapidly expanded last year with 592,000 sq ft of space taken, accounting for 6% of total take up and almost double the amount of space taken by this sector in 2016. We expect more serviced operators to increase activity across the regional markets in 2018.

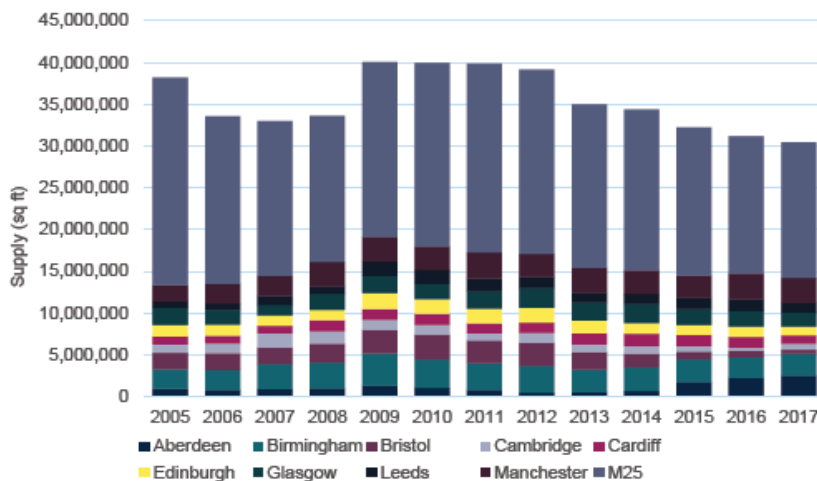
Figure 21: National office takeup by occupier type



Source: Savills Research

7.3 On the supply side, total availability fell 2% to 30 million sq ft during 2017. For the best quality offices (grade A), availability stands at 10 million sq ft, 65% of which is concentrated in the M25 market. Excluding the M25, there is an average of 18 months supply of Grade A space. In the main office markets closest to Bedford, overall supply in Cambridge and Birmingham has been falling since 2013 due to a lack of speculative development.

Figure 22: National office supply by town



Source: Savills Research



7.4 Falling supply and continued good interest from occupiers has led to a rise in prime rents in 2017, which rose by an average of 3.3% across the regional cities and we expect further growth of 1.8% in 2018.

7.5 On a national scale, there remains a shortage of new development, with only 561,000 sq ft of speculative space expected to complete during 2018. A testament to occupiers’ preference for good quality space is that 55% of the total office space currently under construction and set to complete by 2019 is already pre-let.

7.6 Regional South East Office Market. (excluding Central London)

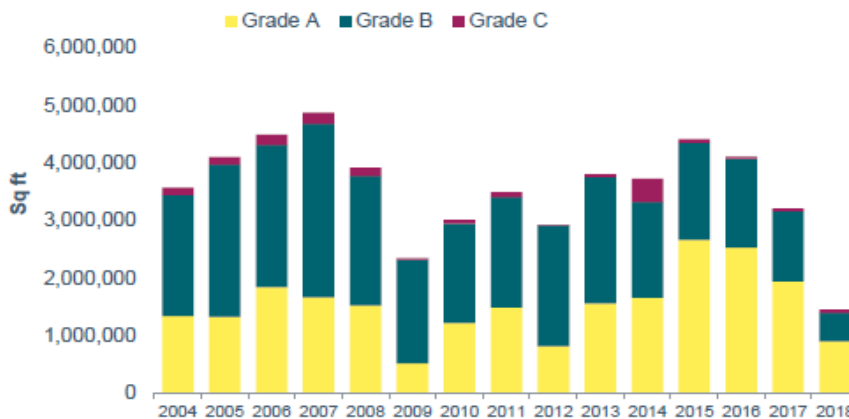
7.6.1 To a large extent the regional south east office market mirrors the national picture with a shortage of supply of good quality stock and good demand from occupiers.

7.6.2 In the south east, Take-up in H1 2018 totalled 1.5 million sq ft which was 6% below the previous year and 9% below the ten year average. The Thames Valley to the west of London continued to be the most active part of the market accounting for 51% of transactions which equated to 748,500 sq ft and Reading town centre accounted for almost 1/3 of this.

7.6.3 Despite regional take-up falling in H1 2018 Savills is forecasting a stronger finish to 2018 with take up above 2017 figures. There are office buildings under offer that will complete by the end of the year and we are aware of several occupiers with requirements over 40,000 sq ft .

7.6.4 In the first half of the year there was an absence of large transactions over 50,000 sq ft. The largest deal occurring at Chineham Gate, Basingstoke where Vyair Medical leased 49,255 sq ft. Take-up on business parks has accounted for 27% of total take-up in H1 2018.

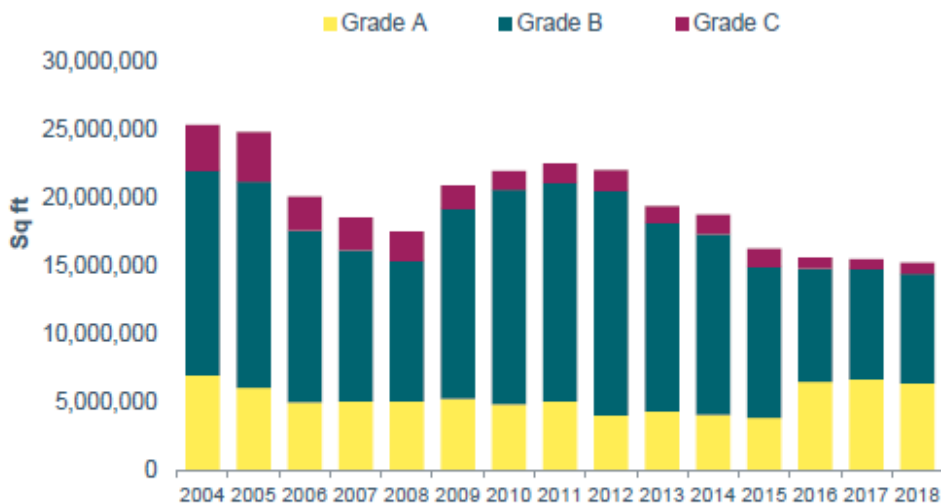
Figure 23: Office take up in south east region by grade



Source: Savills Research

- 7.6.5 The serviced office sector has continued to lease space in the region, particularly operators who are promoting the co-working concept. It is becoming common place for co-working operators to let space in new developments. Landlords see the benefit of the centres as they are able to bring "life" to a new development and act as a potential incubator for future tenants in the building. In Reading and Slough, co-working operators have accounted for 37% of take-up in H1 2018, underling their activity in the market. We expect this trend to continue, with the majority of new developments having a co-working centre on site.
- 7.6.6 Supply in the market has remained relatively stable at 15.2 million sq ft and the development pipeline is limited with only 386,000 sq ft under construction. The lack of new development will result in rental growth in markets which are under supplied.

Fig 23: Office Supply in South East Region



Source: Savills Research

- 7.6.7 Rental growth has continued across the region, this has been mainly driven by good quality new development improving the stock and a lack of grade A supply. A notable example is at Thames Tower where Ericsson paid £38.00 per sq ft which was a record rent for the Reading market. In Cambridge, rents have also reached £38 but in Birmingham they are £34 per sq ft and Milton Keynes has reached £27 per sq ft.

7.7 Local Bedford Office Market

- 7.7.1 The existing Bedford office market is characterised by poor quality second hand office stock and local demand for small suites. In recent years, older office buildings have sold for residential conversion but this has had the benefit of clearing out undesirable older stock and limiting competition.

- 7.7.2 In 2011, availability in Bedford was 339,518 sq ft and today this has fallen by 63% to just 126,474 sq ft. The absence of good quality office buildings often results in Bedford being overlooked by occupiers from outside the town. Occupier interest from the key commercial sectors including pure offices and R&D remain strong in more central prime areas and a fundamental lack of good quality buildings in Bedford means that it is not considered. There is a lack of availability of new stock as developers have not been willing to risk speculative investment in the absence of a strong institutional occupier. The key to unlocking the office market is attracting a strong occupier to commit to a lease.
- 7.7.3 In terms of take up, 43,702 sq ft was let in approx. 30 transactions in 2017 compared to 35,366 the previous year showing an increase of 23.6%. The long term average annual take up rate in the town is 39,566 sq ft.
- 7.7.4 Bedford Heights is a relatively successful office which has seen good interest in its suites up to 2,500 sq ft but larger suites above 5,000 sq ft have remained available. Priory Business Park has also seen some office occupier interest up to 2,000 sq ft. Office rents in the town are around £13 per sq ft.
- 7.7.5 There is good demand from occupiers within the region whose key criteria, when choosing a location, is the ability to attract and retain talented staff. They are drawn to locations with good transport connections and Bedford is well placed mid-way between Oxford and Cambridge and north of London. It will benefit from the proposed East-West Rail and East-West Expressway and could offer an more economical alternative to the overheating and constrained markets in Oxford, Cambridge and London.
- 7.7.6 Currently there is demand for 215,000 sq ft of offices in Bedford and a further 210,000 sq ft of mixed use requirements as set out below:

Table 8: B1 demand in Bedford

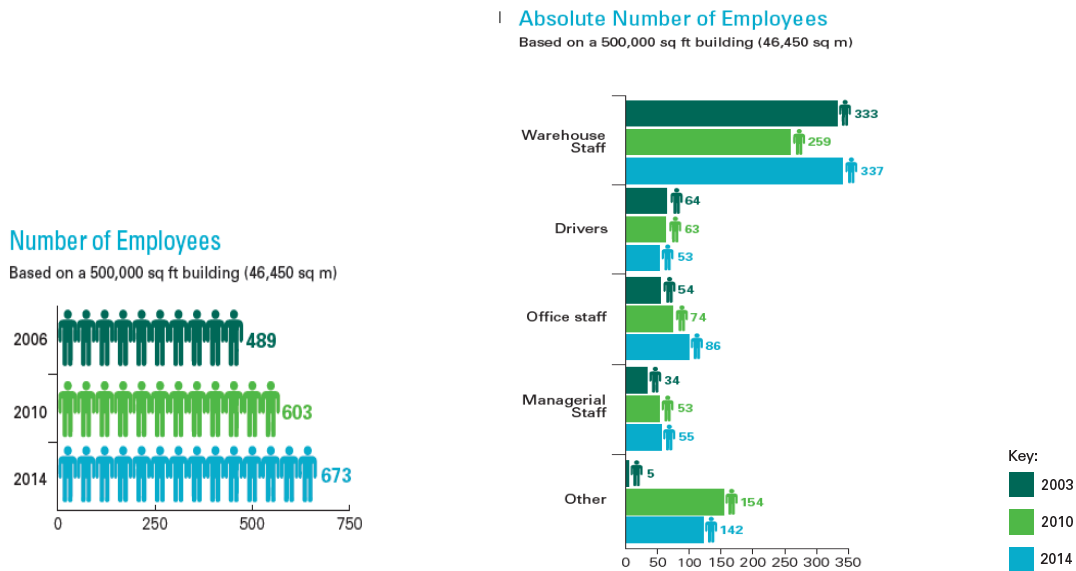
Applicant	Size (sq. ft)	Comments
Aerospace/engineering firm	30,000	Hybrid B1/B2/B8 detached building for HQ storage, distribution and manufacturing.
Serviced offices	30,000	Require a detached office building.
Engineering company	30,000	Hybrid B1/B2/B8 detached building for R&D, storage, distribution and manufacturing.
Electronic Engineers	50,000	Hybrid B1/B2/B8 detached building for R&D, storage, distribution and servicing.
Technology sector	60,000	B1 office requirement or land to construct a building.
Technology sector	60,000	B1 office requirement for national HQ
Business service sector	65,000	B1 office detached building
Advanced Engineers	100,000	B1/B2/B8 hybrid building requirement
Carter Jonas	10,000	M1/A1 corridor between Watford, Bedford and Milton Keynes. Preference is for a business park location with parking.
De Villiers	15000	Town centre or out of town with good road links Timing: with 18 months.
Jones Lang Lasale	15 -30,000	B1/D1 use 5 miles of Bedford
GL Hearn	60,000	Has time for D&B. Timing 2020. 20 miles of Bedford
Total	540,000	

Source: Bedford Borough Council & Office Agents Society

8.0 Local economic benefits

- 8.1 Socio-economic key characteristics of Bedford include a local workforce of approximately 80,000 over 30% of whom have NVQ4 (degree level) qualifications which is higher than the regional and national average. The increasingly high tech nature of the jobs created in the logistics and distribution sectors coincides with the increased automation of the industry processes requiring computer and robotic experts to maintain and run their business.
- 8.2 In 2014 Prologis and Cranfield University undertook a survey of employment created in the logistics sector. By analysing a number of Prologis tenants they demonstrated that a 500,000 sq ft logistics unit employs 673 staff in a wide variety of jobs. This equates to 743 sq ft (69 sq m) per employee.

Figure 25: Prologis jobs study



Source: Prologis Distribution warehouses deliver more jobs May 2015

- 8.3 With increased automation of processes within these units, the profile and complexities of the jobs are changing with the need for more skilled and technical staff.. The Home and Communities Agency Employment density guide 2015 attributes a range of jobs to each employment sector and, using their figures, we estimate that in the order of 15,000 jobs could be created at Bedford Business Park.

- 8.4** At this expected level of employment generation, Bedford Business Park has the potential to support only a small amount of the future population growth expected if 1 million new homes are built in the Oxford to Cambridge corridor.
- 8.5** Based on £35,000 generated by industrial jobs and £50,000 generated by office jobs, the approximate Gross Value Added that this scheme could potentially generate is up to £600m.
- 8.6** In terms of business rates the scheme has the potential to create additional rateable income for the charging authority of around of £25m per annum.
- 8.7** Whilst there is not a problem with un-employment, many residents of Bedford travel out of the town for work. The proposals at Bedford Business Park create employment that can result in fewer or shorter commutes which reduces congestion and improves air quality.
- 8.8** The Bedford Business Park proposals offer a deliverable opportunity to provide significant benefits to the local economy and support the proposed future economic growth of the area.

9.0 Deliverability

- 9.1** In order to ensure that the potential economic benefits are realised, it is essential that the opportunity is viable and deliverable.
- 9.2** Frequently, occupiers are looking for sites within relatively short timescales and require certainty about delivery. Deliverability will be maximised where a site is in receipt of planning permission and infrastructure has been instigated. Occupiers, at the very minimum, will require to see that the site is supported by the local authority and that it is likely that a planning application would result in a valid permission within an acceptable period of time.
- 9.3** Hence, outline planning consent has a number of benefits:
- It provides confidence and certainty which unlocks a greater level of investment in things such as site investigations, master planning, marketing.
 - Outline planning provides the developer with a range of options for delivery, including:
 - a full application for all or part of the site to bring forward speculative units (i.e. units which are built prior to an occupier being secured);
 - an outline application which can set out in a greater level of detail the highways arrangements, form and scale of the development that will be brought forward on the site.
 - marketing on the basis of outline consent, with reserved matters to follow which can be tailored to occupier requirements.
- 9.4** Occupiers will prefer those sites which can demonstrate deliverability for the simple reason that they will not waste time nor money pursuing land that is uncertain and could take several years to bring forward.

10.0 Summary and conclusions

- 10.1** Considering the large size and scale of the site, there is an opportunity to create high value sector clusters in a mixed use scheme blended to complement a diverse range of occupier requirements.
- 10.2** There is plainly the need for more employment land in Bedford. Manufacturing occupiers often prefer freehold options which allow long term investment in bespoke facilities without the constraints of a lease. Many industrial sectors are increasing the size of their units to drive efficiencies and accommodate the automation and robotics that speed their processes and secure their business. Very large sites to accommodate these modern facilities are rare nationally and in Bedford there are no freehold sites remaining which could welcome a large employer. The availability of deliverable land was a key factor in attracting B&M to Bedford despite their large geographical search area and such sites are powerful attractions for inward investors.
- 10.3** Parts of the site are suited to hybrid buildings which are detached facilities encompassing office, administration, manufacturing and warehouse functions in a single facility. Uniquely, the site could offer such a business room to expand and grow in the longer term whether they might need more offices or more industrial facilities. A mixed use site is ideal for attracting occupiers for whom a pure office does not suit their needs such as research and development businesses or laboratories which require high office content hybrid buildings. These units mix well with office units in a business park environment and also intermingle well with more industrial buildings. proximity to Cranfield University, Oxford University and Cambridge University, three key national global centres of excellence soon to be connected to Bedford at their centre, are opportunities to be harnessed.
- 10.4** In terms of B1, we have demonstrated current demand for approx. 540,000sq ft of office and hybrid space from a range of occupiers. Based on a development density of say 20,000 sq ft per acre for a detached office/hybrid building, this demand would require 27 acres to be satisfied. Whilst Bedford currently has 159.3 acres of land available for this use, most of the sites are compromised or are not available for various reasons mainly relating to flooding and viability issues as set out in para 7.18. The current stock of existing office buildings in Bedford is poor quality which does not meet the needs of modern occupiers. Future demand for further office accommodation is expected to rise as a result of the proposed investment in the Oxford – Cambridge arc.
- 10.5** In terms of B2, we have demonstrated current demand for in excess of 270,000 sq ft for manufacturing use which requires approx. 15 acres. Of the sites available in Bedford, only land West of Manton Lane has the correct allocation or permission to suit the use but it is sloping and therefore more expensive to develop. It is not likely to be attractive to an occupier. There are no other sites which could accommodate such a user freehold.
- 10.6** For B8 we have demonstrated current demand for in excess of 6m sq ft which requires 300 acres to be satisfied. There are no freehold sites available with a B8 allocation. We have demonstrated that there is insufficient land and premises currently allocated or with permission to meet this demand.

- 10.7** The Bedford Business Park proposals will meet the gap in the demand and supply and offer a viable and deliverable opportunity to provide significant benefits to the local economy as well as support the proposed future economic growth of the area.