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Enfield Industrial Intensification

Market Deliverability Study

On behalf of **Enfield Borough Council**

ENFIELD Council

Project Ref: 50415

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1 Introduction

1.1 Background

1.1.1 The London Borough of Enfield (the 'Borough', 'Enfield') is reviewing its development plan to guide development across the Borough over the 2018 – 2036 period.

1.1.2 All Councils are required to periodically review their development plans to ensure they remain up to date with national policy and guidance. London boroughs are also required to take into account adopted and emerging London Plan policy.

1.1.3 Planning effectively for industrial uses in London has become an increasingly complex issue because past losses of industrial land have far exceeded previous Greater London Authority (GLA) 'benchmarks'. All market evidence points to a pressured industrial market with low vacancy rates.

1.1.4 In response to a shortage of industrial land, the London Plan (December 2020) seeks to make better use of London's remaining industrial capacity, taking a stringent approach to future losses of industrial floorspace on policy-protected sites and by encouraging 'intensification' of the existing sites / portfolio.

1.1.5 The Councils own Employment Land Review, published 2018, showed Enfield needs more industrial land and not less. The 2018 ELR identified a need for nearly 220,000 sqm of additional space that could require nearly 50ha.

1.1.6 While the new London plan has a turbulent evolution with a number of industrial policies being amended at the request of the SoS - intensification of the current Industrial portfolio is still seen as the primary source to identify new supply. Intensification remains the route to address the existing shortage of stock, and also accommodate any future needs.

1.1.7 To assist the London boroughs with Intensification, the GLA have provided practice guidance – advice guiding Boroughs to look for sites that could be redeveloped following a series of broad intensification typologies set out in the GLA evidence. The most recent version of the guidance being the 2020 Intensification and Co-Location Study[1].

1.1.8 More locally, AECOM were appointed, alongside Avison Young, to assess the re-development and intensification potential of the Enfield stock. Their brief was explicitly to address Policy E7 of the then draft London Plan policy, and to consider how to intensify the Borough's portfolio, following the GLA's practice advice. Including advising on the viability and deliverability of the specification options flowing from their work. Given the progress of the London Plan and the extent to which its industrial policies were challenged the Council was rightly focused on ensuring the robustness of the recommendations.

1.1.9 The AECOM work identified scope to intensify the Boroughs industrial stock of industrial land and effectively accommodate an additional 198,500 sqm of industrial floorspace. This is new industrial space that does not require additional land – space that can be secured through intensification. The provision of 198,500 sq m of employment floorspace through intensification would meet 90.8% of the borough's identified employment land needs. 13 main candidate identification sites were identified as possible intensification options the Council should consider in the next plan

1.1.10 For Enfield, there is no suggestion that the AECOM evidence does not follow the best practice for intensification as outlined by the GLA. But for reasons outlined below, and general best

[1] https://www.london.gov.uk/sites/default/files/industrial_intensification.pdf

practice, the Borough have asked Stantec, working with local industrial agents Grant Mills Wood, to review the AECOM suite of evidence.

1.1.11 This is partly because, as noted below, the London Plan Panel Inspectors questioned the deliverability of the London Plans industrial strategy. The London Plan Inspectors explicitly concluded that the strategy will not meet London's industrial need in future. A number of major landowners / developers who are active in the Enfield market (*and would be relied on to deliver any intensification strategy here) contributed to the London Plan examination. It is also the case the AECOM team did not provide a number of key outputs as specified – most importantly little evidence re deliverability and viability.

1.2 The London Plan

1.2.1 The AECOM work for Enfield commenced after the London Plan Panel report and was informed by (draft) policy E7 the GLA's intensification evidence and practice guidance.

1.2.2 A number of major Enfield landowners made representations to the Panel expressing concern with the robustness of the intensification strategy – generally noting that the intensification formats promoted by the GLA evidence base were (in their view) both unviable and unrealistic from the developer and occupier perspective.

1.2.3 These representations and others clearly made an impression on the Panel. The Inspectors summarised the draft London Plan's industrial strategy as "*aspirational but may not be realistic*". The Inspectors note the *"viability of significant intensification of SIL.."* as a reason[2].

1.2.4 Despite these concerns, draft Policy E7, the main intensification policy, remains in the London Plan. The Inspectors recognised a long-term aspiration to intensify London's stock of industrial property and that this aspiration requires a supportive policy context. General planning principles would also direct planners to make the most efficient use of land in any event.

1.2.5 For the Borough this is problematic. If the Council chooses to rely on a quantified amount of intensification in the next plan, possibly at the expense of other sites or options, then this will come under scrutiny from the development industry.

1.2.6 The same evidence provided to the Panel, to support the developers' case against the London Plan intensification strategy, is likely to be re-presented to the Borough in the future. Perhaps amplified given the Inspectors were clearly influenced by the representations they heard.

1.2.7 So, the Borough needs to ascertain whether intensification is viable and realistic, and whether intensification can be relied on to make the quantitative net addition to the Borough (and London stock) identified in the AECOM work over the next plan period.

1.2.8 Alternatively, if the market is not yet ready to deliver, the Borough's policies need to focus on facilitating and encouraging the aspiration, so that when the market is able to deliver the Borough is not frustrating delivery of much needed space.

1.3 Report Structure

1.3.1 Reflecting the above, the method (and structure of the report) is as follows:

1.3.2 In step 1 of the study (Section 2 of the report), we briefly review the background to draft Policy E7 of the London plan. The background to policy E7 (and intensification in general) is addressed in the AECOM evidence in detail, and we don't repeat that here. So here we focus

[2] Paragraph 421.

on the panel report and the representations made by developers, looking to pre-empt potential challenges to the forthcoming draft Enfield plan.

1.3.3 Next (report Section 3), we assess the viability and deliverability of the sites recommended for industrial intensification by AECOM and Avison Young. A total of 13 sites were recommended, spanning the range of typologies identified in the GLA guidance, and all considered sufficiently deliverable over the Enfield plan period to inform their quantitative assessment of intensification capacity.

1.3.4 For each site AECOM recommended a typology for intensification, an estimate of the net additional industrial floorspace anticipated and the likely end user market. We test whether the AECOM recommendations align with market demand, and whether they are deliverable within the plan period.

1.3.5 This part of the study is led by Grant Mills Wood (GMW), with planning policy guidance provided by Stantec. GMW are a well-respected firm of industrial agents who are active in the local Enfield market. They are also active in the inner London industrial market and frequently manage relocations from extinguished inner London industrial sites to the remaining reservoir of industrial property in Enfield.

1.3.6 Their site assessments are in appendix B to this report and only summarised in section 3.

1.3.7 For this work their 'sense check' of the AECOM sites is considered appropriate given it is firms such as GMW who would ultimately be advising local landowners on their redevelopment options. It will also be local agents like GMW, who will be advising occupiers looking for industrial space in the Enfield market.

1.3.8 The final step (Report Section 4), draws together the policy (from Section 2) and the practice (from Section 3) to provide the Borough with high-level advice focusing on identifying proposals that are realistic and deliverable in the plan period from those that may be aspirational, but are not realistic.

1.3.9 In Appendix A we update the quantitative assessment from the AECOM report.

1.4 Covid-19

1.4.1 This report is drafted in very uncertain times and the long-term market picture is obviously unclear.

1.4.2 In preparing this note we recognise that planning is about the long term – setting policies for 15+ years and also setting the general direction of travel for years post the plan end date. Short term market signals should not be used to derive a long-term strategy.

1.4.3 However; we would be remiss not to note that emerging thinking only strengthens future demand for logistics space in Enfield – especially for 'heavier' industrial property that is configured for the logistics sector in mind.

1.4.4 As the high street contracts, and retail moves further online, the goods previously supplied via A1 / E (retail) class floorspace are now being supplied through the B8 (warehouse) sector.

1.4.5 So – very provisional indications would suggest that post Covid we will see increased demand for logistics. But we also need to recognise that this may also bring new supply that was not available and particularly related to former retail space. As we discuss elsewhere there is evidence that logistics operators/developers are looking to redevelop former low density out of town retail parks.

2 Policy Background

2.1 Introduction

2.1.1 The Examination in Public (EiP) for the draft New London Plan was held between 15 January 2019 and 22 May 2019. The Panel of Inspectors appointed by the Secretary of State issued their report and recommendations to the Mayor in October 2019, which subsequently led to the publication of the Intend to Publish version in December 2019, and (at the time of writing) a December 2020 publication version. Further changes may still be possible.

2.1.2 Policy E7 of the New London Plan covers the intensification, co-location and substitution of industrial sites in London, and requires that development plans *"consider […] whether certain logistics, industrial and related functions in selected parts of SIL or LSIS could be intensified to provide additional industrial capacity*."

2.1.3 Although the London Plan is nearly completed it is still useful to look back at concerns raised through the examination.

2.2 The Panel Report

2.2.1 In accordance with the requirements of the NPPF, the Panel reported on its assessment of soundness. On the subject of industrial and logistics policies, it specifically asked (p.88): "Are policies E4 to E7 and T7 justified and consistent with national policy, and would they provide an effective strategic framework for accommodating all types of industrial and related activities and the sustainable movement of freight?"

2.2.2 The Panel identified the draft plan's strategy for industrial land supply as being for the wide range of industrial development needs to be met on existing sites, through the protection and more intensive use of SIL and LSIS, reducing the amount of vacant land in the Thames Gateway; and by identifying six boroughs to provide additional capacity.

2.2.3 Following this, the Panel asserted that while this approach is aspirational, it may not be realistic, for reasons "relating to the practicalities and viability of significant intensification of SIL and LSIS, the continuing pressure to redevelop non-designated sites for other uses, and the likely need for new sites in certain locations, including in and around the CAZ" (Para 421).

2.2.4 These concerns appear to have been inspired, at least in part, by representations made during EiP. Prior to the Panel's report, a number of major Enfield industrial landowners, including Enfield itself, made representations expressing concern with the robustness of the intensification strategy, summarised under EiP under Matter 62 (Land for Industry, Logistics and Services).

2.2.5 For Enfield these concerns are likely to re-emerge at the Borough level. So here we summarise some relevant representations that were made to the London plan and are highly likely to be made again at the Borough level – starting with representation made by the Borough and then key industrial firms.

London Borough of Enfield

2.2.6 The London Borough of Enfield submitted a comprehensive response on the issues raised in Matter 62. The Borough presented concerns over whether the draft London Plan's industrial strategy was realistic, citing inflexibility of the proposed approach and unworkability in the context of Enfield.

2.2.7 Enfield describes the preferred strategy of no net loss of industrial floorspace as undeliverable. It cites the example of the Enfield Eastern Corridor (EEC), home to six

industrial estates or 39% of the borough's industrial floorspace, including SILs and LSIS. Enfield has a large supply of sites – the third largest in Greater London – with vacancy rates of floorspace low at less than 5%, and forecasts for significant capacity needs over the next 20 years. The EEC, part of the Lee Valley Opportunity Area, will not be able to meet regeneration ambitions without reviewing land use options. The strategy of no net loss is therefore highly constraining, and precludes the ability of the borough to meet other needs such as residential and office development.

2.2.8 The strategy of intensification of industrial sites was also challenged. The Borough cited the GLA's own Industrial Intensification and Co-location Study (2018) with a range of factors that are putting pressure on the viability of intensifying industrial sites, including: the increase in existing use values; high build costs because of the additional structural requirements; the proposed policy requirement for affordable housing on designated industrial land of up to 50%; and risk associated with a building typology for which there are few existing viable examples in the UK.

Prologis

2.2.9 Prologis is a US-owned real estate investment trust that invests in logistics facilities, with a focus on the consumption side of the global supply chain. They are one of the most active developers of modern industrial and warehousing stock in the UK and have been expanding their portfolio in Enfield – in early 2020 they purchased Ravenside Retail Park (Edmonton) with a view to redeveloping the site for logistics.

2.2.10 Savills, on behalf of Prologis, submitted a representation to Matter 62 in January 2019. The representation concluded that the draft London plan under-estimated demand for industrial land and over-estimated the potential supply arising from its policies, resulting in the industrial land market being likely to be increasingly mis-aligned with the quantitative and qualitative needs of industrial land occupiers. (https://www.london.gov.uk/sites/default/files/m62_prologis_3187.pdf)

2.2.11 The subsequent argument is based around a review of the evidence of demand and supply of industrial land. The main headlines taken from this review are as follows:

- The DLP Assumes Over-Estimates Future Decline in Manufacturing
- The DLP Under-Estimates Demand for Logistics Space
- The DLP Under-Estimates the Link Between Industrial Land and London Growth
- The DLP Under-Estimates Land Related to Frictional Vacancy Rates
- The DLP Does Not Take Sufficient Account of Already Planned Release
- The DLP Over-Estimates the Potential of Industrial Intensification
- Substitution of Industrial Capacity Outside London is Difficult

2.2.12 As a result, the representation recommends the DLP incorporating additional opportunities for industrial land development, including taking a more flexible approach to industrial development in the Green Belt, and more flexibility in the application of site ratios to ensure sufficiently operational yards.

2.2.13 For this work the key issue is that they considered that the London plan underestimates demand for Logistics (which is particularly pertinent for Enfield given its location) and also that the GLAs intensification polices– was not deliverable.

SEGRO

2.2.14 SEGRO is a UK Real Estate Investment Trust, and an owner, manager and developer of warehouses and light industrial property. SEGRO are also active in Enfield and have recently been developing new, non GLA intensified format, industrial property in the Borough and across London more widely.

2.2.15 They also operate the almost infamous multi floored warehouse unit at Heathrow (X2) – the unit is often cited, including by the GLA, as a template example of intensified floorspace. This is despite the fact that SEGRO have repeatedly stated that, while they support intensification of industrial property, the X2 building is a poor template. They would not look to repeat this unit.

2.2.16 We understand that, with highlight, the unit was too 'lightly' specified on the upper floors and while this may have assisted with delivery (a cheaper upper floor specification) this in practice has limited the flexibility and market attractiveness of the unit. So limited the scope to replicate this unit as a 'template'.

2.2.17 SEGRO's representation to on the draft London Plan expressed concerns about proposed floorspace-based mechanism for managing industrial capacity. It stated (pg. 1):

"The floorspace requirements of industrial premises vary greatly depending on the type of occupier, and a 65% plot ratio will exclude many industrial activities. Our customers have confirmed this, and analysis of London Plan evidence base data reveals that the most prevalent plot ratios were between 40%-60%."

2.2.18 It adds that multi-level industrial development should be encouraged but only where it is feasible and viable. SEGRO concludes that this will not, in fact, be feasible or viable on most London industrial sites. Combined with the comments about plot ratios, SEGRO questions how realistic the principle of 'no net loss' of commercial floorspace would be.

Amazon

2.2.19 DWD submitted a representation on behalf of Amazon, who owns a significant and growing network of distribution centres, which range from large warehouses and 'sortation' centres to smaller delivery stations close to, or within, urban areas.

2.2.20 The respondent acknowledges the extent of loss of industrial land across London since 2001, and welcomes the intent of the draft London Plan to prevent further loss. The respondent argues, however, that reliance on the potential for intensification to provide additional capacity underestimates the need for additional industrial land provision.

2.2.21 On intensification, Amazon adds, that it is not always feasible due to the varying needs of industrial operations for different plot ratios. Logistics operations, which is the core of Amazon's operations, require substantial service yard provision, which cannot always be accommodated on older industrial sites, which typically have higher plot ratios than many modern operations. The attention on multi-level industrial development, as a method of intensification, ignores the practicality that many logistics and industrial operators can only operate within single storey developments owing to operational and service requirements. For these reasons, it concludes, intensification is often not appropriate or feasible.

Aitch Group

2.2.22 Aitch Group submitted a representation on Matter 62 on the basis that the industrial strategy put forward was neither justified nor realistic. Aitch group is a smaller developer specialising in 'boutique' projects – so a very different scale to SEGRO and Prologis.

2.2.23 The representation expressed concerns regarding the principle of no net loss of industrial floorspace capacity in overall terms across London in Policy E7. It argues the policy assumes a one-size-fits-all approach across the diversity of the London boroughs, and prioritises industrial intensification ahead of the occupation of residential development by assuming all SIL is the most appropriate land for SIL purposes. It notes, in the absence of a Green Belt/MOL review, the only feasible way to accommodate housing targets may be through the use of land designated for other uses, and so taking an absolute approach is not justified prior to knowing a policy position on this.

2.2.24 The representation claims the policy is overly prescriptive and inflexible. It argues for the removal of the more detailed, prescriptive elements of Policy E7 such as 'no net loss'. Instead, the respondents conclude: "The policy should be refined to be strategic in nature and subsequent details should be provided in the supporting text or in a supporting SPG. Boroughs should be allowed to define the nature or form of intensification as appropriate to their local areas and economic profile, through their evidence-based local plans, in order to meet the strategic objective."

2.3 Summary

2.3.1 From a brief review of representations made at the London Plan examination, it is clear that the major developers, the developers that that Enfield would need to rely on intensification of the stock, raised concerns with the intensification strategy. Given the Borough would be reliant on developers such as Prologis and SEGRO to deliver the next plan strategy it is right to flag these concerns – even if they are not necessarily positive.

2.3.2 At the more 'boutique' end of the commercial spectrum developers were concerned about the 'one size fits all' approach to intensification across London.

2.3.3 The London Plan Inspectors ultimately retained the aspirational policies as set out in the plan and we know that if London is to address its housing and economic needs with a limited land supply Planning needs to encourage the market to explore more intensive formats. But for Enfield, these previously aired concerns, only strengthens the need for the Enfield plan strategy to be commercially robust and in line with what the market is able and willing to deliver and understand the gap between realistic delivery and aspiration.

2.3.4 With this in mind, in the next section, we look to test the AECOM intensification evidence, focusing on market demand and viability.

3 Viability and deliverability

3.1 Introduction

3.1.1 In this section we test the viability and deliverability of the AECOM recommendations. AECOM, along with Avison Young, were originally instructed to viability test their results. But we understand, this has not happened for practical reasons with the consultants team. So here their 13 site specific recommendations have been viability tested by Grant Mills Wood (GMW).

3.1.2 GMW are active in the local Enfield market and the wider sub regional market. For the majority of the occupier or developer market GMW are the type of local experts they would turn to when looking for space or when looking to redevelop their site. Therefore, they are well placed to provide a bottom up view of demand and deliverability.

3.1.3 This testing of each format and site is reported in Appendix B of this note. Not every site was tested – in line with the AECOM template approach. But each typology has been tested and the results extrapolated across the AECOM sample of sites and typologies to inform this work. In this chapter we summarise the approach taken and the headline findings.

3.1.4 It is important to note that GMW have needed to make a number of assumptions because key data – including build costs, specified outputs from the AECOM brief, had not been provided to LBE. For this work GMW have sought to address these deficiencies as pragmatically as possible in the time available for this work and ultimately rely on published GLA data. This would appear to be pragmatic in the circumstances. But we would suggest active consideration is given to any more detailed cost alternatives that may be provided – especially in decision taking.

3.2 Method and Assumptions

The supposed lack of deliverability and commercial 'realism' in the intensification strategy promoted by the GLA underpins the representations the London Plan that we summarised above. Providing intensified space is much more expensive than more traditional formats – as buildings go upwards – structural engineering costs increase dramatically and (developers suggest) the format results in commercially comprised space that struggles to attract a premium rent.

Build Costs

3.2.1 These have not been provided by AECOM but are pivotal to the commercial success of intensification.

3.2.2 Given this critical evidence was not addressed by AECOM, as part of this work GMW took advice from cost consultants. The feedback was:

A) A number of the template formats chosen by AECOM were bespoke projects, never repeated before or since. Any costs available for these schemes could not be relied on as 'templates'.

B) A number of templates are international and costs, even if available, would not reflect the London market.

C) At least one template is now 20 years old and so, in cost and build terms, obsolete.

3.2.3 We were told that it would be professionally unsafe to rely on any previous costs associated with these template schemes. Further; because the templates are not based on current UK

examples, no detailed costs could reasonably be estimated without considerable work and expensive.

3.2.4 There is also a suggestion that some of the properties chosen by AECOM are not appropriate from a cost and build perspective. For example the choice of the Olympics Media Centre and associated Gantry Studios is not appropriate given the bespoke build of the media centre; a building constructed for a specific purpose and (important in cost any consultants view) outside of normal market economics.

3.2.5 Their advice is that, in hindsight, the templates should have accompanied with cost / build estimates from the outset – especially given the key industry concern relates to deliverability and viability of intensified space. Such bespoke projects as the Olympic Media centre are poor choices. The 2012 Olympics and their construction, layout an general arrangement would not be typical of the normal market we need to deliver intensified space.

3.2.6 So; for this work GMW have reverted to the cost estimates provided in the GLA suite of evidence (the intensification and co-location study) and reflected this cost consultant advice in their recommendations / analysis.

Rents

3.2.7 GWM have needed to rely on their market opinion of rents, demand and the market in general.

3.2.8 They have made an estimate of potential rents based on the current market. This reflects their view of what is commercially achieve in the Borough – and especially at what rent they would set for the space for if asked by the developer.

Sensitivity testing

3.2.9 For this work it is important to note that the Council needs to plan for both the current market – so what is viable and deliverable today – and also the future (plan period).

3.2.10 Given the ‘tight’ London industrial market it is reasonable to assume some rental growth over the plan period.

3.2.11 We may also see build costs increase (for example to reflect higher standards) or decrease to reflect economics of scale that may be achieved in the future. One of the major cost challenges with intensified space it that it is largely untested in the UK market. It is not unreasonable to expect that once a format is established then efficiencies of scale may emerge.

3.2.12 So, GMW have provided sensitivity tables illustrating how far each scheme is from being viable.

Alterative formats

3.2.13 Setting aside the AECOM recommendations for each site GMW have also provided a view of what is viable and in demand today for each site.

3.2.14 This is to demonstrate what the market will willingly deliver today. This is useful because it illustrates the developers realistic fallback option – so, if the Borough wish to promote an alternative format, what the developers ‘baseline; is likely to be.

3.2.15 One important factor to consider is that often this ‘fallback; option is still intensified – the formats make much better use of site (from the occupiers and developers perspective) and are commercially deliverable.

3.3 Conclusions

3.3.1 In the rest of this section we briefly summarise each of the formats promoted by AECOM and their headline viability. Full descriptions of the formats and the templates are set out in that work and we don't repeat this here. As noted GMWs testing is presented as an appendix to this report along with more detail regarding their approach and justification.

Typology A: 'light industrial units which do not require operational yards and are therefore stackable, served by cargo lifts'

3.3.2 This typology is generally unviable to deliver. This is because by providing industrial space without yards the typology severely limits the size and scope of end user market and so any rental premium.

3.3.3 This super light industrial space also competes for occupiers with many office properties, affordable workspace schemes or co-location property. Further limiting the size of the occupier market.

3.3.4 It is however important to note that while we conclude that this format is generally unviable in the Enfield market there may be a select number of sites or submarkets where this could work – a 'boutique' market where market conditions are right. For example where clustering benefits of grouping similar firms together makes the space more valuable and so viable to deliver. In inner London markets this clustering does encourage developers to build property to match – particularly for creative industries. Here we think the Council needs to be highly selective is where this typology may be applied.

Typology B 'A group of ground dependent and small stackable units with clustered shared yards and LGV ramp/goods lifts, designed to maximise efficiency'

3.3.5 The Typology is currently unviable for two main reasons. Firstly the prevailing market rents for the competing supply of space are much too low to make this expensive format of intensification viable.

3.3.6 Secondly the quantum of intensified space on the upper deck is modest compared to a modern ground floor only scheme. This is because the complex ramp/deck arrangements reduce the useable space. So costs increase but not in direct proportion to the increase in rents.

3.3.7 However; in GWMs view these limitations could be addressed within the broad envelope of the typology. Changes would be needed that would increase the market appeal:

"The ramps would need to take more weight and the warehouse units on the lower and upper deck would need better height. You would limit the space only accessible via goods lift as the target occupier market is significantly reduced and there would be considerable risk developing such stock on a speculative basis"

3.3.8 In essence the current typology is too light and therefore is not attractive to Enfield occupiers who will pay a premium for their space. But with changes to the specification and some rental growth an amended specification may be viable.

Typology C: 'A group of small stackable units attached to a ground dependent larger industrial building, creating an active frontage to a large unit.'

3.3.9 The provided example of this typology is the former Olympic Media Centre and the Gantry Studio scheme. For this work this is a problematic typology because the Olympic Media Centre provides the bulk of the floorspace but not in the format described – i.e. small stackable units.

3.3.10 This would appear to be an error in the AECOM work. For this testing we have assumed that the scheme as a whole, the media centre and Gantry Studios is aimed at providing small units for creative industries etc. We do this because AECOM provide no breakdown of space – between that format found in the media centre vs the studio space. The supporting text appears to co-opt all the space for small unit demand.

3.3.11 This however results in an exceptionally unviable scheme. The creative market (as per the Gantry Studio) cannot afford the kind of rents needed to pay for a very expensive to deliver a multi floor solution at the scale this template suggests.

Typology D 'A group of large and medium stackable and ground dependent units, maximising land use. Potential to stack smaller light industry on top of large units served by cargo lifts. Consolidated, multi-level parking on site.'

Note – GMW excluded the optional stacked light industrial units on the grounds that they would be detrimental to the schemes viability (see 'F'). Instead they have assumed a stronger floor loading and deck access for the top floor. This typology is similar for testing purposes to typology E. Were D tested as proposed by AECOM it would be less viable and further from being deliverable.

3.3.12 Unlike the other typologies so far this is the first to make provision for medium and larger units. In the Enfield market larger property, suitable for logistics, are in demand (and growing).

3.3.13 This typology is currently unviable, and the market is cautious given the weak performance of the X2 unit at Heathrow. But sensitivity testing shows that the typology is approaching being viable. It is not unreasonable to assume that in a pressured market rents for prime sites (including Enfield) will increase and not inconceivable that costs will fall if this format becomes more common. Larger schemes will attract corporate interest and possible pre-lets making this more viable.

Typology E: "A group of large units serving both ground dependent and stackable units. Each floor has an operational yard with direct HGV access via ramps"

3.3.14 The example provided in the AECOM work is multi-floored example from Japan. However, as noted above, no build costs were provided, nor details re the internal specification, nor floor loadings. The only UK example in the X2 unit at Heathrow.

3.3.15 However; there is evidence that this format will become viable in the plan period – partly because Enfield is a strong logistics location and in a constrained market property in Enfield is likely to attract a rental premium which should assist delivery. As with D the borough needs rents to increase and costs to fall to make this viable but given the strength of the market and Enfield's location it is likely that rents will increase and, as intensified formats become more common, costs fall.

Typology F " A group of small to medium units serving both ground dependent and stackable uses. All require small operational yards, so units can be integrated with other units which do not require operational yard, and create an active frontage by co locating office space"

3.3.16 Typology F is a blend of one ground and one decked floor of medium units with provision for some smaller units mixed in and provision for very light, similar to office, above. The template used by AECOM was a mixed office / industrial scheme (developed in the Hague NL around 20 years ago) but we understand they have assumed the same building could accommodate very light industrial in place of the offices.

3.3.17 As tested the scheme is unviable but it would appear that the very light space is detrimental to the overall viability of the proposal. The upper floor space, that can only be accessed by lifts, cannot attract a rental premium but is costly to deliver.

3.3.18 Setting aside the very light space the scheme is approaching being viable in the plan period.

Summary

3.3.19 GMWs detailed testing highlights three themes:

3.3.20 Firstly; any AECOM / AY intensification format is currently unviable for the normal market to deliver – without assistance, cross subsidy or a specialist end user.

3.3.21 This should come as no surprise given developers operate in a commercial market and if there was a route to viably intensify their space they would be already. Current plans and polices would not prevent the delivery of any of the AECOM typologies as a matter of principle (subject to other plan policies). Also; as demonstrated by AECOM these are not new or unknown to the market formats. But instead formats the market is yet to embrace.

3.3.22 Secondly; while intensification is currently unviable it is less unviable for 'heavier' format space. This is largely because the logistics sector is willing to pay a premium for the right site. Enfield is a strong logistics market given its transport links and so is able to extract a rental premium from this type of user. Outside of logistics the general shortage of medium and large industrial units in London means even those units not ideally suited to logistics attract strong rents.

3.3.23 There was already evidence of a market strengthening pre covid. Indications are that this will continue for logistics post covid. So there is scope for medium and large formats to become viable in the plan period. (i.e. an amended typology 'B' and typology 'D'/'E'). Thirdly: small, very light, units that are reliant on good lifts are generally unviable except in specific 'boutique' circumstances (A). Even so there is a limited market and unlikely to be enough demand to occupy very large schemes (C). Where small units are mixed with larger units they are detrimental to the scheme as a whole (F & D).

3.3.24 So; of the typologies tested:

'A' Is not suitable as an intensification model. It may be appropriate in specific circumstances where there is local demand; but not as a template model to meet 'normal' demand/need in Enfield.

'B' Is not suitable as specified by AECOM But could, with some suggested amendments, become a route to deliver small and medium sized units. It may become a viable format at some point in the plan period.

'C' Is not suitable; partly because the template is fundamentally flawed and wrongly applied in the AECOM work. But setting this aside we doubt there is sufficient small unit demand for such large schemes and make them viable. GMW suggested a variant whereby the space was reconfigured for larger (more viable) units where (over the plan period) development may become viable. But this would require a recalculation of the plot ratios to allow for yards or ramps.

'D' Is suitable and within reach of being viable to deliver in the Enfield market (as tested by GMW with no light industrial)

'E' is suitable and within reach of being viable (but only in very selective areas of very strong logistics demand)

'F' Is suitable assuming the delivery of the lower units only. This would reduce the intensification yield by around 1/3rd.

3.3.25 In appendix A to this report we update the AECOM quantitative conclusion to reflect this analysis. As would be expected the quantum of intensified space potential falls but because AECOM concluded that sites were often suitable for more than one typology, even where we conclude one typology is not deliverable (e.g.) we, in the appendix revert to the next suitable option.

3.3.26 Overall we think this cuts the intensification yield by around 70,000 sqm – cutting the 'maximum' scenario from 230,000 sqm to 170,000. Similar reduction in the 'Min' and average scenarios.

4 Conclusions and advice

4.1 Introduction

4.1.1 It is important to note that this work is not intended to dent any aspiration for industrial intensification in Enfield.

4.1.2 Nor should our work be taken as a direct criticism of the AECOM work. As is hopefully clear from their report, and ours, they sought to take forward the GLA suite of intensification evidence and, as required in (emerging) policy at the time, looked to apply this in Enfield. While specified outputs were missing – we fully recognise that 2020 was a very challenging year.

4.1.3 Neither Stantec nor GWM look to criticise this approach – London will need to rely on some format of intensification in the future and positive planning should always look to stretch, and 'nudge', the commercial market where doing so results in more optimised plan strategy. This testing is part of this important process – even if not all the results are positive.

4.1.4 For Enfield this testing is vital because ultimately the Borough, not the GLA, will need to evidence their plan, allocations and strategy.

4.1.5 Our assessments above have highlighted a number of challenges with implementing industrial intensification in Enfield – at least in the short term. The major challenge relates to the point at which it becomes sufficiently economically viable to incentivise the land owner to redevelop their property for an intensified format.

4.1.6 If Enfield is to rely on intensification making a meaningful contribution to a plan strategy there needs to be market evidence that this is widely deliverable – outside of a small number of isolated examples often assisted by public assistance.

4.1.7 Intensification needs to move 'mainstream'. To move mainstream intensification has to be in market demand, viable and deliverable without (significant) public assistance.

4.1.8 Thus in this final section we draw together the evidence; we provide headline conclusions and policy advice. We also update the quantitative assessment of capacity provided by AECOM. This is provided in Appendix A. In doing so we are cautious that we can only do this very simply; effectively recasting the AECOM tables.

4.1.9 This approach has some obvious limitations – had AECOM undertaken the same viability and delivery testing as now undertaken by GMW they may have reached differing conclusions. Also, had cost consultants have been asked to 'price' the templates they may have chosen alternatives. It however remains useful to illustrate the quantitative impact of GMWs analysis on the AECOM work.

4.2 Market Headlines - Today

Commercially led industrial development is viable in the Enfield Market.

4.2.1 It is important to recognise that commercially led redevelopment is happening and is viable in the Enfield market. Enfield has one of the most active industrial markets in London and for many years has attracted industrial logistics and manufacturing investment. GWM in their detailed work (Appendix B) highlight how and where this is case in Enfield where they outline alternative redevelopment options.

4.2.2 Development is particularly viable and in demand for the larger sites – those sites that can be redeveloped or reconfigured for a new generation of industrial units that meet the logistics and more heavy industrial uses found in the borough.

4.2.3 So prime sites in Enfield already attract high existing values and the market has been maximising value already through market led redevelopment and intensification. When sites are sold for redevelopment their market price reflects this premium.

4.2.4 Care is needed not to overburden the market with additional policy 'asks' that, if detrimental to commercial viability, may result in owners simply to leaving sites 'as is'.

4.2.5 Also; pragmatically the markets current preferred format and structure ('sheds') is reasonably inexpensive to deliver. So, a commercial led intensification option delivered today does not sterilise future intensification potential. If the market shifts to such an extent that a more intensive format becomes commercially attractive the market will, in turn, look at the economics of redeveloping. So if the market does strengthen to such an extent that light industrial on upper floors becomes commercially attractive these units could still be redeveloped.

The Enfield Industrial market is growing

4.2.6 Logistics demand is growing across London as firms fight for space to service the London population. At the same time the supply of space is shrinking – inner London stock has and continues to be lost.

4.2.7 To date regeneration has struggled to replace industrial stock – as is evident from the exceptionally limited examples of 'intensified' industrial space at the moment.

4.2.8 Add to this the London Plan Inspectors concerns that the industrial market was already out of balance and there is a large suite of evidence showing that demand for industrial space is growing as opposed to contracting.

4.2.9 For Enfield this only increases pressure on the remaining stock and increases demand for the format of space heavy industrial space being lost elsewhere. In recent work for LB Camden Stantec interviewed the remaining traditional industrial tenants of a estate proposed for mixed used intensification. When asked where they would relocate to (if not reaccommodated by LB Camden) the majority cited Brimsdown was their only – diminishing – option.

Intensive industrial formats are more expensive to deliver and provide diminishing returns

4.2.10 Very simply the current industrial 'value' for the occupier, and so developer, is found on the ground floor – ideally with direct access to a yard. This space attracts a rental premium that quickly diminishes as space moves vertically upward and the operational aspects of the space become more compromised and further from the 'ideal' ground floor options.

4.2.11 But additional industrial floors are more expensive to deliver; requiring ramps or lifts removing valuable ground floor space while also compromising the operation of this space by designing in ramps and structural supports that need to pass through valuable ground floor space. Overall the increase in costs does not offset the increase in lettable space with additional space being more costly to deliver but less valuable to rent.

4.2.12 Given this is how the commercial market works in practice – developers don't see the motivation to deliver significantly intensified typologies; along the lines promoted in the GLA and taken forward via AECOM. The additional space gain can be cost/benefit negative to the overall scheme.

4.2.13 An added complication, as highlighted in the GLA evidence, is floor loading defines the market for the end user – most of the intensification formats are by design 'light' because the additional structural costs of upper floors prohibitive. In an Enfield context floor loadings need to be higher than the GLAs benchmark as set out in the GLA evidence suite. The GLAs baseline assumes that whereas the Enfield market is looking for a higher, and significantly more costly, standard.

There is limited proven demand for intensified 'very light' space in Enfield

4.2.14 A number of the typologies gain the most floorspace though a very light industrial specification – similar to an office specification but supplemented by good lifts and possibly a loading space on the street. Some of the typologies have this space above or alongside heavier formats.

4.2.15 There are two market led issues with this additional space. Firstly, there is no significant track record of Enfield delivering large amounts of this very light space on upper floors. This does not reflect the local market here and so there is no demand gap to address – there may be demand for one or two schemes to come forward but not enough to 'fill' schemes. In an unproven market developers will not invest in this format of space.

4.2.16 Secondly; the intensification formats promoted in the AECOM work will only ever address a very small market. By design these units can only meet demand from the very lightest of 'industrial' user. They are similar in design to office buildings but more costly to build and operate. Because they are similar in specification to offices their markets overlap – some occupiers will compromise and may, for example take office space or, in some sectors including creatives, retail space.

4.2.17 For those looking to address this market today there is an added complication is that there is often an alternative source of supply.

4.2.18 A very light format of industrial or workshop style space is often a preferred route to replace traditional employment space in mixed use redevelopment schemes across London. It is also often promoted because it can provide active uses for otherwise awkward to fill ground floor spaces and, on occasion, sub surface floors.

4.2.19 Planning also welcomes workshop style space in mixed use schemes, where an appropriate case can be made – which is not at the expense of other formats in 'need'.

Additional floors vs mezzanine / racking

4.2.20 As a final comment on market demand we would note that part of the markets concern with the GLA approach to intensification was that, for reasons unknown to the market, the GLA was advised only to count built floorspace as being intensified (and 'counting' towards policy objectives re intensification)

4.2.21 But for most users they would prefer to avoid the costs of additional floors (which the GLA evidence confirms is prohibitively expensive) and look to taller units that are more efficient because they include more racking or mezzanine space.

Summary

4.2.22 Enfield has a strong, and viable, industrial market. Sites are viable to deliver and redevelop.

4.2.23 The market already deliveries 'intensified' space that is more efficient to operate and has a higher throughput of goods than older stock. But this is not 'intensified' as per AECOM – at the moment, in the current market, these AECOM formats are unviable to deliver.

4.2.24 The Enfield market struggles to deliver lighter industrial space and particularly the type of upper floor, lift access, space promoted in the intensification evidence. In the Enfield context this does not match current market demand – so rents are low and the market struggles to deliver.

4.2.25 As commercial firms' developers will be reading these signals and will be responding accordingly.

4.3 What may change?

4.3.1 Above we have noted that market demand is driving a renewal of stock on Enfield but not to the scale envisaged by the AECOM Typology approach.

4.3.2 In the medium term, our view is that market demand and market pressure may tip some industrial typologies into being viable. GWM and other agents report that they are already asked, by landowners, to maximise the value from their sites and this includes commercial testing of upper floor space – accessed via ramps. This commercial led testing is restricted to heavy formats of space because, as discussed above there is no (or limited) demand for a lighter 'offer'. But at the moment the 'sums' do not stack up.

Will rents increase?

4.3.3 For sound planning reasons we would like the commercial market to deliver new intensified space. So; it is sensible to consider whether rents will increase to make development viable.

4.3.4 The market is changing and we consider that over the life the Enfield plan some formats of intensification will become viable. Logistics are most likely to drive growth and for a segment of the logistics market, most obviously 'last mile' or time critical operations (minimising the time from 'click' to delivery), this demand is captive to a small area.

4.3.5 But care is needed in considering that even if the London demand/supply balance continues to deteriorate this does not mean that industrial rents will move in tandem. This is because for most of the industrial market rental growth is kept in check by the availability of an alternative supply.

4.3.6 Many London industrial firms can, and do, operate from beyond the M25 and Greenbelt. The added operational cost of crossing the greenbelt is offset by the availability of property.

4.3.7 London firms can, in turn out compete local firms because they place a greater value in space just outside of London, where they can still access the London market. Council evidence bases, including Employment Land Reviews, around London frequently cite displaced London industrial demand as driving demand for their industrial sites.

4.3.8 There is evidence that the extreme shortage of logistics sites in London is displaying is demand as far as Bedford – Stantec has recently worked in Bedfordshire where the Coop are currently constructing a new 60,000 sqm warehouse in Biggleswade primally justified (according to the Co-op) to fuel their growth of smaller convivence stores in London and the M25 area. The site was previously allocated by Central Bedfordshire Council for 'local' industrial and particularly property to assist the AgriFood sector. Biggleswade is 30 miles from the outer edges of London (J23 of the M25).

4.3.9 This is somewhat of a simplification – but as a broad concept – works to keep commercial rents in check. London is not a self-contained commercial market and London firms will compete for space in nearby districts.

4.4 What does this mean for Enfield?

What does a realistic intensified format look like?

4.4.1 In the Enfield context intensified industrial space could be delivered simply though higher buildings with more racking/mezzanine space. This is deliverable and attractive to the market today. This is the cheapest and most efficient way to renew the stock and make it much more efficient to operate while also making more intensive use of the land to service London.

4.4.2 Setting this aside and focusing on intensification with additional floorspace; it will remain, for the foreseeable future that redevelopment and renewal will continue to be driven by medium and large unit demand for heavier space. Traditionally this market has struggled to pay the fixed costs of internal ramps and structural floors. But our testing shows that this format is in credible reach of being viable over the plan period. But only where sites are large enough, and efficiently shaped to support and offset the fixed cost of providing a ramp and associated servicing.

How to encourage this?

4.4.3 Even this more modest format of intensification, where the market moves from delivering only ground level space to some 'heavier' space on an upper floors (with ramps) will still require some positive planning on behalf of the Council.

4.4.4 The number of sites or areas able to accommodate this format will be limited. Firstly by the minimum plot size but also few sites can accommodate the scale and massing such a format requires. This is a particular challenge because there is less room onsite to provide buffering or a transition between lower mass development and the new 'block' structure a intensified format requires. The economics of delivering the ramp means that (ideally) 100% of the upper floor area needs to be developed and the traditional solution to tall building design – stepping back upper floors may not be appropriate.

4.4.5 They also require very good road access given the intensive use of the space and their transport impact.

4.4.6 Where sites meet this broad set of criterion; and any other standards that may be required, the Council will need to prioritise this portfolio. As noted in the Introduction we are unable to confirm the suitability of the sites we have tested for the format of development proposed in the original AECOM work.

4.4.7 As we note in Appendix A to this report, in the AECOM evidence intensification in Enfield is heavily reliant on the redevelopment of a single site (ST77) they suggested was suitable for a multi deck industrial property (typology E). This demonstrates that the right site; in the right market location, this format makes a much greater quantitative contribution to floorspace than other options. Where these opportunities exist they should be prioritised.

What about lighter space?

4.4.8 In our assessment we consider that the Enfield market cannot viably deliver a significant quantity of 'intensified' space on upper floors. For this reason this study does not 'count' this element of AECOMs intensified space in Appendix A

4.4.9 But this does not mean that the Council should not look to encourage this space – the market will continue to innovate, and planning should rightly encourage the market where it can.

4.4.10 The Gantry Studios, highlighted in the AECOM report, although possibly misapplied, is an example of a innovative approach to intensification that is currently unique and bespoke. In the Enfield context its market appeal is limited – hence it cannot be relied on for plan making.

But this is far from concluding that there is no demand nor that new sources of demand may emerge in the Enfield market over time. As the London Plan Inspectors concluded, the London Plan, looks to be aspirational in addressing London's needs.

4.4.11 Realistically residential mixed use redevelopment will be needed to pay for otherwise unviable space – but this is a challenge for Enfield where much of the stock is designated as Strategic Industrial Land and scope limited to Local sites.

4.4.12 Our work has shown a risk that were we to try and force upper floor, very light industrial space, this may undermine the viability to redevelop sites and reconfigure them to be more efficient for the core industrial market.

When can we rely on Intensification to meet 'need'?

4.4.13 Finally – we consider when the Borough may be in position to quantitively 'count' intensified space as meeting 'need'.

4.4.14 As noted in the introduction AECOMs 2018 Employment Land Review advised the Council these was 'need' for a further 50ha of industrial land in the next plan period. So, if or when to 'count' intensified supply is an important consideration.

4.4.15 Our view, as outlined above, is that the market will start to move in the direction of the GLA/AECOM style formats but they are not viable yet. When depends on post COVID recovery and the strength of the logistics market in London.

4.4.16 It also relies on the specific sites. While the AECOM looked across the Borough their quantitative conclusions relate to only a small number of sites. Quantitatively most of the intensified space comes from a single site (ST77) and there is, as of yet, no planning application or even pre-application discussion. Even with a 'fair wind' delivery is likely to be a minimum of 5 years way.

4.4.17 So our recommendation would be that the plan encourages, but does not quantitatively rely, on intensification in the early plan years. This is because there is insufficient evidence to support robust delivery. Were short term reliance placed on this supply it could be challenged. It would also be misleading and only further exacerbate the shortage of space for occupiers in Enfield and London as a whole – other boroughs are looking to Enfield to 'make good' their own shortfalls and Enfield needs to be realistic when the market can help by delivering net additional intensified space.

4.4.18 However, in the medium term, given the likelihood of a strengthening logistics market post Covid 19 it may be pragmatic to start to rely on intensification in the middle of the plan period. At the moment this supply remains 'aspirational' but there is a suite of evidence and opinion showing this is likely to change. If the market does strengthen, a applications / pre-applications for intensified formats appear then the evidence to reconsider counting this space.

4.4.19 If the market does not strengthen as the economy recovers there is scope to re-address the plan policy at a periodic review. Also by which time the GLA may have refreshed their policies and even, possibly, reviewed the Greenbelt in and around London.

4.4.20 Obviously a simple answer to a quantitative shortfall could be to release greenfield sites. Our work should not be taken as an endorsement of this possible option – intensified space is only one source of supply available to the Council and we have already noted that surplus retail may be a new, post covid, source of land that may now be available.

Appendix A

Aecoms quantitative findings

Introduction

4.4.21 As noted in the introduction we have updated the quantitative findings as set out by AECOM to take into account our viability work. In summary not all the AECOM space is likely to be deliverable (viable) in this plan period.

4.4.22 This does not mean that the Council cannot encourage the market to explore delivering various intensification formats. But there is no evidence to demonstrate that the plan strategy can rely on all this space to meet 'need' in the next plan round.

4.4.23 We have carried forward our analysis to estimate the effect on the quantitative findings as set out in Table 25 of the AECOM report. Table 25 provides AECOMs headline quantitative conclusions on the amount of space the borough could secure via intensification – if AECOMs recommendations are followed.

4.4.24 In this section we first focus on the 13 main sites informing Table 25 before turning to the smaller grouped sites.

Main sites

4.4.25 A summary of these changes for the main (13) sites are setout in the table below:

Table A1: Updated table 25 (Intensification capacity)

Sqm Metres:

	Min	Max	Av
Original	**127,558**	**232,727**	**180,142**
Amended	**47,404**	**161,042**	**104,223**
Difference	**-80,154**	**-71,685**	**-75,919**

Minimum scenario

4.4.26 In terms of minimum scenario, the intensification capacity falls by 80,000 sqm. The main reason for this relates to a cut in the assumed capacity in the F sites; justified to remove the unviable very light industrial space.

4.4.27 The 'heavier' format space, for which there is market demand remains. We have reduced the capacity of the F sites by 1/3rd..

4.4.28 We can only estimate this reduction because very little detail is provided re the original typology template example. In the original example the front of the building follows an office / very light industrial format.

4.4.29 This reduction has a disproportionate impact on the minimum scenario because Table 25 of the AECOM work illustrates the intensification uplift over more traditional redevelopment options. Both the original Table 25 and the amended version above assume replacement of any existing stock via redevelopment or, where sites are undeveloped land, AECOM assumed the delivery of a non-intensive format and [then] intensification is measured from this baseline.

4.4.30 So, any reduction in the overall site capacity has a larger impact on the net additional intensified space than it may first appear in some examples.

4.4.31 It is also important to note that in theory this F capacity, as shown in the 127,600 Aecom assessment, still exists. But there is currently no way of viability delivering the space as scoped. There is also unlikely to be sufficient demand for very light industrial space that competes with office stock or new supply delivered through mixed use redevelopment. Delivering the F format in full, at least in the short and medium term, cannot be relied on to meet need unless it is subsidised in some way.

Maximum Scenario

4.4.32 In the maximum scenario we reduce the intensification capacity from 232,700 sqm to 161,000. Again the reduction is partly because of typology F above – for many of the sites AECOM only recommended typology F. However, the reduction is not as significant as under the minimum scenario because a small number of the sites use typology E or B as their maximum. The capacity of B or E remains as originally specified.

4.4.33 The removal of typology A makes very little quantitative difference because most of these sites were also promoted (in AECOM) as B – with a similar but slightly reduced overall capacity. The intensification capacity of A is only around 10% higher than B. But A is unviable whereas B is approaching viability. So we have taken forward the floorspace estimates from typology B.

4.4.34 As with F discussed above this does not preclude the delivery of the slightly more intensive A format; but at the moment it is not viable to deliver and so cannot be relied on to drive the capacity estimates.

4.4.35 For one site (ST311) typology C was suggested by AECOM and with a reduced F yield could inform a new 'Max' figure. But for reasons discussed above, relating to the appropriateness of the Olympic Media Village (plus Gantry Studios) as a template we have used 'B' instead. The reduction of 'C' is modest and avoids the Council relying on the C template in its evidence base.

Average Scenario

4.4.36 The AECOM average scenario is a product of the Max and Min scenario (the report sometimes uses 'average' and other times 'midpoint'.

4.4.37 The scenario does not relate to any site nor any typology and cannot be tested. AECOM recommended the use of the 'Midpoint' scenario because it "*provides the most balanced view on what has potential to come forward between the minimum and the maximum"*

4.4.38 There is however a problem with this recommendation – the use of an average or midpoint is an acceptable way of managing risk when there are many datapoints. In summary – by taking the Midpoint AECOM would be correct 50% of the time. But here the supply is 'lumpy' and heavy dependent on the delivery of a small number of specific sites – including the single ST77 site. To what extent the Mid Point is a robust scenario depends largely on this single site.

4.4.39 So we are cautious about endorsing this scenario – because it does not manage the delivery side risk that is largely related to a single site. This suggests that the Council first needs to consider the realistic future of key sites – including ST77 as opposed to look to rely on the Midpoint or average scenario.

Changes by site

4.4.40 A list of the 13 sites and the capacity assumptions are shown at the end of this section. We show their original and amended capacities and also note why we have amended each sites capacity. The table shows the original typology as recommended by AECOM and any adjustments.

4.4.41 We have not been able to visit the AECOM sites due to the pandemic so we cannot confirm that the sites are physically suitable for the originally specified quantum of development or the reduced quantum that reflects our viability work, However -given that we mostly reduce the bulk and massing of sites, particularly reducing the bulk of the F format while retaining the more complex to deliver heavy industrial components we would not expect this reduction to raise strategic issues with the AECOM approach and their advice as to where sites are suitable for redevelopment.

4.4.42 If a site was physically suitable for a full F format property it should be suitable for an amended (reduced) F format. Also, as noted the swop between A and B formats does not result in a significant change in capacity.

4.4.43 In this assessment we cannot reconsider the impact these changes may have on job estimates in the AECOM work. With less very light industrial space the job capacity of the intensified sites may be very different. However, we would add that for industrial space, especially logistics, the main economic benefit of industrial space does not necessary flow directly from the jobs on site but the role and function the property play in efficiently servicing London.

4.4.44 One issue the Council may wish to consider further is that the majority of the table 25 intensification comes from one site; ST77.

4.4.45 If this site is developed as suggested by AECOM; for a multi deck ‘E’ format property this single scheme contributes just over 50% of all the borough (max) intensification floorspace as originally specified.

4.4.46 In our amended version of table 25 the Borough is even more dependent on this one site for 117,000 sqm of the maximum 172,000 intensified space.

Grouped Sites

4.4.47 Table 25 of the AECOM report also presents a small amount of space to be delivered via 9 ‘grouped sites’ (not included in the analysis above). These are small sites that if ‘grouped’ with other sites provides additional intensification capacity.

4.4.48 The amount additional space in the AECOM report, is modest at 18,300 sqm metres (average). However this average is informed by ‘C’ providing the min number for Group 1. We advise setting aside ‘C’ and so the range should not be used and only the Max (20,350 sqm).

4.4.49 Regarding the Max values these appear to all be driven by a F format. But the sites database is not always clear and we struggle to audit or update this number because the sites are not easily auditable. We estimate that:

- For Group 1: the additional 4,003 sqm metres comes from site ST177 coming forward as a F format in addition to the baseline 4,265 sqm metres. If we reduce the yield of the F format the uplifted intensified space adds only 1,247 sqm.

- For Group 2: ST50 appears to add 2,734 sqm in F format from a baseline of 2,913sqm. If the F yield is reduced this uplift falls to 813.

- For Group 4: four small sites appear to add 6,544 sqm in addition a 7,988 sqm baseline. If the F yield is reduced this uplift falls to 1,700 sqm.

- For Group 6: Three small sites have been added (ST83,83,84) in addition the main site (ST92). The three small sites, as an F format add 7,069 sqm over the baseline – falling to 2,202 sqm when we reduce the F yield.

4.4.50 As discussed above the reduction in intensification capacity, when we reduce the F yield by 1/3 is more significant than it may appear. Because AECOM measure intensification from a non intensified 'baseline' and this remains unchanged. However, we estimate that with the F reductions applied it would appear that almost all the the capacity is removed.

4.4.51 The sum of the above is around 6,000 sqm. But this needs to be viewed in the context that AECOM assessed around 300 sites across the Borough. Despite assessing around 300 sites in some detail the AECOM assessment identified (at best) around 20,000 sqm of additional space and given reservations re the full delivery of F (and C) possibly less (~6,000 sqm).

4.4.52 Given the complexity of managing the evidence base - which is already extensive and arguably overly complex and site specific - we would recommend setting aside the additional 'yield' from the grouped sites. The process of seeking a materially significant additional 'grouped' supply appears not to have been successful.

Updated Site Table

	Original Min		Max		Av	Amended Min		Max		Av	Diff Min	Max	Av	Reason / Comment
ST41	7,263	[F]	7,263	[F]	7,263	2,262		2,262		2,262	- 5,001	- 5,001	- 5,001	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST49	12,680	[F]	12,680	[F]	12,680	3,950		3,950		3,950	- 8,731	- 8,731	- 8,731	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST55	14,385	[F]	14,385	[F]	14,385	4,480		4,480		4,480	- 9,904	- 9,904	- 9,904	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST56	4,843	[F]	4,843	[F]	4,843	-		-		-	- 4,843	- 4,843	- 4,843	Reduction in F capacity over Aecom baseline. F is the only format identified. Note baseline was already high and so F reduction removes any uplift.
ST77	31,943	[D]	117,396	[E]	74,670	17,420	*[Change to F]*	117,396		67,408	- 14,524	-	- 7,262	Reduction in F capacity over Aecom baseline makes F the new minimum. Max remains E.
ST92	9,008	[F]	9,008	[F]	9,008	2,806		2,806		2,806	- 6,202	- 6,202	- 6,202	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST270	8,957	[F]	8,957	[F]	8,957	2,790		2,790		2,790	- 6,167	- 6,167	- 6,167	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST170	8,223	[F]	8,223	[F]	8,223	2,561		2,561		2,561	- 5,662	- 5,662	- 5,662	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST173	7,927	[F]	7,927	[F]	7,927	2,469		2,469		2,469	- 5,458	- 5,458	- 5,458	Reduction in F capacity over Aecom baseline. F is the only format identified.
ST328	5,922	[A]	9,981	[F]	7,951	3,109	*[Change to F]*	5,922	*[Change to B]*	4,515	- 2,813	- 4,059	- 3,436	Removal of A and discounting F
ST334	4,388	[B]	7,395	[F]	5,891	2,303	*[Change to F]*	4,388	*[Change to B]*	3,346	- 2,084	- 3,007	- 2,546	Discounting F
ST311	5,959	[B]	14,455	[F]	10,207	72	*[Change to F]*	5,959	*[Change to B]*	3,016	- 5,887	- 8,496	- 7,192	Reduction in F capacity over Aecom baseline moves F to Min and B as Max
ST312	6,059	[B]	10,213	[F]	8,136	3,181	*[Change to F]*	6,059	*[Change to B]*	4,620	- 2,878	- 4,154	- 3,516	Removal of A and discounting F
	127,558		**232,727**		**180,142**	**47,404**		**161,042**		**104,223**	**- 80,154**	**- 71,685**	**- 75,919**	

Appendix B

Introduction

This appendix includes site reviews and viability assessments undertaken by GMW.

In this appendix each typology is tested in detail and reported in a series of "site assessment summaries". These summaries were drafted to address, and test, a specific site.

This was because GMW needed to use the AECOM site specific data (size of site, capacity etc) to inform the testing. But it is important to note that while these are site specific assessments AECOM adopted a typology approach. The conclusions apply to the AECOM typology and so also to other sites also assessed by AECOM as being suitable for the same typology.

Additional site specific assessments are also provided to support the analysis and also the grouped sites.

In summary:

As noted in the main report very light industrial (Typology A) property is unviable today and remains unviable even when sensitivity tested. Market demand for the type of space is weak and so are the prospects that this gap can be closed in the plan period. We do not rely on the typology in Appendix A.

Typology B is not viable as specified by AECOM – mainly because the very light industrial space is not in demand and rents unable to cover the schemes costs. But GMW consider that the sites could, over the life of the plan, accommodate an amended typology that could deliver a similar quantity of space. In our Appendix A calculations we retain a small amount of 'B' space recognising that a reconfigured typology, delivering a similar amount of space, could become viable in the plan period.

Typology C is not viable and the template, the Olympics media building, inappropriate.

Typology D & E are not viable in the current market but the sensitivity testing shows that they may become viable in a strengthening logistics market. Both formats become viable should rents increase by 10% and build costs fall by 20% (or rents increase by 20% and build costs fall).

For Typology F, as with C, AECOMs template choice is not ideal. The Brink Building, Den Haag, was designed in 1999 and delivered in 2001 – so is now over 20 years old. GMW conclude that the very light space in this mixed industrial/very light industrial building is determinantal to the schemes viability. While D & E are also unviable in the current market the prosect for rental growth much greater. In appendix A we have discounted the capacity of F sites by 1/3rd reflecting the fact that the upper floors are likely to be remain unviable and cannot be relied on to deliver new space in the plan period. As noted in the report this assumption does not extinguish the theoretical full capacity of the sites but, for the purpose of plan making, there is no evidence this is deliverable.

In this appendix:

Site assessment summaries (including supporting text / comment) for:

Typology A (site ST334 & ST312)
Typology B (site ST328)
Typology C (site ST311)
Typology D (site ST77)
Typology E (site ST77)
Typology F (site ST 41)

Main Appraisals for:

ST41
ST55
ST56
ST77 (typology D)
ST 77 (typology E)
ST270
ST311
ST312
ST328
ST334

Grouped Appraisals for:

Group Summaries
Group 1 (typology C)
Group 1 (typology F)
Group 2 (typology F)
Group 3 (typology F)
Group 4 (typology F)
Group 6 (typology F)

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Site Intensification Summary

ST334 – Crown Road, Enfield, EN1 1TH

Site Details	
Site Identification	ST334
Aecom Typology	**A** Stacked Light Industrial 'light industrial units which do not require operational yards and are therefore stackable, served by cargo lifts'
Aecom End User	Light manufacturing, motor trade (ground floor only)
Aecom Justification	n/a
Site Area	2.99 Acres
Existing Floorspace	4,322 sq m
Proposed Floorspace	13,891 sq m
Industrial (B2/B8)	0 sq m
Light Industrial	13,891 sq m (GF: 25 kN/m2) (UF: 7.5 kN/m2)
Gain /Loss	9,569 sq m
Planning Designation	SIL
Immediate Prospects for Intensification	No
Site Plan	**Aerial**

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Financial Viability Assessments		
Average Blended Rent	£9.25	
Yield	6.5%	
Rent Free Period	12 months	
Void Period	*Ground Floor*	12 months
	Upper Floors	60 Months
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Build Costs	£148.35 per sq ft	
Site Preparation	£0	
Planning Costs	Mayoral CIL	£574,140
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20.00% Profit on Cost	
Outcomes		
Residual Land Value	Negative £14,987,387	

Sensitivity Analysis

	Construction: Rate /ft²				
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	12,112,390	14,833,323	17,557,766	20,284,012	23,010,257
-10%	10,832,100	13,549,890	16,270,820	18,994,224	21,720,470
0 %	9,555,052	12,269,381	**14,987,387**	17,708,317	20,430,683
10%	8,283,413	10,992,331	13,706,656	16,424,885	19,145,814
20%	7,014,306	9,719,216	12,429,610	15,143,933	17,862,382

We have significant concerns with the 'light industrial' multi storey proposition with goodslifts and believe this would remain vacant for some period as we do not believe currently there is a large enough target occupier market for this type of property. At this stage we have not incorporated developers holdings costs such as empty rates etc but have allowed for a lengthy void period. We would not recommend this type of development on a speculative basis as the 'light industrial' on the upper floors accessed by goods lifts only is likely to remain vacant for an extended period of time as the pool of occupiers in the market looking for this type of space will be drastically reduced. The floor loading capacities provided (GF Light Industrial **25k/N** | Upper floors Light Industrial **7.5k/N**) appear light when compared to the market norm for ground floor industrial. We would therefore suggest in order for the industrial to be suitable for the currently market additional floor loading capacity would be required which will increase costs by 20%/30% in line with the GLA's Build Costs, this should be noted when reviewing the following sensitivity. Crucially we are of the opinion ramps would be required to the upper parts to make the unit fit for purpose.

Development timelines

In carrying out our appraisals we have assumed realistic development timescales inline with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development (letting)	60	Apr-22	Mar-28

Commentary

Location

The site is located to the east of Crown Road, with the A10 Great Cambridge Road to the west. The railway line runs along the eastern boundary of the site. Access to the site is good with a single wide access point on Crown Road. The site is found on an industrial cluster made up for industrial warehouses, a supermarket, retail warehouses, trade counters and a British Car Auctions site. Southbury Station served by the London Overground is close by and there are various local bus routes. The site has a PTAL rating of 1a and 2 which is relatively poor.

Site Physical Characteristics

The site is a slightly awkward shape with Crown Road wrapping the western edge of the site. The site is currently used as a storage facility for heavy plant machinery and there is very little build content.

Rents

Rents in this area are currently in the range of £9.00 up to £17.00 per sq ft subject to age of building, height, loading, access and quality. Segro are quoting £20 psf on A10 Exchange on a small unit of 3,602 sq ft.

The Market for selected Typology A in the area

The building example used in Typology A was created following an architectural competition to promote small and start-up businesses. The height on the ground floor limits cubic capacity and the upper floor internal space is more a kind to office/studio space with low ceiling heights:

We have dealt with old factory buildings throughout London over the years and the reality of 'industrial' units serviced by goods lifts… they become quasi office or studio space as they are inefficient for generic industrial occupiers to operate efficiently from the upper parts. The example building has 11,000 sq m of commercial space however the main useable area is 8,904 sq m, thus net to gross would be a factor when reviewing on design led

scheme. The subject example has 2 goods lifts servicing the whole building which suggest it is not suitable to be reviewed as an option for large scale roll out in aid of industrial intensification. This could occur in much smaller existing buildings but delivering a bespoke development creating some c.206,000 sq ft on one site is impractical in Enfield and the void period and risk would mean this would be a very remote proposition. The self-storage market operates a more efficient model using goods lifts but again this caters for a very small part of the market.

There are no known modern developments similar to the proposed typology building in this borough which has been developed for industrial users. At present there would be limited market appeal outside of studio/office occupiers for the upper parts which defeats the purpose. The ground floor is also constrained and alternative industrial development would be reviewed ahead of that proposed. The scheme would require better parking, loading and vehicular turning circles to cater for the 150,000 sq ft of accommodation.

The image below shows the scheme with ground floor units and 2 goods lift providing access to the upper parts:

Developers and land owners would be taking on significant risk to build a product where there are high build costs, development finance may be difficult to obtain and thus more expensive, the repair and running costs will be higher and therefore the service charge costs past on the occupiers will be higher, making the overall holding costs disproportionately high when compared to traditional industrial developments. Currently the scheme is not viable due to cost and estimated rental income. This s unlikely to change in the near future as alternative industrial developments will yield better returns for less risk.

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Development Potential

The site is approximately 2.99 acres of largely under developed land and therefore intensification could happen by building a market acceptable industrial warehouse scheme similar to Great Cambridge Industrial Estate. It is unlikely multi-deck industrial will be feasible and viable on the site in the future as the site is too small unless it is considered with ST331. Generally today, it is considered you require a minimum of 4.95 acres (2 Ha) to consider multi-deck development.

In the absence of a multi-deck option or reviewing ST334 with ST331 to create a larger site. A smaller standard institutionally acceptable industrial warehouse scheme similar to Great Cambridge Industrial Estate could be considered. Further consideration relating to industrial intensification could be reviewed on a cubic capacity basis with increased eaves.

Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Small industrial Structural uplifts":

<u>Ground Floor Industrial</u> | 25 kN/m2 UDL floor loading - £182.40/ft2

<u>Light Industrial multi storey (good lifts)</u> | 7.5kN/m2 UDL floor loading - £139.84/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

**It is our expectations that actual build costs for this scheme when intimately analysed will increase above the figures stated above.

RICS Compliance

We recognise our role to comply with the standards set out in *RICS Professional Statement - Financial Viability in Planning: Conduct and Reporting 2019*. We confirm that these high level assessments have been carried out:

- With objectivity
- Impartially
- Without interference and
- With reference to all appropriate sources of information available.

We confirm we have no conflicts of interest and are not instructed on a performance related fee basis.

The information and inputs we have referred to are market based and not based on inputs provided by the Local Authority, we have not been influenced by any commercial or political pressures.

We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

We have included non-technical summaries which can be understood by non-specialists.

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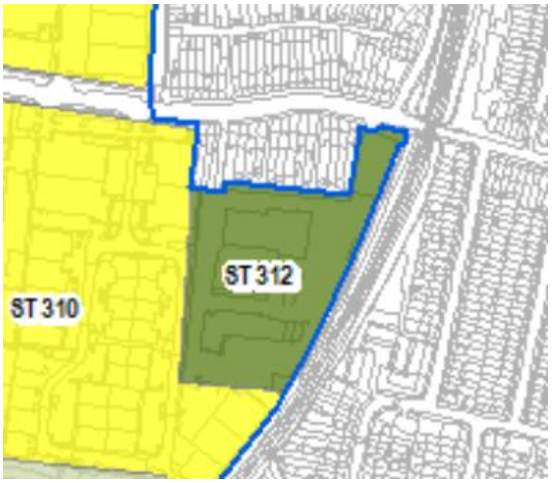
Site Intensification Summary

ST312 – 277 Lincoln Road, Enfield, EN1 1ST

Site Details	
Site Identification	ST312
Aecom Typology	**A** Stacked Light Industrial 'light industrial units which do not require operational yards and are therefore stackable, served by cargo lifts'
Aecom End User	Light manufacturing, motor trade (ground floor only)
Aecom Justification	n/a
Site Area	4.13 Acres
Existing Floorspace	3,658 sq m
Proposed Floorspace	19,184 sq m
Industrial (B2/B8)	0 sq m
Light Industrial	19,184 sq m (GF: 25 kN/m2) (UF: 7.5 kN/m2)
Gain /Loss	15,526 sq m
Planning Designation	SIL
Immediate Prospects for Intensification	N
Site Plan	**Aerial**



Financial Viability Assessments		
Average Blended Rent	£9.25 per sq ft	
Yield	6.5%	
Rent Free Period	12 months	
Void	*Ground Floor*	12 months
	Upper Floors	60 Months
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Average Build Costs	£148.35 per sq ft	
Site Preparation	£0	
Planning Costs	Mayoral CIL	£931,560
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20.00% Profit on Cost	
Outcomes		
Residual Land Value	Negative £23,933,449	

We have significant concerns with the 'light industrial' multi storey proposition with goods lifts and believe this would remain vacant for some period as we do not believe currently there is a large enough target occupier market for this type of property. At this stage we have not incorporated developers holdings costs such as empty rates etc but have allowed for a lengthy void period. We would not recommend this type of development on a speculative basis as the 'light industrial' on the upper floors accessed by goods lifts is likely to remain vacant for an extended period of time as the pool of occupiers in the market looking for this type of space will be drastically reduced. The floor loading capacities provided (GF Light Industrial **25k/N** | Upper floors Light Industrial **7.5k/N**) appear light when compared to the market norm for ground floor industrial. We would therefore suggest in order for the industrial to be suitable for the currently market additional floor loading capacity would be required which will increase costs by 20%/30% in line with the GLA's Build Costs, this should be noted when reviewing the following sensitivity.

Sensitivity Analysis

Construction: Rate /ft²					
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	19,375,506	23,700,756	28,032,777	32,367,806	36,707,812
-10%	17,337,564	21,654,478	25,979,728	30,309,827	34,644,856
0 %	15,306,288	19,616,515	**23,933,449**	28,258,699	32,586,877
10%	13,283,197	17,583,214	21,895,465	26,212,421	30,537,670
20%	11,269,992	15,560,112	19,860,759	24,174,416	28,491,393

Development timelines

In carrying out our appraisals we have assumed realistic development timescales inline with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development (letting)	60	Apr-22	Mar-28

Commentary

Location

The site is located on the southern side of Lincoln Road with the A10 Great Cambridge Road to the est. Access is good with two entrances of off Lincoln Road operating as a one way system, there are traffic lights leading onto the A10. The area in general is made up of industrial warehouses, retail warehouses and car dealerships as well as a large residential estate to the east of the site. The site is part of a large industrial cluster which runs vertically parallel to the A10. Southbury Station is close by and served by the London Overground, there are multiple local bus routes and the area has a PTAL rating of 1B which is second from the worst.

Site Physical Characteristics

The site is tapered in shape with no road frontage. There is a terrace of residential properties fronting Lincoln Road and the railway line runs parallel on the eastern site boundary. The site is currently home to BT, who operate some of their vehicle fleet from the site.

Rents

Rents in this area are currently in the range of £9.00 up to £17.00 per sq ft subject to age of building, height, loading, access and quality. Segro are quoting £20 psf on A10 Exchange on a small unit of 3,602 sq ft.

The Market for selected Typology A in the area

The building example used in Typology A was created following an architectural competition to promote small and start up businesses. The height on the ground floor limits cubic capacity and the upper floor internal space is more a kind to office/studio space with low ceiling heights:

We have dealt with old factory buildings throughout London over the years and the reality of 'industrial' units serviced by goods lifts… they become quasi office or studio space as they are inefficient for generic industrial occupiers to operate efficiently from the upper parts. The example building has 11,000 sq m of commercial space however the main useable area is 8,904 sq m, thus net to gross would be a factor when reviewing on design led scheme. The subject example has 2 goods lifts servicing the whole building which suggest it is not suitable to be reviewed as an option for large scale roll out in aid of industrial intensification. This could occur in much smaller existing buildings but delivering a bespoke development creating some c.206,000 sq ft on one site is impractical in Enfield and the void period and risk would mean this would be a very remote proposition. The self-storage market operates a more efficient model using goods lifts but again this caters for a very small part of the market.

There are no known modern developments similar to the proposed typology building in this borough which has been developed for industrial users. At present there would be limited market appeal outside of studio/office occupiers for the upper parts which defeats the purpose. The ground floor is also constrained and alternative industrial development would be reviewed ahead of that proposed.

The image below shows the scheme with ground floor units and 2 goods lift providing access to the upper parts:

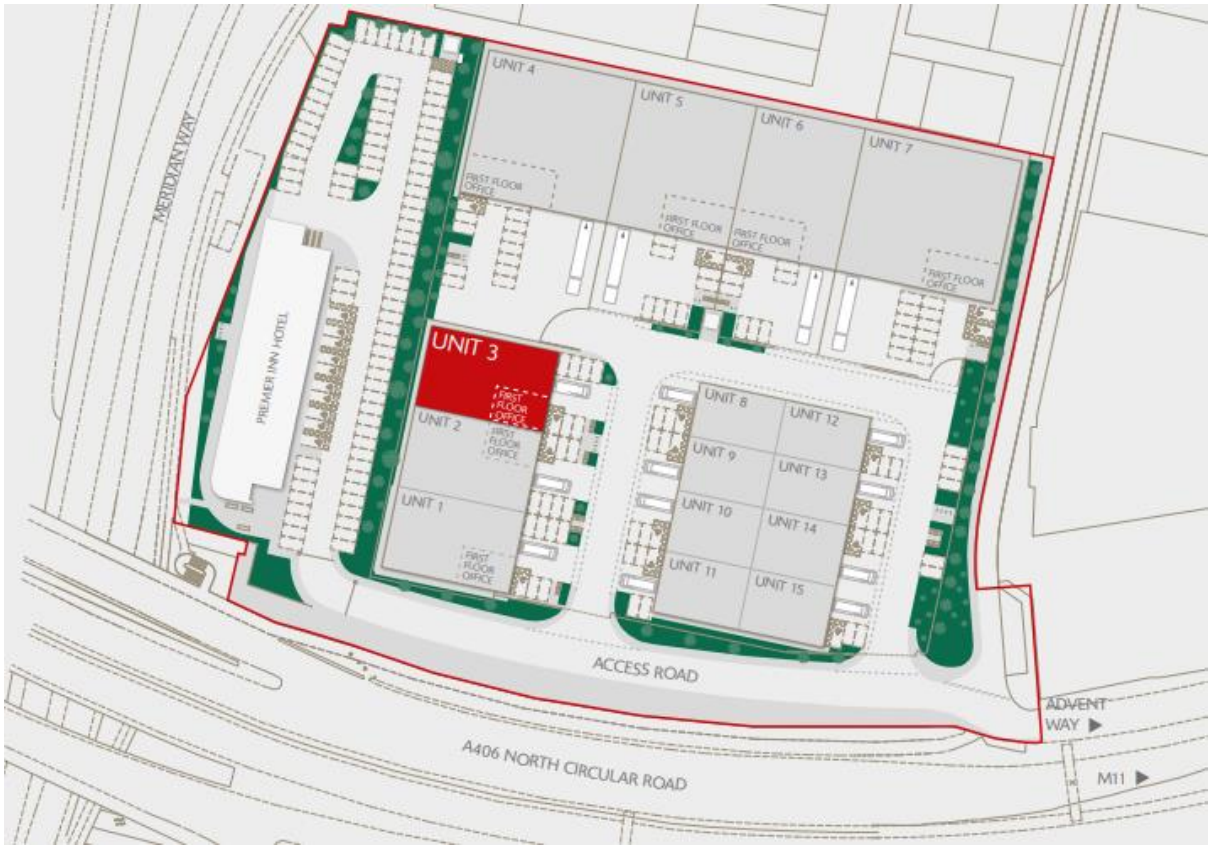
Developers and land owners would be taking on significant risk to build a product where there are high build costs, development finance may be difficult to obtain and thus more expensive, the repair and running costs will be higher and therefore the service charge costs past on the occupiers will be higher, making the overall holding costs disproportionately high when compared to traditional industrial developments. Currently the scheme is not viable due to cost and estimated rental income. This s unlikely to change in the near future as alternative industrial developments will yield better returns for less risk.

Development Potential

The site is approximately 4.13 acres and therefore it is unlikely multi-deck industrial will be feasible and viable on the site. Generally today, it is considered you require a minimum of 4.95 acres (2 Ha) to consider multi-deck development.

In the absence of a multi-deck option or reviewing ST312 with ST310 to create a larger site. A smaller standard institutionally acceptable industrial warehouse scheme similar to Advent Business Park or Great Cambridge Industrial Estate could be considered. Further consideration relating to industrial intensification could be reviewed on a cubic capacity basis with increased eaves.

Advent Business Park:



Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Small industrial Structural uplifts":

<u>Ground Floor Industrial</u> | 25 kN/m2 UDL floor loading - £182.40/ft2

<u>Light Industrial multi storey (good lifts)</u> | 7.5kN/m2 UDL floor loading - £139.84/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

**It is our expectations that actual build costs for this scheme when intimately analysed will increase above the figures stated above.

RICS Compliance

We recognise our role to comply with the standards set out in *RICS Professional Statement - Financial Viability in Planning: Conduct and Reporting 2019*. We confirm that these high level assessments have been carried out:

- With objectivity
- Impartially
- Without interference and
- With reference to all appropriate sources of information available.

We confirm we have no conflicts of interest and are not instructed on a performance related fee basis.

The information and inputs we have referred to are market based and not based on inputs provided by the Local Authority, we have not been influenced by any commercial or political pressures.

We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

We have included non-technical summaries which can be understood by non-specialists.

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Site Intensification Summary

ST328 – Crown Works, Southbury Road, Enfield EN1 1UD

Site Details	
Site Identification	ST328
Aecom Typology	**B** Two Storey with Shared Yard 'A group of ground dependent and small stackable units with clustered shared yards and LGV ramp/goods lifts, designed to maximise efficiency'
Aecom End User	Construction, manufacturing, transport and logistics, building trade, motor trade and wholesale
Aecom Justification	n/a
Site Area	4.04 Acres
Existing Floorspace	10,092 sq m
Proposed Floorspace	18,749 sq m
Industrial (B2/B8)	18,749 sq m (GF:50 k/N – GLA) (UF:35 k/N – GLA)
Light Industrial	0 sq m
Gain /Loss	8,657 sq m
Planning Designation	SIL
Immediate Prospects for Intensification	No
Site Plan	**Aerial**

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chartered surveyors

Financial Viability Assessments		
Average Blended Rent	£13.50	
Yield	5%	
Rent Free Period	12 months	
Void Period	24 Months (included in timescales)	
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Average Build Costs	£277.08 per sq ft	
Site Preparation	£0	
Planning Costs	Mayoral CIL	£519,420
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20.00% Profit on Cost	
Outcomes		
Residual Land Value	Negative £41,049,305	

Sensitivity Analysis

Construction: Rate /ft²					
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	32,970,437	41,096,776	49,233,076	57,382,596	65,537,191
-10%	28,903,310	37,009,871	45,135,549	53,267,529	61,417,057
0 %	24,857,001	32,942,743	**41,049,305**	49,174,321	57,304,023
10%	20,827,726	28,893,339	36,982,177	45,088,739	53,213,093
20%	16,816,073	24,857,253	32,929,673	41,021,613	49,128,173

Development timelines

In carrying out our appraisals we have assumed realistic development timescales in line with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development (letting)	24	Apr-22	Mar-25

Commentary

Location

The site is located to the north of Southbury Road A110 with the A10 Great Cambridge Road to the west and Crown Road runs on the eastern perimeter. Another industrial site borders (ST325) immediately to the west. Access to the site is average with 3 entrances found on the southern and eastern edges. The site is in an industrial cluster, populated with industrial warehousing, retail warehousing, trade counters and a supermarket. Southbury Station served by the London Overground is close by and there are various local bus routes serving the area. The site has a PTAL rating of partially 4 and partially 3, which is average to good.

Site Physical Characteristics

The site comprises various 20th century 'business' and industrial units with a large amount of open yard area. Whilst this space will let in the market at a discount, it is not premium grade space. That said however, secondary industrial space is important for a range of business uses.

The developability of this site is restricted because ST329 'Formula One Autocentres' is not included, if it were include the site would be a more uniform shape and lends itself better to re developed given the wider frontage on Southbury Road.

Rents

Rents in this area are currently in the range of £9.00 up to £17.00 per sq ft subject to age of building, height, loading, access and quality. Segro are quoting £20 psf on A10 Exchange on a small unit of 3,602 sq ft.

The Market for selected Typology B in the area

There are no modern developments similar to the proposed typology building in this borough although there is a similar older generation scheme in Park Royal, NW10 although the ramps do not allow for vehicular loading. The building in Park Royal is mainly office /studio occupiers today. The building in the example provided would not be suitable for the market however a similar re-designed format could work with better loading, access and parking on ground floor. The ramps would need to take more weight and the warehouse units on the lower and upper deck would need better height. You would limit the space only accessible via goods lift as the target occupier market is significantly reduced and there would be considerable risk developing such stock on a speculative basis. Similar to Typology A, where the blue industrial / light industrial units with vehicular access, roller shutter doors with loading and parking above would be in keeping with market expectations subject to the comments above. Circulation space and loading on the upper deck would need to be improved.

The image below shows the ground floor access. Unfortunately this reminds me of many older generation factory buildings such as Park Royal House in NW10 where the site cover is high with poor loading and parking provisions. You will note the occupiers are parking on the estate road which would limit access. This shows the reality on the ground:

The photo below shows again the lack of parking and loading:

There are weight limitations on the ramp and upper deck, it should be kept in mind that the majority of occupiers cannot prescribe the type of goods vehicle delivering their products. Most third party logistics companies work from economies of scale and many industrial occupiers are expected to accept deliveries from large heavy goods vehicles, bespoke arrangements can be very costly:

You will note the overall height does not deliver significantly more cubic capacity than the cheaper standard warehouse surrounding this unit which raises environmental and sustainability issues:

Park Royal House, NW10 is not so dissimilar. I have dealt with his building historically and the rent was at a substantial discount to the wider industrial market. They make the most of the traditional construction however the high density site coverage is problematic and you would not build this today to meet the needs of a modern industrial occupier. You will also note the problems with parking access and loading on Cullen Way similar to the example building:

Roof parking at Park Royal House, for over 10 years this could not be used as the repair costs were not viable:

Developers and land owners would be taking on significant risk to build a product where there are high build costs, development finance may be difficult to obtain and thus more expensive, the repair and running costs will be higher and therefore the service charge costs past on the occupiers will be higher, making the overall holding costs disproportionately high when compared to traditional industrial developments such as Great Cambridge Industrial Estate for example. Currently the scheme is not viable due to cost and estimated rental income.

Conceivably rolling out a scheme of this nature offering with over 200,000 sq ft on a speculative basis would carry significant risk given the untested market. This could change in the next 10 years however serious consideration to parking and loading would need to be given and further analysis relating to goods lift only industrial will be required as this only caters for a very small share of the market.

Development Potential

Segro's Great Cambridge Industrial Estate south of the subject location illustrates the type of space the market requires albeit there would be further modern functionality and design, perhaps with increased eaves heights.

Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Large industrial structural uplifts":

<u>Industrial GF</u> | 50 kN/m2 UDL floor loading - £333.20/ft2

<u>Industrial upper floor</u> | 35 kN/m2 UDL floor loading - £220.96/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

RICS Compliance

We recognise our role to comply with the standards set out in *RICS Professional Statement - Financial Viability in Planning: Conduct and Reporting 2019*. We confirm that these high level assessments have been carried out:

- With objectivity
- Impartially
- Without interference and
- With reference to all appropriate sources of information available.

We confirm we have no conflicts of interest and are not instructed on a performance related fee basis.

The information and inputs we have referred to are market based and not based on inputs provided by the Local Authority, we have not been influenced by any commercial or political pressures.

We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

We have included non-technical summaries which can be understood by non-specialists.

Grant Mills Wood
chartered surveyors

Site Intensification Summary

ST311 – Martinbridge Trade Park, Lincoln Road, Enfield, EN1 1SP

Site Details	
Site Identification	ST311
Aecom Typology	**C** Small Stackable Studio Units 'A group of small stackable units attached to a ground dependent larger industrial building, creating an active frontage to a large unit.'
Aecom End User	Construction, manufacturing, wholesale
Aecom Justification	n/a
Site Area	8.46 Acres
Existing Floorspace	28,694 sq m
Proposed Floorspace	37,670 sq m
Industrial (B2/B8)	0 sq m
Light Industrial	37,670 sq m (35 k/N - GLA)
Gain /Loss	8,976 sq m
Planning Designation	SIL
Immediate Prospects for Intensification	N
Site Plan	**Aerial**

Grant Mills Wood
chartered surveyors

Financial Viability Assessments		
Average Blended Rent	£9.25	
Yield	6.5%	
Rent Free Period	12 months	
Void Period	60 months (included in timescales)	
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Build Costs	£220.96 per sq.ft	
Site Preparation	£0	
Planning Costs	Mayoral CIL	£538,560
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20.00% Profit on Cost	
Outcomes		
Residual Land Value	Negative £92,697,363	

Sensitivity Analysis

Construction: Rate /ft²					
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	74,285,962	86,998,347	99,719,367	112,443,369	125,179,270
-10%	70,789,343	83,491,662	96,202,843	108,923,865	121,644,908
0%	67,302,877	79,995,043	**92,697,363**	105,407,340	118,128,363
10%	63,826,289	76,504,994	89,200,744	101,903,064	114,611,837
20%	60,356,616	73,028,418	85,707,112	98,406,444	111,108,765

Development timelines

In carrying out our appraisals we have assumed realistic development timescales in line with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development (letting)	60	Apr-22	Mar-28

Grant Mills Wood
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Commentary

Location

The site is located on the northern side of Lincoln Road with the A10 Great Cambridge Road to the est. Access is good with two entrances of off Lincoln Road operating as a one way system, there are traffic lights leading onto the A10. The area in general is made up of industrial warehouses, retail warehouses and car dealerships as well as a large residential estate to the east of the site. The site is part of a large industrial cluster which runs vertically parallel to the A10. Southbury Station is close by and served by the London Overground, there are multiple local bus routes and the area has a PTAL rating of 1B which is second from the worst.

Site Physical Characteristics

Martinbridge Trade Park is an older style established industrial location within this area. The building are a mixture of 20th century park brick part corrugated steel warehouses and some modern steel portal frame units with steel profile cladding. The buildings are surrounded by an access road that runs the perimeter of the site, essentially giving it 360 degree circulation. The space currently being offered on the site is in good demand within the market, there is little vacancy on the estate which illustrates this. The site already has particularly high site cover which is not attractive to many distribution operators, you will note from the aerial photo below taken from the investment sale brochure (Nov 2020) ST317 is included within the ownership which if included in the subject Typology would increase the site to 11.21 acres:

Rents

Rents on this estate are currently in the range of £7.20 - £16.00 per sq ft (the later has been achieved on one unit in 2018 of c9,300 sq ft). The below is a refurbished overclad unit of 38,507 sq ft which is on the market at £20.00 psf which is artificial and ultimately relates to the current investment sale:

The Market for selected Typology C in the area

The quirky nature of Typology C and the example used with its bright colours and interesting forms are indeed architecturally interesting to look at however they are not going to help with the intensification of industrial land, they will compound the problem. The Trampery are a selection of small quirky units on the Gantry which is part of the Broadcast Centre at the Olympics Park and thus the vast construction costs were met by the Olympic Delivery Committee and it is inconceivable you could roll out 37,670 sq m of micro start up units in one scheme never mind on a borough wide scale. There will be a place for this type of small scale quirky development but it should not be considered within the industrial intensification strategy as it is highly inappropriate for sites such as ST311 and not what the market requires. The structure of the lease at the example given is on a turnover basis and the type of space is not suited to the Typology description: 'Construction, manufacturing, wholesale'. They are "low cost studio and desk space for creatives". I would agree that a small meanwhile element could be an attractive addition to a large urban industrial area however it would be on a very specific location basis where a target market could be identified.

There is no industrial access or servicing and in reality developers and land owners would be taking on significant risk to build a very bespoke product at significant cost with no recognised established market on the scale proposed. In Hackney, Camden etc this may be possible on a small scale however the Typology is fundamentally flawed. If these schemes were required in the market more would have been speculatively delivered by the private sector. In this particular example the rents achievable for the existing stock are likely to be higher than the estimated rental value for the proposed space and therefore given the significant build costs would not be viable if current market trends continue.

Development Potential

In the future the scheme, due to its location, is likely to be more suited to multi-decked industrial similar to Typology D which would not be viable currently.

The likely development potential is for the existing units to be refurbished or a full-scale redevelopment however the economical lifetime of the existing product post refurbishment may well make full-scale redevelopment for a Segro Enfield Park or similar with smaller multi let units uneconomical.

As mentioned above ST311 could be looked at along with ST317 as the whole site is under one ownership which if included in the subject Typology would increase the site to 11.21 acres

Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Large industrial Structural uplifts":

Group Dependant Industrial Building | 35 kN/m2 UDL floor loading - £220.96/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

RICS Compliance

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We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

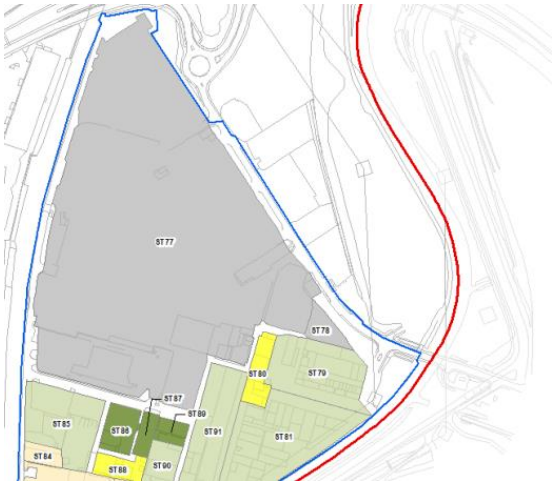
We have included non-technical summaries which can be understood by non-specialists.

Grant Mills Wood
chartered surveyors

Site Intensification Summary

ST77 – Harbet Road, Edmonton, N18 3QQ

Site Details	
Site Identification	ST77
Aecom Typology	**D** 3 Storey Industrial with HGV Ramps 'A group of large and medium stackable and ground dependent units, maximising land use. Potential to stack smaller light industry on top of large units served by cargo lifts. Consolidated, multi-level parking on site.'
Aecom End User	Manufacturing, transport and logistics, building trade and retail and wholesale.
Aecom Justification	n/a
Site Area	22.66 Acres
Existing Floorspace	0 sq m (cleared site)
Proposed Floorspace	91,537 sq m
Industrial (B2/B8)	91,537 sq m (GF: 50kN/m2) (UF: 35kN/m2)
Light Industrial	0 sq m
Reported Gain /Loss	91,537 sq m
Planning Designation	SIL
Immediate Prospects for Intensification	Y
Site Plan	**Aerial**



Financial Viability Assessments		
Average Blended Rent	£15.00	
Yield	4%	
Rent Free Period	12 months	
Void Period	12 months (included in timescales)	
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Average Build Costs	£258.30 per sq ft	
Site Preparation	£0	
Planning Costs	Mayoral CIL	£5,492,220
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20.00% Profit on Cost	
Outcomes		
Residual Land Value	Negative £81,650,336	

Sensitivity Analysis for Let Scheme

	Construction: Rate /ft²				
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	66,704,899	103,657,481	140,756,062	177,952,305	215,269,889
-10%	37,458,368	74,177,672	111,113,766	148,179,013	185,375,254
0 %	8,507,574	44,918,262	**81,650,336**	118,569,997	155,623,662
10%	-13,919,963	15,917,737	52,378,155	89,122,999	126,026,417
20%	-33,716,328	-8,820,318	23,352,376	59,848,418	96,595,663

Multi deck industrial warehouse units are likely to be the solution to the industrial markets problems in the future. As you will note from the above, build costs and rental income are currently the main problem in a schemes viability. On a speculative basis with grant funding or subsidies in place this type of logistics accommodation would be accepted by the market so long as premium rents were not required over and above that required for a standard new industrial unit (similar to Segro Enfield Park).

Development timelines

In carrying out our appraisals we have assumed realistic development timescales in line with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development (letting)	12	Apr-22	Mar-23

Commentary

Location

The site is located between the elevated A406 North Circular Road to the North, Harbet Road to East, Silvermere Drive to the South and the River Lee Navigation (RLN) to the West. Across RLN is the Ravenside Retail Park which Amazon have acquired for £51.4m (128,000 sq ft - Jan 20) to convert to a logistics hub.

The site benefits from very good access to the A406 via Cooks Ferry Roundabout to the North of the site and thus the site would make a particularly good logistics location. The wider area comprise of traditional industrial warehouse occupiers, alongside trade, self-storage, wholesale and motor trade. The traditional nature of the area Height (+5m), industrial floor loading capacity, roller shutter door, loading area, parking and they will have standard industrial utilities requirements.

Site Physical Characteristics

A desktop view of the site would suggest that it is currently surfaced predominately with concrete, perhaps the remnants of dismantled buildings. The site appears to be vacant however there is a small section in northern corner being used for HGV storage. The site is triangular in shape which is likely to impede the developable area as uniform shaped buildings are generally preferred, however these corners may provide good space to build ramps for access to upper floors.

Rents

Rents in this area are currently in the range of £9.25 - £14.00 per sq ft subject to age, height, loading, access, quality, condition and precise location.

Segro Park Enfield, East Duck Lees Lane, Enfield, EN3 7SS would be considered Enfields newest premier distribution estate. Quoting: £14.00 psf - 49,171 | 65,806 | 117,476 sq ft

Ground floor warehouse units with a standard office content. Specification: between 5 and 9 loading doors, yard depth from **40m up to 62m**, **12m** to the haunch, **50 kN/m2** floor loading, 38 - 63 allocated parking spaces - Suitable for warehouse, production trade and pharmaceutical use.

The Market for selected Typology D in the area

There are no modern developments similar to the proposed typology building in this borough which has been developed for industrial users. The example in the UK which is often referred to is that of X2 development at Heathrow, however the reality is multi-level industrial in the UK is a new/emerging product which has not been delivered in any scale. Whilst this development was a Litmus test for the market in 2008 and the unit is visually unoffensive given its scale, there were issues. The final unit on the upper deck was not let until Q.2 2016 therefore it took 8 years to fully occupy the unit and we understand initially rents on the upper deck where substantially below new ground floor warehouse units in the area. When you compare X2 with Segro's Enfield Park things have moved on but crucially you will note the upper deck at X2 was delivered with 15kN/m2 floor loading which is some way off the 50kN/m2 delivered at Segro Enfield Park which will materially impacted the type of occupier

who can occupy the space. It is accepted that floor loading needs to allow for higher racking and associated automated machinery/equipment in larger units. Whilst X2 (photo below) may have had its difficulties, it was eventually fully let and the project does stand to highlight the complexities around delivering multi-level industrial accommodation and the risk and costs involved.

You will be aware that other cities around the world have delivered multi-level warehousing to increase capacity. Viability is the key consideration and having looked at various schemes many sites in London will not currently be feasible or indeed viable. There is an expectation in the market that it is a case of when, not if, more multi-level schemes come forward however for this to happen supply needs to diminish, rents need to increase and new technologies and construction methods need to reduce overall completed costs. As you will be aware some multi-level industrial in other countries is heavily subsidised which is perhaps one route to incentivise intensification of industrial land where unviable schemes could be made viable sooner. If you consider Sunset Industrial Park's (Brooklyn) proposed multi-level industrial unit, the design allows for 2 floors with 11m (each) and levels 3 and 4 benefit from 8.5m, totalling over 39m which would be comparable in height to similar single storey traditional units.

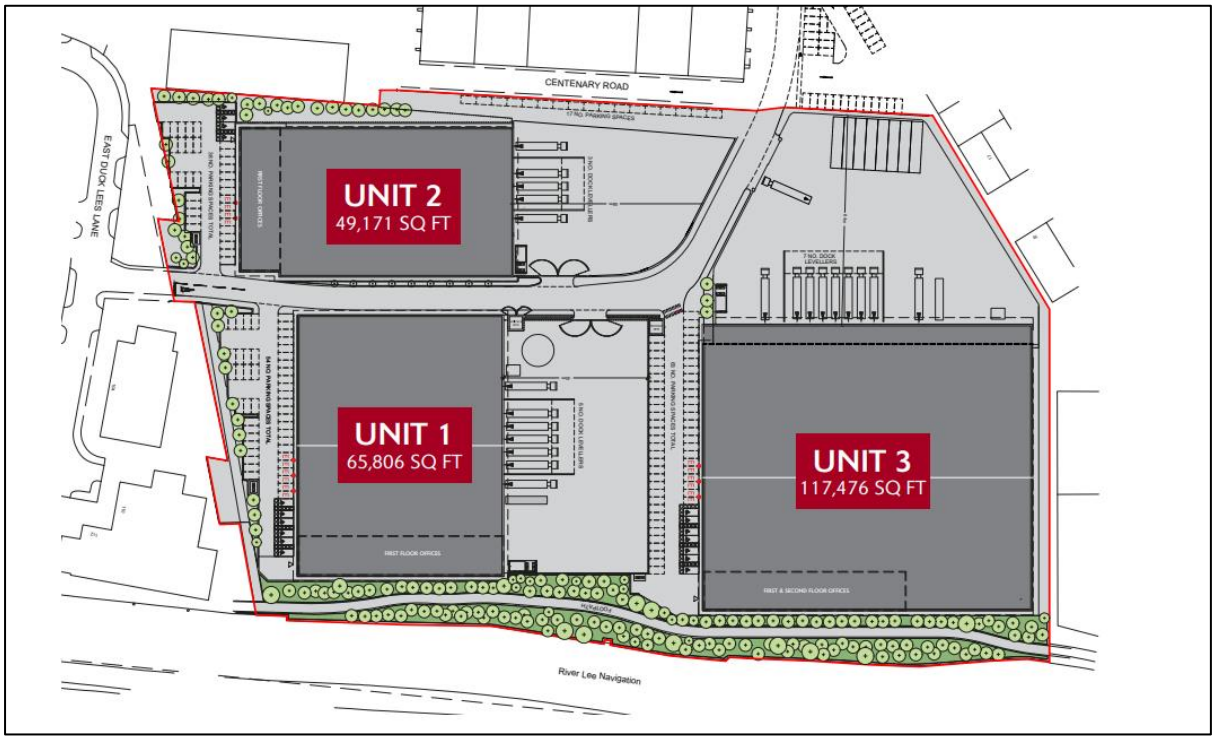
Developers and land owners would be taking on significant risk to build a product where there are high build costs, development finance may be difficult to obtain and thus more expensive, the repair and running costs will be higher and therefore the service charge costs past on the occupiers will be higher, making the overall holding costs disproportionately high when compared to traditional developments such as Segro Enfield Park for example. Currently the scheme is not viable due to cost and estimated rental income. This could change in the next 5-10 years if industrial warehouse rents see the increase in rents the market predicts and better cheaper construction methods and technologies are developed. I have little doubt we will see more of these schemes in London in the future however at present many schemes are not financially viable and if they were, Segro Park in Enfield would be a Multi-Level industrial warehouse facility.

Grant Mills Wood
chartered surveyors

Development Potential

The site is very well located for multi-Level industrial however in the absence of Local Authority or GLA subsidies / funding, it would appear viability will be the main issue. Given the suitable location and scale of the site, further investigations should be made as to the specific scheme and build costs.

At present it is likely that a scheme similar to Segro Park Enfield or a single large distribution warehouse would be the market preference currently:



Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Large Industrial Structural uplifts":

<u>Industrial Ground Floor</u> | 50kN/m2 UDL floor loading - £333.20/ft2

<u>Upper Floors Industrial Multi Level</u> | 35kN/m2 UDL floor loading - £220.96/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

**Further investigations should be made in relation to costs subject to detailed design and engineering input on a site by site basis.

RICS Compliance

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We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

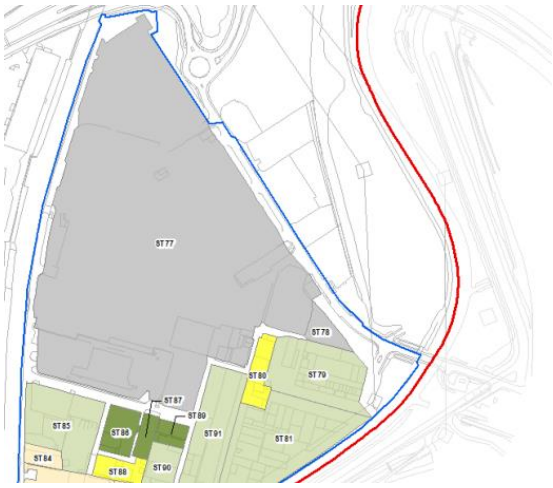
We have included non-technical summaries which can be understood by non-specialists.

Grant Mills Wood
chartered surveyors

Site Intensification Summary

ST77 – Harbet Road, Edmonton, N18 3QQ

Site Details	
Site Identification	ST77
Aecom Typology	**E** 5 Storey Industrial with HGV Ramps 'A group of large units serving both ground dependent or stackable units. Each floor has an operational yard with direct HGV access via ramps'.
Aecom End User	Wholesale, transport and logistics
Aecom Justification	n/a
Site Area	22.66 Acres
Existing Floorspace	0 sq m (cleared site)
Proposed Floorspace	176,989 sq m
Industrial (B2/B8)	176,989 sq m (GF: 50kN/m2) (UF: 35kN/m2)
Light Industrial	0 sq m
Gain /Loss	176,989 sq m
Planning Designation	SIL
Future Prospects for Intensification	Y/N
Site Plan	**Aerial**



Financial Viability Assessments		
Rent	£15.00	
Yield	4%	
Rent Free Period	12 months	
Void Period	12 months (included in timescales)	
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Build Costs	£258.30 per sqm	
Site Preparation	£0	
Planning Costs	Mayoral CIL	£10,619,340
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20.00% Profit on Cost	
Outcomes		
Residual Land Value	£157,872,966	

Sensitivity Analysis for Let Scheme

Construction: Rate /ft²					
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	128,975,590	200,424,334	272,155,370	344,075,240	416,229,723
-10%	72,426,687	143,424,383	214,841,247	286,507,832	358,427,697
0 %	16,449,602	86,850,580	**157,872,966**	229,258,058	300,902,247
10%	-26,914,602	30,777,338	101,274,470	172,321,548	243,675,232
20%	-65,191,371	-17,054,310	45,152,398	115,718,412	186,770,131

Multi deck industrial warehouse units are likely to be the solution to the industrial markets problems in the future. As you will note from the above, build costs and rental income are currently the main problem in a schemes viability. On a speculative basis with grant funding or subsidies in place this type of logistics accommodation would be accepted by the market so long as premium rents were not required over and above that required for a standard new industrial unit (similar to Segro Enfield Park).

Development timelines

In carrying out our appraisals we have assumed realistic development timescales in-line with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development	12	Apr-22	Mar-23

Commentary

Location

The site is located between the elevated A406 North Circular Road to the North, Harbet Road to East, Silvermere Drive to the South and the River Lee Navigation (RLN) to the West. Across RLN is the Ravenside Retail Park which Amazon have acquired for £51.4m (128,000 sq ft - Jan 20) to convert to a logistics hub.

The site benefits from very good access to the A406 via Cooks Ferry Roundabout to the North of the site and thus the site would make a particularly good logistics location. The wider area comprise of traditional industrial warehouse occupiers, alongside trade, self-storage, wholesale and motor trade. The traditional nature of the area Height (+5m), industrial floor loading capacity, roller shutter door, loading area, parking and they will have standard industrial utilities requirements.

Site Physical Characteristics

A desktop view of the site would suggest that it is currently surfaced predominately with concrete, perhaps the remnants of dismantled buildings. The site appears to be vacant however there is a small section in northern corner being used for HGV storage. The site is triangular in shape which is likely to impede the developable area as uniform shaped buildings are generally preferred, however these corners may provide good space to build ramps for access to upper floors.

Rents

Rents in this area are currently in the range of £9.25 - £14.00 per sq ft subject to age, height, loading, access, quality, condition and precise location.

Segro Park Enfield, East Duck Lees Lane, Enfield, EN3 7SS would be considered Enfields newest premier distribution estate. Quoting: £14.00 psf - 49,171 | 65,806 | 117,476 sq ft

Ground floor warehouse units with a standard office content. Specification: between 5 and 9 loading doors, yard depth from **40m up to 62m**, **12m** to the haunch, **50 kN/m2** floor loading, 38 - 63 allocated parking spaces - Suitable for warehouse, production trade and pharmaceutical use.

The Market for selected Typology E in the area

There are no modern developments similar to the proposed typology building in this borough or in London which has been developed for industrial users (i.e. 5 storey multi deck). The example in the UK which is often referred to is that of X2 development at Heathrow, however the reality is multi-deck industrial in the UK is a new/emerging product which has not been delivered in any scale. Whilst this development was a Litmus test for the market in 2008 and the unit is visually unoffensive given its scale, there were issues. The final unit on the upper deck was not let until Q.2 2016 therefore it took 8 years to fully occupy the unit and we understand initially rents on the upper deck where substantially below new ground floor warehouse units in the area. When you compare X2 with Segro's Enfield Park things have moved on but crucially you will note the upper deck at X2 was delivered with 15kN/m2 floor loading which is some way off the 50kN/m2 delivered at Segro Enfield Park which will materially impacted the type of occupier who can occupy the space. It is accepted that floor loading needs to allow for higher racking and associated automated machinery/equipment in larger units. Whilst X2 (photo below) may

have had its difficulties, it was eventually fully let and the project does stand to highlight the complexities around delivering multi-level industrial accommodation and the risk and costs involved, especially over 5 storeys.

You will be aware that other cities around the world have delivered multi-level warehousing to increase capacity. Viability is the key consideration and having looked at various schemes many sites in London will not currently be feasible or indeed viable. There is an expectation in the market that it is a case of when, not if, more multi-level schemes come forward however for this to happen supply needs to diminish, rents need to increase and new technologies and construction methods need to reduce overall completed costs. As you will be aware some multi-level industrial in other countries is heavily subsidised which is perhaps one route to incentivise intensification of industrial land where unviable schemes could be made viable sooner. If you consider Sunset Industrial Park's (Brooklyn) proposed multi-level industrial unit, the design allows for 2 floors with 11m (each) and levels 3 and 4 benefit from 8.5m, totalling over 39m which would be comparable in height to similar single storey traditional units.

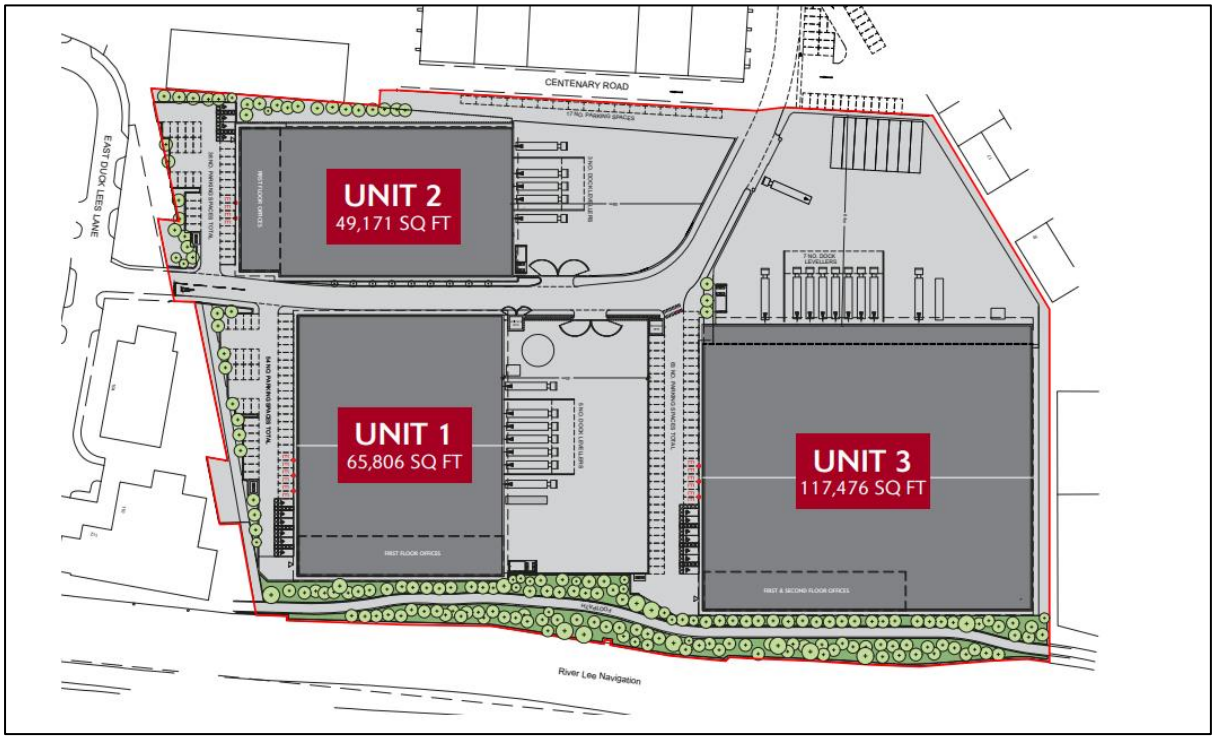
Developers and land owners would be taking on significant risk to build a product where there are high build costs, development finance may be difficult to obtain and thus more expensive, the repair and running costs will be higher and therefore the service charge costs past on the occupiers will be higher, making the overall holding costs disproportionately high when compared to traditional developments such as Segro Enfield Park for example. Currently the scheme is not viable due to cost and estimated rental income. This could change in the next 5-10 years if industrial warehouse rents see the increase in rents the market predicts and better cheaper construction methods and technologies are developed. I have little doubt we will see more of these schemes in London in the future however at present many schemes are not financially viable and if they were, Segro Park in Enfield would be a Multi-Level industrial warehouse facility.

Grant Mills Wood
chartered surveyors

Development Potential

The site is very well located for multi-Level industrial however in the absence of Local Authority or GLA subsidies / funding, it would appear viability will be the main issue. Given the suitable location and scale of the site, further investigations should be made as to the specific scheme and build costs.

At present it is likely that a scheme similar to Segro Park Enfield or a single large distribution warehouse would be the market preference currently:



Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Large Industrial Structural uplifts":

Industrial Ground Floor | 50kN/m2 UDL floor loading - £333.20/ft2

Upper Floors Industrial Multi Level | 35kN/m2 UDL floor loading - £220.96/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

**Further investigations should be made in relation to costs subject to detailed design and engineering input on a site by site basis. Please note the above costs above are likely to increase for a 5 storey development.

RICS Compliance

We recognise our role to comply with the standards set out in *RICS Professional Statement - Financial Viability in Planning: Conduct and Reporting 2019*. We confirm that these high level assessments have been carried out:

- With objectivity
- Impartially
- Without interference and
- With reference to all appropriate sources of information available.

We confirm we have no conflicts of interest and are not instructed on a performance related fee basis.

The information and inputs we have referred to are market based and not based on inputs provided by the Local Authority, we have not been influenced by any commercial or political pressures.

We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

We have included non-technical summaries which can be understood by non-specialists.

Grant Mills Wood
chartered surveyors

Site Intensification Summary

ST41 - Kenninghall Road, Edmonton, N18 2PD

Site Details	
Site Identification	ST41
Aecom Typology	**F** **Colocation with clean light industrial** "A group of small to medium units serving both ground dependent and stackable uses. All require small operational yards, so units can be integrated with other units which do not require operational yard, and create an active frontage by co locating office space".
Aecom End User	Manufacturing
Aecom Justification	'The capacity assessment identified that one of these sites could accommodate intensified floorspace in the form of small-to-medium sized units co-located with office space (Typology F). This could lead to a 15,000m2 increase in industrial floorspace on the site.'
Site Area	2.94 Acres
Existing Floorspace	1,080 sq m
Proposed Floorspace	15,002 sq m
Industrial B2/B8	10,000 sq m **(**25 k/N **-** GLA**)**
Light Industrial	5,000 sq m **(**7.5k/N **-** GLA**)**
Reported Gain /Loss	13,922 sq m
Planning Designation	LSIS
Immediate Prospects for Intensification	No
Site Plan	**Aerial**

Financial Viability Assessments		
Average Blended Rents	*Industrial*	£15.00
	Light Industrial	£9.25
Yields	*Industrial*	5%
	Light Industrial	7%
Rent Free Period	*Industrial*	9 months
	Light Industrial	18 months
Void Period	*Industrial*	9 months
	Light Industrial	24 months
Purchasers Costs	6.8%	
Marketing and Letting	*Letting Fee*	10%
	Legal Fee	5%
Build Costs	*Industrial*	£182.38
	Light Industrial	£139.84
Site Preparation	£0	
Planning Costs	Mayoral CIL	£827,742.86
Professional Fees	10%	
Contingency	5%	
Finance	6%	
Developers Profit	20% Profit on Cost	
Outcomes		
Residual Land Value	Negative £8,961,230	

We have significant concerns with the 'light industrial' multi storey proposition with goodslifts at the front of the scheme and believe this would remain vacant for some period as we do not believe currently there is a large enough target occupier market for this type of property. At this stage we have not incorporated developers holdings costs such as empty rates etc but have allowed for a lengthy void period. We would not recommend this type of development on a speculative basis as the 'light industrial' is likely to remain vacant for an extended period of time. The floor loading capacities provided (Industrial **25k/N** | Light Industrial **7.5k/N**) appear very light when compared to the Advent Business Park (see below) which is at 40k/N for a ground floor industrial unit in line with market expectations. We would therefore suggest in order for the industrial to be suitable for the currently market additional floor loading capacity would be required which will increase costs by 20%/30% in line with the GLA's Build Costs, this should be noted when reviewing the following sensitivity.

Sensitivity Analysis For Let Scheme

	Construction: Rate /ft²				
Rent: Rate /ft²	**-20%**	**-10%**	**0%**	**10%**	**20%**
-20%	7,378,282	11,333,903	15,305,170	19,286,322	23,280,686
-10%	4,237,941	8,169,757	12,123,592	16,091,255	20,071,988
0 %	1,129,322	5,028,117	**8,961,230**	12,913,280	16,878,696
10%	-1,340,473	1,915,458	5,819,080	9,752,702	13,702,969
20%	-3,458,413	-801,817	2,702,969	6,610,660	10,544,172

Development timelines

In carrying out our appraisals we have assumed realistic development timescales in line with this type of development. We have assumed the following timescales.

Stage	Months	Start Date	End Date
Pre-Construction	12	Jan-21	Dec-21
Construction	15	Jan-22	Mar-22
Post Development (letting)	24	Apr-22	Mar-25

Commentary

Location

The site is located between the elevated A406 North Circular Road to the South, the trainline to the East, EMR Recycling Centre to the North and Kenninghall Open Space to the West. The site benefits from very good access to the A406 via Montagu Road, Conduit Lane and Angel Edmonton Road. It is a traditional industrial location that has not seen (yet) an influx of modern lighter industrial users similar to those in Hackney/London Fields etc. The key criteria for occupiers in this area currently are: Height (+5m), industrial floor loading capacity, roller shutter door, loading area (unrestricted access for commercial vehicles), parking and standard industrial utilities requirements (three phase power, gas, water and waste).

Site Physical Characteristics

Currently a metal recycling site with a low density site coverage.

Reasonably uniform in shape. ST41 appears to miss the parcel of land to the NE of the site which would alter this assertion if it were included.

Rents

Rents in the area are currently in the range of £10.00 - £18.00 per sq ft subject to age, height, loading, access, quality, condition and precise location.
Unit 3 Advent Business Park, Adevnt Way, Edmonton, N18 3AL - £18.00 per sq ft – 6,259 sq ft
Ground floor warehouse with less than 10% office at first floor level. Specification: 1 electrically operated loading door, **18.5m** yard depth, **8.2m** minimum eaves height, **40kN/m2** floor loading, 7 allocated parking spaces - Suitable for warehouse, production and trade counter use.

The Market for selected Typology F in the area

We have split this Typology in to two sub-sections given the distinct difference between the two parts:

<u>'Light Industrial'</u>

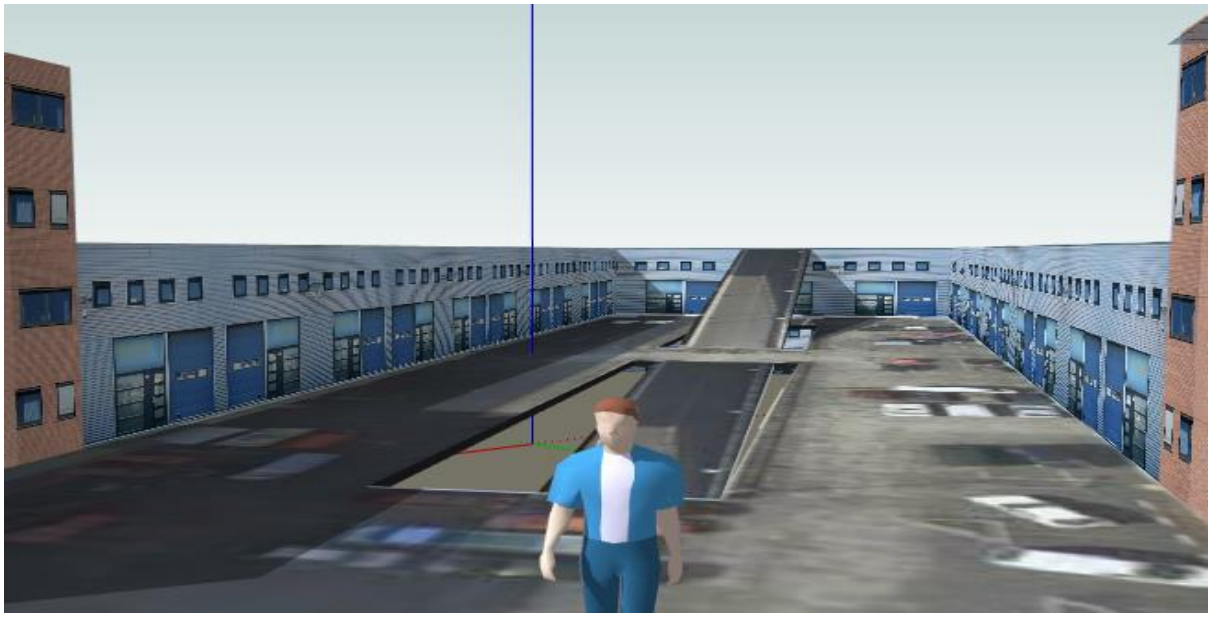
The buildings at the front of the Binck Twins Building are not suitable for the submarket as industrial or indeed light industrial uses and there would be limited market appeal outside of office occupiers which defeats the purpose. The proposed end user of 'Manufacturing' use is not appropriate. In our opinion there is no prospects of a large scale role out of this product in the borough and it has the potential to further compound supply and demand issues by delivering space not suitable for the market. If these schemes were currently viable the very dynamic industrial development market would be delivering them on sites similar to Advent Business Park.

<u>Industrial</u>

There are no modern developments similar to the proposed typology building in this borough which has been developed for industrial users. The blue industrial / light industrial units with vehicular access, roller shutter doors with loading and parking above would be in keeping with market expectations however the first floor could

be discounted if vehicle access is limited. As noted above, the floor loading capacities would be crucial in order to appeal to a wide range of occupiers in this market. Currently the industrial element of the scheme is not viable due to cost and estimated rental income. This could change in the next 10 years however it should not be reviewed in line with the 'light industrial' proposed above.

The image below shows the top deck:



The image below shows the ground floor looking up the ramp:

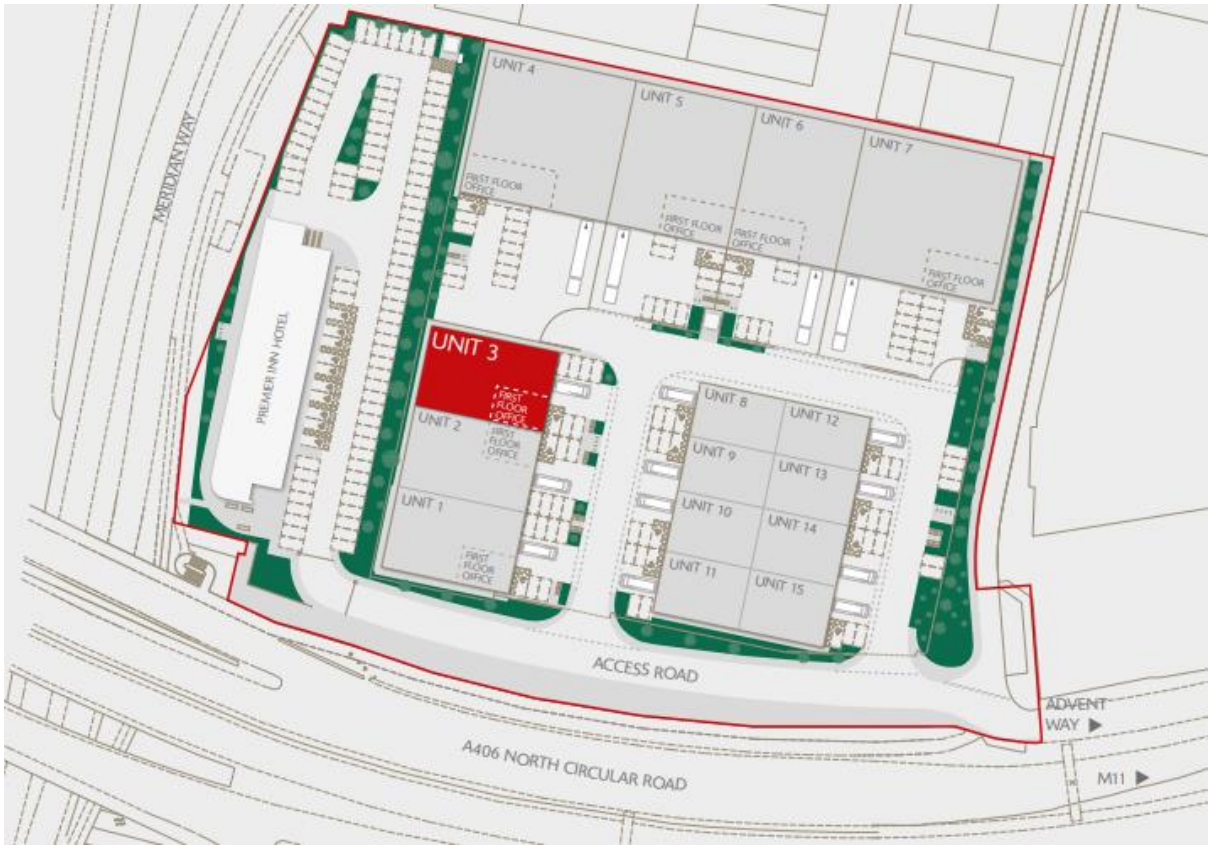
3D Model: https://3dwarehouse.sketchup.com/model/c3829b5ca4bbdfa1b0e18fa094d0f9fe/The-Binck-Twins

Developers and land owners would be taking on significant risk to build a product where there are high build costs, development finance may be difficult to obtain and thus more expensive, the repair and running costs will be higher and therefore the service charge costs past on the occupiers will be higher, making the overall holding costs disproportionately high when compared to traditional developments such as Advent Business Park for example. Currently the scheme is not viable due to cost and estimated rental income, this could change in the

next 10 years however the balance of supply and demand always needs to be considered as an oversupply would stagnate rents leading to viability issues once more. In the future part of this model (Industrial) should be possible with higher rents and better cheaper technologies however the buildings to the front of this design would not be tolerated by the industrial market.

Development Potential

Advent Business Park - Immediately East of the subject site highlights the type of space the market currently requires. The subject site could be reviewed and considered in connection with ST38/39/40 which would create an opportunity to deliver a large multi deck industrial warehouse scheme in the future.



Performance Measures

The purpose of these financial viability appraisals is to test the profitability of the suggested typologies. The performance measure we have chosen to test against is residual land value.

The process essentially calculates the residual amount left over to pay for land after the completed scheme has been sold and the total construction costs have been paid for including a developers profit. We have tested the outcome of this against a benchmark land value for industrial development sites in Enfield on a price per acre basis.

The benefit of this method in this case is that a specific site value for each site does not have to be calculated.

Assumptions/Special Assumptions

Given that these appraisals are high level we have made various assumptions, these are as follows:-

- There are no restrictions on highways
- Planning permission will be granted
- Sufficient mains services are already available including adequate power for the scheme
- There are no abnormal costs and the sites are free from contamination requiring remediation
- The sites are clear of buildings and ready for construction.
- In the absence of a designed scheme and associated specifications assumptions have been made based on the Typology Justification presented. In particular kN/m2 applied will vary and should be reviewed in line with any future proposed scheme. The floor loading capacity will be critical as they should cater for a wide pool of occupier types but crucially increased floor loading capacity creates significant increases in costs.
- For the purposes of this test, we have used the build costs contained within Appendix B (p.140-141) of the GLAs 'Industrial Intensification and Co-Location Study'.

Inputs

We have used market based inputs to inform this process. We have gathered rents and yields from our own databases and published sources, where appropriate we have estimated these because many of the typologies tested do not exist in the UK and therefore no evidence is available.

We have used build costs from the GLAs 'Industrial Intensification and Co-Location Study' contained within Appendix B (p.140-141) to estimate construction costs of these types of scheme, again these are high level and may differ from the specific cost of building a particular scheme on an individual site. Following the initial test, it would be prudent to carry out detailed work on a site specific basis to include Quantity Surveyors and Engineering input in order that costs are more detailed given the unique design of these schemes which are not prevalent in the UK market currently.

**Assumed Floor loading taken from "Small industrial Structural uplifts":

<u>Industrial Deck</u> | 25 kN/m2 UDL floor loading - £182.40/ft2

<u>Light Industrial multi storey (good lifts)</u> | 7.5kN/m2 UDL floor loading - £139.84/ft2

We have adopted a developers profit on cost of 20%, this is higher than what would usually be expected for industrial development, however these types of schemes pose some level of development and investment risk given that they are generally untested in the domestic market which is further compounded by an investment market which has yet to establish itself in the UK.

**It is our expectations that actual build costs for this scheme when intimately analysed will increase to those costs more in line with the large industrial structural uplifts £182.38 - £220.96/ft2

RICS Compliance

We recognise our role to comply with the standards set out in *RICS Professional Statement - Financial Viability in Planning: Conduct and Reporting 2019*. We confirm that these high level assessments have been carried out:

- With objectivity
- Impartially
- Without interference and
- With reference to all appropriate sources of information available.

We confirm we have no conflicts of interest and are not instructed on a performance related fee basis.

The information and inputs we have referred to are market based and not based on inputs provided by the Local Authority, we have not been influenced by any commercial or political pressures.

We have provided sensitivity analysis for each assessment we have undertaken in order to allow consideration to market movements.

We have included non-technical summaries which can be understood by non-specialists.

Typology F
Site - ST41
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology F
Site - ST41
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	102,258	15.00	1,533,870	1,533,870	1,533,870
Light Industrial	1	51,129	9.25	472,943	472,943	472,943
Totals	**2**	**153,387**			**2,006,813**	**2,006,813**

Investment Valuation					
Industrial					
Market Rent	1,533,870	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	29,575,124
Light Industrial					
Market Rent	472,943	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	6,104,292
Total Investment Valuation					**35,679,416**
GROSS DEVELOPMENT VALUE				**35,679,416**	
Purchaser's Costs			(2,426,200)		
Effective Purchaser's Costs Rate		6.80%			
				(2,426,200)	
NET DEVELOPMENT VALUE				**33,253,216**	
NEGATIVE LAND ALLOWANCE					
Residualised Price			8,961,230		
				8,961,230	
NET REALISATION				**42,214,446**	
OUTLAY					
ACQUISITION COSTS					
Negative Land Allowance		(8,961,230)			
Other Acquisition					
Purchasers Costs		6.8000%	609,364		
				609,364	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Industrial	107,640	182.38	19,631,383		
Light Industrial	53,820	139.84	7,526,189		
Totals	**161,460 ft²**		**27,157,572**	**27,157,572**	
Contingency		5.00%	1,357,879		
				1,357,879	
Other Construction					
Mayoral CIL (Industrial)			413,871		
Mayoral CIL (Light Industrial)			413,871		
				827,742	
PROFESSIONAL FEES					

Typology F
Site - ST41
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	1,963,138	
Professional Fees	10.00%	752,619	
			2,715,757
MARKETING & LETTING			
Letting Agent Fee	10.00%	200,681	
Letting Legal Fee	5.00%	100,341	
			301,022
DISPOSAL FEES			
Sales Agent Fee	1.00%	332,532	
Sales Legal Fee	0.50%	166,266	
			498,798
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			1,710,571
TOTAL COSTS			**35,178,704**
PROFIT			
			7,035,742

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	19.72%
Profit on NDV%	21.16%
Development Yield% (on Rent)	5.70%
Equivalent Yield% (Nominal)	5.36%
Equivalent Yield% (True)	5.55%
IRR% (without Interest)	N/A
Rent Cover	3 yrs 6 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Site - ST55
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology F
Site - ST55
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	243,067	15.00	3,646,005	3,646,005	3,646,005
Light Industrial	1	60,762	9.25	562,049	562,049	562,049
Totals	**2**	**303,829**			**4,208,054**	**4,208,054**

Investment Valuation					
Industrial					
Market Rent	3,646,005	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	70,299,993
Light Industrial					
Market Rent	562,049	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	7,254,376
Total Investment Valuation					**77,554,369**

GROSS DEVELOPMENT VALUE				**77,554,369**
Purchaser's Costs			(5,273,697)	
Effective Purchaser's Costs Rate		6.80%		
				(5,273,697)
NET DEVELOPMENT VALUE				**72,280,672**
NEGATIVE LAND ALLOWANCE				
Residualised Price			14,220,510	
				14,220,510
NET REALISATION				**86,501,183**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(14,220,510)		
Other Acquisition				
Purchasers Costs		6.8000%	966,995	
				966,995
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	255,860	182.38	46,663,747	
Light Industrial	63,960	139.84	8,944,166	
Totals	**319,820 ft²**		**55,607,913**	**55,607,913**
Contingency		5.00%	2,780,396	
				2,780,396
Other Construction				
Mayoral CIL (Industrial)			792,570	
Mayoral CIL (Light Industrial)			792,570	
				1,585,140
PROFESSIONAL FEES				

Typology F
Site - ST55
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	4,666,375	
Professional Fees	10.00%	894,417	
			5,560,791
MARKETING & LETTING			
Letting Agent Fee	10.00%	420,805	
Letting Legal Fee	5.00%	210,403	
			631,208
DISPOSAL FEES			
Sales Agent Fee	1.00%	722,807	
Sales Legal Fee	0.50%	361,403	
			1,084,210
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			3,867,666
TOTAL COSTS			**72,084,319**
PROFIT			
			14,416,864

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	18.59%
Profit on NDV%	19.95%
Development Yield% (on Rent)	5.84%
Equivalent Yield% (Nominal)	5.20%
Equivalent Yield% (True)	5.37%
IRR% (without Interest)	39.06%
Rent Cover	3 yrs 5 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Site - ST56
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology F
Site - ST56
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	149,521	15.00	2,242,822	2,242,822	2,242,822
Light Industrial	1	37,375	9.25	345,718	345,718	345,718
Totals	**2**	**186,896**			**2,588,540**	**2,588,540**

Investment Valuation					
Industrial					
Market Rent	2,242,822	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	43,244,689
Light Industrial					
Market Rent	345,718	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	4,462,190
Total Investment Valuation					**47,706,879**

GROSS DEVELOPMENT VALUE				**47,706,879**
Purchaser's Costs			(3,244,068)	
Effective Purchaser's Costs Rate		6.80%		
				(3,244,068)
NET DEVELOPMENT VALUE				**44,462,812**
NEGATIVE LAND ALLOWANCE				
Residualised Price			7,886,076	
				7,886,076
NET REALISATION				**52,348,887**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(7,886,076)		
Other Acquisition				
Purchasers Costs		6.8000%	536,253	
				536,253
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	157,391	182.38	28,704,971	
Light Industrial	39,342	139.84	5,501,585	
Totals	**196,733 ft²**		**34,206,556**	**34,206,556**
Contingency		5.00%	1,710,328	
				1,710,328
Other Construction				
Mayoral CIL (Industrial)			145,290	
Mayoral CIL (Light Industrial)			145,290	
				290,580
PROFESSIONAL FEES				

Typology F
Site - ST56
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	2,870,497	
Professional Fees	10.00%	550,159	
			3,420,656
MARKETING & LETTING			
Letting Agent Fee	10.00%	258,854	
Letting Legal Fee	5.00%	129,427	
			388,281
DISPOSAL FEES			
Sales Agent Fee	1.00%	444,628	
Sales Legal Fee	0.50%	222,314	
			666,942
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			2,404,477
TOTAL COSTS			**43,624,072**
PROFIT			
			8,724,815

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	18.29%
Profit on NDV%	19.62%
Development Yield% (on Rent)	5.93%
Equivalent Yield% (Nominal)	5.20%
Equivalent Yield% (True)	5.37%
IRR% (without Interest)	34.71%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology D
Site - ST77
3 Storey Industrial with Ramps

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology D
Site - ST77
3 Storey Industrial with Ramps

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	936,039	15.00	14,040,582	14,040,582	14,040,582

Investment Valuation

Industrial					
Market Rent	14,040,582	YP @	4.0000%	25.0000	
(1yr Rent Free)		PV 1yr @	4.0000%	0.9615	337,513,990
GROSS DEVELOPMENT VALUE				**337,513,990**	
Purchaser's Costs			(22,950,951)		
Effective Purchaser's Costs Rate		6.80%			
				(22,950,951)	
NET DEVELOPMENT VALUE				**314,563,039**	
NEGATIVE LAND ALLOWANCE					
Residualised Price			81,650,336		
				81,650,336	
NET REALISATION				**396,213,375**	
OUTLAY					
ACQUISITION COSTS					
Negative Land Allowance		(81,650,336)			
Other Acquisition					
Purchasers Costs		6.8000%	5,552,223		
				5,552,223	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Industrial	985,304	258.30	254,504,023	**254,504,023**	
Contingency		5.00%	12,725,201		
				12,725,201	
Other Construction					
Mayoral CIL			5,492,220		
				5,492,220	
PROFESSIONAL FEES					
Professional Fees		10.00%	25,450,402		
				25,450,402	
MARKETING & LETTING					
Letting Agent Fee		10.00%	1,404,058		
Letting Legal Fee		5.00%	702,029		
				2,106,087	
DISPOSAL FEES					
Sales Agent Fee		1.00%	3,145,630		
Sales Legal Fee		0.50%	1,572,815		
				4,718,446	
FINANCE					

Typology D
Site - ST77
3 Storey Industrial with Ramps

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(9,305,162)	
Construction	28,934,372	
Total Finance Cost		19,629,210
TOTAL COSTS		**330,177,813**
PROFIT		
		66,035,562

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	19.57%
Profit on NDV%	20.99%
Development Yield% (on Rent)	4.25%
Equivalent Yield% (Nominal)	4.00%
Equivalent Yield% (True)	4.10%
IRR% (without Interest)	N/A
Rent Cover	4 yrs 8 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology E
Site - ST77
5 Storey Industrial with Ramps

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
21 January 2021

APPRAISAL SUMMARY — GRANT MILLS WOOD

Typology E
Site - ST77
5 Storey Industrial with Ramps

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	1,809,855	15.00	27,147,818	27,147,818	27,147,818

Investment Valuation

Industrial				
Market Rent	27,147,818	YP @	4.0000%	25.0000
(1yr Rent Free)		PV 1yr @	4.0000%	0.9615 652,591,767
GROSS DEVELOPMENT VALUE				**652,591,767**
Purchaser's Costs			(44,376,240)	
Effective Purchaser's Costs Rate		6.80%		
				(44,376,240)
NET DEVELOPMENT VALUE				**608,215,527**
NEGATIVE LAND ALLOWANCE				
Residualised Price			157,872,966	
				157,872,966
NET REALISATION				**766,088,492**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(157,872,966)		
Other Acquisition				
Purchasers Costs		6.8000%	10,735,362	
				10,735,362
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	1,905,110	258.30	492,089,913	**492,089,913**
Contingency		5.00%	24,604,496	
				24,604,496
Other Construction				
Mayoral CIL			10,619,340	
				10,619,340
PROFESSIONAL FEES				
Professional Fees		10.00%	49,208,991	
				49,208,991
MARKETING & LETTING				
Letting Agent Fee		10.00%	2,714,782	
Letting Legal Fee		5.00%	1,357,391	
				4,072,173
DISPOSAL FEES				
Sales Agent Fee		1.00%	6,082,155	
Sales Legal Fee		0.50%	3,041,078	
				9,123,233
FINANCE				

Typology E
Site - ST77
5 Storey Industrial with Ramps

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(17,991,763)	
Construction	55,945,334	
Total Finance Cost		37,953,571
TOTAL COSTS		**638,407,078**
PROFIT		
		127,681,415

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	19.57%
Profit on NDV%	20.99%
Development Yield% (on Rent)	4.25%
Equivalent Yield% (Nominal)	4.00%
Equivalent Yield% (True)	4.10%
IRR% (without Interest)	N/A
Rent Cover	4 yrs 8 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Site - ST270
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

APPRAISAL SUMMARY — GRANT MILLS WOOD

Typology F
Site - ST270
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	151,363	15.00	2,270,438	2,270,438	2,270,438
Light Industrial	1	37,836	9.25	349,980	349,980	349,980
Totals	**2**	**189,198**			**2,620,418**	**2,620,418**

Investment Valuation					
Industrial					
Market Rent	2,270,438	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	43,777,173
Light Industrial					
Market Rent	349,980	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	4,517,199
Total Investment Valuation					**48,294,372**

GROSS DEVELOPMENT VALUE				**48,294,372**
Purchaser's Costs			(3,284,017)	
Effective Purchaser's Costs Rate		6.80%		
				(3,284,017)
NET DEVELOPMENT VALUE				**45,010,355**
NEGATIVE LAND ALLOWANCE				
Residualised Price			7,978,736	
				7,978,736
NET REALISATION				**52,989,091**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(7,978,736)		
Other Acquisition				
Purchasers Costs		6.8000%	542,554	
				542,554
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	159,329	182.38	29,058,423	
Light Industrial	39,827	139.84	5,569,408	
Totals	**199,156 ft²**		**34,627,831**	**34,627,831**
Contingency		5.00%	1,731,392	
				1,731,392
Other Construction				
Mayoral CIL (Industrial)			145,290	
Mayoral CIL (Light Industrial)			145,290	
				290,580
PROFESSIONAL FEES				

Typology F
Site - ST270
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	2,905,842	
Professional Fees	10.00%	556,941	
			3,462,783
MARKETING & LETTING			
Letting Agent Fee	10.00%	262,042	
Letting Legal Fee	5.00%	131,021	
			393,063
DISPOSAL FEES			
Sales Agent Fee	1.00%	450,104	
Sales Legal Fee	0.50%	225,052	
			675,155
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			2,434,218
TOTAL COSTS			**44,157,575**
PROFIT			
			8,831,515

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	18.29%
Profit on NDV%	19.62%
Development Yield% (on Rent)	5.93%
Equivalent Yield% (Nominal)	5.20%
Equivalent Yield% (True)	5.37%
IRR% (without Interest)	34.69%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology C
Site - ST311
Small Stackable Artist Studio Use

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology C
Site - ST311
Small Stackable Artist Studio Use

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Light Industrial	1	385,206	9.25	3,563,156	3,563,156	3,563,156

Investment Valuation

Light Industrial					
Market Rent	3,563,156	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	51,472,091
GROSS DEVELOPMENT VALUE				**51,472,091**	
Purchaser's Costs			(3,500,102)		
Effective Purchaser's Costs Rate		6.80%			
				(3,500,102)	
NET DEVELOPMENT VALUE				**47,971,989**	
NEGATIVE LAND ALLOWANCE					
Residualised Price			92,697,363		
				92,697,363	
NET REALISATION				**140,669,352**	
OUTLAY					
ACQUISITION COSTS					
Negative Land Allowance		(92,697,363)			
Other Acquisition					
Purchasers Costs		6.8000%	6,303,421		
				6,303,421	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Light Industrial	405,480	220.96	89,594,861	**89,594,861**	
Contingency		5.00%	4,479,743		
				4,479,743	
Other Construction					
Mayoral CIL			519,420		
				519,420	
PROFESSIONAL FEES					
Professional Fees		10.00%	8,959,486		
				8,959,486	
MARKETING & LETTING					
Letting Agent Fee		10.00%	356,316		
Letting Legal Fee		5.00%	178,158		
				534,473	
DISPOSAL FEES					
Sales Agent Fee		1.00%	479,720		
Sales Legal Fee		0.50%	239,860		
				719,580	
FINANCE					

Typology C
Site - ST311
Small Stackable Artist Studio Use

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(34,492,650)	
Construction	40,606,122	
Total Finance Cost		6,113,472
TOTAL COSTS		**117,224,456**
PROFIT		
		23,444,896

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	45.55%
Profit on NDV%	48.87%
Development Yield% (on Rent)	3.04%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	N/A
Rent Cover	6 yrs 7 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology A
Site - ST312
Stacked Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology A
Site - ST312
Stacked Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Ground Floors	1	98,086	9.25	907,292	907,292	907,292
Upper Floors	1	98,086	9.25	907,292	907,292	907,292
Totals	**2**	**196,171**			**1,814,584**	**1,814,584**

Investment Valuation

Ground Floors					
Market Rent	907,292	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	13,106,418
Upper Floors					
Market Rent	907,292	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	13,106,418
Total Investment Valuation					**26,212,836**

GROSS DEVELOPMENT VALUE				**26,212,836**
Purchaser's Costs			(1,782,473)	
Effective Purchaser's Costs Rate		6.80%		
				(1,782,473)
NET DEVELOPMENT VALUE				**24,430,364**
NEGATIVE LAND ALLOWANCE				
Residualised Price			23,933,449	
				23,933,449
NET REALISATION				**48,363,813**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(23,933,449)		
Other Acquisition				
Purchasers Costs		6.8000%	1,627,475	
				1,627,475
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Ground Floors	103,248	148.35	15,316,841	
Upper Floors	103,248	148.35	15,316,841	
Totals	**206,496 ft²**		**30,633,682**	**30,633,682**
Contingency		5.00%	1,531,684	
				1,531,684
Other Construction				
Mayoral CIL (Ground)			465,780	
Mayoral CIL (Upper)			465,780	
				931,560
PROFESSIONAL FEES				

Typology A
Site - ST312
Stacked Light Industrial

Professional Fees (Ground)	10.00%	1,531,684	
Professional Fees (Upper	10.00%	1,531,684	
			3,063,368
MARKETING & LETTING			
Letting Agent Fee	10.00%	181,458	
Letting Legal Fee	5.00%	90,729	
			272,188
DISPOSAL FEES			
Sales Agent Fee	1.00%	244,304	
Sales Legal Fee	0.50%	122,152	
			366,455
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			1,876,766
TOTAL COSTS			**40,303,177**
PROFIT			
			8,060,636

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	30.75%
Profit on NDV%	32.99%
Development Yield% (on Rent)	4.50%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	N/A
Rent Cover	4 yrs 5 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology B
Site - ST328
Two Storey with Shared Yard

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology B
Site - ST328
Two Storey with Shared Yard

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	191,723	13.50	2,588,265	2,588,265	2,588,265

Investment Valuation

Industrial					
Market Rent	2,588,265	YP @	5.0000%	20.0000	
(1yr Rent Free)		PV 1yr @	5.0000%	0.9524	49,300,277
GROSS DEVELOPMENT VALUE				**49,300,277**	
Purchaser's Costs			(3,352,419)		
Effective Purchaser's Costs Rate		6.80%			
				(3,352,419)	
NET DEVELOPMENT VALUE				**45,947,858**	
NEGATIVE LAND ALLOWANCE					
Residualised Price			41,049,305		
				41,049,305	
NET REALISATION				**86,997,164**	
OUTLAY					
ACQUISITION COSTS					
Negative Land Allowance		(41,049,305)			
Other Acquisition					
Purchasers Costs		6.8000%	2,791,353		
				2,791,353	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Industrial	201,758	277.08	55,903,107	**55,903,107**	
Contingency		5.00%	2,795,155		
				2,795,155	
Other Construction					
Mayoral CIL			519,420		
				519,420	
PROFESSIONAL FEES					
Professional Fees		10.00%	5,590,311		
				5,590,311	
MARKETING & LETTING					
Letting Agent Fee		10.00%	258,826		
Letting Legal Fee		5.00%	129,413		
				388,240	
DISPOSAL FEES					
Sales Agent Fee		1.00%	459,479		
Sales Legal Fee		0.50%	229,739		
				689,218	
FINANCE					

Typology B
Site - ST328
Two Storey with Shared Yard

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(6,830,852)	
Construction	10,651,678	
Total Finance Cost		3,820,826
TOTAL COSTS		**72,497,629**
PROFIT		
		14,499,535

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	29.41%
Profit on NDV%	31.56%
Development Yield% (on Rent)	3.57%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	N/A
Rent Cover	5 yrs 7 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology A
Site - ST334
Stacked Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
26 November 2020

Typology A
Site - ST334
Stacked Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Ground Floors	1	71,023	9.25	656,962	656,962	656,962
Upper Floors	1	71,023	9.25	656,962	656,962	656,962
Totals	**2**	**142,046**			**1,313,925**	**1,313,925**

Investment Valuation					
Ground Floors					
Market Rent	656,962	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	9,490,246
Upper Floors					
Market Rent	656,962	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	9,490,246
Total Investment Valuation					**18,980,492**
GROSS DEVELOPMENT VALUE				**18,980,492**	
Purchaser's Costs			(1,290,673)		
Effective Purchaser's Costs Rate		6.80%			
				(1,290,673)	
NET DEVELOPMENT VALUE				**17,689,819**	
NET REALISATION				**17,689,819**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (Negative land)			(14,987,387)		
				(14,987,387)	
Other Acquisition					
Purchasers Costs		6.8000%	1,019,142		
				1,019,142	
CONSTRUCTION COSTS					
Construction					
	ft²	**Build Rate ft²**	**Cost**		
Ground Floors	74,761	148.35	11,090,794		
Upper Floors	74,761	148.35	11,090,794		
Totals	**149,522 ft²**		**22,181,589**	**22,181,589**	
Contingency		5.00%	1,109,079		
				1,109,079	
Other Construction					
Mayoral CIL (Ground)			287,070		
Mayoral CIL (Upper)			287,070		
				574,140	
PROFESSIONAL FEES					
Professional Fees (Ground)		10.00%	1,109,079		
Professional Fees (Upper		10.00%	1,109,079		

Typology A
Site - ST334
Stacked Light Industrial

			2,218,159
MARKETING & LETTING			
Letting Agent Fee	10.00%	131,392	
Letting Legal Fee	5.00%	65,696	
			197,089
DISPOSAL FEES			
Sales Agent Fee	1.00%	176,898	
Sales Legal Fee	0.50%	88,449	
			265,347
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			2,164,356
TOTAL COSTS			**14,741,514**
PROFIT			
			2,948,305

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	15.53%
Profit on NDV%	16.67%
Development Yield% (on Rent)	8.91%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	N/A
Rent Cover	2 yrs 3 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology C
Group 1
Small Stackable Artist Studio Use

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
21 January 2021

Typology C
Group 1
Small Stackable Artist Studio Use

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Light Industrial	1	371,616	9.25	3,437,450	3,437,450	3,437,450

Investment Valuation

Light Industrial					
Market Rent	3,437,450	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	49,656,198
GROSS DEVELOPMENT VALUE				**49,656,198**	
Purchaser's Costs			(3,376,621)		
Effective Purchaser's Costs Rate		6.80%			
				(3,376,621)	
NET DEVELOPMENT VALUE				**46,279,577**	
NEGATIVE LAND ALLOWANCE					
Residualised Price			91,056,289		
				91,056,289	
NET REALISATION				**137,335,866**	
OUTLAY					
ACQUISITION COSTS					
Negative Land Allowance		(91,056,289)			
Other Acquisition					
Purchasers Costs		6.8000%	6,191,828		
				6,191,828	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Light Industrial	391,175	220.96	86,434,028	**86,434,028**	
Contingency		5.00%	4,321,701		
				4,321,701	
Other Construction					
Mayoral CIL			1,822,620		
				1,822,620	
PROFESSIONAL FEES					
Professional Fees		10.00%	8,643,403		
				8,643,403	
MARKETING & LETTING					
Letting Agent Fee		10.00%	343,745		
Letting Legal Fee		5.00%	171,873		
				515,618	
DISPOSAL FEES					
Sales Agent Fee		1.00%	462,796		
Sales Legal Fee		0.50%	231,398		
				694,194	
FINANCE					

Typology C
Group 1
Small Stackable Artist Studio Use

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(33,868,619)	
Construction	39,691,777	
Total Finance Cost		5,823,158
TOTAL COSTS		**114,446,549**
PROFIT		
		22,889,317

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	46.10%
Profit on NDV%	49.46%
Development Yield% (on Rent)	3.00%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR% (without Interest)	N/A
Rent Cover	6 yrs 8 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Group 1
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
21 January 2021

Typology F
Group 1
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	283,787	15.00	4,256,803	4,256,803	4,256,803
Light Industrial	1	141,883	9.25	1,312,422	1,312,422	1,312,422
Totals	**2**	**425,670**			**5,569,225**	**5,569,225**

Investment Valuation					
Industrial					
Market Rent	4,256,803	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	82,077,014
Light Industrial					
Market Rent	1,312,422	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	16,939,468
Total Investment Valuation					**99,016,482**

GROSS DEVELOPMENT VALUE				**99,016,482**
Purchaser's Costs			(6,733,121)	
Effective Purchaser's Costs Rate		6.80%		
				(6,733,121)
NET DEVELOPMENT VALUE				**92,283,361**
NEGATIVE LAND ALLOWANCE				
Residualised Price			24,669,269	
				24,669,269
NET REALISATION				**116,952,630**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(24,669,269)		
Other Acquisition				
Purchasers Costs		6.8000%	1,677,510	
				1,677,510
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	298,723	182.38	54,481,101	
Light Industrial	149,351	139.84	20,885,244	
Totals	**448,074 ft²**		**75,366,345**	**75,366,345**
Contingency		5.00%	3,768,317	
				3,768,317
Other Construction				
Mayoral CIL (Industrial)			1,069,920	
Mayoral CIL (Light Industrial)			1,069,920	
				2,139,840
PROFESSIONAL FEES				

Typology F
Group 1
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	5,448,110	
Professional Fees	10.00%	2,088,524	
			7,536,634
MARKETING & LETTING			
Letting Agent Fee	10.00%	556,922	
Letting Legal Fee	5.00%	278,461	
			835,384
DISPOSAL FEES			
Sales Agent Fee	1.00%	922,834	
Sales Legal Fee	0.50%	461,417	
			1,384,250
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			4,752,245
TOTAL COSTS			**97,460,525**
PROFIT			
			19,492,105

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	19.69%
Profit on NDV%	21.12%
Development Yield% (on Rent)	5.71%
Equivalent Yield% (Nominal)	5.36%
Equivalent Yield% (True)	5.55%
IRR% (without Interest)	N/A
Rent Cover	3 yrs 6 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Group 2
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
21 January 2021

Typology F
Group 2
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	217,032	15.00	3,255,484	3,255,484	3,255,484
Light Industrial	1	108,526	9.25	1,003,866	1,003,866	1,003,866
Totals	**2**	**325,558**			**4,259,350**	**4,259,350**

Investment Valuation					
Industrial					
Market Rent	3,255,484	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	62,770,206
Light Industrial					
Market Rent	1,003,866	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	12,956,933
Total Investment Valuation					**75,727,139**

GROSS DEVELOPMENT VALUE				**75,727,139**
Purchaser's Costs			(5,149,445)	
Effective Purchaser's Costs Rate		6.80%		
				(5,149,445)
NET DEVELOPMENT VALUE				**70,577,694**
NEGATIVE LAND ALLOWANCE				
Residualised Price			18,862,227	
				18,862,227
NET REALISATION				**89,439,921**
OUTLAY				
ACQUISITION COSTS				
Negative Land Allowance		(18,862,227)		
Other Acquisition				
Purchasers Costs		6.8000%	1,282,631	
				1,282,631
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	228,455	182.38	41,665,623	
Light Industrial	114,238	139.84	15,975,042	
Totals	**342,693 ft²**		**57,640,665**	**57,640,665**
Contingency		5.00%	2,882,033	
				2,882,033
Other Construction				
Mayoral CIL (Industrial)			815,850	
Mayoral CIL (Light Industrial)			815,850	
				1,631,700
PROFESSIONAL FEES				

Typology F
Group 2
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	4,166,562	
Professional Fees	10.00%	1,597,504	
			5,764,066
MARKETING & LETTING			
Letting Agent Fee	10.00%	425,935	
Letting Legal Fee	5.00%	212,968	
			638,903
DISPOSAL FEES			
Sales Agent Fee	1.00%	705,777	
Sales Legal Fee	0.50%	352,888	
			1,058,665
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			3,634,604
TOTAL COSTS			**74,533,268**
PROFIT			
			14,906,653

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	19.68%
Profit on NDV%	21.12%
Development Yield% (on Rent)	5.71%
Equivalent Yield% (Nominal)	5.36%
Equivalent Yield% (True)	5.55%
IRR% (without Interest)	N/A
Rent Cover	3 yrs 6 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Group 4
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
21 January 2021

Typology F
Group 4
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	99,139	15.00	1,487,087	1,487,087	1,487,087
Light Industrial	1	49,564	9.25	458,470	458,470	458,470
Totals	**2**	**148,704**			**1,945,557**	**1,945,557**

Investment Valuation					
Industrial					
Market Rent	1,487,087	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	28,673,088
Light Industrial					
Market Rent	458,470	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	5,917,489
Total Investment Valuation					**34,590,577**

GROSS DEVELOPMENT VALUE			**34,590,577**
Purchaser's Costs		(2,352,159)	
Effective Purchaser's Costs Rate	6.80%		
			(2,352,159)
NET DEVELOPMENT VALUE			**32,238,418**
NEGATIVE LAND ALLOWANCE			
Residualised Price		8,557,079	
			8,557,079
NET REALISATION			**40,795,497**
OUTLAY			
ACQUISITION COSTS			
Negative Land Allowance	(8,557,079)		
Other Acquisition			
Purchasers Costs	6.8000%	581,881	
			581,881

CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Industrial	104,357	182.38	19,032,630	
Light Industrial	52,173	139.84	7,295,872	
Totals	**156,530 ft²**		**26,328,502**	**26,328,502**
Contingency		5.00%	1,316,425	
				1,316,425
Other Construction				
Mayoral CIL (Industrial)			349,731	
Mayoral CIL (Light Industrial)			349,731	
				699,462

PROFESSIONAL FEES

Typology F
Group 4
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	1,903,263	
Professional Fees	10.00%	729,587	
			2,632,850
MARKETING & LETTING			
Letting Agent Fee	10.00%	194,556	
Letting Legal Fee	5.00%	97,278	
			291,834
DISPOSAL FEES			
Sales Agent Fee	1.00%	322,384	
Sales Legal Fee	0.50%	161,192	
			483,576
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			1,661,718
TOTAL COSTS			**33,996,249**
PROFIT			
			6,799,248

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	19.66%
Profit on NDV%	21.09%
Development Yield% (on Rent)	5.72%
Equivalent Yield% (Nominal)	5.36%
Equivalent Yield% (True)	5.55%
IRR% (without Interest)	N/A
Rent Cover	3 yrs 6 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Typology F
Group 6
Co-location with Clean Light Industrial

Development Appraisal
Prepared by Grant Mills Wood
Grant Mills Wood
21 January 2021

Typology F
Group 6
Co-location with Clean Light Industrial

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Industrial	1	226,389	15.00	3,395,832	3,395,832	3,395,832
Light Industrial	1	113,199	9.25	1,047,092	1,047,092	1,047,092
Totals	**2**	**339,588**			**4,442,924**	**4,442,924**

Investment Valuation					
Industrial					
Market Rent	3,395,832	YP @	5.0000%	20.0000	
(9mths Rent Free)		PV 9mths @	5.0000%	0.9641	65,476,313
Light Industrial					
Market Rent	1,047,092	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	13,514,849
Total Investment Valuation					**78,991,162**
GROSS DEVELOPMENT VALUE				**78,991,162**	
Purchaser's Costs			(5,371,399)		
Effective Purchaser's Costs Rate		6.80%			
				(5,371,399)	
NET DEVELOPMENT VALUE				**73,619,763**	
NEGATIVE LAND ALLOWANCE					
Residualised Price			19,801,776		
				19,801,776	
NET REALISATION				**93,421,539**	
OUTLAY					
ACQUISITION COSTS					
Negative Land Allowance		(19,801,776)			
Other Acquisition					
Purchasers Costs		6.8000%	1,346,521		
				1,346,521	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Industrial	238,304	182.38	43,461,884		
Light Industrial	119,157	139.84	16,662,915		
Totals	**357,461 ft²**		**60,124,798**	**60,124,798**	
Contingency		5.00%	3,006,240		
				3,006,240	
Other Construction					
Mayoral CIL (Industrial)			901,243		
Mayoral CIL (Light Industrial)			901,243		
				1,802,486	
PROFESSIONAL FEES					

Typology F
Group 6
Co-location with Clean Light Industrial

Professional Fees (Industrial)	10.00%	4,346,188	
Professional Fees	10.00%	1,666,291	
			6,012,480
MARKETING & LETTING			
Letting Agent Fee	10.00%	444,292	
Letting Legal Fee	5.00%	222,146	
			666,439
DISPOSAL FEES			
Sales Agent Fee	1.00%	736,198	
Sales Legal Fee	0.50%	368,099	
			1,104,296
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			3,788,021
TOTAL COSTS			**77,851,281**
PROFIT			
			15,570,258

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	19.71%
Profit on NDV%	21.15%
Development Yield% (on Rent)	5.71%
Equivalent Yield% (Nominal)	5.36%
Equivalent Yield% (True)	5.55%
IRR% (without Interest)	N/A
Rent Cover	3 yrs 6 mths
Profit Erosion (finance rate 6.000)	3 yrs 1 mth