

Epping Forest District Council Representations to the Draft Local Plan Consultation 2016 (Regulation 18)

Stakeholder ID	3417	Name	Kieran Rushe	Peter Brett on behalf of Paragon North Weald
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Method	Letter
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Letter or Email Response:

Appendix 1 - Location Plan Appendix 2 - Draft Local Plan Figure 5.15 - Site allocations for North Weald Bassett and Overlay Plan Appendix 3 - Industrial Market Study for North Weald Airfield (December 2016) by JLL Appendix 4 - Location Plan - Smaller Site Appendix 5 - Development Option Layout - Larger Site Appendix 6 - Preliminary Constraints Assessment for the Land APPENDIX 1 site location APPENDIX 2 & 3 NORTH WEALD AIRFIELD HIGHWAY HOTSPOTS PLAN APPENDIX 4 North Weald Airfield Existing Utilities Figure 5.15 Site allocations for North Weald Bassett Local Plan 2011-2033 Draft Plan Consultation Drawing No. EFDC-DP-0011-Rev1 Content Proposed Sites for Allocation and Green Belt amendments in North Weald Bassett Legend Residential site with Existing Green Belt planning permission Existing employment sites boundary Proposed residential site Employment site identified Indicative Green Belt allocation for intensification boundary amendment Proposed traveller site Site identified as an Existing Green Belt extension to an existing allocation employment site boundary to be amended Indicative location for Potential new employment District Open Land housing within airfield site Date: September 2016 Final Report prepared for Paragon North Weald 12 December 2016 Executive Summary

- Each year a huge volume of industrial and distribution floorspace is taken up for occupation by companies across Britain and in the wider South East, a testament to the continuing need for this type of space despite our service-oriented economy.
- Businesses require light industrial, general industrial and distribution warehouse facilities for a wide range of purposes. Over the past 25 to 30 years the main area of growth within the industrial market has been for distribution warehouse buildings, and there has been a clear trend over time for these buildings to get bigger. These buildings and the logistics activities undertaken in, and associated with, them play vital roles in modern supply chains and make a major contribution to the UK economy in terms of Gross Value Added (GVA), employment and supporting the functioning of other economic activities.
- Independent research and JLL's data highlight that the demand for industrial and distribution floorspace is currently robust and we believe there are strong drivers of demand supporting continuing growth for large-scale distribution warehouse facilities especially.
- However, there is limited building supply and land available in the market to accommodate this demand, particularly along key motorway corridors such as the M11.
- The land at North Weald Airfield provides a significant opportunity to meet this demand. In particular, it has all the attributes to satisfy the requirements of companies requiring large-scale distribution facilities in this area.
- In addition, the site could potentially address the identified lack of employment

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sites available for development in Epping Forest and the identified need for net additional employment land (B1, B2, B8) within the local authority. • Finally, we believe this site has potential to attract demand from industrial and distribution companies which may either relocate from London or which find that they cannot secure suitable premises there and, therefore, need to locate elsewhere. Bringing forward industrial development opportunities in the wider South East, especially in areas within existing growth corridors, such as the M11, is one potential spatial strategy for accommodating London's growth.

1 Introduction This report has been prepared for Paragon North Weald to provide an industrial and distribution property market analysis to help it assess the development potential of land at North Weald Airfield for employment use. The site under review is currently within Green Belt. It is situated just to the east of the airfield within an area bounded by Merlin Way, Vicarage Lane West and Church Lane. The architect's masterplan for this site shows access being provided from Rayley Lane, off the A414. The scope of this report is limited to a consideration of market issues, namely industrial and distribution market demand and supply and the market attractiveness and development potential of this site. It does not consider planning policy issues which are being considered separately by PBA, Paragon North Weald's planning consultants. Following this introduction, the report is divided into four sections:

- Section 2 provides an overview of corporate demand for industrial and distribution warehouse property. This section starts by examining the drivers of demand - why companies need this type of space - and then considers recent market evidence in terms of demand activity. It also considers potential future demand.
- Section 3 examines market supply. This section looks at the supply of property and land in the local area (Epping Forest local authority) and in the wider regional market.
- Section 4 looks at the development potential of land at North Weald Airfield, having regard to the demand and supply analysis and the site's key location attributes in terms of its access to markets, transport infrastructure and labour.
- Section 5 sets out our key conclusions.

2 Corporate demand for industrial and distribution property

2.1 Demand drivers Light industrial and general industrial Companies require industrial and distribution facilities to undertake whatever operations are essential to their business. In planning terms, industrial and distribution activities are classified as light industrial uses (planning use B1 c), general industrial uses (planning use B2) and storage and distribution activities (planning use B8). Light industrial uses cover a wide range of activities, such as assembling goods, and these are generally undertaken in standard industrial buildings which provide general purpose industrial floorspace, typically with some separate office component. General industrial uses cover a wide variety of manufacturing uses which may involve large-scale production plants, such as for car assembly, or smaller scale manufacturing uses. Larger general industrial uses are often undertaken in purpose built industrial facilities and corporates undertaking large-scale production often own their facilities rather than lease them. Smaller scale general industrial uses can generally be accommodated within standard industrial buildings. Warehousing and distribution Companies require warehouse and distribution facilities for a wide variety of purposes and demand for this use has been growing much more than light industrial or general industrial uses. At a very basic level businesses may simply need space to store goods or plant and machinery which they may require from time to time. However, more typically warehouses perform a vital role in supply chains by enabling companies to hold, and distribute, inventory in order to satisfy customer demand. In many supply chains, goods are offered to customers, such as retailers or end consumers, on a much shorter order lead time (e.g. next day delivery or even same day) than their supply lead time and, in this situation, customer demand has to be supplied from inventory held in warehouses and distribution facilities. In addition to performing this role, warehouses and distribution facilities may undertake a range of other specialist functions. These include:

- consolidating goods from different parts of the supply chain prior to onward distribution;
- cross-docking goods from elsewhere in the supply chain to fulfil customer orders, in which case goods may be delivered into a warehouse and transferred for dispatch without being put into storage.
- the sortation of parcels so that incoming parcels are sorted by end customer destination.
- the processing of returned goods, where returned goods (or materials) are processed, including packaging or end-of-life electrical goods, or increasingly items that are purchased online (e.g. fashion purchases)

Over the past 25 to 30 years, there has been a trend towards larger warehouses and distribution facilities among retailers, manufacturers, third party logistics contractors and other occupiers. This trend has been driven by a number of factors including the fact that by consolidating inventory into fewer larger facilities companies can usually reduce the total amount of inventory they hold (and hence reduce inventory holding costs). In addition, consolidation into larger facilities typically enable companies to secure economies of scale within their warehouse operations and to reduce overall property and labour costs. According to JLL's data in 2016 to date 10 occupier transactions have been concluded across Britain involving new distribution warehouse buildings of 500,000 sq ft and over, including three of 1 million sq ft and above, whereas 10 years ago the corresponding number was seven and the largest building taken up was 800,000 sq ft. Occupier demand for large

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distribution warehouses is driven by a wide range of companies including:

- Food and non-food retailers - which use warehouses for store replenishment and/or to fulfil online orders;
- Manufacturers and their suppliers - which use warehouses to support manufacturing supply chains, including the provision of supplies into factories, and for the storage and distribution of finished goods;
- Third party logistics contractors (3PLs) - which use warehouses on behalf of other companies such as retailers and manufacturers who appoint 3PLs on contracts to undertake warehouse and logistics services;
- Wholesalers - which use warehouses to service smaller independent retailers or other organisations such as catering and hospitality businesses;
- Post and parcel delivery companies - which use warehouses for the distribution of letters and parcels, with the latter growing strongly due to the growth in online retail.

Retailers are an especially significant source of demand for large warehouses, and accounted for approaching half (44%) of all Grade A distribution warehouse space taken-up over the last eight years (2008-2015) across Great Britain. Occupiers of large distribution warehouses will typically have a network of facilities to service Britain, with retailers generally having more facilities than manufacturers as they have to service large, often country-wide, store networks and increasing online orders, whereas manufacturers typically have a much smaller number of delivery points (e.g. the distribution centres of retailers). The distribution networks of retailers and manufacturers typically include national distribution centres (NDCs) designed to service the whole country and regional distribution centres (RDCs) designed to service specific regional markets. In general, NDCs tend to be situated in the Midlands in an area that is often referred to in the property industry (by developers, investors and consultants) as the distribution 'golden triangle'. This area is not objectively defined but the three points of the triangle are generally considered to be around Birmingham (M6 junction 6) in the west, Castle Donington (M1 Junction 24) in the north and Northampton (M1 junction 15) in the south. NDCs are typically located within this area as it provides a 'centre of gravity' location to service the whole of Britain based on access to the country's main centres of population. By contrast, the location of RDCs is more dispersed as these facilities are generally located in the regions they service, although in some cases RDCs may service larger areas, such as southern England or northern England. Over recent years, the growth of online retail has generated significant retailer demand for large distribution warehouses, both from 'pureplay' (internet only) retailers, such as Amazon, and multi-channel retailers. Online spending as a percentage of total retail spending more than doubled in the seven years between October 2009 and October 2016, rising from a 6.8% share to a share of 15.1% over this period.¹ The growth of online retail has generated demand for a range of different types of distribution facilities including large fulfilment centres (where the stock is held and picked at item level), central parcel hubs and local parcel delivery centres, and facilities for the fulfilment of online grocery orders (sometimes referred to as 'dark stores'). In addition, some retailers operate their own facilities to process returned items, although often these facilities are outsourced to 3PLs which may operate them on a shared user basis for a number of different parties. Companies seeking a new distribution warehouse location will typically first identify an area of search having regard to the location of the customers they intend to service from the warehouse. Reflecting this:

- the area that can be serviced from the warehouse is an important location consideration - ideally the warehouse needs to have a good 'market reach'.
- good motorway access is also an important consideration, reflecting the fact that around three-quarters of all domestic freight in Britain is transported by road, with the motorway network responsible for a disproportionately high share of freight traffic relative to the length of the motorway network.^{2 3}

¹ ONS, Internet sales: value non-seasonally adjusted internet sales as a proportion of all retailing excluding automotive fuel

² Department of Transport, Domestic freight transport by mode. In 2015 road accounted for 76% of freight moved by all modes (road, rail and water).

³ In 2015 motorways accounted for less than 1% of the GB road network by length of road but carried 46% of all HGV traffic, see Department of Transport Road Lengths in Great Britain 2015 and Department of Transport, Road Traffic Estimates Great Britain 2015

A good supply of suitable labour is also an important location factor particularly for large buildings that often employ hundreds of workers.⁴ Given current high levels of employment, low unemployment and the national shortage of Large Good Vehicle (LGV) drivers, which the FTA estimates to stand at around 35,000, labour supply has become an increasingly important consideration for companies when seeking to establish a new distribution centre.⁵ Finally, the availability of suitable sites is an absolutely fundamental location driver because if sites are not available then demand cannot be satisfied even if locations within the identified area of search are suitable from all other perspectives. It should be noted that requirements for large distribution can often be quite footloose in terms of location in so far as companies can have a relatively large area of search to start with and may have to compromise on their preferred locations due to a lack of supply or other factors. For example, Tesco.com located a new dot.com warehouse of c 150,000 sq ft for online order fulfilment at G-Park Enfield but considered a wide range of locations around the north east quadrant of the M25 before selecting this site. Similarly, Sainsbury also considered a relatively wide area as part

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of a wider restructuring of its national distribution network prior to it choosing to select Waltham Point in Epping Forest for a new regional distribution centre. Recent research shows that distribution warehouse buildings and the logistics activities undertaken in, or associated with, them play vital roles in modern supply chains and make a major contribution to the UK economy in terms of the GVA, employment and supporting the functioning of other economic activities.⁶

2.2 Recent activity - overview of national and regional demand trends Each year, companies take-up a huge amount of industrial floorspace across Britain to meet their business needs and the market in the wider South East region, including Essex, Hertfordshire and Bedfordshire, makes a significant contribution to this.⁷ Over the past five years 2011-2015 inclusive, the take-up of industrial floorspace (all sizes of units from 1,000 sq ft upwards) averaged some 91.2 million sq ft per annum across GB, of which the wider South East accounted for close to 18% (16.2 million sq ft per annum). Nationally, and in all regions, the majority of floorspace taken up over the past five years was in buildings under 100,000 sq ft. Across GB, take-up of smaller and medium sized buildings accounted for 70% of all floorspace taken up, while in the South East the corresponding share was even higher, at 78%. These statistics highlight that, despite the importance of large-scale distribution uses involving facilities of 100,000 sq ft and over (including Grade A distribution facilities), the main driver of industrial property demand across the country, and even more so in the wider South East, comprises small and medium sized requirements for buildings below 100,000 sq ft. This reflects the fact that SMEs make up the majority of businesses in Britain and in each of its regions.

Table 1: Industrial take-up five years 2011-2015 inclusive

Annual average take-up 2011-2015 (million sq ft)	Annual average take-up units less than 100,000 sq ft (million sq ft)	Percent share below 100,000 sq ft GB
91.2	63.6	70
16.2	12.6	78
5.3	4.5	84
21.6	17.1	79

Source: JLL

Table 2 presents data on the take-up of industrial floorspace by unit sizes for the South East over the past five years 2011-2015. As this highlights, 47% of all take-up was in buildings from 1,000 sq ft to 19,999 sq ft, 30% was for buildings between 20,000 sq ft and 99,999 sq ft and 22% was for buildings of 100,000 sq ft and over.

⁴ Survey based research from Prologis published as *Distribution Warehouses Deliver More Jobs*, May 2015 shows an employment density of 1 worker per 69 sq m in large warehouses. This density would mean that a 500,000 sq ft (46,450 sq m) distribution warehouse would employ around 670 workers.

⁵ FTA *The Driver Shortage, Issues and Trends*, October 2016.

⁶ BPF, *Delivering the goods*. The economic impact of the UK logistics sector, December 2015

⁷ When we refer to the wider South East we mean the official South East region plus Essex, Hertfordshire and Bedfordshire, which were formerly in the South East region before moving into the official Eastern region. We include Essex, Hertfordshire and Bedfordshire into the wider South East because these are generally considered to be part of the same property market area.

Table 2: Industrial take-up in the wider South East, five years 2011-2015 inclusive

Unit size sq ft	South East - Million sq ft	Percent of total 1-4,999
1-4,999	13.8	17
5-9,999	11.6	14
10-19,999	13.4	16
20-49,999	16.3	20
50--99,999	8.1	10
100+	18.0	22
Total	81.1	100.00

Source: JLL

Over the past few years industrial property demand has been generally strong as highlighted by the recent quarterly surveys undertaken by the RICS. The latest (Q3 2016) survey, for example, highlights that the 'industrial sector sees solid demand growth.' Indeed, according to this survey, 'the industrial sector was the only area of the market in which occupier demand increased, with the retail and office sectors displaying little change.'⁸ However, over the past year or so a lack of supply has started to restrain take-up activity. For example, Glenny, a leading property consultancy specialising in markets in the North East and South East sections of the M25, report that industrial take-up has reduced in this area 'with a lack of supply holding back the number of transactions completing, particularly at the larger (>50,000 sq ft) end of the market.' Despite this, 'current demand has remained strong, with a total of 15.3 million sq ft of requirements in the Glenny system.'⁹ Glenny report robust demand in each of the four submarkets they review with strong demand in Essex and in North London/Hertfordshire especially.

- In Essex, Glenny report that 'demand remains strong, with total requirements now at the highest level on record for the Essex market at 10.5 m sq ft.'
- In North London and Hertfordshire, 'demand continued to be strong, surpassing the previous peak level of 9.5 m sq ft at the end of 2014. Overall demand in the six months to September 2016 was recorded at 10.2 m sq ft, with more than 83% of requirements for units of 25,000 sq ft and above.'

JLL's own data on active (verified) current requirements for all sizes and types of industrial and distribution space, excluding requirements expressed in terms of a land area, indicate:

- 100 active requirements for Essex, totalling between 4.2 million sq ft and 8.3 million sq ft based on the minimum and maximum size indicated for each requirement. Although these figures are lower than the total volume of requirements logged on the Glenny system, and referred to above (i.e. 10.5 million sq ft) they reinforce the observation that current demand is strong. One reason why the level of requirements logged by Glenny and JLL is different is because many of these requirements will be supply-led and reflect what space each consultant is instructed to market. In addition to these supply-led requirements there will be a core of requirements that are

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seeking an Essex location, irrespective of what supply is currently on the market. • 131 active requirements for Hertfordshire, totalling between 5.6 million sq ft and 8.8 million sq ft. The above evidence highlights strong and ongoing demand for industrial and distribution units across a range of size bands in the wider South East region generally, and more specifically within Essex and North London and Hertfordshire.

2.3 Large-scale distribution property demand

As noted above, over the past 25 to 30 years the UK distribution market has seen a trend towards large buildings and this 'big box' market is recognised as a distinct segment of the market. JLL has monitored demand activity in this market for some 20 years for new space and since 2008 for both new and good quality secondhand space, which together we refer to as Grade A space. In the eight years 2008 to 2015 inclusive, the take-up of Grade A distribution units of 100,000 sq ft and over totalled 133.8 million sq ft across Britain of which 28.0 million sq ft was taken-up in the greater South East area (i.e., the regions of London, the South East and Eastern). 8 RICS, Q3 2016: UK Commercial Property Market Survey 9 Glenny Databook, Q3 2016. Therefore, over this period the annual average level of Grade A take-up was 16.7 million sq ft across Britain and 3.5 million sq ft across the greater South East, with the greater South East accounting for 21% of the GB total. In the same period, the take-up of solely new floorspace totalled 88.2 million sq ft across Britain and 18.7 million sq ft in the greater South East. Therefore, over this period the annual average level of new take-up was 11.0 million sq ft across Britain and 2.3 million sq ft across the greater South East, with the greater South East accounting for 21% of the GB total. Chart 1. The take-up of Grade A distribution warehouses of 100,000 sq ft and over across Britain and the greater South East compared with UK GDP growth GB Total Greater South East GDP Source: JLL. Greater South East defined at regions of Greater London, South East and Eastern England

As this highlights the greater South East is a significant area for big box distribution demand, which largely reflects the size of this area's economy and consumer market. Within the greater South East, the main focus of demand for large distribution facilities is in the northern 'home counties' and unitary authorities rather than the southern 'home counties' and unitary authorities due to the fact that locations in the north of the region generally have better access to key motorways corridors and can service larger economic and consumer hinterlands in given drive-times. In addition, land for large distribution development has historically been more available in the northern part of South East than in the southern part. Within the northern home counties, a significant proportion of demand is concentrated along the M1 motorway, including at locations such as Hemel Hempstead, Dunstable and Milton Keynes. The A1 (M) has also attracted some, but more limited, demand, largely focused around Hatfield. The M11 corridor is not as established a distribution corridor compared with the M1 but has, nonetheless, attracted some very significant demand where appropriate sites have been made available, notably at Harlow. For example, recent transactions in Harlow have seen: • ITS (the supplier of professional power tools and hand tools) lease 150,000 sq ft in DC380, the former Comet building, on Edinburgh Way; • Poundland (the discount retailer) lease a new purpose built facility of 360,000 sq ft on Fourth Avenue; • Brakes (the food supplier) lease the former Tesco warehouse on Flex Meadow totalling some 270,000 sq ft. As another relevant example of demand in the wider area, Sainsbury's opened a 700,000 sq ft RDC (regional distribution centre) at Waltham Point, within Epping Forest local authority, back in 2003 as part of a wider restructuring of its national distribution network.

2.4 Potential future demand

Future demand for industrial and distribution property will be influenced by overall economic conditions and by businesses restructuring their manufacturing and distribution facilities in response to changing market conditions and business objectives. In general, economic forecasts suggest that the UK economy will grow relatively modestly over the medium-term.¹⁰ Growth is expected to slowdown next year due to lower consumer spending (as rising inflation squeezes real incomes) and weaker business investment, partly due to uncertainty over the Brexit negotiations. We would expect the overall slowdown in UK economic growth to lead to a more subdued outlook for corporate demand for industrial and distribution facilities nationally in the short-term. However, we believe market demand will nonetheless be supported by continuing strong growth in certain sectors and by the fact that companies will continue to review and restructure their distribution networks to drive down supply chain costs and improve efficiency. As noted above, at present, a particularly important driver of demand for distribution space is the growth of online retail. This growth is leading to demand for a range of distribution facilities including very large fulfilment centres (often over 500,000 sq ft) where the stock is held and picked at item level, large parcel sortation hubs and local parcel delivery centres, delivery centres for large (2-man) items that are too big to be handled by a parcel network and facilities for the fulfilment of online grocery orders. A study by E-Marketer forecasts that ecommerce retail sales in the UK will grow by 44% over the four years 2016-2019.¹¹ Given these predictions of strong online growth, this will continue to be a significant source of distribution property demand in the future. To illustrate continuing strong demand at present, the following companies have active requirements for large-scale distribution facilities in the wider South East and, based on our

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intelligence, would consider a M11 location: • Culina Logistics: 200,000 sq ft; • Bibby Distribution: 150,000 sq ft to 200,000 sq ft; • Ikea/Wincanton: 250,000 sq ft; • Matches Fashion / XPO Logistics: 200,000 sq ft; • An internet retailer: 400,000 sq ft to 500,000 sq ft; • Keuhne & Nagel: 200,000 sq ft to 300,000 sq ft; This suggests that if appropriate land is made available along the M11 corridor then it would attract strong interest from companies requiring large distribution buildings. As noted above, it is important to understand that these requirements are not driven from a location perspective by bottom up local employment growth. Rather the key location drivers are access to customers, transport infrastructure and labour supply plus critically the availability of suitable sites. If appropriate sites are available that provide good access to markets, transport infrastructure and labour, then these sites will attract demand. But companies clearly cannot establish large distribution facilities where such sites do not exist. This has been one reason why the M11 corridor has not secured as many distribution operators as might be expected given its strong location fundamentals. 10 HM Treasury, Forecasts for the UK economy: a comparison of independent forecasts, November 2016 11 Emarketer, Worldwide Retail Ecommerce Sales: Emarketer's updated estimates and forecasts through 2019. 3 Market supply 3.1 Epping Forest A study by Hardisty Jones Associates (HJA) for Epping Forest District Council (September 2015) identified 42 employment sites within Epping Forest local authority area with a total built stock of over 500 premises.12 The average size of premises was 'considered small', with around one-third of the stock judged to be 'good' and around two-thirds 'average' with just 3% 'poor'. It noted that the Employment Land Review (2010) identified a vacancy rate of up to 6% which is relatively low. In a strengths, weaknesses, opportunities and threats (SWOT) assessment HJA note that there is limited availability of development land within Epping Forest, which it highlights as a one the district's weaknesses. This study identifies development opportunities at North Weald Airfield, as an opportunity for the local authority, along with opportunities at Debden and St John's Road, Epping. 3.2 The wider market Research from Glenny referred to above, highlights that industrial supply continues to tighten in Essex generally with total availability down to under 2.2 million sq ft at September 2016. Availability in the North London and Hertfordshire market stood at the same level (i.e. 2.2 million sq ft). Whilst higher than 3 months ago, it reports that the availability rate in this market 'remains close to its recent low point at 3.7%.' In the wider market area neighbouring Epping Forest the main industrial locations are Harlow, Bishop's Stortford and Chelmsford, of which Harlow is the most significant. All of these locations have limited building availability and land being promoted in the market for future industrial or distribution development. It is important to note that in Harlow the three Enterprise Zones' sites that are being promoted for a variety of uses would not compete with the subject site at North Weald Airfield in terms of use. London Road North has planning consent for a 50,000 sq m Science Park, while at London Road South the proposed developments will comprise a 32,000 sq m data centre complex with a 20,000 sq m business park providing grade A office space. The vision for Templefields involves its redevelopment for growing SMEs with a focus on manufacturing and associated design activities and potentially businesses in the ICT sector. Therefore, these development opportunities would not compete with the subject site at North Weald Airfield where industrial and distribution uses are the envisaged uses. 3.3 The large scale distribution market There is a very limited supply of available Grade A distribution warehouses of 100,000 sq ft and over. As Table 3 and Map 1 show there are only eight Grade A buildings in the broad area extending from the A1 (M) in the west round to Thurrock on the A13 in the east. Two of these buildings are under offer. The eight buildings are divided between Harlow (one unit), Enfield (three units) and Thurrock (four units). Table 3: Available Grade A distribution warehouse buildings of 100,000 sq ft and over from A1(M) to A13 Thurrock

Map No.	Site Location	Size (sq ft)	Comment
1	DC380, Edinburgh Way CM20 2GF Harlow	230,000	Secondhand, former Comet, warehouse. Under offer at present to Wincanton for an IKEA contract.
2	Expansion, Stockingswater Lane EN3 7PZ Enfield	166,850	Secondhand building under offer to CEVA Logistics.
3	One Mollison Avenue EN8 7XQ Enfield	139,060	Secondhand building owned by Standard Life
4	19 Crown Road EN1 1TX Enfield	100,833	Secondhand building.
5	Gateway, Central Avenue RM20 3WZ West Thurrock	110,771	Secondhand building.
12	Hardisty Jones Associates, Economic and Employment Evidence to Support the local Plan and Economic Development Strategy, Final Report September 2015, page v.		
6	Unit 3, Tower Thurrock, Oliver Road RM20 3ED West Thurrock	101,000	New speculative development completed by Bericote and Black Rock.
7	Thurrock 162		
	RM20 3FG West Thurrock	162,508	New speculative development by Graftongate and Legal & General. Completed Q4 2016.

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8 Prologis at London Gateway

SS17 9FE London Gateway,

Thurrock 316,946 New speculative development by a JV between DP World and Prologis.

Source: JLL

Map 1: Available Grade A distribution warehouses of 100,000 sq ft and over

Table 4 details the main sites that are being promoted for large-scale industrial and distribution development in the same broad market area extending from the A1(M) round to Thurrock.

Table 4: Major sites in the market being promoted for large-scale industrial and distribution development from A1 (M) to A13 Thurrock

As this highlights, within this wide market area, there is very little land in the vicinity of the subject site with the main development potential in east

London and the wider East Thames Gateway (e.g. London Gateway).

4 Market potential of land at North Weald Airfield

4.1 Location and site attributes

North Weald Airfield has a number of strong attributes as an industrial/distribution location.

- A distribution facility at North Weald Airfield would be able to service a large population within a 1-hour, 2-hour and 4.5 hour LGV drive-time making it an attractive location for a distribution facility designed to service London or the wider South East / southern England. As Table 5 highlights 5.6 million people can be reached within a 1-hour catchment, 18.6 million within a 2-hour drive from the site and 45.8 million within a 4.5-hour drive time. The latter is the legal maximum length of drive a lorry driver can drive for without taking a mandatory break. As the map in Appendix 1 shows a distribution facility located at North Weald Airfield would be able to service a large part of London and the wider South East, East Midlands and Eastern regions within a 2-hour LGV drive time, making it a good location for a facility to provide a same day delivery service to these destinations. Within a 4.5 hour drive, this catchment area extends to cover all of the South East, Eastern and East and West Midlands and significant parts of northern England and into the South West towards Exeter. The population within this larger area (45.8 million) represents 72% of the GB population (63.6 million).

- Via the M11 the location has access to the M25 motorway which is just one junction away. The M25 provides access to the national motorway network, including the M1 and M4 motorways.

- It has a sizeable population catchment and large population of working age within a 20 and 30-minute car drive time, indicating a large potential labour supply for potential businesses to draw on. Within a 20-minute car drive time of the subject site the population is

around 221,100 and within a 30-minute drive time this rises to over 1 million. The population aged 15 to 64 totals around 140,400 within

20 minutes and 694,000 within 30 minutes. Appendix 2 provides a map of the 15 and 30-minute drive time areas from the site under review.

Table 6: Drive time population catchments 2016-2026 from North Weald Airfield

- The site could address the identified lack of employment sites available for development in Epping Forest and the identified need for net additional employment land (B1, B2, B8) within the local authority. This requirement has been identified by Hardisty Jones Associates (HJA) based on forecasts of employment growth in relevant employment sectors in Epping Forest district and its wider functional economic market area (i.e. Epping Forest plus East Hertfordshire, Harlow and Uttlesford).¹³ However, whilst this approach indicates a need for net additional employment land based on local authority employment forecasts, it does not, in our opinion, take account of the new demand that could be created by the availability of land. In other words, whilst employment growth may create demand for new

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development land supply, new land supply can itself generate demand and hence create new employment growth. This supply-led demand has been proven in many cases of industrial and distribution development. For example, IDI Gazeley's flagship distribution development at Magna Park, Lutterworth (the former Bitteswell Airfield), which is currently the UK's largest dedicated distribution park with some 8.3 million sq ft developed, would not have been justified by any local employment forecasts for Harborough district.

- Finally, we believe this site has potential to attract demand from industrial and distribution companies which may either relocate from London, or which find that they cannot secure suitable premises there and, therefore, need to locate elsewhere. Existing research for the Greater London Authority (GLA) highlights the extent to which London's stock of industrial land has diminished over time and the extent to which over recent years this loss has run at around three times that envisaged in the Greater London Authority's Land for Industry and Transport Supplementary Planning Guidance.¹⁴ This pressure on London's industrial land is not expected to abate given long-term employment, population and household growth projections, and currently residential land values are typically three to seven times industrial values. Bringing forward industrial development opportunities in the wider South East, especially in areas within existing growth corridors, such as the M11, is one potential spatial strategy for accommodating London's growth.¹⁵

4.2 Market potential

Based on our assessment of recent market demand and our analysis of current active requirements we believe that the subject site has the potential to be a significant industrial/distribution site offering a combination of large-scale distribution facilities and a range of smaller scale units in the range 15,000 sq ft to 100,000 sq ft.

The provision of large-scale distribution buildings could help meet the demand for this type of use north of London. This demand tends to be relatively footloose but is typically focused on key motorway corridors. The available supply of appropriate land is a critical location factor for companies requiring these facilities.

The provision of smaller industrial buildings e.g. from 15,000 sq ft upwards could help to address the lack of 'grow-on-space' which has been identified as causing some businesses to leave Epping Forest local authority in order to grow elsewhere.¹⁶ This type and size of unit might also be suitable to companies that might relocate from London, due to the pressure on industrial land there and the high costs of operating (property and labour costs).

5 Conclusions

We believe there is a compelling case for further employment land in Epping Forest district and that the subject site at land at North Weald

Airfield provides a significant opportunity in this respect.

The research in this study provides support for this case by highlighting strong commercial demand for industrial and distribution space. In particular, JLL's data on active (verified) current requirements for all sizes and types of industrial and distribution space, excluding requirements expressed in terms of a land area, indicate 100 active requirements for Essex, totalling between 4.2 million sq ft and 8.3 million sq ft based on the minimum and maximum size indicated for each requirement. Independent research from Glenny reports that 'demand remains strong, with total requirements now at the highest level on record for the Essex market at 10.5 m sq ft.' Specifically with respect to the large distribution market, there are a number of named requirements for large facilities which we believe would consider a M11 corridor location.

In addition to addressing the demand for large distribution facilities, which is often quite footloose and driven in part by the availability of land, the subject site would address the identified lack of employment sites available for development in Epping Forest and the identified need for net additional employment land (B1, B2, B8) within the local authority. This requirement has been identified by Hardisty Jones Associates (HJA) based on forecasts of employment growth in relevant employment sectors in Epping Forest district and its wider functional economic market area (i.e. Epping Forest plus, East Hertfordshire, Harlow and Uttlesford). However, whilst this approach indicates a need for net additional employment land based on local authority employment forecasts, it does not, in our opinion, take account of the new demand that could be created by the availability of land. In other words, whilst employment growth may

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create demand for new development land supply, new land supply can itself generate demand and hence create new employment growth.

Finally, we believe this site has potential to attract demand from industrial and distribution companies which may either relocate from London, or which find that they cannot secure suitable premises there and, therefore, need to locate elsewhere. Existing research for the Greater London Authority (GLA) highlights the extent to which London's stock of industrial land has diminished over time and this pressure on London's industrial land is not expected to abate given long-term employment, population and household growth projections. Bringing forward industrial development opportunities in the wider South East, especially in areas within existing growth corridors, such as the M11, is one potential spatial strategy for accommodating London's growth.

Compared with this strong demand, available industrial and distribution supply is tight. In particular, there is a very limited supply of available distribution warehouses of 100,000 sq ft and over. As Table 3 and Map 1 show there are only eight Grade A buildings in the broad area extending from the A1 (M) in the west round to Thurrock on the A13 in the east and two of these are under offer. In addition, there is little available supply of development sites in the market that are currently being promoted for industrial and distribution development in the vicinity of the subject site, with the bulk of these sites being further away, e.g. in Thurrock.

It is important to note that in Harlow the three sites in the Enterprise Zones that are being promoted for a variety of uses would not compete with the subject site at North Weald Airfield in terms of use because they are being promoted for different uses than those envisaged at the subject site.

Appendix 6 - Preliminary Constraints Assessment for the

Land

Introduction

A high level constraints review was undertaken in respect of the Land identified in Appendix 1. These preliminary studies reproduced below assessed whether there are any barriers to the deliverability of the proposed development scheme.

Transport Constraints Report

The site is located to the east of the M11 motorway. The village of North Weald Bassett lies just to the south east of the site and the town of Epping is approximately 5 kilometres to the south west and Harlow about 10 kilometres to the north.

The M11 forms the western boundary to the North Weald Airfield which in turn forms the western boundary of the development site. Rayley Lane and Merlin Way effectively form the eastern boundary to the site although a small part of the site lies to the east of this road. To the north the site is abutted by existing farm land with the A414 being just beyond the northern boundary.

The development proposals comprise 13 commercial warehouse units with associated car parking and loading bays. The 13 units are proposed to comprise 9,838sqm of B1 office associated with 163,453sqm of commercial warehousing (B2/B8), resulting in 173,291sqm in total. The following Figure illustrates the proposed site layout.

Highway Access

Figure 1 identifies the local highway network. Access to the site is via the A414, a single carriageway road which links Harlow in the west with Chelmsford in the east. It also provides access to the M11 via junction 7, which lies just 2 kilometres to the north west of the airfield site. The site is therefore very easily accessed from the National strategic highway network.

The main site access would be from the north onto the A414 via Merlin Way. This would cater for all HGV movements to and from the site and also most employee trips. Local access to the south to connect

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with the existing village of North Weald Bassett, could be provided, although this could potentially be restricted to buses, cycles and emergency access in order to minimise any impacts of the development upon the village.

Merlin Way, which forms the western boundary to the site, connects to the A414 via Rayley Lane. These are both single carriageway roads with a width of between 7 and 8 metres. Merlin Way has a footway on the western side (adjacent to the airfield) but there is no footway on Rayley Lane. At the northern end, Rayley Lane connects to the A414 via a three arm roundabout. Merlin Way is a no through route terminating at its southern end within the existing industrial estate.

Merlin Way and Rayley Lane meet at a 3 arm roundabout and Vicarage Lane provides the third arm. This is a minor access road which also provides an access route through the A414. However, the eastern end of Vicarage Lane is one way (westbound) and therefore whilst vehicles can access the airfield site via this junction there is no egress onto the A414. Church Lane also provides an access route between Vicarage Lane and the village of North Weald Bassett. At its southern end this routes through an existing residential area and is not suitable to accommodate high volumes of through traffic.

Further to the south of the site is the B181 Epping Road, which provides a link between the A414 and Epping. The road also runs through the village of North Weald Bassett which takes the form of a ribbon development along that road. Epping Road which is a single carriageway road. En route to Epping the road runs through Epping Forest and has a footway on its southern side.

Future Motorway Improvements

Highways England and Essex County Council are committed to the provision of a new junction, Junction