

Greater Exeter Economic Development Needs Assessment

Prepared for Hardisty Jones Associates

November 2022

Greater Exeter Economic Development Needs





Contents

Executive Summary.....	3
National Market Overview.....	4
Exeter.....	6
Mid Devon.....	13
East Devon.....	18
Teignbridge.....	24

Executive Summary

JLL, as international property consultants, with extensive local market knowledge have been instructed by Hardisty Jones Associates to provide a market overview to assist the preparation of the Greater Exeter EDNA.

Industrial

Nationally and across the EDNA boundary, industrial market sentiment remains positive and the sector continues to be the strongest of all of the national commercial markets having been resilient during the pandemic.

In each of the EDNA districts, there is an imbalance between high levels of demand and chronically low levels of supply of existing buildings. This has led to aggressive rental and capital growth, reflecting new market levels across most of the study area. It should be noted that the total industrial take-up figures for all the districts do not sufficiently reflect the levels of actual demand, more the low levels of existing stock. With the exception of the west end of East Devon, there has been little new construction in recent years.

The total quantum of allocated and consented employment land within EDNA equates to in excess of 200 ha, most of which is suited to industrial uses. However, we estimate that just one quarter of this will be available or deliverable in the short-term (i.e. within three years). This market failure adds further pressure to pipeline supply issues, hindering economic growth and encourages occupiers to relocate across administrative boundaries.

Offices

The pandemic has had a significant impact on the office sector with employees now adopting a hybrid working approach. This will mean occupiers require far less accommodation moving forward and we anticipate the quantum of office supply across the districts to increase in the short-term as a result.

Demand for offices within Mid Devon, East Devon and Teignbridge is weak compared to Exeter. With demand being driven by smaller, indigenous enquiries or those which fall out of Exeter's administrative boundary.

Due to subdued demand and increased supply prime and secondary rental levels are under pressure and this is creating a greater viability gap to encourage new-build activity.

Methodology

The employment land supply site assessments included in this report are undertaken on the basis of being high level evaluations. We would encourage further detailed assessment work by the local authorities. This may alter their deliverable status and therefore impact upon the timescale for delivery and the quantum of overall supply.

Each employment site identified has been assessed individually to determine its suitability and deliverability to meet future demand. The quantitative assessment has considered the following parameters:

- Planning context
- Topography, physical attributes, and infrastructure provision
- Sustainability issues
- Road access – main arterial roads and local roads
- Access to labour and amenities
- Access to IT connectivity and power
- Location relative to public transport and other public services
- Market appeal / interest (evidenced by known requirements/actual market demand)
- Where known, landowners intentions to deliver / allow employment development
- Potential future requirements
- Options for alternative employment use

Alongside our written conclusions, a RAG status methodology (Red, Amber, Green) presents a means of visual and qualitative assessment against each of these criteria. JLL have relied on their extensive market knowledge, professional opinion and some input from the local authorities in determining the RAG status. In terms of timelines, we consider 'short-term' to be within three years, 'medium-term' to be between three to six years and 'long-term' indicating that we estimate that the site could be delivered no earlier than six years plus.

It is acknowledged that landowner intentions should be understood when considering the 'realistic' availability and deliverability of sites. We have used our market knowledge and in some cases made direct contact with the landowner to understand their objectives. This has then been factored into our comments and assessments.

When considering the supply of existing buildings, JLL have not referred to buildings below 185 sq m. Industry information sources and our own market data do not tend to track below this threshold, given the mainly informal and unrepresented nature of this market. We also note that these types of occupiers are less interested in employment land, which is the focus for new buildings. It is appreciated though that the smaller end of the employment market and those in rural workspaces provide valuable job opportunities. It is acknowledged that many of the rural workshops or diversified farm buildings are sub-standard

We note that monitoring reports have not been updated by all of the local authorities and therefore there are some sites, which may have been excluded or alternatively further information could be available on those sites listed about their deliverability.

1 National Market Overview

1.1 Industrial

1.1.1 Starting with the industrial sector, market sentiment remains very positive. It continues to be the strongest sector of all of the national commercial markets. Locally, as well as across the country, there is an imbalance between high levels of demand and chronically low levels of supply. As a consequence, there is aggressive rental and capital growth, reaching new market levels. This is not putting off occupiers who have been prepared to pay for the right type of building. The industrial sector was resilient and even strengthened through the pandemic as online retailing rapidly grew and we saw onshoring of manufacturing, fuelled by Brexit and supply chain delays.

1.1.2 The table below shows headline rental figures for second hand industrial units in a number of UK centres. The table indicates the average rates achieved and the percentage increase from the previous 12 months.

UK Industrial Rents Q1 2022		
Location	£ psf	Y-o-Y %
London	17.32	9.2
Bristol	8.10	5.0
Exeter	7.75	8.5
Edinburgh	6.96	7.7
Manchester	6.69	10.3
Birmingham	6.53	10.1
Leeds	6.28	10.4
Glasgow	6.00	8.0
Plymouth	5.86	6.9
Cardiff	5.60	9.2

Source: JLL

1.2 Offices

1.2.1 Leasing activity across the office market was relatively subdued across the (Big 6) regional markets as a whole in Q1, with 89,500 sq m transacted, below the 5-year quarterly average of 111,500 sq m. However, Bristol and Birmingham had strong starts to the year. Bristol saw 21,700 sq m transacted and Birmingham recorded 16,500 sq m. Overall vacancy remained steady in Q1, with the Big 6 average vacancy rate at 6.1%.

1.2.2 The majority of demand for offices is for good quality Grade A space and the Big 6 Grade A vacancy rate was also stable at 2.9% in Q1. The Big 6 markets typically remain undersupplied in terms of good quality space. Pressure on headline prime rents was sustained in Q1, as occupiers compete for the best quality space. Bristol rents increased by 10.4% on a quarterly basis to £42.50 per sq ft while Edinburgh rents increased 2.9% q-to-q to £39 per sq ft.

- 1.2.3 The table below shows headline rental figures for prime offices within the UK centres. The table indicates the average rates achieved and the percentage increase from the previous 12 months.

Prime UK Office Rents Q1 2022		
Location	£ psf	Y-o-Y
Central London (WE)	£120.00	2.2%
Central London (City)	£72.50	3.6%
Bristol	£42.50	13.3%
Edinburgh	£39.00	8.3%
Manchester	£38.50	0.0%
Birmingham	£38.50	0.0%
Glasgow	£35.00	1.4%
Leeds	£33.00	0.0%
Cardiff	£25.00	0.0%
Exeter	£22.50	0.0%
Plymouth	£17.50	0.0%

1.3 Structural Change

- 1.3.1 As we move closer to net-zero deadlines following on from COP26, we are observing more occupiers, investors and developers prioritise ESG commitments, with particular focus towards sustainability and carbon neutrality. This is translating into a green premium for the industrial sector, as for instance, occupiers and investors are willing to pay more for high quality and energy efficient space.
- 1.3.2 Nationally, the pandemic has had a significant impact on the office sector with employees now adopting a hybrid working approach and, in some cases, working from home as a default. The 'future of work' has yet to be cast and we are seeing an overall reduction in the floor space required by occupiers. What is evident is the need for employers to provide high-quality working environments to tempt employees back to the office.

2 Exeter

2.1 Market Synopsis

- 2.1.1 Exeter's position in the sub-regional market remains strong and this is cemented by its scale of population, extensive labour force within 45 minutes' drive and accessible location on the intersection of the M5 and A30.
- 2.1.2 The employment property market in Exeter has a healthy mix between industrial and offices. As the county's administrative centre and sub-regional city after Bristol, there is more office accommodation as a % of the whole than in most South West locations. Exeter does not have the same level of manufacturing as other Devon centres like Plymouth, Newton Abbot or Paignton.
- 2.1.3 On the industrial side, Exeter's lack of supply of both existing buildings and serviced land over the past 5-10 years has pushed occupiers into neighbouring East Devon and Mid Devon. It should be appreciated that the development schemes around Exeter Airport (within East Devon) have been delivering the larger build-to-suit occupiers. This includes the 18,210 sq m pre-let to Stovax on Skypark and 8,383 sq m and 5,143 sq m pre-lets to Amazon and DHL respectively across the London Road at Exeter Logistics Park.
- 2.1.4 Total take-up of industrial for 2021 in just Exeter (excluding transactions in East Devon) was circa. 15,500 sq m. As previously indicated, this total does not reflect the level of demand, more that low levels of existing stock. There is virtually no supply of serviced or deliverable development land, suiting industrial development. It is evident, that there is very little opportunity for local, indigenous businesses whether that be second-hand or new-build options. Rental levels have increased significantly on second-hand properties due to the lack of supply and this will have detracted from some indigenous businesses being able to commit to larger or improved space.
- 2.1.5 Exeter is an important, sub-regional centre for financial, business services and the public sector with Bristol still being regarded as the region's hub. Major office occupying employers include the Met Office, EDF Energy and South West Water, which all occupy buildings more than 5,000 sq m. The market is split into the in-town and out-of-town markets. The larger out-of-town developments post 1990 were Exeter Business Park, Pynes Hill and Peninsula Park.

- 2.1.6 At the end of 2021, total supply of offices in Exeter was 36,000 sq m down just 3.5% on the previous year. There has been little new construction in recent years. With a lack of new build, the focus has been on extensive refurbishment of existing buildings. Market take-up of office space in the past three years has been relatively low. In 2020, total take-up was 10,565 sqm and slightly more in 2021 at 11,700 sq m. This is largely due to the lack of available good-quality space in the market and the pandemic. Rental levels out-of-town have stagnated with tenants benefitting from higher rental incentives offered by landlords to secure occupier interest or as capital contributions to upgrade the dated space.
- 2.1.7 With more occupiers looking for transitional space, Exeter has seen strong demand in the flex-space markets, which are not included in the take-up statistics. The flex schemes in Exeter include Winslade Park (East Devon) out-of-town and in-town, Clockwise, Venaspace and Generator Hub.

2.2 Supply

2.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer in within Exeter's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence.

Employment Building Supply (above 185 sq m)			
Address	Type	Size (Sq m)	Comment
Unit 2, Clyst Units, Cofton Road, Marsh Barton	Industrial	310	
10 Marsh Barton Road, Marsh Barton	Industrial	342	
3 Merriott House, Marsh Barton	Industrial	573	
Unit 2, Jardine Park, Grace Road West	Industrial	580	Under offer
Unit D3, Kestrel Way, Sowton	Industrial	618	Available Q2 2023
Unit D2, Kestrel Way, Sowton	Industrial	1,029	Available Q2 2023
Unit 18 Trade City, Apple Lane, Sowton	Industrial	1,586	
5 & 7 Osprey Road, Sowton	Industrial	1,618	Available Q2 2023
Unit D1, Kestrel Way, Sowton	Industrial	1,633	Available Q2 2023
Unit B Sanderling Court	Industrial	1,680	Available Q2 2023
The Otter Building, Grenadier Road	Industrial	1,819	
Matford Green Business Park, Matford	Industrial	2,218	Part under offer.
Part SSE Building, Heron Road, Sowton	Industrial	4,057	Whole building for sale.
Falcon Road, Sowton	Industrial	4,566	Available Q2 2023
B & C Osprey Road, Sowton	Industrial	5,141	Available Q2 2023
Total Industrial		22,033	
Suite C, Stratford House, Matford Park Road	Office	245	
Unit 8, Abbey Court, Eagle Way	Office	259	
1st Floor, Unit 8, Abbey Court, Eagle Way	Office	267	
236 High Street	Office	273	
Leeward House, Exeter Business Park	Office	277	
Units 8 & 9, Mulberry Court, Matford	Office	300	
Vantage Point, Pynes Hill	Office	301	Under offer

Emblem House, Pynes Hill	Office	304	
Unit 2 The Venture Centre, Yeoford Way, Matford	Office	305	
Units 9 & 10 Manaton Court, Matford	Office	314	
Glen House, Sigford Road, Matford Park	Office	336	
Ada House, Pynes Hill	Office	367	
Unit 7, Kew Court, Pynes Hill, Rydon Lane	Office	371	
Kew Court, Pynes Hill	Office	375	
Courtenay House, Pynes Hill	Office	476	
Unit 2, Newbury House	Office	495	
Unit 4, Killerton House	Office	537	
Park Five Business Centre, Harrier Way	Office	538	
Sowton Business and Technology Centre	Office	565	
Building 2, Capital Court, Bittern Road, Sowton	Office	566	
Units 1 & 2, Orchard Court	Office	616	Under offer
Roman House, Chancel Lane	Office	694	
Broadwalk House, Southernhay	Office	712	
Second Floor, Emperor House, Grenadier Road	Office	716	
1 Manor Court, Dix's Field	Office	744	
Osprey House, Sowton	Office	875	
Queens House	Office	1,085	
Estuary House, Rydon Lane, Peninsula Park	Office	1,186	
Emperor Way, Exeter Business Park	Office	1,342	
Stratus House, Exeter Business Park	Office	1,439	
Milford House, Pynes Hill	Office	2,055	Under offer
Aperture @ Vantage Point, Pynes Hill	Office	2,706	
Beaufort House, 51 New North Road	Office	2,712	
Total Office		24,545	
Total Employment Floorspace		46,578	

2.2.2 At the end of 2021, total supply of available industrial floor space in the Exeter area was only 10,200 sq m. This represented around half of the 10 year average. There is a total of circa 1.21 million sq m of built space within the Exeter industrial market, so that supply reflected just 0.85% of stock (compared to 4% nationally).

2.2.3 With the release onto the market of the Ind-Exe properties, due to the relocation of Stovax, the current level has doubled to 22,033 sq m, reflecting 1.8% of the total. However, this only represents 15 buildings of which six will not be available until Q2 2023. This level therefore remains very low. It is evident that there are very few options below 1,000 sq m in size suiting the indigenous or SME businesses. It is also notable that there are no larger industrial buildings (over 2,000 sq m) suiting logistics operators who need extensive external areas.

2.2.4 Despite the strong levels of demand, the supply levels have not been increased significantly by speculative development over the past five years within Exeter's boundaries. Exceptions have been new developments at Exeter Trade Park (trade counter) and Matford Green (manufacturing and distribution), which have all pre-let prior to construction finishing.

2.2.5 On the offices side, supply levels have increased against pre-pandemic levels to approaching 25,000 sq m. This is both in-town and out-of-town. The table above shows that Exeter has a wide variety of supply in terms of different sizes. We anticipate the quantum of office supply to increase in the short term as occupiers rationalise their estate and continue with hybrid or remote working models. Lease events provide occupiers with the chance to mitigate their liabilities on surplus space.

2.2.6 Employment Land

The table below shows Exeter sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'.

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
Site 1, Park Five, Falcon Road	Sowton	0.24	Very prominent site overlooking the Exeter Services roundabout close to Junction 30 M5. Adjoins 1990's office development. Currently being used for containerised self-storage. Short Term.	Offices
CityPoint	City Centre	0.37	Future office floor space proposed as part of larger development scheme. Crown Estate and Exeter City Council as owners. Medium Term.	Offices
Land adjacent to Aperture	Pynes Hill	0.84	Greenfield site next to large office building. In same ownership as Aperture. Short Term.	Offices
Vospers Expansion Land, Matford	Marsh Barton	0.86	Greenfield consented land adjoining the car dealership. Suits further auto retail or industrial use. Short Term.	Industrial
Phase 4, Matford Green Business Park	Marsh Barton	0.90	Final plot within business park. In single ownership with local developer. Adjoining occupiers include Johnson Workwear and Vospers. Short Term.	Industrial
Land off Grenadier Road	Sowton	0.94	Greenfield development land in front of Oxygen House on Exeter Business Park. In single ownership. Short Term.	Offices
Site at Bakers Yard, Alphin Brook Road	Marsh Barton	1.09	Currently used for car storage but previous proposal for a small industrial unit scheme. Short Term.	Industrial

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
Newcourt B	Pynes Hill	1.82	Greenfield site owned by Ikea. Adjoins residential development. Short Term.	Offices
Newcourt A	Pynes Hill	4.64	Greenfield site in private ownership. Adjoins A379 dual carriageway. Short Term.	Industrial
Total		11.70		

2.2.7 Newcourt B has been serviced since 2018 and in 2021 a planning application for housing was submitted. The application is awaiting decision but the scheme was recently approved by Exeter City Council's planning committee.

2.2.8 It is evident that six of the ten sites listed would only suit office use and not industrial use. This is either down to the office park surroundings or proximity to residential use. CityPoint is the only in-town site. A selection of the sites could be delivered in the short term (i.e. next three years), although it is appreciated that some of the sites are expansion land for adjoining occupiers or being used for open storage.

2.2.9 Comparing Exeter's land supply to the national position and to other similar sized cities across the UK, we believe that the supply of employment land is significantly lower, especially suiting industrial use.

2.2.10 On the offices side, there is estimated to be 5-10 years' supply. On the industrial side, around one year. Save as to the site at Alphington, there is limited opportunity for Exeter to find more employment land, especially that suits industrial use. There is not another Matford Park or Pynes Hill in the pipeline. This is due to land already being delivered, environmental considerations or physical attributes preventing development.

2.2.11 It should also be noted that the Liveable Exeter proposals for Marsh Barton and Sowton would reduce the existing established employment areas.

2.3 Demand

2.3.1 For industrial occupiers, Exeter is popular due to its location with the M5 motorway providing direct access to Bristol and London via the M4. The A30 and A38 both service Cornwall and Plymouth respectively and the A303 provides good road links to the east. For office occupiers, Exeter is an important centre and has attracted occupiers including the Met Office, EDF Energy and South West Water.

2.3.2 JLL have a robust network of agents that work nationally to understand, share, and meet occupier needs. The table below shows active industrial and office requirements currently

within the Exeter market that we are aware of. Due to the commercial nature of relocation decision making, these requirements are sensitive and collated by us in confidence. These were accurate as of August 2022.

Demand	
	Sq m
Industrial	556,899
Office	29,751
Total	586,650

2.3.3 In total our assessment of demand shows that there is 586,650 sq m of active demand in Exeter for industrial and office property. However, we would anticipate that the actual figure for industrial demand is higher with a significant amount of latent demand, which would come forward if opportunities were brought to the market. There is a strong appetite from indigenous owner-occupiers within the industrial sector, whereas the national companies prefer hold their properties within leases. The demand profile is strongest for industrial properties below 278 sqm and between 1,858 sq m and 2,787 sq m. There is little freehold demand for offices but that may be because the most suitable-sized suites are within multi-let buildings.

2.3.4 It should be noted that that a large number of occupiers will not be constrained by administrative boundaries. Therefore, where an occupier will consider being in Exeter or East Devon we have accounted for this twice.

2.3.5 Pre and during pandemic the industrial sector has strengthened, in comparison to other sectors such as retail and offices. Offering a valuable chance to support and bolster wider economic resilience and recovery.

2.3.6 Rent

Historically, industrial rents have tended to decrease moving south from Bristol and south of Junction 24, storage and distribution occupiers have tended to be companies serving the local and regional populations. However, more recently, a lack of supply has pushed rents in Exeter into balance with, and sometimes in excess of, some of these larger centres. Rents in Exeter tend to be higher than found in Teignbridge, Mid Devon, or the market towns within East Devon (as opposed to Exeter Airport). At Matford Green in Marsh Barton, new build quoting has reached double digits per sq ft.

2.3.7 Grade A office rents in Exeter are now showing signs up upward traction. This has been pushed by a lack of supply in the city centre and a fight to quality out of town. For instance, £23.50 per sq ft has been established as a headline and £25.00 per sq ft is being quoted for Grade A refurbishments of Manor Court, Broadwalk House and Longbrook House. In comparison, at East Devon, out of town £20 per sq ft is the benchmark at Skypark and

Winslade Park with quoting rents there now at £24.50 per sq ft and Exeter Science Park is quoting and achieving £24.15 per sq ft.

At Pynes Hill, rents for completed and planned Grade A refurbishments now sit at £18.50 per sq ft.

Rent	
Industrial	
New-build	£9.50 - £10.00
Grade A second-hand	£7.00 - £8.50
Office	
New-build	£24.00
Grade A second-hand	£17.50 - £20.00

2.4 Take-up

2.4.1 The table below illustrates take-up of office and industrial accommodation for the last five years for Exeter (Source: Costar). It should be noted that this includes sales and lettings of both second-hand and new-build stock.

	2017	2018	2019	2020	2021
Industrial (sq m)	31,857	23,960	15,699	22,907	15,538
Office (sq m)	15,328	8,790	13,717	8,543	9,150
Total (sq m)	47,185	32,750	29,416	31,450	24,689

2.4.2 Industrial take-up has averaged circa 22,000 sq m over the last five years. Take-up levels have steadily declined over the last five years from circa 32,000 sq m in 2017 to circa 16,000 sq m in 2021. This provides evidence demonstrating Exeter's chronic lack of supply.

2.4.3 Office take-up has averaged circa 11,000 sq m over the last five years, impacted drastically by the pandemic and structural change.

2.5 Summary

2.5.1 The Exeter industrial market remains strong with a lack of second hand options or opportunities for new-build. This is increasing rental and capital values to levels above a number of larger UK cities. There is a significant amount of unsatisfied demand that is looking across the administrative boundaries into East Devon and Mid Devon.

2.5.2 There is an under-supply of employment land suiting industrial development, as compared to other authorities and nationally. This gap is preventing local economic growth. There is a

threat that some of the existing industrial estates will be eroded by the pressure for housing delivery.

- 2.5.3 By contrast the Exeter office market has a healthy supply of existing buildings and employment land relative to post-pandemic levels of demand. Occupiers are seeking smaller office suites but of higher quality. As a result, rental levels on the Grade A stock have been maintained but landlords letting secondary / tertiary space have had to reduce their rental aspirations and offer increased incentives.

3 Mid Devon

3.1 Market Synopsis

3.1.1 In Mid Devon, the largest concentrations of employment uses are within estates close to the largest population masses, being Tiverton, Willand, Cullompton and Crediton and are mainly focused on industrial related uses. Most of the industrial estates include a mix of manufacturing and distribution uses, although in Tiverton there is trade counter / quasi-retail activity. Crediton has a higher proportion of manufacturing, whilst Willand and Cullompton's position adjoining the motorway has encouraged more warehousing and logistics uses.

3.1.2 Willand and Cullompton

Willand and Cullompton are situated to the north of Exeter and historically their potential as employment locations, close to the motorway, has been slow to be fully realised. In recent years, however, Willand has grown as an important employment location. This again mainly due to its close proximity to Junction 27, which is the intersection of the M5 and A361. This accessibility is beneficial for the movement of product and labour. Major occupiers in the area include PenCarrie at South View Estate, Willand and Gregory Distribution at Kingsmill Industrial Estate, Cullompton. There is anticipated to be significant population growth in the Cullompton area, both sides of Junction 28.

3.1.3 Hitchcock's Business Park situated to the north of Willand has over the past six years been the main private sector development in the area. This 'speculatively' built business park now totals over 20,000 sq m of employment space employing over 500 people. It has attracted national (DFS), regional (Gregory Distribution) and local (Trucksmith) occupiers.

3.1.4 There are employment units at Longbridge Meadow, adjoining Junction 28 M5 with mostly national distribution occupiers (Menzies, SIG and EDF).

3.1.5 Tiverton

Tiverton has the largest population in the district (just over 22,500 as at 2020). It does have more offices than other centres in the Mid Devon district. This would include the local authority's offices in the centre and those at Oaklands Court on Tiverton Business Park. This business park is the largest concentration in the town and includes larger manufacturing companies like HepcoMotion, Rotolok and Potter & Moore. The other concentration of employment floorspace is within Howden Industrial Estate, to the west of the town.

3.1.6 Crediton

Similar to other small towns, Crediton's existing employment buildings are focused on industrial uses. The main concentration is at Lords Meadow Industrial Estate, although the Crediton Dairy factory closer to the town centre, employs a significant number of people. The Lords Meadow estate is fully developed but has benefited from enhanced highways access.

3.2 Supply

3.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer within the district's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence.

Employment Building Supply (above 185 sq m)			
Address	Type	Size (Sq m)	Comment
Unit 8, Marsh End, Lords Meadow, Crediton	Industrial	236	
Mercury Business Park, Cullompton	Industrial	659	
Unit 5 Flightways, Honiton	Industrial	786	
Part MST, Blundells Road, Tiverton	Industrial	1,129	
Unit 1, Carlu Close, Hitchcocks Business Park, Cullompton	Industrial	1,620	Under offer
Total Industrial		4,430	
Unit 7 Millennium Place, Tiverton	Office	409	Under offer
Total Office		409	
Total Employment Floorspace		4,839	

3.2.2 The table above in 3.1.1 is for the whole district and shows a very low volume of options, two of which are under offer. The table shows that the total available supply of existing space in the Mid Devon market is 4,839 sq m. From our records and experience, this is a very and 'unhealthy' low figure. We acknowledge that there are rural workshops and converted farm buildings within the district that currently provide employment space. Most of that floor space will be sub-standard and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

3.2.3 At present, CoStar estimates that the district of Mid Devon contains around 250,000 sq m of industrial style space. Vacancies currently stand at 0.5% of that total and this level has declined consistently over the past few years, leaving a chronically low level of available supply. Our market insight and industry trends indicate that there is little room left for further tightening.

3.2.4 Employment Land

The table below shows sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'. We note that further work is being carried out by the local authority to interrogate these sites and ensure that no others have been missed.

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
Mercury Business Park, Cullompton	Cullompton	0.35	Last remaining plot at small industrial unit business park. Consented and serviced. Development commenced. Short Term.	Industrial
Wellparks Business Park, Crediton	Crediton	0.55	Developer owned and trade counter occupiers identified. Sloping site but good accessibility to local road network. Planning pressure and viability conflict. Medium Term.	Industrial
Phoenix Lane	Tiverton	1.00	In town, brownfield site close to MDDC offices. Medium Term.	Office
Forge Road, Hitchcocks Business Park, Cullompton	Willand	1.28	With planning consent as next phase to existing and established business park close to Junction 27 M5. Short Term.	Industrial
Venn Farm	Cullompton	1.62	Owned by adjoining occupier and either expansion land or separate employment units. Consented and serviced. Vacant for a long time. Not a residential site. Short Term.	Industrial
Cullompton North West Urban Extension	Cullompton	3.00	This is not location specific at this stage but adjoining residential so would only be suitable for small scale, light industrial uses. Medium term.	Industrial
Cullompton Business Park, Cullompton	Cullompton	3.20	Site not connected to adopted highway network. Legal dispute concerning the road has not been resolved as far as our own understanding. Medium Term.	Industrial
Hartnoll Business Park Tiverton	Tiverton	3.90	Ongoing planning application awaiting decision. Situated outside, but close to, the Tiverton Eastern Urban Extension that is allocated in the adopted Mid Devon Local Plan. Medium Term.	Industrial
Cullompton East Cullompton CU7-12	Cullompton	5.00	The East Cullompton Masterplan SPD includes land for commercial floorspace up to 32,000 sq m. It indicates that only	Office

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
			office development (not industrial) would be acceptable. Medium Term,	
Phase 2 Mid Devon Business Park, Willand	Willand	5.96	Partially serviced land, steeply sloping in part. Short Term.	Industrial
Tiverton Eastern Urban Extension	Tiverton	6.00	This is not location specific at this stage but likely to front the A361. Phased. Part of this allocation is a care home. Medium term.	Industrial
Phase 3 Hitchcock's Business Park	Willand	8.00	Planning application submitted and occupiers identified / committed. Scope to develop a scheme which could address local concerns. Medium Term.	Industrial
Week Farm (inc. Seale Business Park), Cullompton (Policy CU17)	Cullompton	10.44	All of the plots being opened up at Seale (5.29 ha) are currently under offer. The remainder of the site is allocated and yet to be consented. Legal dispute concerning the road has not been resolved as far as our own understanding. Medium Term.	Industrial
Total		50.30		

3.2.5 In total we have identified 50.30 hectares of employment land in Mid Devon. Of this total land supply, 9.21 hectares is available in the short term. The location of Tiverton, Cullompton and key employment estates, adjacent to the main road network, will continue to hold potential for further employment land to be explored. This can be brought forward through the planning process on suitable sites, where it is suited to industrial or office use.

3.3 Demand

3.3.1 For industrial occupiers Tiverton and Cullompton are popular centres due to their proximity to the M5 motorway. In Exeter and other neighbouring authorities such as South Somerset a lack of supply has pushed occupiers into Mid Devon.

Demand	
	Sq m
Industrial	480,036
Office	7,432
Total	487,468

3.3.2 In total, our assessment of demand shows that there is 487,468 sq m of active demand in Mid Devon. Similarly to Exeter, on the industrial side we would anticipate that the actual

figure for industrial demand is much higher, due to the fact that a lack of supply has constrained enquiry levels. There is a strong appetite for freehold industrial properties below 278 sq m. It is our opinion that there is scarce freehold demand for offices.

3.3.3 We would comment that the demand for office space comprises just two enquiries, both of which are agent led requirements that would prefer Exeter but may consider Mid Devon. One requirement is for a laboratory, where the occupier feedback is that Mid Devon will not suit, given the need for proximity to an existing labour pool, Exeter University and Exeter Science Park. In addition to these requirements, we would estimate a nominal amount of indigenous office demand, that would not be registered with ourselves or other commercial agents.

3.3.4 Rent

On the industrial side rents grew by 6.4% over the past year, easily exceeding the 2.9% average annual change over the past decade. A lack of development follows a considerable amount of recent construction. Over the past three years, Costar estimated that around 7,500 sq m was delivered, representing a 9.8% cumulative expansion of the total industrial floor space.

3.3.5 In terms of offices, no floor space is under construction, this extends a prolonged hiatus of new development in Mid Devon. We understand that It has been more than five years since an office project was delivered.

Rent	
Industrial	
New-build	£9.50 - £10.00
Grade A second-hand	£7.00 - £8.50
Office	
New-build	N/a
Grade A second-hand	N/a

3.4 Take-up

3.4.1 The table below illustrates take-up of industrial and office accommodation for the last five years for Mid Devon (CoStar).

	2017	2018	2019	2020	2021
Industrial (sq m)	4,878	4,016	7,493	3,988	5,122
Office (sq m)	368	562	563	255	0
Total	5,247	4,578	8,055	4,243	5,122

- 3.4.2 Industrial take-up has averaged 5,000 sq m over the last five years. Take-up levels have remained consistent over the last five years. Office take-up has remained very low over the last five years, demonstrating limited office demand for Mid Devon and Exeter's strength.

3.5 Summary

- 3.5.1 The Mid Devon employment market is dominated by the industrial sector, which enjoys excellent access to the M5 motorway. There is a lack of second hand building options in the district but more employment land than neighbouring Exeter. Nevertheless it is evident that there is an under supply of deliverable employment sites relative to the positive levels of active demand and the perceived, additional latent demand.
- 3.5.2 Mid Devon has historically has very little employment within office space, this is reflected in the take-up figures and levels of demand.

4 East Devon

4.1 Market Synopsis

4.1.1 East Devon contains approximately 447,000 sq m of employment space, with industrial stock comprising 85%. The employment floor space is focused around Exeter Airport, along the A3052 corridor (Hill Barton and Greendale) or within the key towns like Exmouth and Honiton. In addition to these areas, there are also numerous small business premises in the smaller towns and in the countryside.

4.1.2 Exeter & East Devon Growth

The consented employment land that has been delivered as part of this growth initiative is located around the airport. It has recently been the preferred location for build-to-suit industrial and office occupiers. At Exeter Logistics Park (formerly Exeter Gateway), Lidl acquired 40 acres and constructed a regional distribution facility of 50,000 sq m. This is the peninsula's largest building south of Bridgwater. Adjoining that Amazon have built a large service centre and DHL and Forgeway have taken new buildings.

4.1.3 Across the London Road, Skypark has attracted a pre-let with Stovax Heating Group. Stovax occupy nine buildings on Sowton Industrial Estate and have committed to a new 18,229 sq m manufacturing building, which they will move into during the latter part of 2022. Skypark already houses a DPD distribution facility and two office buildings, one owned and occupied by LiveWest. Burrington Estates have successfully developed over 30 small industrial units at Skypark and they are planning a second phase on an adjoining plot.

4.1.4 There are other parcels of development land coming forward in proximity to Exeter Airport. PowerPark Exeter (formerly Airpark) has been purchased by an investor / developer and after securing a new LDO plan to construct speculatively medium-sized industrial units to meet indigenous market demand.

4.1.5 Exeter Science Park is adjoining Junction 29 M5 and now has critical mass as a leading R&D focused business park. The Park provides high-quality incubation and grow-on space, as well as support for innovative businesses specialising in STEMM. This sub-sector of the occupational market remains relatively small compared to mainstream industrial and offices but there is a growing wave of demand from businesses involved with life sciences and digital tech.

4.1.6 A3052 Corridor

East Devon has significant employment space concentrations at Hill Barton and Greendale Business Parks. These are established parks where the majority of accommodation is used for distribution, warehousing, open storage, or manufacturing. With Exeter's lack of second-hand supply over the past decade, a number of occupiers have relocated to these parks, which offer good access to Junction 30 of the M5 motorway, save to peak periods when the A3052 is congested.

4.1.7 Winslade Park, close to Junction 30 M5 and A3052, was formerly the office headquarters of London & Manchester, Friends Life and Aviva. It was sold vacant to a developer, Burrington Estates, in 2019 and they are refurbishing and sub-dividing the office accommodation, which totals around 11,600 sq m. The multi-let office accommodation, some of which can be taken on a desk-by-desk basis, has been attractive post-pandemic as occupiers transition from larger suites and adopt hybrid working.

4.1.8 Honiton

The town has a population of just over 11,000 and is located adjoining the A30 some 14 miles east of Junction 29 M5. The main concentrations of employment floorspace are at Heathpark Industrial Estate and Ottery Moor Lane. Both are largely industrial focused, although EDDC's local government offices are on Heathpark. The amount of floor space at Ottery Moor Lane has been eroded by residential development.

4.1.9 Exmouth

The seaside town has a population of just over 34,000 and is located some eight miles south of Junction 30 of the M5 motorway along the busy A376. Relative to its size, it has a small amount of existing employment floorspace, mostly concentrated at Liverton Business Park to the east of the town. The employment buildings are industrial in use and are located in amongst food retail, non-food retail and roadside uses. There are other small pockets on Pound Lane and close to the marina.

4.1.10 Sidmouth

The tourist town of Sidmouth has a population of just over 12,500 and is located some 12 miles east of Junction 30 of the M5 motorway. The town has a very small employment element focused around Station Road on the outskirts of the town and smaller professional firms within the town centre.

4.2 Supply

4.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer in within the district's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence. We acknowledge that there are rural workshops and converted farm buildings within the district that currently provide employment space. Most of that floor space will be sub-standard and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

Employment Building Supply (above 185 sq m)			
Address	Type	Size (Sq m)	Comment
Unit 6 Harpford Units, Liverton, Exmouth	Industrial	237	
Unit 2, Barton Court	Industrial	424	
Unit 2 Newbery House, Exeter Airport	Industrial	495	
Unit 5, Flightways Business Park, Dunkeswell	Industrial	786	
Blackhill Quarry, Woodbury	Industrial	885	
Units C1 And C2, Woodmead Road, Axminster	Industrial	2,323	
Total Industrial		4,913	
Stevens House, Clyst Road, Topsham	Office	186	
SF, Ada Lovelace, Exeter Science Park	Office R&D	225	Under Offer
George Parker Bidder, Exeter Science Park	Office R&D	600	
Lancaster House, Exeter International Office Park	Office	717	
Brook House, Winslade Park	Office	1,613	
Airport House, Exeter Airport	Office	2,787	
Clyst House, Winslade Park	Office	5,780	
Total Office		11,908	
Total Employment Floorspace		16,821	

4.2.2 Relative to the scale of the total built stock, there is a very low volume of supply. Particularly no larger industrial buildings close to the airport and a limited supply of small to medium sized office properties, although the Winslade Park buildings can be sub-divided into smaller suites, if viable. The office space at Airport House and Winslade Park offer some of the largest options in the EDNA area.

4.2.3 The circa 2,100 sq m currently underway in East Devon is the lowest construction count in more than three years. This represents a continuation of new development in the district,

which had already seen circa 17,000 sq m delivered over the past three years, representing a cumulative total stock expansion of 4.4%.

4.2.4 Employment Land

The table below shows sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'. It is acknowledged that this table and East Devon District Council's monitoring records for commercial land only extend to the larger sites or those in the main conurbations and do not include smaller, rural sites.

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber /green)
Alexandria Industrial Estate, Sidmouth (001A)	Sidmouth	0.20	Deliverable site within a popular industrial estate bordering Station Road.	Industrial
Land of Devonshire Road, Heathpark (011D)	Honiton	0.33	Serviced plot within established business park. Short Term.	Industrial
Land of Devonshire Road, Heathpark (011B)	Honiton	0.86	Serviced plot within established business park. Short Term.	Industrial
Honiton Gateway (011A)	Honiton	1.41	Owned by Somerset based developer, who has proposed 14 business units. No construction started. Short term.	Industrial
Exeter Gateway Office Park	Broadclyst	1.48	Consented office site adjoining Exeter Science Park, close to Junction 30 M5. Greenfield site. Short Term.	Offices
Finnimore Industrial Estate, Ottery St Mary (008A- C)	Ottery	2.20	Three serviced parcels of land around the existing industrial estate. Short term.	Industrial
Goodmores Farm (W147)	Exmouth	2.30	Part of a residentially led development. Work commenced. Short-Medium term.	Industrial
Liverton Business Park Phase 3	Exmouth	2.80	Poor access through business park as eastern extension. Deliverable and previous	Industrial

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber /green)
			phases have been successful. Short-Medium term.	
Land to the north of Harepath Road, Seaton	Seaton	4.60	Previously considered for mixed use. Pressure for alternative uses from the landowner. Short-Medium term.	Industrial
Land north of Sidford	Sidmouth	5.00	Part of the site has existing permission. Medium term.	Industrial
PowerPark Exeter, Long Lane	Airport	5.97	New owners have applied for LDO on the whole. Planned industrial unit development. Awaiting finish of Long Lane road improvements. Short- Medium Term.	Industrial
Millwey Rise (E105)	Axminster	6.50	Land to the east and south of the existing industrial estate. Short-Medium term.	Industrial
Treasbeare Farm, Clyst Honiton	Broadclyst	8.10	Land between Cranbrook and the airport. Mixed use development planned with employment zone adjoining Skypark. Application submitted. Short-Medium term.	Industrial
Exeter Logistics Park	Broadclyst	10.12	Distribution park adjoining the Lidl RDC and has attracted Amazon and DHL. Short Term.	Industrial
Land west of Hayne Lane, Honiton	Honiton	14.46	Longstanding proposal to extend Heathpark on partly Council owned land. Viability issues may harm deliverability. Medium term.	Industrial
Exeter Science Park (27E-27L)	Broadclyst	14.88	Greenfield, consented sites around with main science park buildings. Focus on R&D / Science and businesses involved with STEMM. Short Term.	Offices
Skypark Exeter (26E-26I)	Broadclyst	25.00	Office and hi-tech business park. Attracted LiveWest, DPD and Stovax. Serviced land with restrictive covenant against B8 use. Re-masterplanning proposed. Short Term.	Industrial / Offices
Total		106.21		

4.2.5 In total we have identified 106.21 hectares of employment land in East Devon. Of this total land supply, the majority (81.95 hectares) is deliverable in the short term. We believe, it is deliverable in the short term (within three years) provided barriers such as landowner willingness and high infrastructure costs can be satisfactorily overcome. We note that further, detailed, assessment work will be undertaken by the local authority and that the status, and therefore quantum of supply, may be revised in light of this. Within the district it is important that new opportunities continue to be identified that suit logistics and industrial use, to match the healthy levels of demand and undersupply in other districts.

4.3 Demand

- 4.3.1 The table below show very clearly that demand from the industrial sector is significant and higher than the other three districts. This is largely driven by the west end of the district being very close to the M5 motorway and A30 intersection, enhancing the distribution of product and labour. We estimate that within the industrial demand pool, 80% is from the logistics sub-sectors with the remaining from manufacturing or R&D. Logistics uses are defined as the storage, order picking and distribution of goods.
- 4.3.2 There is demand for the continued growth of the logistics sector in the West End of East Devon. Further, more detailed, assessment is required to quantify this demand and identify potential locations where it could be accommodated.
- 4.3.3 We are aware that there is a strong appetite from indigenous owner-occupiers within the industrial sector in a market which is dominated by leasehold-only options. The build-to-suit demand, which has landed at Exeter Logistics Park and Skypark, tends to just want leasehold acquisitions as they are larger multi-national companies.
- 4.3.4 By contrast the level of known office demand is very small with occupiers preferring in-town (central Exeter) or established business park options (e.g. Pynes Hill). We estimate that there will be a 50:50 spread within the office sector for freehold or leasehold options.

Demand	
	Sq m
Industrial	506,163
Office	2,267
Total	508,430

4.3.2 Rent

Industrial rents in East Devon grew by 6.3% over the past 12 months, easily exceeding the 3.1% average annual change over the past decade. In terms of office rents, the evidence created at recently refurbished Winslade Park is far higher than will be seen across the majority of the district. Winslade Park reflects rental levels more akin to those found in Exeter. Rental levels have increased significantly on second-hand properties close to the airport or A3052 western corridor due to the lack of supply. This will have detracted from some indigenous businesses being able to commit to larger or improved space.

Rent	
Industrial	
New-build	£9.50 - £10.00
Grade A second-hand	£7.00 - £8.50
Office	

New-build	£24.00
Grade A second-hand	£15.00 - £17.50

4.4 Take-up

4.4.1 The table below illustrates take-up of industrial and office accommodation for the last five years (Costar).

	2017	2018	2019	2020	2021
Industrial (sq m)	7,805	12,308	11,677	25,407	6,297
Office (sq m)	1,338	1,128	1,034	528	3,164
Total	9,143	13,436	12,711	25,934	9,461

4.4.2 The take-up of industrial floor space has been consistent, although there was a spike in 2020 due to the pre-let to Stovax Heating Group on Skypark, which was just over 18,000 sq m. Two observations with the office take-up are firstly the increase in 2021. Our market intelligence shows that this increase was due to the completion of lettings at Winslade Park, following its refurbishment. Secondly, the reduced figure in 2020, which was due to the impact of the pandemic slowing the amount of office transactions.

4.5 Summary

4.5.1 The west end element of East Devon is the most popular location within the EDNA area for industrial occupiers. This is due to its accessibility to the regional road network and the availability of both serviced land and good quality second-hand options. It is evident that there is a large quantity of unsatisfied demand.

4.5.2 Although there is currently more allocated employment land in East Devon, with the majority being located to Exeter Airport. We anticipate that the larger sites around Airport will experience good levels of take-up due to strong demand. It is important that the next tier of medium-term supply is identified and brought forward.

4.5.3 The revival of the former Aviva HQ at Winslade Park has skewed the office market take-up in the district. Historically, office occupiers have focused on established business parks or new-build opportunities west of the motorway in Exeter. Exacerbated by the pandemic we do not

envisage significant levels of office demand in East Devon. Take-up in Exeter is on average five times more than East Devon, which indicates the relative scale.

5 Teignbridge

5.1 Market Synopsis

5.1.1 Teignbridge is a mid-sized submarket that contains around 3.2 million sq m of employment space. In Teignbridge, the largest concentrations of employment uses are within estates close to the largest population mass, being Newton Abbot, or adjoining the A38 Devon Expressway at Heathfield. The employment economy is influenced by the proximity and accessibility to the larger centres of Exeter and Plymouth. It is well known that Teignbridge suffers from outward migration of labour to employment locations outside of the district, creating pressure on the highways network.

5.1.2 The industrial market is characterised by a strong manufacturing and food production heritage served by a skilled labour pool. Significant employers include Centrax, Teignbridge Propellers and Yeo Valley. It should be acknowledged that Torbay provides further labour.

5.1.3 Teignmouth

The seaside town has a population of almost 15,000 and is located to the east of Newton Abbot and north of Torquay. The town includes an active port run by AB Ports. There is limited industrial and office space or employment land opportunities.

Bovey Tracey / Heathfield

Heathfield Industrial Estate is a large industrial estate adjoining the A38 Devon Expressway and therefore benefits from excellent accessibility to the regional road network. The linkage with Newton Abbot is being enhanced with highways improvements. Bovey Tracey is located immediately north west of Heathfield but has only small scale employment uses.

Dawlish

The town has historically and continues to be focused on tourism and road access to the M5 or A38 is compromised. The focal point for industrial style employment is located at Shutterton Industrial Estate. Similar to Teignmouth, Dawlish only has a limited number of office occupiers, who are small scale professional firms.

5.2 Supply

5.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer in within the district's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence.

Employment Building Supply (over 200 sq m)			
Address	Use	Size (Sq m)	Comment
Unit 6 Hedley Units, Brunel Industrial Estate, Newton Abbot	Industrial	208	
Bullieigh Barton Farm, Ipplepen	Industrial	293	
Unit A2 - A4, Kingsteignton Trading Estate, Pottery Road, Kingsteignton, Newton Abbot	Industrial	644	
1 & 2a Rapier Court, Sabre Close, Newton Abbot	Industrial	1,375	
Unit A, PowerPark 38, Newton Abbot	Industrial	19,402	Under Offer
Total Industrial		21,922	
Third Floor, Sherborne House, Kingsteignton Road, Newton Abbot	Office	206	
Bridge House, Collett Way, Brunel, Newton Abbot	Office	509	
Total Office		715	
Total Employment		22,637	

5.2.2 Relative to the scale of the market, there are very few industrial office buildings currently available. The last remaining unit at PowerPark 38 dominates the figures and that building is currently under offer to an occupier. It is noticeable that there are no property options in excess of 200 square metres in Teignmouth, Dawlish or Bovey Tracey. We acknowledge that there are rural workshops and converted farm buildings within the district that currently provide employment space. Most of that floor space will be sub-standard and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

5.2.3 Employment Land

The table below shows sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'.

Employment Land Supply				Suitability / Deliverability (red / amber / green)
Site (Allocation Ref)	District	Size (ha)	Comment	
Old Newton Road (BTC2)	Bovey Tracey	0.70	Recently received planning application for a single industrial building. In single ownership. Short term.	Industrial
BT2	Bovey Tracey	0.92	This is part of a residential led allocation at Bradley Bends. The employment part has yet to be delivered. Short term	Industrial
CH1	Chudleigh	1.50	Development of the residential part of this site has commenced and a planning application on the employment element is pending.	Industrial
Horse mills Field, Kingsteignton	Chudleigh	1.70	Small site to the north of the B3193 Clay Pitts Way. A planning application is pending for employment uses.	Industrial
Langford Bridge, Decoy (NA3)	Heart	2.30	Potential for the western part (adjoining Decoy Industrial Estate) to be an education campus leaving this amount. Short – Medium Term.	Industrial
Oaktree Business Park, Kingskerswell (KK4)	Heart	2.43	Recently been purchased by Burrington Estate who plan to develop the site for small industrial units and an office. Site previously used by Galliford Try when building the SD Highway. Consented as departure to Local Plan. Short Term.	Industrial / Offices
Land at Forches Cross (NA1)	Heart	3.00	LPA estimate that just under 3 ha of employment land will be delivered. 2 ha within the mixed use centre and one hectare at Staplehill Road. Other previously identified land is either sterilised because of flood constraints or viable mineral deposits. Short – Medium Term.	Industrial
DA2	Dawlish	3.00	No progress to date for the landowner to bring this forward for employment use but the site should be protected.	Industrial
Brown's Farm, Splatford Barton	SW Exeter	5.18	Land located west of A380 and south of Splatford Barton, 1km from Kennford. A wooded area runs through the central section of the site (Pope's Copse) which is steeply sloped. Outside potential. Medium – Long Term.	Industrial / Offices
Liverton Business Park	Bovey Tracey	5.40	Recently consented and in single ownership. Short to medium term.	Industrial
Sandy Copse, Kingsteignton (KS1)	Heart	16.40	LPA confirm that Phase 1 approved and commenced. Phase 2 expected to come forward shortly. Short Term.	Industrial

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
West Exe Business Park (SWE2)	SW Exeter	18.00	Formerly known as Peamore. 18 ha approved at appeal and landowner currently working up proposals for an employment led scheme. Significant infrastructure requirements to open up the whole site. Medium Term.	Industrial / Offices
Total		60.53		

- 5.2.4 From a quantitative perspective, there appears to be a large supply of employment land options in the Teignbridge area. The reality from a qualitative approach is that all of the larger sites have physical constraints that negatively affect the likelihood or viability of delivering those sites. Some of the other sites are not being promoted actively for employment uses.
- 5.2.5 Based on the total known (as different to available) supply of 60.53 ha, we estimate that there is around 12 years supply, assuming 5 ha per annum. That is based on the gross total of allocated land supply, not the available or deliverable supply.
- 5.2.6 There is no significant construction activity of industrial and office buildings, the exception is the 4,000 sq m new distribution facility for RD Johns at Sandygate. The empty pipeline will limit stock growth in the years to come, unusual in a district like Teignbridge, which has experienced an expansion of 3.2% in inventory over the past three years.

5.3 Demand

- 5.3.1 The table below has a similar scale and distribution of demand to that found in East Devon. The break-up of the former BCT factory, now referred to as PowerPark 38, unearthed a large volume unsatisfied industrial demand. These occupiers (both distribution and manufacturing) emanated from both the district itself (Teignbridge), Torbay, Exeter and Plymouth.

Demand	
	Sq m
Industrial	489,295
Office	7,432
Total	496,727

- 5.3.2 As indicated in point 3.3.3 of this report, a significant proportion of the known demand is footloose and not dedicated purely to Teignbridge. In other words, they will consider

locations along the M5 corridor so therefore within each of four EDNA districts and duplicated within all the demand figures. Of all of the districts, we believe that Teignbridge has the highest level of freehold-only demand. This is mainly from local industrial or office businesses in Teignbridge, but there remains a significant undersupply of that product. It is interesting that the break-up of the

5.3.3 Similar to Mid Devon and East Devon, demand for offices is weak within the district. With the public sector and small scale professional services dominating occupational requirements. The drive time to established business park locations within Exeter (e.g. Exeter Business Park, Pynes Hill and Matford) is less than 30 minutes from Newton Abbot or Bovey Tracey and this provides real competition.

5.3.4 Rent

Rents in Teignbridge have not grown at the same rate as the other districts in EDNA. They sit at the lowest levels for industrial and office accommodation. On the industrial side there have been limited rental opportunities to create evidence inline with the growth in the sector both nationally and regionally.

5.3.5

Rent	
Industrial	
New-build	£6.00 - £6.50
Grade A second-hand	£4.50 - £5.50
Office	
New-build	£20.00
Grade A second-hand	£12.50 - £15.00

The rental levels indicated above are far below for industrial and office development to

be viable. This factor is slowing down the upgrade of existing stock and sustainability enhancements.

5.4 Take-up

5.4.1 The table below illustrates take-up of industrial and office accommodation for the last five years (Costar).

	2017	2018	2019	2020	2021
Industrial (sq m)	6,409	7,389	4,174	6,402	10,138
Office (sq m)	1,608	937	1,094	1,261	2,413
Total	8,017	8,326	5,268	7,663	12,551

5.4.2 In total 12,551 sq m of industrial and office accommodation transacted in 2021, the highest levels of industrial and office take-up for the last 5 years dominated by the two sales at PowerPark 38.

- 5.4.3 The 2021 for office take-up was double the rolling average but not led by any single transaction but a collection of smaller lettings and sales across the district.

5.5 Summary

- 5.5.1 Industrial demand is high in Teignbridge. Outside of the remaining space at PowerPark 38 there are only six buildings available. This is massively disproportionate to the quantum of unsatisfied demand and is preventing economic growth and may lead to relocations to neighbouring districts.
- 5.5.2 From a quantitative perspective there appears to be a healthy supply of employment land with over 10 years of allocated land. The reality, from a qualitative assessment, is that the actual supply of deliverable land in Teignbridge is far less. Again, this leading to key occupiers making decisions to relocate outside of the district. If the labour supply continues to be drawn from the district then this contributes to the already significant outward migration.
- 5.5.3 Viability of new-build industrial and office buildings is challenged due to the relatively low level of market rentals, compared to competing centres like Exeter and Plymouth where there is a greater level demand from logistics or corporate, office occupiers. This is putting further pressure on the supply side with a lack of pipeline and recycling of existing stock.

Contact

For further information, please contact:

Tim Western

07711 851459

Tim.western@jll.com

Katie Fowler

07513 482451

Katie.fowlerl@jll.com



jll.co.uk

© 2023 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.