Appendix 9:

PLANNING APPLICATION BY STUART PARTNERS LTD
REF: 20/2297/MFUL

EMPLOYMENT LAND REVIEW BY NOEL STEVENS

***Address of Property*:**	**Land at Hill Barton Business Park, Clyst St. Mary**
***On instructions of*:**	**Stuart Partners Ltd & McMurdo Land Planning & Development Ltd**
***Dated*:**	**16th May 2024**

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1.0 QUALIFICATION

1.1 My name is Noel Peter George Stevens. I hold a Degree in General Practice Surveying from Anglia Ruskin University gained in 1997. I qualified as a Chartered Surveyor in 2002.

1.2 I am Head of the Exeter office of Alder King LLP and Partner in Charge of Agency and Development within the Exeter Office. Alder King is a leading multi-disciplinary property consultancy with offices across the South West. I specialise in agency and development transactions across all market sectors, with a focus on office and industrial property.

1.3 I joined Alder King to Head the Agency and Development Department on 29th July 2013, and was made Head of Office on 1st September 2015. Prior to this I was a Divisional Director in the Markets Division of Capita Symonds (formerly Nelson Bakewell) based in London. In this role I undertook agency and development instructions nationally. In total I have 22 years commercial property and agency experience.

1.4 I am familiar with the Hill Barton and all the employment schemes in the Exeter market, having numerous agency instructions on both land and buildings relevant to the assessment of this site.

2.0 INSTRUCTIONS & METHODOLOGY

2.1 I have been instructed to report on the local market and in particular land supply on behalf of Stuart Partners Ltd through James McMurdo of McMurdo Land Planning and Development Ltd.

2.2 My original instructions were received on the 8th February 2021 where upon I produced an Employment Land Review dated 15th March 2021. It provided a market commentary and an overview of the employment land availability in the Exeter and East Devon market in connection with the planning application for the expansion of Hill Barton Business Park. I received further instructions in 2023 and updated the report with a focus upon site availability. That report is dated 22nd November 2023. I received further instructions on the 30th April 2024 to provide an update to my original report in connection with a planning appeal.

2.3 To provide the most relevant report I will consider all allocated employment land but focus on that which is suitable for warehouse and industrial uses. Sites earmarked solely for office or mixed use development will be unsuitable for the types of uses proposed at Hill Barton and therefore discounted.

2.4 My report will consider the amount of allocated land capable of being brought to market. I will also consider the availability of already consented land and lastly supply and demand for existing vacant buildings. By looking at these three elements I can best illustrate the current supply and demand picture and provide some analysis on future market absorption.

3.0 THE SUBJECT SITE

3.1 Hill Barton Business Park is characterised by a variety of types and age of accommodation. The older stock and open storage is located to the rear of the estate off Stuart Way and Mushroom Road. Newer stock is located along Blackmore Road and Jacks Way. The most recent buildings having been finished in the last 9 years. Local, regional and multi-national occupiers are located on site including DHL, CCF, Kandy Toys and Mercedes South West.

3.2 Only one industrial unit is on the market measuring 7,804 sq ft (725 sq m) modern industrial unit which is under offer. This a very similar situation to that shown in 2021 when a single 6,039 sq ft (561 sq m) industrial unit had been marketed and was under offer.

4.0 THE EXETER MARKET

4.1 To consider the site in context of occupier behaviour I will include commercial developments with a 15 – 20 minute’s drive time of Exeter. I will refer to this as the wider Exeter market from here on. The wider Exeter market encompasses Exeter City, parts of East Devon and at the outer limits, locations such as Peamore Industrial Estate which sits within Teignbridge would be included along with Brunel Road Industrial Estate in Newton Abbot now the Link Road is open. Outlying towns of Honiton and Cullompton may be relevant to some enquiries so are included in this report.

5.0 MARKET SUPPLY

5.1 In this section I will review the market supply, including allocated land to provide the theoretical picture evaluated in planning. I have also included comment on the main commercial areas to provide context.

5.2 In reality allocated sites are of little relevance to occupiers. Land even with detailed planning permission is only relevant to some of the market. The majority of occupiers will focus on the existing vacant stock. This is because most businesses focus on their property requirements relatively near to milestone events like lease breaks and expiries.

5.3 Land becomes relevant to occupiers when in the hands of land owners and developers who are committed to delivery and can provided defined timescales for occupation. With contractual commitment around development completion and occupation it is possible to engage with occupiers and allow them to plan their move.

Sites Located in Exeter

5.4 Sandy Park Farm

This remains the only Strategic Employment Allocation located in Exeter considered within the scope of this report. The amount of commercial floorspace in the latest plans is 189,089 sq ft (17,567 sq m).

5.5 Since 2021 plans have moved forward and works are being undertaken to deliver 392 houses on land to the south. Proximity to IKEA, Sandy Park Stadium and an increasing amount of residential development means this site is highly unlikely to be delivered as warehousing in a form that would be relevant at Hill Barton. The focus for development is likely to be retail to capitalise on the proximity to IKEA.

5.6 Exeter Business Park

This is an established employment location, much of which is dedicated to offices. Commenced in early 1990's with expansion over the intervening years. The major occupier is The Met Office, with other larger businesses such as Ashfords LLP, ATASS and LV.

5.7 Since 2021 the final development plot has been sold and delivered as an office building for a clinical occupier.

5.8 There is a further plot undeveloped on site which was sold to ATASS. A planning application has been submitted for redevelopment to allow the installation of solar panels and EV chargers.

5.9 Post pandemic we have seen a rise in availability of existing office buildings on Exeter Business Park. There is no longer land available for redevelopment to complete with Hill Barton.

5.10 Pynes Hill

As with Exeter Business Park, Pynes Hill is one of Exeter's major out of town office locations. The area is largely developed with only a 1.75 acre (0.71 ha) plot remaining. The owner Wesleyan has submitted a planning application for development of an office building across the whole site. None of the land is suitable for industrial development.

5.11 Sowton Industrial Estate

Sowton is one of the most established industrial estates serving Exeter with excellent links to Junctions 29 and 30 the M5. It is characterised by fractured ownership and a range of developments in terms of age and use. Development opportunities have been limited for many years. There are occasional infill plots that come to the market. The last one being the sale of Little Moor House to Rotamic Engineering Ltd for redevelopment and their own occupation in 2015.

5.12 Availability in Sowton rose considerably with the release of the former Stovax premises following their relocation to SkyPark. In 2021 I stated only 52,040 sq fdt (4,834.7 sq m) was available across four buildings. In November 2023 I reported 123,205 sq ft (11,446 sq m) of space was available including the SSE building measuring 68,536 sq ft (6,376 sq m) and the remaining former Stovax stock. Now 161,455 sq ft (15,000 sq m) is available over nine no. units including the SSE building. 22,215 sq ft (2,064 sq m) of that space is under offer with a further 40,068 sq ft at Centurion Mill about to be put under offer by Alder King. This will bring total availability below 100,000 sq ft (9,290 sq m) shortly.

5.13 Industrial stock on Sowton would be relevant to an occupier considering Hill Barton but the size and configuration of available stock will impact on suitability.

5.14 Matford

Matford as with Sowton is in fractional ownership with development across various sectors. The key different between Matford and Sowton is Matford's proliferation of car dealerships. Since 2021 the remaining land has been developed.

5.15 There are currently two buildings available measuring 27,411 sq ft (2,547 sq m) including the former Tuffnells Parcels unit which measures 22,545 sq ft (2,095 sq m).

5.16 Any available stock would be relevant to occupiers also considering Hill Barton.

5.17 Marsh Barton

Marsh Barton is the oldest estate in the Exeter market having been established post war. Geographically Marsh Barton and Matford are linked, although separated by a bridge, this boundary is largely ignored by occupiers. Marsh Barton is again in fractional ownership. Due to the age of buildings many have been refurbished and are re-clad to give the impression of newer stock. Parts of the area are earmarked for future residential development as part of the Liveable Exeter Vision which forms part of the Exeter Local Plan.

5.18 Demand comes from secondary automotive dealers, trade counter operators and general industrial users in the main. In 2021 total availability on Marsh Barton was 64,995 sq ft (6,038.3 sq m) across seven buildings. I considered this to be a lack of supply at the time.

5.19 Now we have 107,636 sq ft (10,000 sq m) across ten buildings and a 0.54 acre (0.22 Ha) compound which is under offer. The largest single building is the former Grahams/Minster builders merchants measuring 32,895 sq ft (3,056 sq m) where Alder King are acting for a private landlord. The space will be refurbished and broken up offering three trade counter units from 8,709 sq ft (809 sq m). Of the available space the former Jewson premises on Marsh Green Road measuring 29,903 sq ft (2,778 sq m) is under offer, being sold to a local investor. Completion will take place by Mid May.

5.20 As with Marsh Barton any availability here would compete with Hill Barton for some occupiers.

Sites Located in East Devon

5.21 The following text is an update to the previous reports. I have removed reference to sites including Winslade park and the Science Park which have a clear office and innovation use as these do not represent competition to any industrial development at Hill Barton.

5.22 SkyPark

The SkyPark is a joint venture between St. Modwen and Devon County Council. The development encompasses more than 100 acres (40.47 ha) of land adjoining Exeter Airport. At inception is was envisaged development of up to 1.44 million sq ft (133,780 sq m) of both office and industrial development could be delivered, with limitations on B8 use.

5.23 Office and industrial premises have been delivered with the most recent letting Stovax measuring 196,000 sq ft (18,209 sq m) on an 8.8 acre (3.56 ha) plot. Infrastructure works are underway on Phase 2 of the Burrington Estates (rebranded Onyx) development. That will deliver thirty five 1,000 sq ft (93.0 sq m) units on a 2.27 acre (0.9s ha) plot.

5.24 Since 2021 progress has been made to deliver a Local Development Order (LDO) on site to speed up the planning process. Alder King and JLL remain the marketing agents. As part of the LDO process the site has been masterplanned. This shows plots available measuring 27.52 acres (11.14 ha) remaining of which 13.57 acres (5.49 ha) is likely to be industrial.

5.25 The restriction on B8 development has impacted take-up at SkyPark and will continue to do so. We have seen demand for alternate lower employment density uses that would be sui generis or B2 which are also not suitable.

5.26 Available land will compete with Hill Barton for E and B2 occupiers. The Onyx development will satisfy demand from smaller occupiers.

5.27 <u>Exeter Intermodal Interchange/Exeter Logistics Park</u>

The Exeter Intermodal Interchange is the original name for the site located opposite SkyPark. The site measures in excess of 160.0 acres (64.75 ha) in total. Sainsbury's Supermarket Ltd secured detailed consent for circa 500,000 sq ft (46,451.5 sq m) of B8 (storage and logistics).

This was sold to Lidl and has been developed. Phase Two of the development is being delivered by Stoford Developments in partnership with the land owner, The Church Commissioners.

5.28 The scheme has successfully attracted B8 occupiers in recent years. Plot DC9 reached practical completion in early May 2024. The 42,000 sq ft (3,948 sq m) building has been let to Argos. Unfortunately a large letting on 12.5 acres (5.06 ha) failed to complete. This means availability has increased slightly since I reported in November 2023. 23.35 acres (9.45 ha) is available with a focus on institutional specification B8 development.

5.29 As the development is targeting new B8 development the normal densities of development have been reduced. Amazon occupies a 90,000 sq ft (8,361.3 sq m) building on a 15.0 acre (6.07 ha) site, with a further 3.09 acres (1.25 ha) earmarked for additional parking. This gives a development density of 4,975 sq ft (462.2 sq m) per acre. When the original building was envisaged in around 2018 a density of 10,000 sq ft (929 sq m) per acre was considered acceptable.

5.30 We would normally apply a development density of 18,500 sq ft (1,718.7 sq m) per acre, an acre being 43,560 sq ft (4,046.8 sq m), when evaluating the amount of industrial space capable of being delivered on a site. Based on the current trends we can expect the density of development on Exeter Logistics Park and other B8 sites to be below what has traditionally been modelled and therefore a reduced area of building to be developed. Development here will compete with Hill Barton for large scale B8 occupiers.

5.31 <u>AirPark, Exeter Airport/PowerPark</u>

This site was historically part of the airport. It measures 19.0 acres (7.7 ha). I t was sold by Vickery Holman to a developer called Oxenwood. They in turn have been marketing the site since October 2023. At the time of writing the site remains available.

5.32 Access over Long Lane has been improved and a Local Development Order (LDO) put in place. The site requires infrastructure to be put in place and development plateaus to be created.

5.33 Industrial development at PowerPark could complete with Hill Barton once underway.

5.34 Exeter Airport Business Park Phases 1 & 2

A mix of office and industrial buildings, the majority of which are sub 5,000 sq ft (465 sq m) including modern offices, occupied by Wainhomes and the NHS. There is no space currently available to let or for sale.

5.35 Available industrial units could complete with Hill Barton.

5.36 Greendale Business Park, Woodbury Salterton

Located close to the subject site. Greendale is a large industrial development of over 1.8 mil sq ft (167,224 sq m) with a wide range of occupiers including Royal Mail Suez, DHL and Fedex. Unit sizes are mixed across the phases, the development also offer secure compounds.

5.37 Two small compounds totalling 3.69 acres (1.49 ha) are available along with two buildings measuring 17,847 sq ft (1,658 sq m). The smaller 8,847 sq ft (823 sq m) unit is under offer .

5.38 Vacant space at Greendale would represent competition for units at Hill Barton.

5.39 Cranbrook

Cranbrook is predominantly as residential scheme with an element of employment. Alder King let the retail units at Younghayes and were instructed to market the town centre development land. Given the proximity to residential accommodation the focus has been towards retail and potentially office uses. The Morrisons supermarket building has been largely completed but it has been reported in the local press that it is on hold.

5.40 Industrial development at Hill Barton will not compete with the employment space earmarked for future phases at Cranbrook.

5.41 Tithebarn Green, Exeter Science Park

As with Cranbrook this is a mainly residential development. Alder King act for Eagle One, the developer. The Local centre is under construction and we have agreed terms with Tesco to occupy part. The remainder is on the market along with the adjoining land. This is earmarked for specific uses, none of which are industrial.

5.42 Treasbeare Farm, Exeter

This is the only new site of any scale to be included in the update. Outline permission has been granted for the development of 1,350 homes along with amenity space. Within that application is 27.14 acres (10.98 ha) of employment space. Much of which is likely to be industrial with a focus on B8 to meet current demand. The Owner Carden Group has been seeking developer interest. At the time of writing the site is not being marketed.

5.43 Industrial development here would complete with Hill Barton. The developable areas used have been taken from masterplan drawings for the site.

5.44 Including the larger employment areas detailed above there are sixty two employment sites listed in the East Devon Employment Land Review for the year ending 31 March 2020. A number of these sites in Sidmouth, Seaton, Exmouth, Axminster, Budleigh Salterton and Dunkeswell are considered irrelevant due to their location so have been discounted. In 2021 I inspected all sites and reported on availability. In the preparation of this update it has not been possible to re-inspect all sites. I have included updates in bold where available. The others are dealt with in the table below.

Figure 1.0 East Devon Employment sites

Site Name	Comment
Ottery Moor Lane, Honiton	No current availability of land or buildings. Redevelopment of Rainbow Stores for **residential completed**.
Odhams Wharf, near Ebford	Older industrial stock and offices.
Darts Business Park, near Ebford	Older industrial buildings and yards suitable for future redevelopment. Modern showrooms fronting Darts Farm retail outlet, one vacant. Two small industrial units measuring 2,700 sq ft (250 sq m) each are planned and being marketed by Stratton Creber. **These have not come forward.**.
Finnimore Industrial	A development of mainly 1960/1970’s industrial buildings.

Estate, Ottery St. Mary	There is a 1.75 acre (0.70 ha) development plot attached to the site which the owner had historically considered for industrial development. Recent Residential development around the estate gives the potential for it to come forward for residential development in the future.
Mill Park Industrial Estate, Woodbury Salterton	Located to the rear of Greendale Business Park. Low quality small industrial units fully let at the time of inspection. Of limited completion to Hill Barton.
Aylesbeare Common Business Park	1970's low quality industrial units. Passing rents sub £3.00 per sq ft reflect condition. Fully occupied at the time of inspection. Of limited competition to Hill Barton.
The Old Saw Mills, Colaton Raleigh	Small rural development of converted barns and warehouses. Of limited relevance as an alternative to Hill Barton for most occupiers.
Colletts Mill, Talewater, Talaton	Small rural development of limited relevance as an alternative to Hill Barton.
Talewater Works, Talewater, Talaton	Small rural development of limited relevance as an alternative to Hill Barton.
Oilmill Industrial Estate, Clyst St. Mary	Including Langdons Business Park. Home to Dartline Coaches. Low quality 1970's industrial units. Fully occupied. Of limited competition to Hill Barton.
Waldrons Farm, near Farringdon	Low quality industrial buildings. Occupied by a number of vehicle workshops. Unsuitable for most occupiers due to the amount of scrap stored externally.
West of Hayne Lane, Honiton	A joint venture between East Devon District Council and The Coombe Estate. Funding approved Feb 2021 to enable

	master planning. Delivery will be phased with 12.35 acres (5.0 ha) forming phase 1. A further 5.0 acres is to be released if needed after a 5 year plan review. Longer term the development could compete with Hill Barton. **Alder King involved in the project. No progress with delivery of development.**
Addlepool Business Centre, Clyst St George.	Small scale barn to office conversion. No relevant as an alternative to Hill Barton
Lodge Trading Estate, near Broadclyst	Occupied buildings and yards adjoining the railway line. There is a plot of 12.0 acre (4.85 ha) site suitable for redevelopment. 8.0 acres (3.23 ha) is deemed to be developable. Planning was granted on part in 2012 for industrial uses but did not proceed. A 2016 application for residential development was rejected. Potential for industrial uses going forward. Vacant units could represent competition to Hill Barton.
Hungry Fox Estate, near Broadclyst	A development of small low quality units. One 927 sq ft (87 sq m) unit available. Not relevant as an alternative to Hill Barton.
McBains, East of Exeter Airport	Dilapidated warehouses occupied by antique dealers, adjoining new industrial units at Harrier Court which are occupied. Part of the site has just come to market offering a new unit of 10,280 sq ft (955 sq m). **Fix247 occupy the new units.**
Old Park Farm and Pinn Court Farm,	Being developed by Bloor Homes. Any employment uses are likely to be small scale and retail/office.

Pinhoe

Axehayes Farm, near Clyst St Mary	Home to Yeo Business Park, a small scale office development and The Cats Protection Society. No relevant availability.
Dotton Business Park, Newton Poppleford	Small rural development of converted barns and warehouses. Not relevant as an alternative to Hill Barton for most occupiers.
Colliton Barton Units, Broadhembury	Small development of converted agricultural barns and offices. Alder King marketed 5,585 sq ft (519 sq m) of industrial space. This was put under offer on the first viewing and is due to complete by the end of June. Of limited relevance as competition to Hill Barton.

Relevant Sites Located in Mid Devon

5.45 WellParks, Crediton

Sold to a developer who obtained planning for commercial and residential development. Alder King are marketing the 0.63 acres (0.26 ha) commercial element which has planning consent for 5,428 sq ft (504 sq m) of space over two units.

5.46 The development is unlikely to be relevant to occupiers considering Hill Barton.

5.47 Land South A377, Crediton

This 2.0 acre (0.80 ha) site has now been developed as a Mole Avon Country Store which opened in 2018.

5.48 NW Extension, Cullompton

Allocated in the Mid Devon Local Plan 2013 -2033 the 7.41 acre (3.0 ha) development site is allocated for mixed use and green infrastructure. Alder King act for the landowner and will be involved in securing occupiers on the commercial elements of the development. This will be limited to small scale retail rather than any industrial uses.

5.49 The site does not represent competition to industrial development at Hill Barton

5.50 Land East of Cullompton

As above this 12.35 acre (5.0 ha) allocation will be mixed use and not relevant for industrial uses. It is therefore not competition for Hill Barton.

5.51 Week Farm, Cullompton

Of the 22.2 acre (9 ha), 13.05 acres (5.28 ha) has been sold to a commercial developer. Infrastructure is being delivered to create development parcels. The development is likely to be industrial in focus.

5.52 The industrial development at Weeks Farm does represent competition to development at Hill Barton. The remaining 9.15 acres (3.72 ha) is earmarked for a mixed use development including residential and is not relevant as competition.

5.53 Venn Farm, Cullompton

Sold to Goonvean Fibres, the 7.4 acre (3.0 ha) site has been redeveloped in part to provide a new 55,000 sq ft (5,109 sq m) facility for Goonvean's own occupation following relocation from Ottery Moor Lane, Honiton. Alder King acted in the disposal of the former factory to Jurassic Fibre and in the letting of additional space built at Venn Farm.

5.54 The original intention was to build the new facility plus 24,000 sq ft (2,300 sq m) of additional space to let in the open market. With an increase in demand on material storage, Goonvean decided to occupy half of the surplus space. We agreed a letting to Pipers Farm on the remaining 12,093 sq ft (1,123 sq m). 4.01 acres (1.62 ha) remains undeveloped with no change since 2021.

Relevant Sites Located in Teignbridge

5.55 The most relevant site in Teignbridge is Peamore Industrial Estate (rebranded Westexe). I have however included the allocated employment sites in the area and the relevant industrial estates to give a more complete picture.

5.56 Peamore Industrial Estate

Peamore Industrial Estate has grown up around a petrol station which has been on the site since the 1960's. The 13.0 acres (5.3 ha) site now encompasses a petrol station, low quality offices, industrial buildings and compounds. The owners have obtained outline planning on a further 45.0 acres (18.2 ha) of land around the estate for B1(c), B2 and B8 units totalling 700,000 sq ft (65,032 sq m).

5.57 The site was marketed for sale by LSH between 2019 and 2023. The 45.0 acre (18.2 ha) development land is on the market with Rossiter Property seeking £10.45 mil. The Peamore site is under offer to a separate party.

5.58 The site requires major infrastructure works to provide a roundabout and also increase the power supply before development can proceed. The development will compete with Hill Barton once the infrastructure issues have been resolved and a developer found to deliver buildings.

5.59 Brunel Industrial Estate, Newton Abbot

With the opening of the Link Road the estate has become more relevant to the Exeter market. It is home to a mix of office, industrial and trade counter occupiers. Age and quality varies but the estate has a good adopted road network and good transport links.

5.60 Vacant space here could be relevant to some occupiers looking at Hill Barton.

5.61 Sands Copse, Kingsteignton

Included in the 2021 report as future availability, occupiers have been found for two buildings.

6.0 MARKET SUPPLY ANALYSIS

Developable Land

6.1 Below are tables simplifying the text in the previous section and breaking out the relevant industrial development land allocated and consented from land earmarked for mixed use developments.

6.2 To account for reductions of gross developable land to net developable I have used the actual area of the site to be developed where possible. Where is isn't possible I have applied a 30% deduction which is in line with industry standards. For Exeter Logistics park I have taken the middle ground figure of 10,000 sq ft (929 sq m) per acre developable rather than the 18,500 sq ft (1,718.7 sq m) applied to other sites or the 6,000 sq ft (557.4 sq m) per acre applicable to the Amazon building.

Figure 2.0 Allocated Land Overview

Exeter Supply of Sites	Site Area		Developable Building Area		Comments
Site Name	**Acres**	**Hectares**	**Sq Ft**	**Sq M**	
Former Jewsons	1.46	0.59	27,010	2,509	Under offer.
Bell House, Marsh Barton	1.16	0.47	20,859	1,938	New build small unit industrial nearer completion.
Total	**2.62**	**1.06**	**47,869**	**4,447**	

East Devon Supply of Sites	Site Area		Developable Building Area		Comments
Site Name	**Acres**	**Hectares**	**Sq Ft**	**Sq M**	
SkyPark, Exeter	13.57	5.49	251,045	23,323	LDO area used.
Exeter Logistics Park	23.35	9.45	285,570	26,530	Based on 12,230 sq ft per acre.
PowerPark, Exeter	19.0	7.7	269,980	25,082	Updated Building Area.
Treasbeare Farm, Exeter	27.14	10.98	373,209	34,672	Master planned development.
Finnimore Industrial Estate, Ottery St Mary	1.75	0.7	33,375	3,007	Potential for residential development.
Land West of Hayne Lane, Honiton	24.7	10.0	323,750	30,077	A 30% reduction to area has been applied to give net developable area. The initial phase will comprise half that amount. Timing of delivery is unclear.
The Lodge Trading Estate, Broadclyst	8.0	3.23	148,000	13,750	Not on market.
Total	**117.51**	**47.55**	**1,684,929**	**156,441**	

Mid Devon Supply of Sites	Site Area		Developable Building Area		Comments
Site Name	**Acres**	**Hectares**	**Sq Ft**	**Sq M**	
WellParks, Crediton	0.63	0.26	5,428	504	Based on planning permission.
Week Farm, Cullompton	13.05	5.28	241,425	22,429	
Venn Farm, Cullompton	4.01	1.62	74,185	6,892	No plans to deliver.
Total	**17.69**	**7.16**	**321,038**	**29,825**	

Teignbridge Supply of Sites	Site Area		Developable Building Area		Comments
Site Name	Acres	Hectares	Sq Ft	Sq M	
Peamore Industrial Estate	45.0	18.2	700,000	65,032	Building area based on outline consent.
Total	**45.0**	**18.2**	**700,000**	**65,032**	

Total Supply of Sites	Site Area		Developable Building Area	
Location	Acres	Hectares	Sq Ft	Sq M
Exeter	2.62	1.06	47,869	4,447
East Devon	117.51	47.55	1,684,929	156,441
Mid Devon	17.69	7.16	321,038	29,825
Teignbridge	45.0	18.2	700,000	65,032
Total	**182.82**	**73.97**	**2,753,836**	**255,745**

Availability of Buildings in the Exeter market

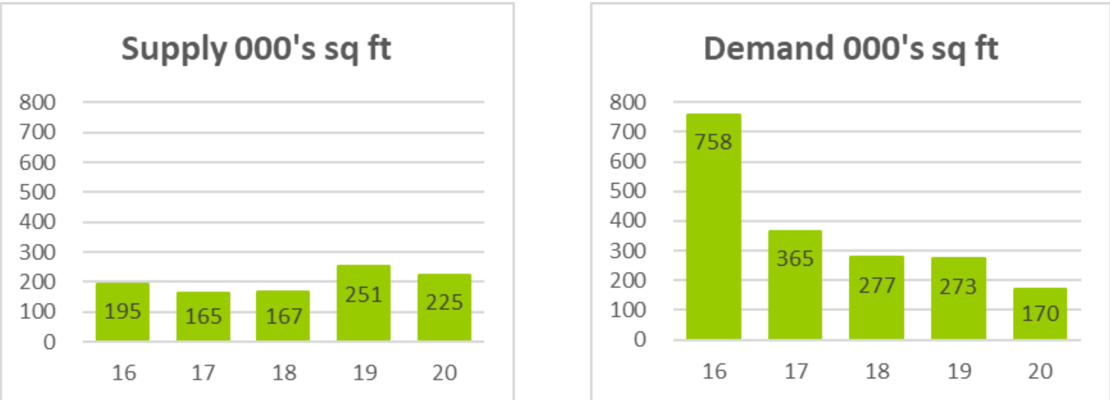
6.3 Figure 3.0 below shows the supply and demand figures as reported in our 2024 market Monitor. The figures relate to Exeter (not the wider Exeter market). I appreciate shifting between the Exeter and the wider Exeter market confuses the supply and demand picture. Unfortunately Alder King does not compile annual records off the wider Exeter market. I have also included the previously reported 2016 – 2021 figures in Figure 4.0 to illustrate the longer term trends.

Figure 3.0 Market Monitor 2024 Industrial Market Overview

6.4 The figures show 2020 and 2021 being a low point in the cycle with both supply and demand increasing considerable in the post covid period. The increase in supply is in part attributed to the release of Stovax space on Marsh Barton along with the SSE building discussed previously. The increase in demand was seen across industrial markets nationwide and was constrained by a lack of supply.

6.5 In 2021 I reported the success of new build schemes. In 2024 the developments at Matford Green Business Park and Exeter Trade Park have been completed and fully let with record rents set for both industrial and trade counter units. This has caused an increase in secondary rents across the wider Exeter market. Headline rents for a c. 10,000 sq ft new build industrial unit are up 13.5% in the period 2022 to 2023. Trade counter rents have seen huge increases with rents peaking at 18.00 per sq ft, although it should be caveated that this is for new build in the highest profile locations.

Figure 4.0 Market Monitor 2021 Industrial Market Overview



6.6 The availability of compounds and open storage land remains very low in the Exeter Market. Sites with good LGV and HGV access remain in high demand for a wide variety of end users. Hitchcocks Business Park in Willand have delivered a variety of compounds and according to Zach Maiden of Vickery Holman, who is agent on the site, demand has been very high with letting secured quickly.

6.7 2024 has seen increased economic headwinds that have had a short term impact on demand, particularly at the lower end of the industrial market. The high levels of demand for the sub

2,000 sq ft new build units has cooled as evidenced by the three remaining units at Mercury Business Park. Overall the development has been a huge success but enquiry levels have slowed in response to higher borrowing costs. This has not had the same impact on larger businesses as evidenced by the take-up of space in the key industrial estates mentioned in Section 5.0.

Long Term Market Analysis

6.8 In analysing the market it is normal look at market churn, defined as stock coming on to the market and being let or sold within a given period. Market churn enables figures like those in 2021 to be reported where demand outstripped supply. This is possible because the demand/take-up numbers cover the previous 12 month period whereas supply is a snapshot at the end of the year.

6.9 Below is an amalgamation of ten years Market Monitor figures to simply analysis of supply and demand over the period.

Figure 5.0. Five and Ten Year Average Supply and Demand Figures as reported in 2021.

Year	Supply Sq Ft	Demand Sq Ft
5Y Av.	206,600	366,600
10Y Av.	239,800	363,800

Figure 6.0 Five and Ten Year Average Supply and Demand Figures 2024

Year	Supply Sq Ft	Demand Sq Ft
5Y Av.	260,000	320,000
10Y Av.	229,000	358,000

6.10 The figures continue to show demand outstripping supply on both the five and ten year averages. Demand is also higher in every year except 2020 where the initial effects of lock down and the shutting down of businesses influenced the pipeline of transactions.

6.11 To properly quantify market supply, I have included an element of churn equal to the current existing stock in my analysis as set out in figures 7.0 to 9.0 below. It could be argued that a much larger amount of churn be considered appropriate. But it would also be relevant to argue that demand has been supressed by a lack of development, Brexit and the pandemic. Within the scope of this proof and taking account of my own experience, I believe that leaving churn in line with the existing stock is a balanced approach for evaluation and takes account of recent trends. As these figures are taken from the 2024 Market Monitor covering 2023 they do not include the rent transactions agreed in the major estates, or those buildings under offer.

6.12 To provide the widest possible context I have included the previously reported 2015 and 2021 figures along with the updated 2024 figures. To compile the figures I have taken the ten year average demand as our annual demand figure and overlaid that against the amount of space capable of being generated from allocated and consented land as set out in Figure 2.0. This gives an indication of how long it will take to absorb that land in to the market. We can then add in existing stock and churn to provide a figure for the total number of years supply in the market.

Figure 7.0 Total Years Supply of Industrial Land and Buildings 2024

Land	7.69 years supply
Existing stock	1.13 years supply
Churn	1.13 years supply
Total	**9.95 years supply**

Figure 8.0 Total Years Supply of Industrial Land and Buildings 2021

Land	7.58 years supply
Existing stock	0.39 years supply
Churn	0.39 years supply
Total	**8.36 years supply**

Figure 9.0 Total Years Supply of Industrial Land and Buildings 2015

Land	11.27 years supply
Existing stock	2.92 years supply
Churn	2.92 years supply
Total	**17.11 years supply**

6.13 In compiling the analysis above, I believe I have been fair in terms of the net to gross deductions in allocated land, the development densities included and also the amount of churn allowed in the market. On this basis I consider the Total Years Supply figure of 9.95 years to be a reasonable one.

6.14 The total years supply figures have improved from 2021 but are still considerably below that of 2015. The amount of land feeding into that equation has seen very limited change since 2021 and is also down considerably on 2015.

6.15 Of real significance in the evaluation of land supply is the lack of movement of sites in East Devon through the process, from allocation to planning and then delivery. Only 1.75 acres (0.71 ha) at Curlew Court has been removed for the allocated land reviewed. We have seen an increase in suitable land at SkyPark following the LDO and a decrease at Exeter Logistics Park where they are delivering buildings for B8 occupiers. Power Park and Land West of Hayne Lane have seen no movement. These two sites account for over 37% of the total allocated land available.

6.16 Treasbeare Farm has been added to the list and is the largest single allocation. It has not come to market although Alder King have had discussions with the owners. At the time of writing I am not aware of any firm plans for delivery.

Market Funding for Development

6.17 A major issue facing the local market is the availability of funding for development. Power Park has been marketed extensively since October 2023 and I have had a large number of conversations with developers seeking to understand the local demand picture. I am aware that developers have been unable to proceed with negotiations due to a lack of funding.

Funders, typically operating out of London are focussed upon bigger markets like the South East, Midlands and North West. In those locations they can deliver development of a larger scale to meet their funding criteria. The lack of wider funding is a factor holding back development of allocated sites in and around Exeter.

7.0 OCCUPIER REQUIREMENTS

7.1 As well as looking at the market statistics it is also important to consider occupier requirements. Businesses have varied requirements in terms of specification of building, density, location and budget. A healthy market should cater to the demands from all different types of occupier.

7.2 The majority of occupier requirements initially focus on existing space because of the immediacy in terms of delivery and also lower pricing. If open storage land is required it needs to be consented. In a market where there is a balance between supply and demand or an imbalance in favour of supply occupiers are able to satisfy requirement from the existing stock.

7.3 In the Exeter industrial market it has become common for occupiers to be unable to find suitable industrial stock and to have to wait for development as evidenced by the demand seen in new build schemes. There is also a total lack of open storage land available to meet this type of requirement meaning many of these requirements go unsatisfied or are forced to expand their search areas.

7.4 Location is one of the most important factors for many. Having a wider choice of locations is key to a healthy market. In the case of Exeter not all occupiers want to be located in Sowton, Marsh Barton or Matford. The popularity of Exeter Logistics Park, Hill Barton and Greendale shows many occupiers would prefer to be located in East Devon.

7.5 Occupiers rarely consider allocated land due to the uncertainty over the timing of delivery. So when considering the demand for development land it is important not to over emphasise the relevance of allocated land versus consented land. For the most part allocated land without consent is irrelevant. It only becomes relevant when a landowner or developer goes through the planning process and presents the agents and the market with an understandable product in terms of the massing of development, the land uses and a more detailed programme for delivery. The most relevant sites are those delivered or at least under construction.

8.0 CONCLUSIONS

8.1 We have seen an increase in supply and demand in the industrial sector since 2021. However much of that stock of older and located in Sowton. We have not seen delivery of the variety required to satisfy all requirements.

8.2 For the market to be able to function properly, meeting the demand of all those seeking space, we need to see more options offering various sized space in different locations.

8.3 Developments under construction in 2021 have now been delivered and occupied. We have not seen a new wave of speculative development to meet future demand. This is partly because locations like Matford are now fully developed. Infill development in Sowton and Marsh Barton is few a far between but demand is strong when these schemes are delivered as evidenced by the success of Exeter Trade Park.

8.4 Agents are all reporting high levels of demand and a lack of stock in the industrial sector, with a particular shortage of land for open storage.

8.5 Looking at the market over the last ten years we can see that demand has outstripped supply in every year except 2020.

8.6 Total supply in the marketing including allocated land remains equal to less than 10 years demand and is significantly below where it was in 2015.

8.7 We have seen limited movement of land through the delivery process from allocation to development and completion. For the wider Exeter market to attract more employment and growth we need more sites coming forward in the hands of those able to deliver development.