LDP-EBD-STR3B.2

MARKET ASSESSMENT

in respect of

Warren Hall
Broughton
Flintshire

on behalf of

Llywodraeth Cymru
Welsh Government

5th October 2019

C O N T E N T S

A P P E N D I C E S

1. INSTRUCTIONS

1.1 Thomas Lister Limited are instructed by WYG as part of a multi-disciplinary professional team, to undertake a feasibility study in relation to land known as Warren Hall in Broughton, Flintshire, which is proposed for major employment led mixed use development.

1.2 WYG has been commissioned by Llywodraeth Cymru in order to produce a Development Framework, which will define a vision for the site and clearly guide future development. The Development Framework will incorporate a masterplan demonstrating the ability to deliver a creative, viable and sustainable response to the site's characteristics, constraints, opportunities and development needs.

1.3 The draft Development Framework will be utilised to inform the Local Development Plan (LDP) deposit, with the ultimate objective of securing an allocation for the subject site for the proposed uses.

1.4 Thomas Lister are supporting WYG through this commission by undertaking an assessment of market conditions relative to Broughton and the wider Flintshire area, in context with both market conditions and other employment and residential schemes either in delivery or proposed as part of future supply.

1.5 The market assessment work being undertaken will therefore inform masterplan proposals and importantly, ensure that the masterplan that is incorporated within the Development Framework is market facing, enhancing viability and sustainability over the long term.

1.6 This report has been prepared by Chris Thomas, Director, with input from Rachel Lister, Director, at Thomas Lister and support from Zoe Shearman, Senior Development Consultant, also at Thomas Lister. WYG have also input into the preparation of this report.

1.7 It is confirmed that the Thomas Lister team have sufficient knowledge and experience to be able to undertake this commission, along with considerable expertise in providing the services that are required.

1.8 It is also confirmed that as far as we are aware, there are no conflicts of interest in Thomas Lister providing this advice to WYG on behalf of Llywodraeth Cymru.

1.9 We are pleased to report as follows:

2. LOCATION

2.1 The county of Flintshire occupies a unique border location in the north east corner of Wales, serving as the principal gateway to the North Wales region from North West England. Flintshire boasts a significant and prosperous industrial heartland anchored by a vibrant advanced manufacturing sector which is far from typical of other areas in Wales or of the rest of the United Kingdom. The county is recognised nationally as being a key area of employment and economic activity with national and sub-regional importance in Wales but as also having wider economic importance to the North East sub-region.

2.2 The subject site, known as Warren Hall, is situated within the town of Broughton which is best known for its Airbus Factory, being one of the principal employers in the county. The town is also known for Broughton Park and an out of town Retail Park with a number of brand retailers and an established and successful shopping destination. The nearest settlement is Higher Kinnerton.

2.3 Warren Hall was a Grade II Listed 19th Century Italianate villa constructed around 1850 and replacing an earlier house on the site. The house was demolished in the 1970's and the grounds currently used for agricultural purposes, with the agricultural land formerly within the estate, now proposed for redevelopment and subject to the development framework and LDP proposals.

2.4 Warren Hall Court lies to the north of the subject site and comprises a small modern housing estate of around 30 dwellings on part of the site of Warren Hall.

2.5 Warren Hall is located directly south of the A55, the principal highway access linking North Wales to the North West and the national motorway network. This provides vehicular connectivity to the M56 motorway network. The nearest train stations are located at Buckley and Hawarden which provide rail services to Bidston to the north and Wrexham to the south.

2.6 *A location plan is attached in Appendix I*.

3. THE SITE

3.1 The site is bordered by the A5104 to the north, which is a busy arterial road providing established links to local infrastructure and residential areas. As referred, this includes Warren Hall Court.

3.2 The eastern boundary is formed by a hedge and tree lined rural lane known as Lesters Lane which links up with Kinnerton Lane and forms the southern and western boundary. There is a small stream running through a strip of woodland known as Warren Dingle on the southern part of the site.

3.3 The site is divided into a number of medium sized fields by mature hedgerows and post and wire fences, and is bounded by low hedgerows, fences and isolated trees. In terms of topography, the site has a pronounced slope from east to west, which reflects that of the general area.

3.4 *A site plan is contained within Appendix II.*

4. PLANNING

4.1 In terms of local planning policy, the overall site is allocated for commercial (Use Class B1) development within the Flintshire Unitary Development Plan (UDP).

4.2 The adopted Flintshire UDP identifies and safeguards the land as a high-quality employment site for business uses (Policy EM2(1)), although the current development area is identified as 28.7 hectares. The latter policy stipulates that development will be permitted where the scheme incorporates extensive landscaping measures which respect and retain any existing features of landscape or nature conservation interest; is of low density; and layout, siting, design and materials are of the highest quality.

4.3 In terms of design, the UDP (policies D1 to D7 inclusive) stipulates that proposals will only be permitted if they demonstrate the best possible standards of design. This should be achieved through good siting, layout, high quality building design, landscaping, outdoor lighting, crime prevention and public art.

4.4 In terms of sustainable development, policy EWP2 relates to energy efficiency in new developments and states the Council must be satisfied that sufficient steps have been taken in the siting, aspect, form and design of new buildings to minimise the wasteful consumption of energy both in the construction and use of buildings. Policy EWP3 requires development proposals to include renewable energy technologies within the scheme's design.

4.5 The local planning authority are in the process of preparing a new Local Development Plan to replace the UDP. The emerging LDP is proposing to include Warren Hall under its Strategic Site Policy (STR3) and Warren Hall is proposed as one of two strategic sites, which will play an important contribution to the overall growth in Flintshire over the planned period.

4.6 The first of these sites, STR3a Northern Gateway is a mixed use development site comprises employment, housing, commercial and community facilities.

4.7 Warren Hall (STR3b) is identified as a mixed-use development site, incorporating the following uses:

i. Approximately 300 new homes, including affordable.
ii. Approximately 22.7 hectares of B1 and high quality B2 employment land.
iii. Commercial hub, providing hotel, leisure, local centre and retail uses.
iv. Strategic landscaping and green infrastructure network.
v. Sustainable transport links with nearby settlements and a link with the section of the Mold – Deeside Active Travel Route between Penymynydd and Broughton.

4.8 It is in context with these development proposals, that the assessment of market conditions has been undertaken for these respective uses.

4.9 In preparing this market assessment, regard has been had to the above referred policy, along with planning, masterplanning services and advice being provided directly by WYG to Llywodraeth Cymru. As such no further commentary is being provided on planning matters within this report, except where there is reliance on policy and/or information provided by WYG.

5. ECONOMIC SUMMARY

5.1 Flintshire has developed as a major economic centre throughout the last 20 years. Almost uniquely in the UK, manufacturing remains at the heart of the local economy, providing 34% of all jobs (the figure for the UK is 13%). High value manufacturing is well represented including aerospace, automotive components and speciality chemicals.

5.2 The Airbus UK plant at Broughton currently employs 7,000 people and it is understood to be the largest manufacturing plant in the UK. Every wing for each one of the 3,000 Airbus aircraft produced since the 1970's has been manufactured in Flintshire.

5.3 Flintshire acts as a key focal point for the wider regional economy of North Wales and the North West, providing 'high value' manufacturing both at Broughton and Deeside Industrial Park, where Enterprise Zone Status was secured in 2012, providing an important contribution to both the Welsh and UK economies.

5.4 Key economic statistics for Flintshire in accordance with Nomis data are as follows:

- Flintshire's population comprises 155,600 residents as at 2018.
- Around 61% of the population are of working age (between 16 and 64). This is in accordance with the Great Britain and Welsh national averages.
- The proportion of economically active population is circa 80.2%, marginally higher than Great Britain and Welsh averages.

- Economic inactivity in Flintshire is 19.8%, lower than the Great Britain and Welsh averages of 21.5% and 23.3% respectively.

- Employment by occupation between January 2018 and December 2018 is shown in the table below:

Socio Economic Group	Flintshire Numbers	Flintshire %	Wales %	Great Britain %
Socio Major Group 1-3	29,400	39.1	42.5	46.4
Socio Group 4-5	17,500	23.2	21.5	20.2
Socio Group 8-9	16,900	22.5	18.3	16.8
Socio Group 6-7	11,400	15.2	17.6	16.5

- The above table therefore shows that in the group comprising managers, directors and professional occupations that the Flintshire percentage of employees is less than both the Welsh and Great Britain averages (Group 1-3).

- For administrative, secretarial and skilled trade occupations, the number of employees was slightly higher than both the Welsh and Great Britain averages (Group 4-5).

- Flintshire has a higher proportion of employees who are involved in process plant, machine operatives and elementary occupations in both the Welsh and Great Britain averages (Group 8-9).

- In terms of Group 6-7, caring, leisure and other service occupations, Flintshire has a lower proportion of employment than both the Welsh and Great Britain averages.

- In terms of qualifications, the Flintshire position is shown in the table below:

Qualification Level	Flintshire Level	Flintshire %	Wales %	Great Britain %
NVQ 4 and above	26,800	28.5	35.4	39.3
NVQ 3 and above	47,400	50.5	55.1	57.8
NVQ 2 and above	66,900	71.3	74	74.9
NVQ 1 and above	77,000	82.1	84.9	85.4
Other Qualifications	8,900	9.5	6.5	6.8
No Qualifications	7,900	8.5	8.6	7.8

- The table above shows that overall levels of qualifications in Flintshire is generally below the Welsh and Great Britain averages across all NVQ levels. Flintshire does have higher number of the population with other qualifications, whilst those with no qualifications is similar to the Welsh average but higher than the Great Britain averages.

- In terms of gross weekly pay, the average for Flintshire is £503.30, whilst the Welsh average is £518.60 and Great Britain is £571.10. The Flintshire average earnings are therefore lower than its counterpart averages.

- In terms of out of work benefits being claimed, the proportion of the Flintshire population is 2.6%, which is noted to be lower than the Welsh average of 2.8% and the Great Britain average of 2.7%.

- In terms of employee jobs by industry, Flintshire has the highest proportion of the population employed in the manufacturing sector at around 20,000 jobs equating to 28.2% of the population. This is in stark contrast to the Welsh average of 11.2% and the Great Britain average of 8.2%. The next highest average is within wholesale, retail trade and repair of motor vehicles and motor cycles at 12.7%, although this is marginally lower than for Wales at 14% and Great Britain at 15.2%.

- In terms of business counts, the breakdown of business classification for Flintshire and Wales is shown in the table below:

Enterprises With	Flintshire %	Wales %
Micro 0-9	87.8	89.1
Small 10-49	10.1	9.2
Medium 50-249	1.6	1.4
Large 250 +	0.4	0.3

- The business classification therefore shows that Flintshire is dominated by micro business of which there are around 4,540 in total. The number of micro businesses is in accordance with the average for Wales.

5.5 In summary therefore, the economic analysis for Flintshire shows an economy that is relatively well educated in comparison to the Welsh and national averages, with both employment numbers and an economically active population similar to the Welsh and Great Britain averages. Those claiming benefits is in accordance with the average rate whilst wages in Flintshire are slightly lower than the Welsh and Great Britain averages and the employment sector is dominated by the manufacturing industry.

5.6 Therefore, the ability for Flintshire to accommodate major employment growth in economic term has a stable base and profile with no major barriers or constraints to growth identified.

6. MARKET ANALYSIS

Residential

6.1 As referred to earlier, the subject site has a proposed allocation to deliver, *inter alia,* 300 dwellings and is identified within the illustrative masterplan. We are advised that the residential element of the scheme is proposed so as to create a balance of uses at Warren Hall and assist with the sustainability of major development in this location.

6.2 Thomas Lister have undertaken a detailed analysis of supply, demand, take up rates and values in order to ascertain the current position with the residential market and any mismatches between demand and supply. Given that residential development is not the primary use proposed for the subject site, a summary of our findings is presented below, with our full analysis of residential property market conditions contained within the appendices to this report.

<u>Housing Market Summary</u>

6.3 The existing stock provision within Broughton is predominantly 1950's semi-detached estate housing, which has led to a gap in the housing provision of larger, detached family housing, as well as smaller two and three bedroom semi-detached properties.

6.4 There are currently no sites identified within Broughton to deliver residential development over the next five years (Flintshire County Council - Housing Land Monitoring Statement, 2018), although there are a number of sites identified within the surrounding areas for delivery. It is noted that Taylor Wimpey and Redrow Homes have secured a joint planning permission for the Kings Moat Garden Village, which is located at Wrexham Road, Chester. This scheme will deliver 786 new residential dwellings with 30% being identified for affordable housing. Notably, 75% of the proposed market dwellings within the scheme will be four or more bedrooms.

6.5 Whilst there are no identified sites for residential development expected to be delivered over the next five years within Broughton (see Flintshire County Council Housing Land Monitoring Stated 2018). There are identified a number of Candidate Sites within the emerging Flintshire County Council Local Development Plan. Total residential land supply across the candidate sites extends to c.153 ha (378 acres) of land. This includes the mixed use allocation at Warren Hall comprising 76.3 ha.

6.6 Current schemes within the area are predominantly delivering large, detached family housing and it is reported that demand is relatively consistent due to the inward migration from employees of the various advanced manufacturing businesses located within the area including Airbus.

6.7 Generally, it is considered that demand is high for detached family housing, however, due to the lack of supply, it is also considered that there is a market for smaller, two bedroom properties for first time buyers and young couples. Average achieved prices for new build stock is commanding a premium of circa 21.6% over existing stock, with average new build achieved values at c.£2,565 per sq m (£238 per sq ft) against an average of £2,110 per sq m (£196 per sq ft) for existing stock within the last 12 months. Notably, new build terraced properties have commanded a premium of c. 8.9% over semi-detached and detached stock, this is considered to be due to the lack of supply of new build, smaller properties within the area.

6.8 The lettings market is strong and supply of three bedroom properties does not meet the demand from those looking to rent within the area. It is therefore considered there is a gap in the market for good quality private rented sector family housing stock and this is allowing for rental values to remain strong when properties are brought to the market.

6.9 In accordance with evidence gathered in relation to the housing market in Flintshire, it is concluded that the provision of new housing at the subject site has the potential to meet gaps in current provision and should be well received by the market.

Commercial

6.10 This section of the report seeks to set out the current position of the commercial property market, considering both industrial and office sectors within the area surrounding the Warren Hall scheme in order to assess potential future demand for the site for commercial uses over future years. Existing availability and supply of both premises and sites for industrial and office uses, and demand, has been considered to identify gaps within provision which could be met through the development of the Warren Hall site.

6.11 The Broughton area has traditionally been a major centre for the advanced manufacturing sector with a particular focus on the aerospace and automotive sectors.

6.12 On the basis that Warren Hall is proposed to be an employment site of regional importance, our research has focused upon the Flintshire and Wrexham areas, primarily being the principal employment locations within North East Wales.

Commercial Floorspace Supply

Existing Vacant Commercial Accommodation – Industrial

6.13 In order to assess the existing supply of vacant industrial accommodation, a search has been undertaken of existing industrial floorspace which is listed within the Co-Star database within Flintshire and Wrexham – an area which incorporates areas such as the Deeside Enterprise Zone, Flint, Wrexham, Mold and various industrial areas to the south of Chester – which are considered to be an appropriate market area for any company seeking new premises within the area.

6.14 The search identified the availability of 65 separate properties providing a total of 67,446 sq m of industrial floorspace which is broken down by size as follows:

Size	No. of Properties	Total Area
0- 464 sq m	21	10,924 sq m
465-929 sq m	19	13,751 sq m
930-1,860 sq m	14	16,367 sq m
1, 861 sq m +	11	26,404 sq m
Total	**65**	**67,446 sq m**

6.15 Around 50% of the vacant properties were developed in the period of 2000 – 2010 and comprise of modern steel portal frame buildings with asking rentals of £37 - £48 per sq m whereas new properties under construction have asking rentals of £59.20 - £64.58 per sq m typically based upon a minimum 10 year lease term.

6.16 In terms of an available supply of modern new build stock constructed over the last five year period, analysis of available stock establishes this equates to circa 28,723 sq m.

6.17 A total of 54% of the vacant accommodation is situated within the Deeside Enterprise Park area. Other areas with significant industrial availability include the Wrexham Industrial Park and Sealand Industrial Estate on the outskirts of Chester.

6.18 With the Co-Star database properties are ranked in terms of quality of floorspace with five star comprising the highest quality. The majority of vacant units are ranked as 2 or 3 star (moderate to poor). The exception comprises new speculative industrial units, which are currently under construction, and are set out as follows:

Development Name	Location	Total Area
Boundary Park	Welsh Rd	955 sq m
	Newbridge Rd	1,463 sq m
Boundary Park	Welsh Rd	2,214 sq m
	Newbridge Rd	2,241 sq m
Boundary Park	Welsh Rd	4,645 sq m
TOTAL		**11,518 sq m**

6.19 The vacancy rate is estimated to be around 18% of a total industrial stock within the search area which comprises a lower proportion than many areas – but reflects the fact that much of the industrial stock is relatively modern in comparison with other areas. Flintshire has a limited quantity of economically obsolete properties within the area and good levels of take up of modern stock, as identified within Section 7 of this report.

Existing Vacant Commercial Accommodation – Offices

6.20 The Co-Star database identifies office availability within Flintshire and Wrexham as follows:

Size	No. of Properties	Total Area
0-232 sq m	22	2,984 sq m
233-464 sq m	9	2,415 sq m
465-929 sq m	1	823 sq m
930 sq m +	4	4,914 sq m
Total	**36**	**11,136 sq m**

6.21 The supply of vacant offices is predominantly situated along the northern area of Flintshire extending from Holywell, along to Flint and Broughton and then to south to Mold.

6.22 The supply of 36 properties is primarily concentrated across the main business parks in the area, including St.Davids Park, Ewloe, Acorn Business Park, Deeside and Mold Business Park. A number of the available office units are noted to comprise a range of suites within the same building and the available space at Acorn Business Park is an example in this regard. All properties were graded of similar quality being 4 and 5 star.

6.23 The asking rentals for modern offices on these sites range from £94 sq m to £150 sq m for buildings at the Deeside Enterprise Park. The asking rents for more secondary stock and typically standalone buildings in town centres are noted to be in the region of £75 sq m.

Commercial Land Supply

6.24 A comprehensive assessment of commercial land availability was undertaken through the Wrexham & Flintshire Employment Land Review dated October 2015 and undertaken by the BE Group, which sought to analyse the availability of sites within the two areas in relation to both quantity and qualitative aspects.

6.25 The study identified a total commercial land supply of 326.13 ha in Flintshire – but also raised questions as to the deliverability and viability of a number of the sites to bring forward as employment sites and therefore assessed the effective supply to a reduced total of 223.9 ha, which includes the Warren Hall site.

6.26 The Employment Land Review identifies alternative economic growth scenarios for the region based upon the high existing presence of the manufacturing sector – and in the high growth scenario identifies a maximum site requirement of 80 ha up to 2031. On this basis, there is an adequate provision of employment sites allocated within Flintshire.

6.27 However, under the Flintshire County Council Preferred Strategy, the preferred level of growth stands at some 8,000 – 10,000 jobs through 223 ha of employment land. Focus is made upon Warren Hall as a key site within public sector ownership, although recognises viability issues associated with the development of the site. As noted in 7.25 above, there may be viability issues to be addressed with a number of identified employment sites to enable future delivery and the key point to note therefore is that the allocation of a site does not automatically guarantee that sites will come forward for delivery and the actual deliverable supply of employment land may be considerably lower than the volume allocated.

6.28 The Preferred Strategy sets out the approach to employment land supply as follows:

Employment Land Provision

Strategic Policy STR 8 states a strategic and local supply of employment land will be identified to satisfy the county's employment needs. Economic development will be guided to the most appropriate locations by providing a range of choice of sites in terms of location, quality, type and size which will comprise:

i. Land currently committed for employment uses.
ii. Undeveloped land and existing premises within Principal Employment Areas.
iii. Employment land allocations including Warren Hall.
iv. The safeguarding of existing employment sites and premises, where they play an important role in meeting future economic needs.

Candidate Sites

The Flintshire Local Development Plan 2015 – 2030 Preferred Strategy considered a number of Candidate Sites (November 2017). An assessment of sites for development is made against The Preferred Strategy. Within the Principal Employment Areas noted above sites are identified which comply with the Preferred Strategy:

SETTLEMENT	CATEGORY	REF	NAME	AREA (HA)	USE
Broughton	Local Service Centre	BROU004	Disused Aircraft Dispersal Area (NW of Factory)	11.07	Employment
Broughton	Local Service Centre	BROU005	Land North of Chester Road	4.48	Employment
Broughton	Local Service Centre	BROU006	Land East of Manor Lane Chester Road, Hawarden Park	29.47	Employment
Broughton	Local Service Centre	BROU008	Land between Chester Road & Slip Road, Broughton Shopping Park	3.36	Commercial
Broughton	Local Service Centre	BROU0011	Warren Hall	76.32	Mixed Use
Broughton	Local Service Centre	BROU012	Land north of Broughton Retail Park	1.8	Commercial

6.29 The largest existing employment area within the Broughton area is the Deeside Enterprise Zone which comprises of an overall area of 2,000 hectares situated to the north west of Broughton where investment incentives are offered to different parts of the Enterprise Zone, including enhanced capital allowances on investment as well as a period of business rates exemption to encourage new investment.

6.30 The Enterprise Zone incorporates a number of individual development areas, which target specific sectors of the industrial market, many of which have existing availability of serviced development parcels to accommodate new development. The principal elements of the Deeside Enterprise Zone are set out as follows:

- Advanced Composites Research, Training and Development Centre

  The result of a partnership between Glyndwr University, Airbus, Coleg Cambria and the Welsh Government, the Centre supports thousands of Airbus employees in skills development and works with businesses on R&D projects.

- Advanced Manufacturing Skills & Technology Centre

  The vision is to develop an Advanced Manufacturing Institute here, as a world-leading facility for the commercialisation of new technologies, plus the engineers and technicians needed to apply them. The AMI offer will ensure that the needs of businesses of all sizes are met and will focus on the manufacturing process and technology enhancements within a number of sectors including manufacturing, nuclear and energy and food.

- Deeside Industrial Park

  Deeside Industrial Park, with 9,000 jobs on site, is a modern business location that was developed from the former British Steel Shotton works. It is home to a range of businesses from thriving SMEs to well-known global brands. It covers an area of over 800 ha and is home to a wide variety of manufacturing and distribution companies including those involved in food production, aerospace, energy, pharmaceuticals, paper, packaging and engineering.

- Hawarden Business Park

  This site, adjacent to the main Airbus base, has been developed as a dedicated aerospace park by the Welsh Government, in partnership with a private sector developer. Existing occupiers include Gardner, Aerotech and Tarvin Precision and a range of fully serviced sites can accommodate up to 25,000 sq m (269,097 sq ft). The site is also home to an Advanced Composites Research, Training and Development Centre to provide onsite experience in composites manufacturing, development and research.

- Northern Gateway Strategic Development Site

  This strategic, 100 hectare (222 acre) development site can accommodate units of over 92,900 sq m (1,000,000 sq ft). The site has existing planning permission and capable of early development.

- Renewable Energy Park

  Extending across a number of significant sites this is home to Parc Adfer, the major energy-from-waste facility for five local authorities, the Sustainable Building Envelope Centre (SBEC) and UPM Kymmene's paper recovery operation. The site is allocated for sustainable energy use and generation.

- Sandycroft Industrial Park

  Sandycroft Industrial Park is an established employment site which is home to a variety of businesses ranging from engineering and scientific companies to service sector and distribution. There are a variety of sites available within this area.

- Toyota Lean Manufacturing Centre

  Supporting the car manufacturing plant at Burnaston in Derbyshire – comprising of a major automotive manufacturer with a supporting supply chain within the area.

6.31 The targeting of specific sectors such as advanced manufacturing, R&D businesses and renewable energy use and regeneration may by default result in the exclusion of more generic commercial businesses to some areas of the Enterprise Zone.

6.32 Warren Hall is therefore a potential opportunity to build upon the success of the Deeside Enterprise Zone through the provision of a complementary development site. It is noted that there remains significant areas of the Enterprise Zone, which are undeveloped to date, such as the Northern Gateway Strategic Development Area where serviced development plots are available to meet demand for employment uses for the short to medium term – particularly for industrial uses to complement the advanced manufacturing uses within the Enterprise Zone and surrounding areas.

6.33 In this regard, Warren Hall could potentially complement existing employment at Deeside by offering land for sale as much of Deeside is subject to developer tie and thus availability is restricted by way of design and build opportunities.

Industrial and Office Demand

6.34 This section will consider evidence of demand for existing industrial and office accommodation – within Flintshire and Wrexham – utilising data from the Co-Star data base which is supplemented by consultation undertaken with local commercial property agents active within the area.

<u>Take-Up Rates of Industrial Floorspace</u>

6.35 Analysis of the Co-Star database identifies total freehold sales of existing employment floorspace within Flintshire was in the region of 78,145 sq m within the past 12 months within 27 separate transactions. Over the last three years total sales volume according to Co-star is circa 195,096 sq m within 69 separate transactions. The analysis of sales data establishes the following notable factors:

- Total sales volume generated around £62.4 million of investment.
- The average floor area of buildings sold was 2,778 sq m.
- Average sales price was £1.7 million, with average price per sq m at £700.
- The average yield achieved on disposal was 7.3%.
- Around 25% of properties were sold for between £480,000 and £850,000, 45% of sale being split equally within the £140,000 - £250,000, £250,000 - £480,000 and £850,000 - £1,500,000 value ranges. Around 25% of sales are between £1.5 and £5 million, with only 5% of sales being less than £140,000.
- Prices being achieved on sales have risen steadily in the last 12 months and are slightly above market price as from the middle of this year.
- Yields have also fallen from an average of 8.75% in 2017 to around the current average of 7%.
- The number of months to sell a property on the market has also fallen significantly over the last 12 months, from an average of 18 months to currently less than six months.
- Occupancy levels on sale have also increased steadily since mid-2017 to over 90% indicating a predominance of investment sales in the market as oppose to sales to owner occupiers.
- Demand for freehold industrial floorspace is estimated to be in the region of 78,145 sq m per annum.

6.36 The conclusions to be drawn from the evidence gathered is that investment activity within the industrial market within Flintshire is strong and experiencing good levels of growth, with increasing numbers of transactions, falling yields and increasing prices.

6.37 In terms of the rental market, over the past three year period in Flintshire, Co-star identified a total of 115 leasehold disposals equating to total floor area transacted of 91,414 sq m with the two largest lettings comprising of a letting of 9,654 sq m at Sealand Industrial Estate on a new 10 year lease at a rent of £51.85 per sq m and the letting of 6,230 sq m at First Avenue on the Deeside Industrial Park on a new 10 year lease from March 2018 at a rent of £52.37 per sq m.

6.38 Key points to note from the analysis of transactions summarised are as follows:

- Average size of properties leased was 996 sq m and typically let on leases between five and ten year terms.
- Average rent free periods were five months.
- Leasehold transactions have increased year on year over the last three years at a steady pace of growth of circa 7%.
- Rental values have increased year on year from around mid-2014 from an average of £40 sq m to £48.50 sq m.
- Rental values are forecast to continue to grow over the next five year period by an estimated 15%.
- Over 80% of leasehold transactions were for good quality/new properties.
- Demand for industrial space is estimated to be 31,000 sq m per annum based upon current levels of take up and disregarding any projections for employment growth.

6.39 Summary findings from the evidence gathered of leasehold transactions in Flintshire are that the market is in a period of sustained growth in terms of overall levels of transactions and values being achievable.

<u>Take-Up Rates of Office Floorspace</u>

6.40 The Co-Star database identifies the sale of a total of 13,471 sq m of existing office space over the past three years, equating to average take up of 4,490 sq m per annum. Key findings from our evidence is as follows:

- The average size of property sold was 678 sq m.
- Total sales volume was £7,100,000 of investment.
- Average yield achieved on sale was 9% with an average sales price of £590,000.
- Around 89% of properties were leased at the point of sale indicating the majority of sales were for investment purposes.
- The average price achieved per sq m was £754 sq m.
- Demand for property is currently estimated to be in the region of 4,490 sq m per annum. This estimate is based upon current levels of activity and may be considered to be a conservative estimate in that future growth projections have not been taken into account.

6.41 In addition to the above sales, Co-Star identified 33 separate lettings within this area comprising of a total of 8,118 sq m over the last 12 months, with the largest letting comprising 2,172 sq m at Deeside for units 1 and 2 Newtech Square. The rental achieved was £107.75 per sq m. The highest rental achieved is at the rate of £128.87 per sq m for the letting of 169 sq m for a unit Marcher Court at Sealand Road.

6.42 Within Deeside, there were two office lettings identified which comprise of the letting of 15-17 Station Road to Butlers comprising 387 sq m which was let on a new eight year lease at an initial rental of £67.27 per sq m. The other letting comprises of 2,202 sq m at First Avenue which was let to Reacta on a new ten year lease with break option after year three at an initial rental of £46.82 per sq m.

6.43 Average size of office properties let are typically less than 1,000 sq m with a lease length typically between five to ten years.

6.44 In summary, the office market within Flintshire is secondary to the industrial market in terms of volume and overall levels of activity. The primary office market operates from Chester; however, the provision of a mixed use development at the subject site, may serve to encourage and attract a broader mix of employment uses, including office use to the location.

6.45 Copies of Co-star Summary Reports are provided within the appendices to this report.

Take-Up Rates of Employment Sites

6.46 In terms of Employment Land Need, forecast analysis within the Wrexham & Flintshire Employment Land Review dated October 2015 calculates a net negative land requirement of -19 hectares over the next 12 years based upon projected contractions in the manufacturing sector.

6.47 However, key sectors represented within Flintshire are projected to grow giving a positive requirement of 38.5 hectares required to 2030, or 1.9 hectares per annum. Based upon an average take up rate since 2005 calculates to a requirement of 82.5 hectares or 5.5 hectares per annum when compared to the above forecasting.

6.48 In accordance with the data above and given the scale of Flintshire's land stocks, even when unviable/undevelopable sites are removed (giving a viable supply of 223.94 hectares), the county retains a significant land surplus.

6.49 The surplus land supply and availability of Warren Hall as a strategic site therefore provides the opportunity to focus on the optimum use of individual sites in specific locations and how they may best meet demand and needs of the county. Warren Hall could serve to accommodate employment diversification and growth over the life of the LDP. The proposals for a mixed use scheme at Warren Hall therefore supports this strategy for optimisation and diversification, in comparison to uses proposed on other allocated sites.

Demand for Hotel and Pub/Restaurant Uses

6.50 Premier Inn has highlighted Broughton as a target location, they have a range of offers that they could look to deliver; however, they would typically look for sites to provide between 60-120 bedrooms, with developments ranging from 2,322 sq m up to 4,222 sq m.

6.51 It is also anticipated that there would be a requirement to deliver a food and beverage outlet as part of the scheme, which would require an additional 557 sq m of floor area.

6.52 This could be delivered by Whitbread in conjunction with the Premier Inn but other operators such as Marstons are also understood to be actively seeking sites of this nature for their family pubs. Marston's actively seek sites within local or district centres, fronting main 'A' roads (preferably at a junction or roundabout) and being adjacent to supermarkets, retail/leisure parks, business parks and large residential developments.

6.53 Marston's typical site requirements are summarised as follows:

- Building footprint ranges from 5,000 sq m – 9,000 sq m (53,819 sq ft to 96,875 sq ft).

- Freehold or long leasehold between 0.2 hectares (0.5 acres) (if sharing car parking) and 0.4 hectares for a standalone site. Larger sites up to 0.8 hectares may also be considered.

6.54 It is anticipated that a site value of £500,000 - £750.000 may be generated for a hotel scheme with the potential additional £500,000 for an ancillary public house/ restaurant use for the site over a total site area of say 1.0 ha.

6.55 Such a use would require to be accommodated on the frontage of the site in order to attract passing trade – and many development schemes utilise users of this nature to finance the 'opening up' of a larger development scheme.

Agent Consultation

6.56 To support research undertaken in relation to the local property market, consultation was undertaken with Legat Owen, BA Commercial and GVA who are property agents active in the local area in order to consider the local property market and in particular the potential development opportunity provided by Warren Hall.

6.57 Key comments are summarised as follows:

AGENT	COMMENTS
REGIONAL	• Warren Hall was originally seen as a successor to Chester Business Park (5 miles to the east) which was constrained from future expansion due to the greenbelt. • The office market disappeared following the recession. The industrial market remains strong and further uses to compliment other existing sites in Flintshire could be accommodated. • Flintshire seen as an Advanced Manufacturing Area. Deeside & Hawarden probably appealing to larger occupiers. • The local market is seeking light industrial, anything from 100 sq m to 1,000 sq m with freehold being the tenure of choice. • Potential demand for some roadside uses and possibly a budget hotel given prominence to trunk road.

6.58 The consistent message that did emanate from discussions with agents is that the property market was hit during the recession and whilst demand still exists for good quality office stock, the office market is relatively weak in terms of values generated and thus relatively low values are insufficient to meet the costs of undertaking new development. In addition, many occupiers are not of institutional covenant strength and would only be able to enter into lease agreements on relatively short lease arrangements, which are not sufficient for private developers to be able to secure development and investment finance over a longer term period, typically of 15 years or more. However, highway improvements have already been undertaken to serve this site and the introduction of residential and commercial leisure uses should further assist in pump priming the site and off setting these issues.

In comparison, the industrial market remains strong and in a period of sustained growth with strong take up and consistent upward trends in values. The ability to offer a complimentary range of space is recognised and particularly if there is ability to also offer land free from developer tie, whereby businesses can acquire serviced plots and build out units bespoke to individual requirements. This means purchasers are not fettered by a developers design and build requirements and funders institutional requirements and 15-25 year lease terms. Costs are generally higher for design and build schemes, due to the inclusion of developers profit and project management costs.

7. ANALYSIS OF DEMAND AND SUPPLY CONDITIONS

7.1 This section seeks to summarise the existing supply and demand conditions for both residential and commercial markets in order to identify the potential opportunities provided by the Warren Hall site. Commentary in relation to each market sector as follows:

Residential Market

7.2 Key findings are summarised as follows:

i. Flintshire County Council has identified the need for an additional 7,650 homes before 2030, which equates to 510 additional dwellings per year over the 15 year plan period.

ii. The existing stock provision within Broughton is predominantly 1950's semi-detached estate housing, which has led to a gap within the housing provision of larger, detached family housing, as well as smaller two and three bedroom semi-detached properties.

iii. There are currently no sites identified within Broughton to deliver residential development over the next five years (Flintshire County Council - Housing Land Monitoring Statement 2018), although there are a number of sites identified within the surrounding areas for delivery.

iv. Whilst there are no identified sites for residential development within Broughton over the next five years; however, the identified Candidate Sites within the emerging Flintshire County Council Local Development Plan identifies c.153 ha (378 acres) of land, across two sites, for residential development (or mixed use to include housing). This includes the proposed mix used allocation at Warren Hall.

v. Current schemes within the area are predominantly delivering large, detached family housing and it is reported that demand is relatively consistent due to the inward migration from employees of the various advanced manufacturing businesses located within the area including Airbus.

vi. Generally, it is considered that demand is high for detached family housing, however, due to the lack of supply, it is also considered that there is a market for smaller, two bedroom properties for first time buyers and young couples. Average achieved prices for new build stock is commanding a premium of circa 21.6% over existing stock, with average new build achieved values at c.£2,565 per sq m (£238 per sq ft) against an average of £2,110 per sq m (£196 per sq ft) for existing stock within the last 12 months. Notably, new build terraced properties have commanded a premium of c. 8.9% over semi-detached and detached stock, this is considered to be due to the lack of supply of new build, smaller properties within the area.

7.3 Based upon the above, there is considered a good level of demand for good quality residential development sites – such as the potential opportunity provided by Warren Hall as part of a mixed use development scheme. Having a local supply in close proximity to major employment sites, along with supporting facilities are often a determining factor for employers in deciding where to locate businesses and the residential element of Warren Hall will therefore provide highly positive benefits for the future development and sustainability of the employment land.

Employment Uses

7.4 Key findings are summarised as follows:

i. Broughton and the surrounding area provide a major centre for the advanced manufacturing industries with a specific focus upon the aerospace and automotive industries.

ii. The largest industrial area comprises of the Deeside Enterprise Zone situated to the North East of Broughton providing a wide range of sites and premises within the various areas including the Deeside Industrial Park and proposals for the future development of the 100ha Northern Gateway Site. Part of the site benefits from Enhanced Capital Allowances and the wider area has Assisted Area status.

iii. Analysis of the commercial property market within and around Flintshire has been undertaken which includes areas such as Wrexham, Mold, Sealand as well as the Deeside Enterprise Zone. The search has identified 67,446 sq m of existing industrial premises currently available with the majority of available space falling within the smallest category size.

iv. In comparison the take-up (freehold and leasehold) of property is estimated to be 109,000 sq m of industrial space over the previous 12 months and this demonstrates that there is an insufficient supply of existing property stock to meet current levels of demand. If demand remains consistently at this level and is to be satisfied within Flintshire, there will need to be significant additions to the stock of industrial supply. Demand for new space will place heavy reliance on the existing employment sites delivering new space, an element of which will need to be free from developer tie and available on short term letting arrangements.

v. Many of the developers with sites in Flintshire offer newbuild property on a design and build basis only, and if occupiers are of insufficient standing and financial means to enter into design and build arrangements, such property requirements are less catered for by the property market. In order to satisfy demand within the market place, there needs to be a good supply of readily available stock, which evidence shows that Flintshire has a relatively low supply in comparison to demand.

vi. A similar search has been undertaken for the office sector in Flintshire. Data from Co-Star identifies that there is currently 11,136 sq m of vacant space.

vii. Based upon the annual estimated take up rates of 12,608 sq m (freehold and leasehold) indications are that there is an inadequate supply of offices in order to meet demand. Similar to the position for industrial property, demand for offices can only be sustained through the addition of new offices and development on the existing employment sites.

viii. Whilst demand for offices is less than for industrial property, there still remains an identified need for new stock in order to meet current levels of demand, in accordance with the evidence obtained.

Employment Land

7.5 Potential demand for employment land has been estimated by equating total take up of employment space (office and industrial) to a land supply requirement.

i. Total take up of employment space is estimated to be 121,606 sq m per annum. This equates to a land requirement of 30 hectares gross per annum. Clearly as there is existing employment stock, this will partly service demand in the market. If existing stock availability assumed to remain at current stock levels, this needs to be deducted from the employment land requirement necessary to accommodate demand at current levels. By making necessary adjustments in terms of existing stock the supply of land being required in order to sustain demand for employment space equates to an estimated 14 hectares per annum.

ii. Clearly the above land supply requirement does not take into account any potential growth in demand or employment as has been forecast. Whilst there is land currently available on other sites, notably Deeside, the necessity to provide a range of employment sites so as to cater for demand for different types, uses and tenures in the market place is recognised.

Hotel and Leisure Uses

7.6 There is demand for both hotel and restaurant uses within the area, although such a use is anticipated to be limited to an area of around 1.0 ha to the front of the site and would realistically come forward once some uses on the site have been established.

8. CONCLUSIONS

8.1 The analysis undertaken in relation to the economic profile of Flintshire is that this presents a stable economic base and profile with no major barriers or constraints identified.

8.2 Residents within Flintshire are relatively well educated with both employment numbers and an economically active population similar to the Welsh and Great Britain averages.

8.3 It is therefore critical that Flintshire has a good supply of modern and readily available industrial and office stock in order to be able to meet demand from within the market. Our analysis has shown that at this time take up of property exceeds supply.

8.4 It is also concluded that given the limited supply of existing commercial stock, that the ability to increase supply in accordance with demand requires employment land to be brought forward for delivery. In order to achieve this, it is necessary to provide a range of sites to complement overall provision and so as to best cater for a range of needs within the market place.

8.5 In terms of the residential market, the market is relatively strong with there being good levels of take up of new properties within the Broughton area, with at least one new development of circa 145 dwellings likely to come forward in advance of the LDP being adopted.

8.6 In terms of gaps within the residential market, for both sale and to rent, the highest demand is for one/two bedroom apartments and houses, three bedroom houses and bungalows.

8.7 It has also been identified that there has been a consistent shortage of housing stock within the Broughton area with family housing being in high demand. The subject site therefore provides an opportunity for new build housing for sale and rent to be provided.

8.8 With regard to the hotel and leisure sectors, our assessment of the market has identified demand for both hotel and restaurant uses within the site, which could be accommodated at Warren Hall. The prospects for securing such uses, however, would most likely be limited to and determined by a critical mass of development being established on the site prior to any such operators being induced to have a facility in this location.

8.9 Overall therefore, Warren Hall presents the opportunity to deliver a high quality mixed use development, establishing a critical mass of uses that should serve to facilitate and sustain development in this location.

8.10 Warren Hall therefore presents in the short term, prospects to deliver a mix and type of commercial development to Flintshire, to complement and enhance the type of employment development being provided on other sites in North East Wales.

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Date: 5th October 2019

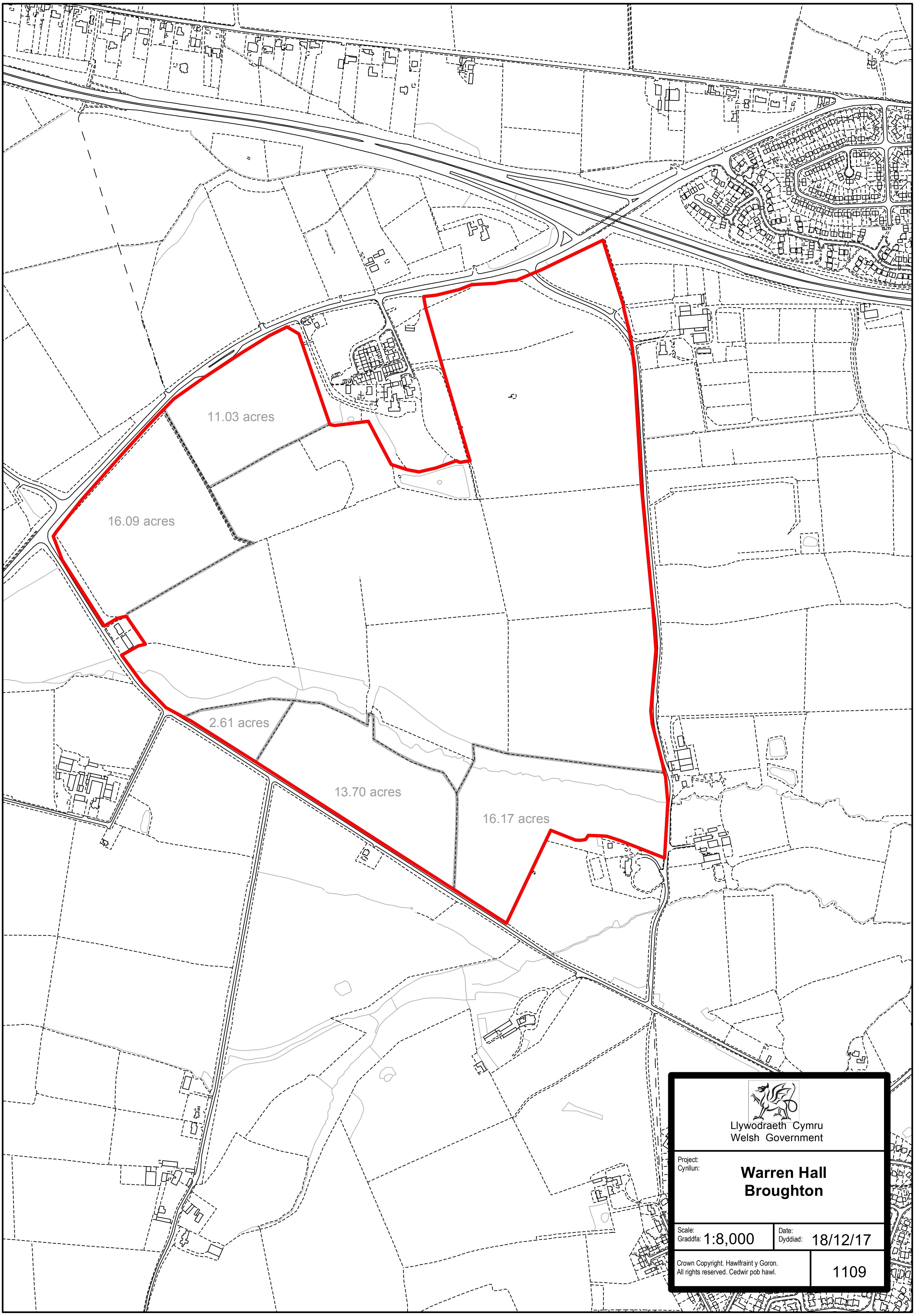
APPENDIX I

LOCATION PLAN

Shotton
River Dee
Northop
Northop Hall
Deeside
Blacon
Chester
A5116
A494
Hawarden
A55
A51
Great
Boughton
Christleton
Huntington
Saltney
A483
Mold
Mynydd Isa
Buckley
Waverton
Broughton
A494
ENGLAND
WALES
River Dee
A41
Leeswood
Milton Green
Treuddyn
Lavister
Caergwrle
Rossett

APPENDIX II

SITE PLAN


11.03 acres
16.09 acres
2.61 acres
13.70 acres
16.17 acres
Llywodraeth Cymru
Welsh Government
Project:
Cynllun:
Warren Hall
Broughton
Scale:
Graddfa: 1:8,000
Date:
Dyddiad: 18/12/17
Crown Copyright. Hawlfraint y Goron.
All rights reserved. Cedwir pob hawl.
1109

APPENDIX III

ILLUSTRATIVE MASTERPLAN

Llywodraeth Cymru
Welsh Government
creative minds safe hands
Warren Hall, Broughton
Illustrative Masterplan -
Maximised Employment Option
KEY
Site Boundary
Retained Trees / Hedgerows
Existing Waterbody / Watercourse
PRoW
Employment Area (22.7ha)
Hotel / Leisure Use (1.3ha)
Medium to High Density Residential (8.1ha = approx. 300 units)
Indicative Landmark Dwellings
Proposed Roads
Public Open Space
Proposed Ecological Mitigation
Pedestrian / Cycle Links
Proposed Trees / Hedgerows
Indicative SuDS Ponds
Potential Alternative Northern SuDS Pond
Proposed Vehicular Access
Proposed Pedestrian / Cycle Link
Hedgerow to be enhanced as a wildlife corridor with a 5m buffer of wildflower planting
Area of land to be retained and managed for wildlife
10m buffer strip of wildflower grassland around this woodland for the benefit of wildlife including foraging birds and bats
Basking area for reptiles
Removal of invasive plant species prior to development
Enhancements include:
- thinning of pond
- clearing of
- planting of emergent v
10m buffer of wildflower grassland to benefit wildlife including foraging for bats and birds
It is recommended that all trees displaying bat potential be retained. If any of these trees require removal, further survey is necessary
Hedgerow enhanced as wildlife corridor with 5m buffer of wildflower planting on either side
12 bat and bird boxes to be placed on suitable trees within this woodland:
- 3S Schwegler Starling Nest Box
- 2FN Schwegler Bat Box
- 2F Schwegler Bat Box
- 2H Robin Schwegler
- Tree Creeper FSC Nest Box
- 1B Schwegler Next Box
- 2F Schwegler Double Panel Bat Box
Retention of woodland for protection of woodland. Ground flora including bluebell and provision of habitat for nesting birds including hobby
Enhancement works to watercourse including de-silting of vegetation
Gravelhole Wood
Kinnerton Lane
A5104
Rough Piece Wood
Inset 1
Inset 5
Constr
Key
North
0 25 50
A093950
WYG Group
Date: 25.04.2019
Scale: 1:2,500 @ A1

APPENDIX IV

CO-STAR SUMMARY RESULTS

AVAILABLE UPON REQUEST