

CHAPTER 3

EMPLOYMENT MARKET OVERVIEW

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3.1 WELLINGBOROUGH – OFFICES

3.1.1 The Property Market

(a) The Stock

The Floorspace Stock

The total stock in 2005 was 893,412 sq ft. This is the second highest in the County, similar in size to Kettering.

Stock is mainly located in town and comprises converted residential space, accommodation above retail units and some purpose built units such as Avon House, 12 Sheep Street and Oxford House. Much of this existing stock is considered as being fairly basic although occupancy rates have generally been reasonable with the exception of the accommodation above retail which has always been poor.

The outer town office market is very limited, although there are several purpose built detached buildings on the established estates. More modern, better quality properties are provided at the Embankment and on the Park Farm Industrial Estate developments such as Regent Park (Park Farm IE) and Dencora House. There are some poorer quality mid 1980's buildings in locations such as Newton Close and Davy Close on Park Farm.

Wellingborough Innovation Centre provides fully serviced office accommodation in the town centre with support services.

Much of the existing stock is poor and some of the accommodation in the town centre may be converted to alternative uses in the plan period.

The Stock of Occupiers

The office market in Wellingborough is relatively weak. It consists of mainly local companies serving local need. Within the central area financial services, solicitors, architects and property/building service providers are present.

Occupiers tend to be based in Wellingborough for business reasons rather than drawn to the area as a result of any particular advantages associated with Wellingborough as a location.

(b) Demand

Demand has mostly been for small units of generally less than 5,000 sq ft.

The B1 office market is small and take up has correspondingly been limited. There has been continuing demand from the indigenous sector for predominately small offices which has been reflected in the high occupancy rates for serviced office space such as Ambron House which is of poor quality and shortly to be vacated for redevelopment.

There have been good levels of demand for small units on a freehold basis however Wellingborough has had very few units available on such a basis and with such a limited land supply there are limited opportunities to developers.

There have occasionally been enquiries of 10,000 sq ft and above however these have been fairly limited. There is very limited research and development although this is generally the case throughout the region. Wellingborough has good rail links to London (St. Pancras) with a journey time of 50 minutes. The town has advantages to offer to the wider regional office market and if good quality well located properties can be made available there is the potential to effect a positive change in the office market.

There have been a greater number of larger enquiries in the marketplace over the last 2 years than ever experienced. It is a reflection of both the strength of the market and probably the early impact of the growth agenda.

(c) Supply and Market Balance

Evidence:

There are reasonable levels of occupancy.

The freehold office market is strong for units of less than 5,000 sq ft having been fuelled by interest rates remaining low, the poor return from equities and pensions and the continuing popularity of self invested pension plan schemes (SIPPS). However very little of the supply in Wellingborough has been available on a freehold basis.

The letting market has generally been quite poor and although most rents are holding up, there has been no growth evident with a reasonably high amount of incentives needing to be offered to secure lettings.

Within Wellingborough there has been little rental growth for a number of years and generally town centre office premises would have a rental value between £7 - £10 per sq ft in locations such as Sheep Street, Oxford Street (including Oxford House), High Street and London Road.

There has historically been good levels of market interest in self-contained 2 storey office premises with good car parking, such as Wilson House, London Road and the premises occupied by Martin Pendered and Company at Burystead Place for example. For those multi-storey premises, or those located above retail units without allocated car parking, occupier demand has been more limited. The various lettings achieved have generally been to local companies generally taking short-term leases.

Outside of the town centre detached office buildings, constructed in the late 1980's and early 1990's are generally achieving rentals between £5 and £7 per sq ft. These units are generally single storey without allocated car parking and are generally in the region of 5,000 – 6,000 sq ft. They have generally been let to companies based elsewhere within the industrial areas. It has been the case that, when these units have become vacant, occupier demand has been limited and leases are often less than 5 years.

At Regent Business Park during 2005 office units between 2,716 sq ft to 3,380 sq ft have been let at annual rentals between £8.25 and £9 per sq ft.

At the Embankment to the east of the town centre, there is an office development that is generally regarded as providing some of the best quality office accommodation within the town. Phase I known as Wellington House comprising of 18,050 sq ft was sold to NFU

Mutual and Avon Group, with Phase II known as Christchurch House comprising of 17,500 sq ft let to the Secretary of State for the Environment (Inland Revenue). There remains a plot of 0.92 acres with the developer being Graftongate. It is proposed that there will be a four-storey building providing at total of 21,000 sq ft. There is a quoting rental of £16 per sq ft and a freehold value of £195 per sq ft. Large-scale office development of this nature would be unlikely to be undertaken speculatively in this location with relatively high development costs ensuring profit margins are significantly reduced if a speculatively developed unit remains vacant for any length of time after construction. With the investment in infrastructure proposed as part of WEAST and the improving profile of Wellingborough as an office location it is anticipated that sites such as this will be developed within the next five years.

In terms of the well-located property within the town centre in prominent positions with allocated car parking, marketing voids would generally be less than 6 months. However, for secondary poor quality office buildings rental voids can often be in the region of 1 year.

Generally speaking rental values are comparable with Kettering although much of the built stock in Wellingborough, particularly in the out of town locations, is of inferior specification to those at Kettering Venture Park.

On the basis of rentals for new builds being in the order of £14.50 per sq ft and yields in the order of 6-7% speculative development is viable. However with limited demand there has been very limited speculative development over recent years. There currently remains a design and build opportunity at the Embankment, although generally there are low levels of supply immediately available on the market.

The refurbishment of 12 Sheep Street is underway to provide quality office accommodation in the town centre not provided to the market previously. It is anticipated that there will be reasonable levels of market interest at rental values in excess of £12.50 per sq ft. It is important for better quality accommodation to be made available in the town centre and initiatives such as the refurbishment of 12 Sheep Street should be encouraged.

(d) Conclusion on the Offices Property Market

There are currently very low levels of supply however this is associated with a fairly limited demand.

Whilst the B1 office market has historically targeted latent, relatively small scale local demand, there is the potential for B1 office demand to be reasonably good for larger unit sizes and for the demand profile to change completely.

Current WEAST proposals would increase the size of the town by a quarter in the next 10/15 years, however a coordinated plan for Northamptonshire will be required if national demand is to be generated.

With excellent rail links and road network, there is an excellent potential for major office development adjacent to the station, which could be regarded as “Gateway to WEAST”.

There is a potential impact of the Oxford – Cambridge Arc. Wellingborough and the other Northamptonshire locations are within less than a 2-hour driving distance of Oxford and Cambridge. Wellingborough is perhaps best placed with the rail links to London to take advantage, having the potential to provide high quality, competitively priced offices.

Within WEAST to attract high quality office occupiers, it will require the best sites in the best locations in terms of accessibility and environment to be available.

WEAST has the potential to change the profile of Wellingborough’s economy into higher value sectors and attract regional demand, to instigate a “step change”. As part of North Northamptonshire, Wellingborough is perhaps better placed than Kettering and Corby to attract national demand. This is because Wellingborough has the best rail links to London being the gateway to North Northamptonshire.

The Town Centre sites do have some potential for office development however generally will form part of mixed-use development and redevelopment of relatively large areas will be required. Several of the sites will also require intervention and Fit for Market funds may be required. Sites such as High Street, Church Street and Swansgate (current

refurbishment and potential long-term rebuild) have the potential to provide good quality office development however most of the demand is anticipated as coming from the local area. The out of town office development sites such as Station Island provide the opportunity for a very difficult type of office building to be made available that may appeal to a wider region at market.

3.1.2 The Land Market

(a) Demand

There has been very little land developed for offices over recent years due to the lack of supply of development sites. The most recent development being at the Embankment and Regent Business Park as previously identified.

Generally developers seeking office development with the town have been seeking relatively small sites. On the basis they will be targeting latent, mainly local demand on a freehold basis, schemes of generally less than 25,000 sq ft capacity have been sought.

It is anticipated that in the future there will be developer interest in larger unit sizes in WEAST in excess of 20,000 sq ft targeting regional demand. It is considered that Wellingborough would be well placed to secure such demand.

Indeed there is developer interest in undertaking office development of a major scale seeking national demand with unit sizes in excess of 50,000 sq ft in locations such as Pulse Park. On a local level clearly such schemes would not be viable however with a step change associated with WEAST and the growth agenda for the region generally it is not out of the question that such demand would be secured.

(b) Supply and Market Balance

Evidence:

There have been no transactions of which we are aware relating to office development land.

It is considered that land value would be in the order of £250,000 - £275,000 for a development site without constraints.

There are office allocations within the proposals for WEAST such as Stanton Cross and proposals from developers such as Hampton Brook for Wilby Grange. Such sites in the best locations either linked with the railway station or with excellent access onto the A45 would have the potential for securing good levels of local/regional office demand.

In terms of the existing allocated/permitted sites and the emerging sites it is considered that there would be adequate capacity.

Clearly issues of local/regional demand would not be associated with developers' proposals for schemes such as Pulse Park which would target regional and national office demand. This will include high profile regional headquarter occupiers and on a national basis a marketing strategy on opportunities out of the Lyons report for example would be undertaken. Within the wider region there has been consideration to the concept of a 'Technology Realm' and with investment in infrastructure locations such as Pulse Park and Wilby Grange will provide an opportunity to deliver high quality technology based investment. This will require large-scale sites in the best locations with good prominence and excellent connectivity locally, regionally and nationally.

It is envisaged that, overall, the existing/emerging office sites would take much of the plan period to be developed. It is anticipated there will be a step change associated with WEAST and as such it may be that the levels of take up will change dramatically from levels over recent years with the figures constrained by lack of supply, particularly of good quality sites and buildings.

(c) Conclusion for the Land Market

It is important that to be successful, office development must be associated with the best quality sites in the best locations. This requires connectivity to the town centre, accessibility to the main road network and the train station and good quality environments with a range of support and business services. Major investment in terms of infrastructure is proposed and will be required if office development sites are to be delivered both within WEAST and on sites being promoted by developers on sites such as Wilby Grange and Pulse Park.

3.2 WELLINGBOROUGH – INDUSTRIAL

3.2.1 The Property Market

(a) The Stock

The Floorspace Stock

The total industrial stock (excluding distribution) was around 6,000,000 sq ft in 2005, making the town the third largest in the County after Northampton and Corby.

Industrial stock is primarily located at Park Farm North and South, Denington Industrial Estate, Finedon Road Industrial Estate and Lawrence Leyland Industrial Estate.

The Stock of Occupiers

The Denington Industrial Estate is mostly 1960's buildings and is mostly now outdated. There has been refurbishment of some buildings, but a more comprehensive regeneration plan of the estate is required. The estate is well located with several manufacturers having occupied space on the estate for a number of years, such as Danisco, Mail Solutions, Oxford University Press and Siemens. Rentals can be as low as £2 per sq ft up to £3.50 per sq ft with freehold values between £20 and £35 per sq ft. In view of existing use values comprehensive redevelopment of the estate is unlikely without intervention.

Finedon Road Industrial Estate has a wide range of buildings with some dating from the 1960's together with more modern infill development. There has been some refurbishment of the older buildings such as the former Escol Panels unit of 55,000 sq ft at Rixon Road, which was converted to provide small units by Dencora and is now fully occupied. For modern units rentals would be in the region of £4.50 per sq ft and freeholds up to £55 per sq ft. The older but functional buildings generally have rentals of between £3.25 - £3.75 per sq ft and freehold values up to £40 per sq ft for between 25,000 sq ft and 40,000 sq ft. Some of the major occupiers include Weatherby's, Bantex, Astraseal and Twyford Bushboard.

Park Farm is the largest and most modern industrial estate and has seen substantial development since the designation of Park Farm North as an Enterprise Zone in 1983 (this status expired 10 years later). Most of the estate had been developed by 1988 and at Park Farm South, development has continued with only one site remaining. The estate has a good quality environment, and has good access onto the A45 and via the A509 north to Kettering and the A14. Rental values generally range between £4.25 - £5.25 per sq ft and freehold values up to £70 per sq ft. There are the manufacturing headquarters of Ricoh (121,000 sq ft) together with Misco Computer Supplies, Nimlok, Sports Carrier and Mahle (formerly Cosworth Technology).

Various studies have identified the following:

Growth in real estate and renting business, whilst the transport sector has become less important. Manufacturing as a proportion of total business in micro and small businesses has declined. Wellingborough's economy became more service orientated between 1995 and 2000.

Wellingborough has a very high proportion of micro business units in the community/social service sector, and a very high proportion of medium units devoted to manufacturing compared with other centres. The district also has above average levels of large business units used for wholesale and transport, storage and communication, reflecting its excellent position relative to the national road network.

Wellingborough appeals as a relatively popular area for business start up.

(b) Demand

Industrial take up is averaged at around 346,000 sq ft per annum.

Local demand has been mainly for units under 15,000 sq ft however throughout all size ranges more than 50% of the demand comes locally.

Increasingly market demand is coming from the region with national enquiries generally being for units above 75,000 sq ft.

The rate of take up is constrained due to the lack of available supply and limited new development.

Wellingborough benefits from an excellent location adjacent to the A45 with good access to the A14. There is a very good rail link to London St. Pancras.

There are currently good levels of demand throughout all size ranges and all types of property. The lack of supply is preventing companies investing in their businesses and not only preventing new companies locating to the area but increasingly existing companies are considering relocating because of the lack of supply.

Wellingborough has always attracted reasonable levels of local and indeed regional/national demand and with the focus on the growth agenda for the region and proposals for WEAST there has been even further interest from occupiers, investors and developers looking to locate into the town.

(c) Supply and Market Balance

Evidence:

There has been a sizeable increase in freehold values over the last 2 years with values increasing by as much as 30%. This is not only related to the better quality units but also functional 1970's buildings particularly those on reasonable site areas. Rental levels have

seen more marginal increases along with the region generally although there has been a steady pick up in the level of leasehold demand during the course of 2006.

The Finedon Road Industrial Estate is linked to Northen Way which links to the A509 and A45 dual carriageway, the M1 motorway (J15, J15a & J16 at Northampton), and the A14 (A1/M1) at the Kettering interchange.

The estate comprises of approximately 150 units together with 8 courtyard developments. Whilst some of the units date back to the 1960's, the majority of the built assets were constructed after the late 1970's. More recently there has been further infill development within the estate. In view of this there are a wide range of sizes, ages, specifications and occupiers based within the estate.

Older properties particularly those in excess of 25,000 sq ft had until recently seen relatively high levels of vacancy with freehold values falling to below £20 per sq ft. Such has been the improvement in market conditions that values for such properties are now considered to be in excess of £30 per sq ft. For example the Copeland & Jenkins premises at Paterson Road comprising of 50,000 sq ft is currently available at a quoting value of £35 per sq ft and owner-occupier demand is already being received at in the region of £1.7 million pounds which is some 15% higher than interest being expressed by the developer/investor market.

These older properties are very secondary in nature and in poor market conditions tend to be difficult to sell/let however in the current market cycle there is demand for them, particularly those of a reasonable specification occupying a good site area.

Premium values associated with those properties occupying larger sites were also demonstrated by the sale in 2004 of a property at Stewarts Road comprising of 25,612 sq ft on a site of 1.4 acres. There was very strong interest reported by the agents and the site was sold for in excess of £900,000 i.e. above £35 per sq ft reflecting the premium value for the larger sites. If the site was sold now it is considered that a value in excess of £40 per sq ft would be achieved.

For more modern properties on the estate in excess of 20,000 sq ft rental values would generally range between £4.25 per sq ft to £4.75 per sq ft. At Brunel 2000 on the Park Farm Industrial Estate a unit built in the mid 1990's comprising of approximately 19,500 sq ft has been let in 2005 at £4.55 per sq ft. On a freehold basis occupier interest has been expressed at values in the region of £60 per sqft.

Also on the estate the former Escol Panels occupier property of approximately 55,000 sq ft was purchased and refurbished into a small unit scheme by Dencora. Capital values in excess of £55 per sq ft and rental values in excess of £4.75 per sq ft have been achieved with unit sizes ranging upwards from 1,602 sq ft.

There have been high levels of occupation rates within the various courtyards comprising Bevan Close, Trojan Centre, Bentley Court, Yeldon Court, Bradfield Road, Bradfield Close, Stanton Close and Bridle Close. These courtyards vary considerably in character. There is a considerable amount of rental evidence from within these developments at rental values ranging between £4.25 per sq ft and £5 per sq ft. Whilst occupancy rates have generally been quite high there has been a relatively high turnover of tenants. Within the courtyard units there have been very few transactions on a freehold basis.

The Denington Industrial Estate is located to the south of town with direct access into London Road and excellent access onto the A45 dual carriageway. The majority of the units date back to the 1960's although there have been some minor infill developments since that date. The estate comprises approximately 35 units together with courtyard developments such as Denington Court, Phoenix Court and Everitt Close.

The courtyards have proved to be extremely popular with good levels of occupancy. At Everitt Close there is an 8-unit development with units ranging from 4,540 sq ft to 15,600 sq ft. There has been a comprehensive refurbishment by the owners Kindale Limited and values in the region of £60 - £65 per sq ft have been achieved on a freehold basis.

The development at Phoenix Court has been very popular with occupiers, largely in view of its prominence and accessible location with a number of trade counter operators represented. Phoenix Court comprises 6 units ranging from 1,722 sq ft to 3,069 sq ft. The

popularity of the development for trade counter operators is reflected in the rentals where passing rentals are generally between £5 per sq ft and £5.50 per sq ft.

When the buildings constructed in the 1960's become available, particularly within the larger sizes of 30,000 sq ft plus with high site coverages, low eaves height, poor loading and high office contents, there has generally been restricted market interest and voids have been considerable. Many of the buildings are coming towards the end of their economic life.

However such is the strength of the market at present that occupancy rates are actually quite high, albeit at very low rental levels. Unit 32 -42 Denington Road was let to John Parkins Transport at a rental just over £2 per sq ft for a unit extending to 40,000 sq ft. In 2006 there has also been the letting of Denington House extending to 30,000 sq ft at a rental also of £2 per sq ft. With the existing use values of these buildings being in the region of £30 per sq ft the comprehensive redevelopment of this area will not be viable without significant intervention.

There also needs to be a place in the market for low cost operators who only require basic accommodation many of whom are in the light/general industrial market sectors.

Adjacent to the Denington Industrial Estate is Victoria Retail Park which was developed in the mid/late 1980's taking advantage of the prominence and accessibility to the A45. Occupiers currently represented include Tesco Stores Limited, Homebase Limited, Carpet Right Plc, Halfords Limited and the Wellingborough Superbowl.

At Turnells Mill Lane a Kentucky Fried Chicken unit has been constructed and to the rear of this there are 3 further retail units for which pre-lets were reported in 2004 at £8.50 per sq ft. Occupiers such as Lidl and Burger King are prepared to pay in excess of £500,000 per acre and family pub operators such as Whitbread in excess of £350,000 per acre for suitable sites. Levels of market demand from leisure operators have been relatively poor over recent years however there has been a pick up in the level of market interest over the last year or so.

At London Road, Wellingborough the former Knapp Tools premises is proposed to be demolished with a new DIY superstore of 30,000 sq ft erected in its place. The values obtained from quasi-retail uses such as garden centres are required to make the redevelopment of these older poorer quality industrial units viable.

Park Farm (north) was granted Enterprise Zone status in July 1983 and there was subsequent substantial development on the estate with the majority of the development having been completed before the mid/late 1980's. Since then development activity has been largely focused on Park Farm south industrial area where there has been substantial development from the late 1980's. There are now few remaining development land opportunities available. There are 60 or so units within Park Farm industrial area together with courtyards, including Chieftain Business Park, Trinity Centre, Baird Court, Fleming Close, Whittle Close, Enterprise Court and Edison Close.

The headquarters of the Ricoh's manufacturing operation is based off Sinclair Drive on Park Farm North comprising of 121,000 sq ft. This unit is due for rent review in 2005 and it is anticipated settlement will be in the region of £4.30 per sqft.

In connection with those buildings between 30,000 sq ft – 70,000 sq ft built in the 1980's there has been considerable rent review evidence of values generally ranging between £4.50 per sq ft to £4.75 per sq ft.

There has been a letting of the former Leisure Circle premises at Sinclair Drive in 2005. The unit extended to 41,000 sq ft and was let at £4.50 per sq ft on a 3-year lease to Sports Carrier Limited who was already based on the estate.

On Park Farm South one of the more recent developments has been at Wendel Point where lettings have been achieved for companies such as Sarantel and Mahle (formerly Cosworth Technology). Unit sizes have generally ranged between 20,000 sq ft and 25,000 sq ft. The final unit on this scheme extending to approximately 50,000 sq ft has been let within recent months for a reported rental figure of £5.25 per sqft.

Occupancy rates within courtyard developments have been high and it has been surprising that there has not been a particularly high turnover of tenants. It has been noticeable that

as companies have grown they have frequently expanded into adjoining courtyard units. Within the courtyards such as Fleming Close and Baird Court built in the 1980's which now provide somewhat basic but albeit functional accommodation rental values are generally in the region of £4.50 - £4.75 per sq ft. Very few courtyard units are available on a freehold basis although strong demand would be received. Within the smaller courtyards in the better quality schemes such as Trinity Centre at rent review rental values in excess of £6 per sq ft have been achieved for units of 2,000 sq ft.

The Laurence Leyland Trading Estate is located approximately 2.5 miles to the east of the centre of Wellingborough. It is somewhat isolated and the local roads currently providing access to the estate are very poor.

Rental values are generally in the region of £5 - £5.25 per sq ft for the more modern units on the development. There are some poorer quality 1960/1970 units on the estate that may be redeveloped during the plan period. There have been good levels of occupancy on the estate despite the poor location and access. This development has specifically targeted the market sector incorporating occupiers who by their financial strength or business operation would be unacceptable to owners of other courtyards. In addition, almost immediate access is available under short-term flexible leases. This development has therefore been successful in targeting a particular market sector.

(d) Conclusion for the industrial property market

Current shortages of supply have not only hindered the opportunity to target the industries/jobs Wellingborough is seeking, but make it difficult of existing companies to invest in their business/property.

WEAST provides an opportunity for a "step change" but until it is up and running, the full potential for attracting inward investment may not be realised.

Marketing and phasing of WEAST will be the key to its success.

Wellingborough has a strong B1 office offer but B1 light industrial, general industrial and distribution cannot be ignored.

Many of the employment sites in WEAST are linked to infrastructure/road improvements. It will be important for this to be installed as early as possible to secure the inward investment potential.

It is anticipated that there will be losses to the existing floor space supply during the plan period as the older section of Finedon Road Industrial Estate and Denington Industrial Estate will be in excess of 60 years old by the end of the plan period. Comprehensive redevelopment would require intervention.

3.2.2 The Land Market

(a) Demand

There have been very few transactions involving land over recent years in view of the lack of supply.

As little as two years ago land values had been in the region of £190,000 per acre. It is now considered that values in excess of £325,000 per acre would be achievable in the market place. Indeed for relatively small parcels of land sales have been secured as high as £400,000 per acre.

Such is the strength of occupier demand that for parcels of land of less than 3 acres owner-occupiers would be outbidding developers.

At land values above £325,000 per acre speculative light/general industrial development becomes marginal. Freehold values in the region of £75 per sq ft would need to be achieved or rental values in the region of £5 - £5.25 per sq ft with yields in the order of 7%. There would be considerable market demand from light/general industrial occupiers.

It is now very unusual for development sites to be available not linked to developer seeking design and builds and the shortages of supply are leading to premium values being achieved.

(b) Supply and Market Balance

Evidence

There is a site available for development at the centre of Finedon Road Industrial Estate through the Borough Council of Wellingborough extending to approximately 4 acres. The quoting value is in the region of £400,000 per acre less servicing costs. There are no other development sites currently immediately available on the market without constraints of which we are aware.

In early 2005 a one-acre site a Vaux Road on the Finedon Road Industrial Estate was sold for £400,000 per acre.

Land values have generally been fairly comparable with Kettering with both towns affected by the constrained supply. Residential land values are generally in the region of £850,000 per acre. Whilst the current market cycle is extremely strong it is envisaged that over the plan period there is a considerable under supply of land available. If a development site was made available it is envisage that a sale would be secured within two months.

(c) Conclusion on the land market

There is an under supply of property and land available throughout the full size range. This is a major constraint to existing companies within the town who are keen to expand and invest in their businesses. Many major employers in the town are currently located in dated constrained properties.

Much of the built stock is poor quality in nature on Denington and Finedon Road Industrial Estates and may become obsolete during the plan period. Wellingborough has always received good levels of light/general industrial demand and the focus on the growth agenda and infrastructure investments made over recent years has attracted further levels of inward investment from developers, occupiers and investors, both on a regional and national basis.

3.2 WELLINGBOROUGH – DISTRIBUTION

3.2.1 The Property Market

(a) The Stock

The Floorspace Stock

In 2005 it was estimated that there was approximately 6 million sq ft of distribution within the town making up 50% of the total industrial stock.

The Stock of Occupiers

The majority of the distribution units are on Park Farm North and South Industrial Estates being modern premises constructed after 1985. Occupiers include, Booker, Boots, Budgens, and Somerfield. These are modern buildings in a good location with excellent access onto the A45 and via the A509 and A45 to the A14 to the north and northeast.

ProLogis have recently completed a development of 2 speculative units at Victoria Business Park off the A45 with a further unit available on a design and build basis. Unit sizes are in the region of 350,000 sq ft with the total scheme extending to 1.1 million sqft.

(b) Demand

The B8 market is very much a regional market with there being huge interest from developers, investors and occupiers within the strategic distribution industry over recent years.

The take up of B8 space in Wellingborough over recent years has been constrained by a total lack of supply. Strong interest is already reported in Victoria Business Park and it is envisaged that this scheme will be completely developed and occupied within 18 months. Current interest is from the regional and national distribution market. Unit sizes of 350,000 sq ft are generally considered to be at the lower end of the acceptable size range

for much of the B8 market and demand levels are considered as likely to be even stronger for unit sizes in excess of 450,000 sq ft.

The strength of the B8 market was reflected in the sale of the Whitworth site of 67 acres fronting onto the A45 to ProLogis now comprising of Victoria Business Park. There were a number of constraints associated with the development of this site proving to be major obstacles for the sites development. The developers estimated strength of the occupier market and the general lack of supply was such that they were prepared to invest hundreds of thousands of pounds in fees and spend considerable time in unlocking the development problems in order for them to secure the site for development. The sale was completed in 2004.

(c) Supply and Market Balance

Evidence

On the basis that two units have now been constructed at Victoria Business Park there remains only approximately 400,000 sq ft available on a design and build basis.

Rental values within the region for B8 units have generally ranged between £4.50 - £4.75 per sq ft with yields in the order of sub 6% achievable subject to covenant status and lease terms. On this basis speculative development is viable.

(d) Conclusion on the Property market

There is currently an under-supply of B8 space available within Wellingborough. Additional space would be taken up and there are currently unlimited levels of demand in a very strong market.

It would be important for any new B8 development to have good links to the A45/A14.

It is the central location of Wellingborough and accessibility to the main regional/national road network that has provided such a strong focus on Wellingborough and the region generally for strategic distribution.

3.2.1 The Land Market

(a) Demand

There is currently no land immediately available for B8 development with the exception of the remaining parcel of land at Victoria Business Park and the B8 allocation linked with WEAST.

The allocation within WEAST is for a 70-acre site which would be linked to the railhead facility. However there is often a very large cost associated with providing this facility and as such, it is often the case that developers are often only just able to get the extra cost of development back in deals with occupiers including railhead facilities.

Generally developers will be seeking B8 sites capable of development of single units ideally in excess of 450,000 sq ft. There are currently a number of proposed developments in the region generally with B8 units between 90,000 sq ft & 160,000 sq ft. This size range is being targeted in part due to an element of latent demand in the marketplace but more significantly this is the maximum floor space that the remaining sites in the marketplace can accommodate.

(b) Supply and Market Balance

Evidence:

It is envisaged that Victoria Business Park will be fully developed and occupied within 18 months and the B8 within WEAST at Nielson Sidings will be developed and occupied within 2 years of the infrastructure being in place.

(c) Conclusion on the land market

It is important that good quality light/general industrial sites are not lost to B8 as the town must provide a range of potential employment sites to deliver the growth agenda with

manufacturing operators often having a wide range of individual operational and location requirements to meet from a site.

The strong B8 market provides the opportunity for developers to let large volumes of accommodation with rental and investment yields achievable that maximise development profit potential. In the marketplace it is apparent that developers generally would regard B8 as being the preferable development option rather than B1c or B2.

For larger scale sites with development constraints an element of B8 can be important in ensuring that these sites are deliverable within the plan period and are viable from a development point of view.

There are a number of B8 operators currently occupying low cost storage accommodation within the estates such as Denington.

There are some very large sites allocated solely for light/general industrial purposes and it will be surprising to see these sites developed out to completion within the plan period without an element of B8 incorporated.

It may be that future B8 sites within Wellingborough would be primarily to the west of town, however within the plan period it may be that there are more immediately deliverable sites within the surrounding centres of East Northants, Kettering, and Corby.