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Oxford
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Our Reference : 1626368/TW
Your Reference: 2016/1588/WIG

Please ask for : [REDACTED]

[REDACTED]
Planning Services
Stroud District Council
Ebley Mill
Westward Road,
Stroud
GL5 4UB

Date : 14 June 2017

Dear [REDACTED]

Land at Quadrant Distribution Centre, Quadrant Way, Hardwicke, Gloucestershire

Review of Information provided:

I refer to your formal instructions to carry out a review in respect of the above proposed development. We have been provided with the correspondence from McGough Planning Consultants Ltd and costings from Gleeds.

We have now completed our own research and review and would report as follows:

Background:

I understand that this review is required following the pre application submission by McGough Planning Consultants Ltd on behalf of Ashtenne Industrial Fund (AIF) which concludes that the site is unviable for employment development and the applicants wish to bring the site forward for residential development.

We understand that AIF acquired the whole Quedgeley Estate from the MOD in approx 2000. Since then AIF have undertaken works to develop the estate, including the demolition of the old MOD units, site clearance and preparation and the construction of the Quadrant Business Centre.

AIF have undertaken a number of speculative developments on site since they purchased the site including the 100,000 sq ft unit now occupied by Premiere Kitchens and Quadrant Business Centre incorporating 15 industrial warehouse units which were the subject of a fire just after practical completion.

Since the site was purchased the developments have been largely speculative including the following works on site

- Demolition of the original MOD storage buildings
- Provision of new utility service mains

- Construction of a new access road.
- These infrastructure investments total approx £1,354,000

The remainder of the site which is the subject of this review totals approx 8.1 hectares gross (20 acres) or approx 6.7 hectares net (16.55 acres).

Review:

- 1) **Marketing** – We understand that AIF have retained Knight Frank based in Bristol as the lead agent and despite extensive marketing no interest in the current site has come to fruition. In addition although the parties continue to market the site there is the perception that there are two on going issues:
 - HGV access
 - Sites development costs

From our knowledge of the site we agree with the comments made and believe that with the current economic uncertainty due to Brexit etc that demand may be poor for some time.

- 2) **Cost of Enabling Works** – A cost plan has been prepared by Gleeds dated January 2016 as to the costs of the enabling works as follows:
 - Site Preparation Works - £752,719
 - Roads, Paths, Pavings and Surfacing - £2,209,336
 - Fencing - £175,601
 - External Drainage - £484,588
 - External Services - £850,811
 - Design and Construction Risk (10%) - £458,488
 - Total Rounded £4,930,000

These costs equate to approx £246,000 per acre gross or £298,000 per acre net but exclude any costs for fees, 106 costs, finance or profit etc. We have discussed these base costs with our internal QS's and on the basis of the limited information available we do not believe the costs are unreasonable. By undertaking these enabling works serviced plots can be sold in the open market.

- 3) **Serviced Site Values** – We have undertaken research from our own data base, Costar and EGI and are of the view that serviced sites in the area for B1/B2 and B8 uses are in the region of £250,000 per acre although we understand that asking prices are up to £300,000 per acre.
- 4) **Summary** – It can be seen from the above that the base enabling costs (excluding fees, 106 costs, finance and profit etc) are equal to or exceed the values that we believe could be achieved for the serviced sites, ie after the enabling works have been carried out.

On this basis viability of the site is a major issue in order to bring the site forward for development incorporating employment uses.

- 5) **Phasing** – You have raised the issue of phasing and whether this would help the scheme. In a way the site has already been phased with the last 20 acres to be dealt with as a final phase. However with the current uncertainty in the general economic market I can't see the market for this site for employment uses improving in the short to medium term.

I trust this report deals with the issues as required but please do not hesitate to contact me if you have any queries or require any further assistance.

Yours sincerely

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DVS