

Summary Proof Of Evidence

Employment Land Market Report And Viability Assessment

for

**FORMER DXC SITE
EUXTON LANE
CHORLEY**

APPLICATION REFERENCE: 21/01475/FULMAJ

APPEAL REFERENCE: APP/D2320/W/22/3309262

Prepared by
Aherne Property Consultants Ltd

Date: January 2023

Summary Proof of Evidence

1. Aherne Property Consultants (APC) has been instructed by Bellway Homes Limited (North West) Ltd (Bellway) to prepare an Employment Land Market Report and viability assessment in regard to the Appeal to the refusal of Planning Application– 21/01475/FULMAJ , proposing a 108no. dwellings on the DXC Technology Site on Euxton Lane Chorley extending to 3.02ha, the Appeal Site.
2. I am Andrew Aherne and principal director of the firm Aherne Property Consultants Ltd, which was incorporated in September 2014 and is regulated by the RICS. I have specialised in commercial property and employment land since 1987. As a property consultant, I have advise national and regionally based development/property companies and occupiers of property. Over the years I have also advised the owners of Moorland Gate Business Park, advised Ingersoll Rand on the acquisition of premises in Adlington and FI Investments on their property holding on Lostock Lane Horwich. All these properties are located within the same market area as the Appeal Site.
3. This assessment has considered employment market conditions within Chorley and the viability of employment re-use and redevelopment on the Appeal Site. It has been undertaken in context of Central Lancashire Core Strategy Policy 10, Criteria h), which requires an assessment of the viability of employment development including employment re-use and employment redevelopment, and should be read in conjunction with the Planning Proof of Evidence prepared by Sebastian Tibenham of Pegasus Planning.
4. This assessment identifies that Chorley is a local market with weak limited small-scale demand for offices with generally low values and there is not a sufficient office market to justify new office development nor refurbishment of the existing offices on site which is exacerbated by its age and original design as a Ministry of Defence Depot. The building is functionally obsolete on many levels in terms of meeting current market standards and this forms an area of common ground with the Council.
5. The low market demand for office development is exhibited by the nearby Buckshaw Parkway office building, located just 220m to the north of the site, which was speculatively developed at the beginning of the Covid pandemic by Orbit Developments. This development provides a single three storey high-spec office development providing c. 23,000 sq. ft which was completed in 2020, but having been openly marketed for over 2 years, has remained empty since. Other office suites I the locality have also remained vacant for prolonged periods.

6. Chorley's industrial and logistics market is more broad based in that it can attract more regionally based companies when prime sites become available on the M61 motorway and where there are also limited opportunities elsewhere on the M6. The Appeal Site is however too small and on the wrong side of Buckshaw Village in relation to the motorway connections, to appeal to this market and is therefore considered a secondary local redevelopment opportunity.
7. Where smaller unit industrial development is taking place, innovative approaches are required to enable this key segment of the market including direct investment and intervention from local authorities, planning gain through mixed use development, and "pump priming development" with higher value uses. There is therefore market failure in providing for smaller scale and multi-unit development. Such developments are generally unviable and there are only one or two bespoke and smaller developments which have taken place in Chorley; the most relevant being the Strawberry Meadows development.
8. Notably the Strawberry Meadows development has taken place on land inherited by Chorley Council from the former Homes England/Commission for New Towns, and I understand gifted to the Council for nil cost. Furthermore the Council have been able to benefit from £2.25 million of funding through the Lancashire Enterprise Partnership. The wider scheme also benefitted from a cross-subsidy from a residential consent on part of the site which paid for site infrastructure and servicing, and which includes the Strawberry Meadows plot. The Digital Hub development there also received £4.1 million of EU funding. This development would not have come forward without the favourable land price, cross subsidy and gap funding which when taken together make a very considerable contribution to what otherwise would have been an unviable scheme. The Appeal Site does not have the ability to be able to benefit from such incentives.
9. In any case there is a substantial development at Botany Bay Business Park where an initial phase of 12,370 sq m (133,149 sq ft) small units will be supplied in 2023 with the further 10,500 sq m (113,000 sq ft) likely to come forward in 2024. This combined with Strawberry Meadows development is likely to make Chorley one of the best supplied locations for small units in the region.
10. It is recognised that the larger B8 big box logistics market is active and that Chorley does not have any strategic sites suitable for immediate development or in the pipeline. The Appeal Site is too small and in the wrong location to be able to contribute to the supply of land for large scale B8.

11. The property was marketed in 2014 but did not receive interest due to the age and specification of the building and risks around the impending lease expiry and purchasers not wanting to deal with the risks of repurposing the site when it became vacant. The current owner also received advice in 2021 from two property agents active in the area that the site was not an attractive employment proposition and was unviable. As such the owners did not to market the property for existing use as this would have been futile in light of the advice received.
12. In terms of site-specific considerations, the Appeal Site does not easily lend itself to comprehensive redevelopment of other employment land uses, such as B8. The Appeal Site constraints include two protected trees located within the site in the open space area. Two culverts also run centrally through the site, which would present a real challenge to overcome in delivering a large logistics employment unit of the site. The culverts serve the adjacent land to the east and are legally protected by restrictions on title. There are also various abnormal costs to consider including demolition, remediation, retaining walls, attenuation, piled foundations and requirement to obtain title insurance.
13. Having taken the market and site specific factors into consideration, this assessment considers five potential employment schemes which have been appraised to determine viability of the site for employment redevelopment. The five different schemes have been agreed with the Council, to cover all the different employment options that could realistically be accommodated on the Appeal Site and are summarised as follows;
 - A new build office park similar to Ackhurst Business Park
 - A refurbishment of the existing building to create a mix of traditional office suites at ground floor and a “digital hub” business centre
 - A new build industrial development to maximise the development density and to provide a range of larger small unit sizes from 8,000 sq ft to 22,500 sq ft
 - A new build industrial starter unit scheme to reflect a similar specification and layout to Strawberry Meadows
 - A new mid box logistics development to provide the largest single foot print building that the site can accommodate
14. The appraisals follow the PPG viability testing requirement in assessing gross value of the completed development and deducting all assumed costs of development, including abnormal costs. The development of the site for either office or industrial/warehouse use will only be deemed viable if the Residual Price equals or exceeds the Existing Use Value, otherwise, development for that use will not be financially viable.

15. The appraisals demonstrate that the viability test is substantially failed under all five scenarios for employment re-use and redevelopment. In light of the robust assumptions made and scale of deficit in bringing this site forward for employment use it is possible to conclude that the likelihood of the site coming forward in both the short and longer term is extremely unlikely. The abnormal costs and development density achievable undermine the suitability of this site for employment development and is therefore more suited to a residential development.
16. Within the Statement of Common Ground the parties have agreed that the reuse of the existing building for offices or industrial use is unviable, that redevelopment of the site for office use is unviable. The options for redeveloping the Appeal site are therefore extremely limited. Regardless of viability considerations, the BE Group Market Update Report (August 2022) confirms that the Borough has sufficient land for smaller light industrial/industrial options to meet Chorley's objective needs up to 2038. Accordingly the Council accept there is no requirement to identify further land for light industrial purposes.
17. In light of the above, I am of the view that Core Strategy Policy 10, Criteria h) has been satisfied and the most appropriate use of this site is for residential. The planning appeal should therefore be considered favourably.