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## **Employment Land Study Addendum Report**

covering

**Southampton**

on behalf of

**Eastleigh Borough Council**

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## CONTENTS

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<b>1.0</b>	<b>Introduction .....</b>	<b>4</b>
<b>2.0</b>	<b>South Coast Market Update.....</b>	<b>6</b>
<b>3.0</b>	<b>Eastleigh Borough Sites .....</b>	<b>14</b>

### Appendices

Appendix 1.....	Updated Site Assessments
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## 1.0 INTRODUCTION

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### 1.1 Purpose of the report

- 1.1.1 In the autumn of 2015 Lambert Smith Hampton was commissioned by Eastleigh Borough Council, on behalf of Eastleigh Borough Council, Test Valley Borough Council, Southampton City Council and Winchester District Council to undertake an Employment Land Study to inform the development of policies within their respective Local Plans. The Employment Land Study (2016) was to provide the local authorities with a realistic, market oriented study on the projected level of occupier demand and to compare the existing and future supply of employment land (predominately those within 'B' class availability).
- 1.1.2 The study of existing employment sites within these areas was to determine the quality and suitability of the sites in the context of current and future business requirements.
- 1.1.3 The sites were graded A to E to reflect their current status in terms of their market demand and appeal, their quality and suitability for purpose and their current and future availability to the market.
- 1.1.4 This February 2018 report updates key elements of the Employment Land Study undertaken by Lambert Smith Hampton in June 2016. This addendum report provides an update on market changes on the South Coast, providing updated market statistics, as well as updated assessments of some employment sites where there has been significant change within this time period.
- 1.1.5 To enable comparative assessment the same scoring criteria has been used when reassessing the sites.
- 1.1.6 The structure of the report is as follows:
- Section 2 Hampshire Employment Market Update
  - Section 3 Southampton Borough Sites Update
- 1.1.7 It should be noted that this report is an addendum and update rather than a full Employment Market Appraisal; as such it should be read in conjunction with the full Employment Market Appraisal produced in June 2016.



## 1.2 LSH Credentials

- 1.2.1 LSH is the UK and Ireland's largest commercial property consultancy (a subsidiary of Countrywide Plc). We are a national network with our headquarters based in London and 34 other regional offices, employing more than 1,500 staff.
- 1.2.2 Along the South Coast, we have the strongest and largest transactional team, operating from two offices in Fareham and Southampton with 19 surveyors/agents, including eight directors. We have been established in the region for over 25 years, servicing office/industrial, retail and commercial property requirements on the South Coast, between Chichester and Poole.
- 1.2.3 With agency and valuation departments offering a comprehensive range of skills and knowledge, we have a strong track record and for the 11<sup>th</sup> consecutive year, have been awarded Most Active Agent in Hampshire by the national publication, Estate Gazette.
- 1.2.4 During 2017 LSH's South Coast team transacted approximately 1.76 million sq ft of business space in the region.



## 2.0 SOUTH COAST MARKET UPDATE

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### 2.1 General

2.1.1 The South Coast market continues to enjoy strong performance, despite some uncertainty across the UK market in general, with an encouraging level of activity in the past 18 months.

2.1.2 This section of the report gives an update on the latest industrial and office markets' availability; take up, rent and capital values, and key deals. Commentary on changes in the rural and marine market is also included.

NB the South Coast market commentary includes statistics on the following areas; Southampton, Romsey, Eastleigh, Chandlers Ford, Eastleigh, Winchester, Fareham, Gosport, Portsmouth, Havant and Waterlooville.

### 2.2 Industrial Market Update

2.2.1 The last quarter of 2017 remained consistent with the end of 2016 and 2015, with strong demand from occupiers taking up prime stock from the market and continuing to push up rents.

2.2.2 With an increase in availability, due to completion of various speculative developments, we see 2018 being a key year for occupiers to take advantage of the new stock available in the market.

#### 2.2.3 Availability

2.2.3.1 As a direct result of new speculative developments coming out of the ground, availability for the year increased, when compared with the four-year average. Total stock in the region at the end of Q4 2017 was 2,293,412 sq ft, denoting a small increase of 93,328 sq ft (4%) on the previous quarter, or an increase of 225,073 sq ft (12%) against Q4 2016 and 6% against Q4 2015.

2.2.3.2 Supply of prime stock increased during Q4 2017 to 709,904 sq ft, an uplift of 257,177 sq ft (56%) on the previous quarter and 300,290 sq ft (73%) against Q4 2016 and 399,403 sq ft against Q4 2015.

2.2.3.3 In contrast, supply of secondary stock decreased in Q4, by 163,849 sq ft (9%) on the previous quarter and 45,217 sq ft (2%) against Q4 2016 and 14% against Q4 2015.

2.2.3.4 In 2018, we expect to see the supply of prime stock continue to increase as the current pipeline of development schemes such as Merlin Park, Portsmouth (91,030 sq ft), come out of



the ground. As for secondary stock, we expect to continue to see a gradual decline in availability as tenants remain in their current premises.

#### **2.2.4 Take-up**

2.2.4.1 Annually take-up has reduced from 1,904,616 in 2015 to 1,888,705 sq ft in 2016 and to 1,750,576 sq ft (-7.31%) in 2017. Prime take-up in 2017 has increased from 2016 to 551,981 sq ft (65%). 2017 secondary take-up decreased from 2016 to 1,198,586 sq ft (-22%).

2.2.4.2 Total take-up in Q4 amounted to 394,005 sq ft, reflecting a decrease of 110,354 sq ft (-21%) from Q3. However, the uptake in Q3 can be accounted for by two significant transactions at Mountpark, Southampton totalling 160,660 sq ft. In comparison with Q4 2016, there was a minor decrease in total take-up of 45,485 sq ft (-10%) and only 1,171 (-0.3%) when compared with Q4 2015.

2.2.4.3 Prime take-up decreased by 84,560 sq ft from Q3, to 143,514 sq ft (-158%). Although, this again, is attributed to the significant transactions at Mountpark, Southampton in Q3. In contrast, however, prime take-up for the quarter was at 143,514 sq ft, 114,726 sq ft (49.8%) above that of Q4 2016, underlining the lack of supply in previous years. We expect to see this trend continue well into 2018.

2.2.4.4 Prime take-up steadily increasing over the past 5 years, aligns with the clear availability of new speculative developments along the South Coast.

2.2.4.5 When comparing secondary take-up in Q4 2017 to Q4 2016, it has fallen slightly by 160,211 sq ft (-39%), with a 25,794 sq ft (-9%) reduction on Q3 2017. In our opinion, this is due to an increase in prime take-up and tenants renewing their leases on existing premises.

#### **2.2.5 Rent and Capital Values**

2.2.5.1 During 2017 rental levels continually increased and are getting ever closer to the double digit number. We are continuing to see the gap between Prime and Secondary stock marginalised due to the lack of secondary stock available, you can see this illustrated in the table.

2.2.5.2 Freehold properties remain in hot demand and we and we anticipate that capital values will continue to increase across all size ranges and locations in 2018, as owner-occupiers, in particular, search for their own properties, rather than paying increasing rents.

2.2.5.3 In 2018 we also expect to see a continued rental growth especially in secondary stock across the region.



Under 5,000 sq ft	Prime capital value per sq ft	Prime headline rent per sq ft	Secondary capital value per sq ft	Secondary headline rent per sq ft
<b>Eastleigh</b>	£120.00 - £140.00	£10.00	£90.00 - £100.00	£9.50
<b>Southampton</b>	£120.00 - £140.00	£10.00	£90.00 - £100.00	£9.50
<b>Winchester</b>	£115.00 - £140.00	£11.00	£90.00 - £100.00	£8.00
<b>Test Valley</b>	£120.00 - £140.00	£9.50	£85.00 - £90.00	£8.50

5,000 – 20,000 sq ft	Prime capital value per sq ft	Prime headline rent per sq ft	Secondary capital value per sq ft	Secondary headline rent per sq ft
<b>Eastleigh</b>	£120.00 - £140.00	£9.50	£80.00 - £95.00	£8.75
<b>Southampton</b>	£120.00 - £140.00	£9.50	£80.00 - £95.00	£8.50
<b>Winchester</b>	£120.00 - £140.00	£8.75	£75.00 - £95.00	£7.75
<b>Test Valley</b>	£110.00 - £130.00	£8.50	£65.00 - £75.00	£8.00

Over 20,000 sq ft	Prime capital value per sq ft	Prime headline rent per sq ft	Secondary capital value per sq ft	Secondary headline rent per sq ft
<b>Eastleigh</b>	£115.00 - £140.00	£9.50	£55.00 - £65.00	£8.50
<b>Southampton</b>	£115.00 - £140.00	£9.50	£70.00 - £85.00	£8.50
<b>Winchester</b>	£120.00 - £140.00	£8.75	£75.00 - £95.00	£7.50
<b>Test Valley</b>	£110.00 - £130.00	£8.00	£60.00 - £70.00	£7.50

Table 1 – Industrial Headline rents and capital values across the region (Source: LSH February 2018)

## 2.2.6 Key industrial transactions across the region during last 18 months

Address	Occupier/Purchaser	Landlord/Vendor	Size (sq ft)	Tenure	Rent (per sq ft)
Unit 2 Mountpark, Wide Lane, Southampton SO18 2NQ	Berendsen plc	Mountpark Logistics EU Sarl	60,000	25 years, no rent free	£9.50
Unit 3 Mountpark, Wide Lane, Southampton SO18 2NQ	CooperVision	Mountpark Logistics EU Sarl	100,660	15 years, 10 year break	£9.00
Unit 23 Oriana Way, Nursling Southampton	B&Q plc	Aviva	28,216	10 years, 6 months' rent free, 5 year tenant break	£8.50
Mountpark, Wide Lane, Southampton SO18 2NQ	Paul Murray plc	Mountpark Logistics EU Sarl	47,500	Confidential	Confidential
Unit 3 South Central, Southampton	John Lewis	Peel Logistics funded by Rockspring	46,080	15 years	Quoting £9.50

Table 2 Key Industrial Deals across the region (Source: LSH)





### 2.2.7 Industrial developments currently being completed include:

- Canmoor's speculative development of Merlin Park in Portsmouth is out of the ground and will provide 91,030 sq ft of prime industrial and logistics space across seven units. Construction of the scheme is due to complete in mid-2018.
- Fareham Borough Council has constructed six new business hangars on its scheme at Solent Airport, Daedalus, Lee-on-the-Solent. Three of the five club hangars are under offer.
- Construction of Bericote Properties' speculative scheme, Alpha Park at Chandlers Ford, funded by Blackrock, has completed. Unit 1 has been successfully pre-let to DX Network Services and there is significant interest in the remaining two units of 45,000 and 84,000 sq ft, respectively.
- At Peel Logistics' new development, South Central in Nursling, financed by Rockspring, John Lewis has taken a pre-let of Unit 3, with two units of 39,000 sq ft and 117,000 sq ft remaining. Completion is due for May 2018.
- Following the success of Phase 1, at Mountpark Logistics' scheme on the former Ford site at Wide Lane, Southampton, Mountpark has acquired 9.7 acres on the adjacent site. Phase 2 will comprise four units, ranging from 67,500 to 106,930 sq ft, and is due to complete in October 2018.
- The last remaining site at the highly successful Hamilton Business Park in Hedge End, Southampton, has been speculatively developed by Hargreaves Properties, resulting in a detached 24,760 sq ft high spec industrial/warehouse unit, available to rent.
- Salmon Developments has purchased the final plot at Harts Farm Way, Havant and will speculatively build four units, available freehold or leasehold.

### 2.2.8 Industrial Market Summary

- South Coast industrial overall market activity in 2017 has been consistent with 2016.
- Take up in 2017 was slightly down when compared to 2016 however this was primarily attributable to the lack of supply rather than enquiry levels.
- Prime stock take up for 2017 was 114,726 sq ft above 2016.
- There has been an increase in available stock on the South Coast due to new speculative developments under construction or that have completed.



2.2.8.1 The industrial sector along the South Coast continues to be 'hot property' with consistent levels of competition seen for all product types. Prime yields now stand at approximately 4.5%. With opportunities in the region being few and far between and investors attracted to the strong occupational market dynamics, the outlook over 2018 continues to look positive.

## **2.3 Office Market Update**

2.3.1 Total Take-up for the South Coast office market in Q4 2017 was 101,063 sq ft. Total take-up for 2017 finished at 295,577 sq ft, which was 14% below the 10 year average take-up figure. The out of town market (M27/A27 corridor) saw the greatest take-up. The most active sectors were Technology, Media & Telecoms (47%) and Finance, Banking & Insurance (37%).

2.3.2 Enquiry levels were 36% higher than those received in Q3 2017. 83% of all Q4 enquiries were for space less than 10,000 sq ft.

### **2.3.3 Availability**

2.3.3.1 Supply continued its downward trend and fell below 1,000,000 sq ft (988,344 sq ft) for the first time in over a decade. A contributing factor to the falling supply has been driven by conversion of secondary stock to alternative uses including residential, student and hotel accommodation. The PRS / Build to Rent sectors are growing on the South Coast as office conversions to student accommodation are slowing.

2.3.3.2 The lack of Grade A stock along the South Coast continues which is maintaining the trend of rising rents and reducing incentives as previously reported. Overall availability at the end of 2017 was 24% down when compared to the end of 2016 and down 25% when compared to the end of 2015. The greatest decline in availability is in Southampton city centre which has seen a 30% fall with out of town stock falling 19% by comparison. Grade A supply at the end of 2017 stands at 275,545 sq ft (28%). This compares to 181,090 sq ft (14%) at the end of 2016. This increase is exclusively as a result of refurbishments of existing office stock. There were no new offices built throughout the whole of 2017 (there will be 20,850 sq ft completed at Chilcomb Park, Winchester in 2018).

### **2.3.4 Take up**

2.3.4.1 Overall 2017 take-up for the South Coast office market recovered following positive figures for Q4, in which 101,063 sq ft was transacted across 16 deals. This represented a 42% increase from Q3 2017 and an increase of 11% from Q4 2016.

2.3.4.2 The out of town market (M27/A27 corridor) saw the greatest take-up (67%) with the main hotspot being around J9 M27 accounting for six out of the sixteen transactions in Q4. The



most active sectors were Technology, Media & Telecoms (47%) and Finance, Banking & Insurance (37%).

2.3.4.3 Total take-up for 2017 finished at 295,577 sq ft. Despite the strong finish to the year, this represented a 14% fall below the 10 year average take-up figure (2008-2017) of 337,801 sq ft and was down 10% on the 329,389 sq ft transacted in 2016 and down 42% on the 507,610 sq ft transacted in 2015.

2.3.4.4 Technology and agile working is encouraging a reduction in take-up volumes and occupiers are increasingly embracing agile working and occupying space more efficiently. In turn, this is translating into a reduction in the “staff:space” ratio as employees take advantage of improved technology to adopt mobile working practices.

### 2.3.5 Rents and capital values

2.3.5.1 New headline rents were achieved in a number of markets across the South Coast region during 2017. The highest achieved rent in Southampton city centre was £22 per sq ft at White Building. For the out of town office market 1000 Lakeside, Portsmouth achieved £21.50 per sq ft. Southampton Science Park achieved £25 per sq ft at its new build office on the Benham Campus. Trafalgar House in Winchester city centre set a new headline rent for the city achieving £29.25 per sq ft, subject to a comprehensive refurbishment including Cat B works.

Under 5,000 sq ft	Prime capital value per sq ft	Prime headline rent per sq ft	Secondary capital value per sq ft	Secondary headline rent per sq ft
<b>Eastleigh</b>	£250.00	£21.00	£140.00- £190.00	£12.00-16.00
<b>Southampton</b>	£250.00	£22.00	£140.00-£190.00	£14.00-16.00
<b>Winchester</b>	£375.00	£25.00	£200.00- £250.00	£12.00-£19.00
<b>Test Valley</b>	£325.00	£25.00	£130.00	£12.00

*Table 3 –Office Headline rents and capital values across the region (Source: LSH February 2018)*



### 2.3.6 Key office transactions across the region during last 18 months

Address	Occupier/Purchaser	Landlord/Vendor	Size (sq ft)	Tenure	Rent (per sq ft)
5 Town Quay, Southampton	Fast Stream	RO Real Estate	8,346	10 years	£19.00
Mountbatten House, Southampton	4Com	Prowting Family Trust	7,135	10 years	£17.50
White Building, Southampton	Manpower	Linkhouse Investments	5,460	10 years	Confidential
64 London Road, Southampton	Tetcom	Palace Capital	11,192	5 years	£10.00
Woolen Hall, Castle Way, Southampton	Hilton-Baird Group	Nat West Bank	8,830	Freehold	Confidential
White Building, Southampton	Foot Anstey	Linkhouse Investments	6,489	10 years	£22.00
1 <sup>st</sup> Floor, The Quay, Ocean Village Southampton	Allianz	Kilmina Properties Ltd	5,932	10 years	£19.50
GF South, Savannah House, Ocean Village, Southampton	CBRE Ltd	Forelle Estates	4,338	10 years	£19.50
7 <sup>th</sup> Floor, White Building, Southampton	Keoghs Solicitors	Linkhouse Investments	3,035	5 years	£19.00
Oceana House, 39-49 Commercial Road, Southampton	Womble Bond Dickinson	Fidelity Investments Management	20,625	10 years	£20.00

*Table 4 - Key Office Deals across the region (Source: LSH)*

### 2.3.7 Office Market Summary

- South Coast office availability is at its lowest level in over a decade with permitted development being a significant contributor.
- Demand for office space is primarily at the smaller end of the market with new agile working practices being one of the driving forces.



- Dwindling supply coupled with almost no new development on the South Coast (with the exception of Southampton Science Park) has seen a wave of high spec office refurbishments taking place and new headline rents being achieved.
- Investment activity saw around £25m of office assets transacted on the South Coast in Q4 2017, with continued activity from Local Authorities. The sector (and particularly 'out of town'), is being viewed more cautiously and carefully than others sectors, although there remains robust interest for assets providing long and secure income.

## **2.4 Marine Market Update**

- 2.4.1 The UK has the largest marine sector in Europe and its associated industries are a valuable asset to the country employing more than 360,000 people and contributing £19 billion gross value added, (according to Invest in Hampshire).
- 2.4.2 The South Coast remains one of the leading marine clusters in the UK with its coastal location, business base and educational strengths. The marine sector continues to be one of the largest and most productive sectors in the region providing 40,000 jobs locally and supporting more than 3,000 businesses (According to Solent LEP). With sustained strength in this sector it will be important to protect and retain sites that have the special features and characteristics that are unique and particularly important to occupiers in this sector.

## **2.5 Rural Market Update**

- 2.5.1 These sites still play an important role in the hierarchy of available employment accommodation in the region; whether that is for locational or economic reasons. They often provide appropriate space for non-conforming and unneighbourly uses in rural locations away from residential areas or space at a more affordable level for small local businesses or start-ups.
- 2.5.2 It is clear that sites that fall within this category are an important part of the property supply in the region and provide appropriate accommodation, which is suitably priced on flexible terms for many businesses.



### 3.0 SOUTHAMPTON SITES

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In reviewing the site assessments seven sites in Southampton were considered to have significant change to justify updating in this report:

- Millbrook (LSH site ref 1)
- Mountpark (LSH site ref 4)
- Test Lane South (LSH site ref 5)
- North of Parks (LSH site ref 24)
- North of Station (LSH site ref 25)
- Drivers Wharf Area (LSH site ref 28)
- Centenary Quay Marine Employment Quarter (LSH site ref 30)

#### 3.1 Millbrook

3.1.1 This is a large industrial area with a range of unit types and sizes. A new development is underway on Third Avenue comprising a new trade counter/ showroom totalling circa 8,000 sq ft and a further 5 units of between 2,580 sq ft – 3,930 sq ft. This is the implementation of application 15/02380/FUL for the *“demolition of the existing building and erection of 7 commercial units, 6 to be for business use (Class B1(c)), industrial (B2) or storage and distribution use (Class B8) and one to be for business use or retail (Class A1) with associated access and parking”*.

3.1.2 This new development is located in a prime position just West of Southampton City Centre. The first phase of this development will comprise a glazed showroom with first floor offices and ample customer car parking. The unit will be served via a roller shutter loading door to the rear off a service yard together with a glazed front entrance.

3.1.3 The new development adds new and improved space to the Millbrook estate, where some units range from the 1960s. This scheme is attracting good interest in the market with Unit 1 pre-let.

3.1.4 The site continues to improve and be an important employment area with good transport links. The site score remains unchanged – B – above average.



### 3.2 Mountpark

- 3.2.1 This is a large key strategic employment site, formerly the Ford production warehouse, with excellent transport links. Planning application 16/00885/FUL was granted consent December 2016 for a *“development to provide new industrial and warehouse buildings for business use (class B1c), industry (class B2) and storage/distribution (class B8) with landscaping, tree planting and new boundary treatment, new car parking and service areas, new vehicular access from Wide Lane and associated works”*.
- 3.2.2 The site is under construction for a new industrial and logistics site. Phase 1 which comprises three units has been let prior to practical completion. Occupiers include Paul Murray, Berendsen and CooperVision. Phase 2 which comprises 341,040sq ft of Grade A accommodation over four units is due for completion in October 2018.
- 3.2.3 The former car park on the north west side of Wide Lane has planning consent (16/02063/FUL, granted June 2017) for the *“redevelopment of the site to provide a new car sales and showroom facility with associated landscaping, car parking and vehicle display areas, including a part change of use of existing hard-standing and car parking areas associated with the former Ford factory”*. The site is being redevelopment for a Jaguar Land Rover showroom.
- 3.2.3 Adjacent to this site a further car dealership is proposed for Aston Martin. A planning application for *“redevelopment of the site to provide new car showroom facility and vehicle servicing workshop (including MOT) with associated storage, parking, delivery and administration facilities”* (17/02375/FUL) is currently under consideration.
- 3.2.4 Mountpark is a long standing employment site which is being completely regenerated following the closure of Ford, to provide Grade A industrial accommodation and modern facilities for car dealerships. With new accommodation and excellent transport links the site is an important strategic employment site. The site score remains unchanged – A – High.

### 3.3 Test Lane South

- 3.3.1 The site has an excellent location and transport links to the road network. However there are some environmental constraints to the site, particularly potential flooding and noise pollution. The immediate highway network has required improvement and a scheme of road widening and other improvements have been undertaken.
- 3.3.2 Following the road improvements construction for three new units on the site for Class B8 storage and distribution has commenced, following the grant of planning consent (14/01911/FUL) in July 2016, for the *“redevelopment of the site to provide 19,132 square*



*metres of employment floorspace in three buildings (Units 1 and 3 to be storage and distribution use (Class B8), Unit 2 to be Business use (Class B1c) and/or storage and distribution use (Class B8)) with an area of open space, associated landscaping, servicing areas and car parking with vehicular access from Test Lane”.*

3.3.3 The development comprises three units, unit 1 totalling 116,895sq ft, unit 2 totalling 39,075 sq ft and unit 3 totalling 49,965 sq ft. Unit 3 has been let to the John Lewis Partnership. Practical completion of the units is expected in early 2018.

3.3.4 The site score remains unchanged – A – high.

### **3.4 North of Parks**

3.4.1 This employment site is an excellent location for occupiers and continues to attract different interests reaffirming its mixed use nature. The White Building has recently been refurbished and floors have been let to a number of occupiers, achieving the highest rent in the city for a refurbished building.

3.4.2 There was a previous planning consent for an office scheme in the area, known as The Bond but following little interest in developing office space, planning permission has now been granted for student accommodation on the site, “*Erection of part 11 storey and part 12 storey building to provide ground floor flexible commercial space (Use Classes A1/A2/D2) with purpose built student residential accommodation on the upper floors (527 bedrooms in total) with associated communal living space, cycle and waste storage - revised scheme to 15/01823/FUL*”, granted planning consent in December 2017.

3.4.3 If implemented the student accommodation and commercial floorspace scheme will bring this derelict brownfield site back into use with an element of employment floorspace. The site score remains unchanged – A – high.

### **3.5 North of Station**

3.5.1 This is a key gateway site adjacent to the train station, with potential for high quality mixed use employment led development.

3.5.2 Phases 1 and 2 of the station public realm improvements have now been completed and provide a new square and gateway to the station, as well improved access and signage in the station quarter.

3.5.3 The site score remains unchanged – A –high.





### **3.6 Driver Wharf Area**

- 3.6.1 The Drivers Wharf site is a major site in two parts. The western part of the site includes a mix of uses in older style, industrial/ warehouse buildings and marine uses. The eastern part of the site is a scrap metal storage site. This area was previously promoted for development by the HCA.
- 3.6.2 This part of the city, due to its nature, is seeing increased demand for space particularly open storage. LSH currently has over 100 active requirements for occupiers seeking for suitable open storage sites within Southampton and the surrounding area. Due to the Waterside location a number of existing occupiers are marine related, including rowing clubs and boat storage which value the waterside location.
- 3.6.3 The site score remains unchanged – D –below average.

### **3.7 Centenary Quay Marine Employment Quarter**

- 3.7.1 Centenary Quay Marine Employment Quarter is a designated major development site for employment uses, including marine uses and residential. Within the employment site there has been an increase in interest from trade occupiers for units of circa 5,000sq ft, which is having the effect of increasing rents in this location.
- 3.7.2 The site score remains unchanged – B –above average.

# **APPENDIX 1**

## **Updated Site Assessments**



<b>Site Name: Millbrook Road</b>			
<b>Site Ref:</b>	<b>REI10ii and REI9iii</b>	<b>LSH ref</b>	<b>1 (Addendum)</b>
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	<b>Over 10</b>
<b>Description of Site and Location:</b>	<p><b>Industrial areas, including Endeavour Park.</b></p> <p>The site is situated adjoining the main Millbrook Road, western approach to Southampton city centre and the docks with immediate access to the M271 and J3, M27 motorway network, with the railway running through.</p>		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?		Yes	
1.2: Has there been any recent development activity, within the last 5 years?		Yes	
1.3: Is the site being actively marketed as an employment site?		Yes (parts)	
1.4: Is the site owned by a developer or another agency known to undertake employment development?		Yes	
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?		Yes	
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?		Yes	
1.7: Is the site immediately available?		No	
<b>Market Appraisal</b>	<p>The site is situated adjoining the main Millbrook Road, western approach to Southampton city centre and the docks with immediate access to the M271 and J3, M27 motorway network, with the railway running through.</p> <p>The site comprises a mixture of B1, B2 and B8 units, which range in age from the 1960s to more recent development, being Endeavour Park, which was constructed within the last 5 years. Buildings also range in size to suit all types and sizes of businesses from starter units to major occupiers, including UPS.</p> <p>In terms of ownership, units are held on a mixture of freeholds and long leaseholds from Southampton City Council.</p> <p>A new development is proposed on Third Avenue comprising a new trade counter/showroom totalling circa 8,000 sq ft and a further 5 units; of 2,580 sq ft – 3,930 sq ft. The scheme is attracting good interest in the market.</p>		
<b>Adjacent land use and conflicts</b>	Southampton Port and the main Millbrook road as well as residential to the far west.		
<b>Known constraints and infrastructure requirements</b>	Geared ground leases with Southampton City Council. Millbrook Road suffers with congestion at peak times.		
<b>Strategic Planning Factors</b>			
2.1: Is the site within an area identified as of strategic importance.		<b>Yes</b>	
2.2: Is the site identified or likely to be required for a specific user or specialist		<b>No</b>	

use?	
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?	<b>No</b>
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?	<b>No</b>
<b>Strategic Planning and Access</b>	Good transport links, proximity to port.
<b>Recommendation</b>	<b>Site score: B – above average</b> Safeguard site for B1(c), B2 and B8 employment related uses.

<b>Site Name: Mountpark, Southampton</b>			
<b>Site Ref:</b>	<b>REI9ii, REI10ix, x, viii</b>	<b>LSH Ref</b>	<b>4 (Addendum)</b>
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	<b>Over 10</b>
<b>Description of Site and Location:</b>	<p>The site is the former Ford production warehouse totalling approximately 19.59 ha.</p> <p>The site adjoins the M27 (J5) to the south of Southampton Airport and mainline Southampton Parkway railway station. The site has good communications by road, rail, air and bus.</p>		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?		Yes	
1.2: Has there been any recent development activity, within the last 5 years?		Yes	
1.3: Is the site being actively marketed as an employment site?		Yes	
1.4: Is the site owned by a developer or another agency known to undertake employment development?		Yes	
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?		Yes	
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?		Yes	
1.7: Is the site immediately available?		No	
<b>Market Appraisal</b>	<p>The site is key strategic site, formerly occupied by Ford Motor Group, the site is now under construction for a new industrial and logistics site.</p> <p>Phase 1 totals 213,440 sq ft and has been let prior to practical completion. Occupiers include Paul Murray, Berendsen and CooperVision. Phase 2 comprises 341,040 sq ft of Grade A accommodation with completion scheduled for September 2018.</p> <p>The former car park on NW side of Wide Lane has consent for a new Jaguar Land Rover dealership on part. The remainder 1.3 acres are the subject of a planning application for an Aston Martin dealership.</p>		
<b>Adjacent land use and conflicts</b>	Residential to the Southampton; Southampton Cemetery to the east; to the west is playing fields and to the north is Southampton Airport, industrial land and the M27.		
<b>Known constraints and infrastructure requirements</b>	Due to its close proximity with the airport, there may be construction restrictions in place.		
<b>Strategic Planning Factors</b>			
2.1: Is the site within an area identified as of strategic importance.		Yes	
2.2: Is the site identified or likely to be required for a specific user or specialist use?		No	
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?		No	
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?		No	

<b>Strategic Planning and Access</b>	Site has good links by road to the motorway network and Southampton Airport
<b>Recommendation</b>	<b>Site score: A – high</b>  Retain safeguards on land for B1(b), B1(c), B2 and B8. This is a key strategic site and employment related uses should be retained on any future development.

<b>Site Name: Test Lane South</b>			
<b>Site Ref:</b>	<b>MSA19</b>	<b>LSH ref</b>	<b>5 (addendum)</b>
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	<b>5-10</b>
<b>Description of Site and Location:</b>	The site is situated to the south of the Nursling Industrial Estate, off J1, M271 motorway, approximately 1 mile from J3, M27 motorway. The site has recently been purchased by Evander Properties, from Southampton City Council.		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?		Yes	
1.2: Has there been any recent development activity, within the last 5 years?		Yes	
1.3: Is the site being actively marketed as an employment site?		Yes	
1.4: Is the site owned by a developer or another agency known to undertake employment development?		Yes	
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?		No	
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?		Yes	
1.7: Is the site immediately available?		Yes	
<b>Market Appraisal</b>	<p>Planning permission, subject to conditions, was granted in October 2015 for Class B8 suitable for storage and distribution use and unit 2 also has Class B1(c) suitable for light industrial use. The development comprises three units of 50,000 sq ft, 40,000 sq ft and 117,000 sq ft.</p> <p>The new units are currently under construction following the completion of major road widening and improvement works. Practical completion of the scheme is due in Q1 2018.</p> <p>John Lewis Partnership has taken Unit 3 unit totalling 49,965 sq ft.</p>		
<b>Adjacent land use and conflicts</b>	Residential to the south; Daily Echo offices and printing works to the north; M271 motorway to the east and railway line and marshland to the west.		
<b>Known constraints and infrastructure requirements</b>	It is understood that various steps are being taken by the developer, as part of their planning conditions, to address various environmental issues, such as potential flooding, noise pollution and highways improvement.		
<b>Strategic Planning Factors</b>			
2.1: Is the site within an area identified as of strategic importance.		Yes	
2.2: Is the site identified or likely to be required for a specific user or specialist use?		No	
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?		No	
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?		No	

<b>Strategic Planning and Access</b>	The site is allocated as being suitable for B1 and B8 uses and should be retained for these uses.
<b>Recommendation</b>	<b>Site score: A – high</b> The site is safeguarded for B1 and B8 employment related uses.



<b>Site Name: North of Parks</b>			
<b>Site Ref:</b>	<b>AP2</b>	<b>LSH ref</b>	24 (Addendum)
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	
<b>Description of Site and Location:</b>	<p>CCAP prime existing office area AP2</p> <p>The site is a mixed-use area in multiple ownership. New developments are coming forward by way of a new Premier Inn on the Southampton Park Hotel site and potentially student accommodation or PRS residential at The Bond site.</p>		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?			Yes
1.2: Has there been any recent development activity, within the last 5 years?			Yes
1.3: Is the site being actively marketed as an employment site?			Yes
1.4: Is the site owned by a developer or another agency known to undertake employment development?			Yes
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?			Yes
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?			Yes
1.7: Is the site immediately available?			No
<b>Market Appraisal</b>	<p>Given the site's proximity to local amenities, such as train and bus services as well as the retail area of London Road and the Cultural Quarter, we foresee that the site will remain as a mixed-use development, including hotel, residential, student accommodation and offices.</p> <p>Recent schemes further confirm this as a mixed use area.</p> <p>The White Building has recently achieved the highest rent in the city for a refurbished building.</p>		
<b>Adjacent land use and conflicts</b>	A mix of residential, car parking and offices to the north and parks to the south.		
<b>Known constraints and infrastructure requirements</b>	Some listed buildings on Cumberland Place frontage		
<b>Strategic Planning Factors</b>			
2.1: Is the site within an area identified as of strategic importance.			Yes
2.2: Is the site identified or likely to be required for a specific user or specialist use?			No
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?			No
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?			No

<p><b>Strategic Planning and Access</b></p>	<p>Development that results in the net loss of office space in this area will be resisted unless there are clear economic benefits (although recent legislation means that the council have limited controls to prevent prior approval conversion to residential). Located within the City Centre with good public transport links and access to the road network. There are small scale development opportunities within this area.</p>
<p><b>Recommendation</b></p>	<p><b>Site score: A – high</b></p> <p>The site is in an excellent location for occupiers and will present opportunities for further office employment development.</p>

<b>Site Name: North of Station</b>			
<b>Site Ref:</b>	<b>AP2</b>	<b>LSH Ref</b>	25 (Addendum)
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	
<b>Description of Site and Location:</b>	CCAP prime existing office area AP2. Immediately adjoining railway station and hub of bus routes. Within walking distance of main city centre shopping areas. The area contains primarily 1970s office buildings with some conversion to residential having taken place		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?			Yes
1.2: Has there been any recent development activity, within the last 5 years?			No
1.3: Is the site being actively marketed as an employment site?			Yes
1.4: Is the site owned by a developer or another agency known to undertake employment development?			Yes
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?			No
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?			Yes
1.7: Is the site immediately available?			Yes
<b>Market Appraisal</b>	<p>Prime redevelopment site at the gateway to the City. Significant opportunity for high quality mixed use employment led development. Potential for redevelopment or refurbishment of existing Nelson Gate complex and office, residential, hotel development on adjoining vacant site. In the longer term commercial and residential development as part of redevelopment of station.</p> <p>Public Realm works completed and surrounding environment improved.</p>		
<b>Adjacent land use and conflicts</b>	Train station and Wyndham Court residential properties		
<b>Known constraints and infrastructure requirements</b>	None		
<b>Strategic Planning Factors</b>			
2.1: Is the site within an area identified as of strategic importance.			Yes
2.2: Is the site identified or likely to be required for a specific user or specialist use?			No
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?			No
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?			No
<b>Strategic Planning and Access</b>	Development that results in the net loss of office space in this area will be resisted unless there are clear economic benefits. Located within the City Centre with good public transport links and access to the road network. There are development opportunities within this area.		

<p><b>Recommendation</b></p>	<p><b>Site score: A – high</b></p> <p>Solely office scheme would not be commercially viable, however this is a prime development site and an element of office development would be suitable as part of a master mixed use scheme, being a strategic gateway into the city, to include public realm.</p>
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<b>Site Name: Drivers Wharf Area</b>			
<b>Site Ref:</b>		<b>LSH Ref</b>	28 (Addendum)
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	<b>5-10</b>
<b>Description of Site and Location:</b>	<p>The Drivers Wharf area is a large site within Southampton. The eastern side of the site is cleared and the western site is currently occupied by a mix of uses.</p> <p>The site is situated on the southern edge of the River Itchen, close to the main A3024 Bitterne Road, which is the principal arterial road into Southampton city centre from the east.</p> <p>We are aware the site has previously been promoted by SEEDA/HCA for employment related redevelopment and we understood this included the purchase of various interests within the subject site. We are not aware of any recent action by the HCA. The principal landowners of the site are EMR – scrapyards, Peter Harding and SCC.</p> <p>Currently the site consists of older style, traditional industrial/warehouse buildings and sites used for a variety of uses, such as open storage and vehicle yards.</p>		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?			Yes
1.2: Has there been any recent development activity, within the last 5 years?			No
1.3: Is the site being actively marketed as an employment site?			Yes
1.4: Is the site owned by a developer or another agency known to undertake employment development?			Yes
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?			Yes
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?			Yes
1.7: Is the site immediately available?			No
<b>Market Appraisal</b>	<p>The site provides an important function in its part of the low value market and meets local needs for small businesses.</p> <p>We are currently experiencing high demand for open storage, for which this location has proven popular.</p> <p>A number of existing occupiers are marine related including rowing clubs and boat storage which value the waterside location.</p>		
<b>Adjacent land use and conflicts</b>	Surrounding the site, there is the River Itchen to the north; Northam residential estate to the south of Princes Street and the marine employment provision at Saxon Wharf to the east.		
<b>Known constraints and infrastructure requirements</b>	Quayside, multiple ownerships and highway infrastructure. The site might be subject to flooding and contamination given the nature of businesses and uses currently and historically on site. The scrapyards on the eastern part of the site presents a difficult challenge unless it is relocated and the Northam Estate to the south also may inhibit the scale of redevelopment and uses.		

<b>Strategic Planning Factors</b>	
2.1: Is the site within an area identified as of strategic importance.	Yes
2.2: Is the site identified or likely to be required for a specific user or specialist use?	Yes – Marine uses
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?	Yes.
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?	No
<b>Strategic Planning and Access</b>	The site benefits from high accessibility levels from public transport, proximity to the main highway network leading to Junctions 7 and 8 of the M27 and high visibility from Northam Bridge
<b>Recommendation</b>	<b>Site score: D – Below average.</b>  Support proposals for employment led mixed use redevelopment comprising offices, light industrial and residential uses.

<b>Site Name: Centenary Quay Marine Employment Quarter</b>			
<b>Site Ref:</b>	<b>MSA18</b>	<b>LSH Ref</b>	30 (Addendum)
<b>Borough:</b>	<b>Southampton</b>	<b>Size (ha)</b>	
<b>Description of Site and Location:</b>	<p>A cleared site that has been decontaminated</p> <p>The site is an integral part of the riverside's rejuvenation. The development by Crest Nicholson of residential, apartments and proposed offices and restaurant.</p> <p>Owned by developer, Oceanic Estates Limited, which has obtained planning consent for a wind turbine production unit.</p>		
<b>Market Attractiveness Criteria:</b>			
1.1: Has the site been formally identified for employment for at least 10 years?			Yes
1.2: Has there been any recent development activity, within the last 5 years?			No
1.3: Is the site being actively marketed as an employment site?			Yes
1.4: Is the site owned by a developer or another agency known to undertake employment development?			Yes
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?			No
1.6: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?			Yes
1.7: Is the site immediately available?			Yes
<b>Market Appraisal</b>	<p>The site is well suited for marine and associated business development.</p> <p>We are currently seeing interest from trade occupiers in the units of circa 5,000 sq ft, which is pushing up rents in this location.</p> <p>The site adjacent to Royal Mail is currently being investigated for redevelopment.</p>		
<b>Adjacent land use and conflicts</b>	<p>Immediately to the east is Woolston High Street a mixed commercial and residential area. Residential/commercial uses immediately to the south. To the north is residential development and to the west the River Itchen</p>		
<b>Known constraints and infrastructure requirements</b>	<p>The site might be subject to flooding. We assume that the road infrastructure and services to the site have already been made provision for future development. Residential conflicts with 24 hour use and some activities on site.</p>		
<b>Strategic Planning Factors</b>			
2.1: Is the site within an area identified as of strategic importance.			Yes
2.2: Is the site identified or likely to be required for a specific user or specialist use?			Yes
2.3: Is the site part of a comprehensive or long term development or regeneration proposal?			Yes
2.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?			No

<b>Strategic Planning and Access</b>	Site is being redeveloped for a marine employment quarter.
<b>Recommendation</b>	<b>Site score: B – above average</b>  This site is protected and should be retained for the marine quarter use or similar employment related uses.