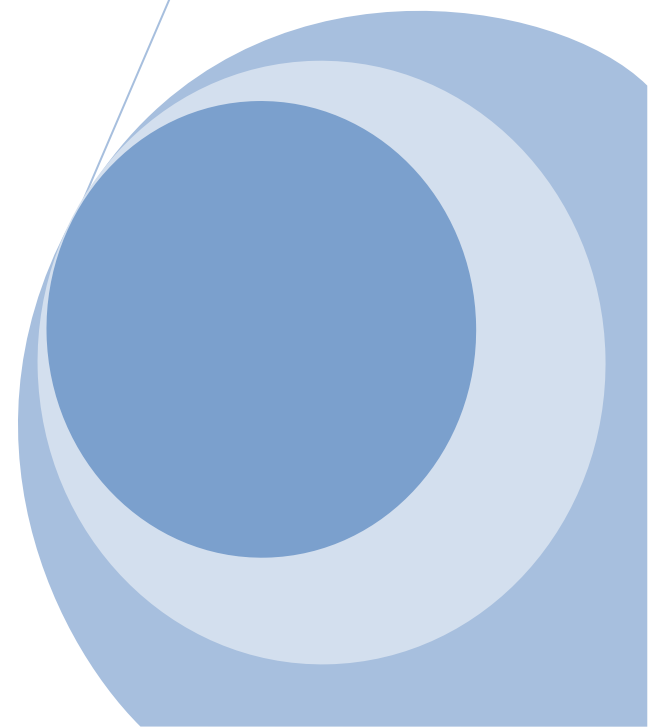
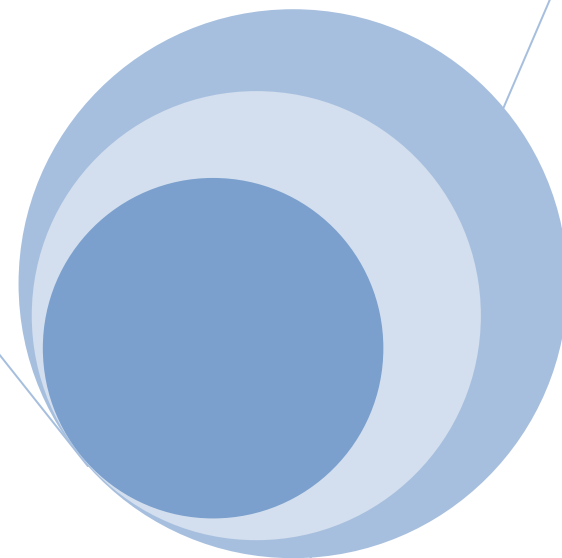
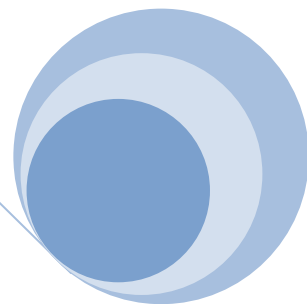


**Melton Mowbray  
Employment Growth Area  
Delivery Statement  
Final Report  
October 2012**



## Amendment Record

Revision	By	Date	Version
4	PMc	January 2013	

## **Section 1 Introduction**

1.1 Paul McKim Consulting Ltd has been instructed by Melton Borough Council (MBC) to prepare a delivery statement in support of the Employment Growth Area identified in its Publication Draft Core Strategy Document 2012.

1.2 MBC has identified a broad location for up to 30ha in its 2012 Publication Core Strategy and wishes to prepare a delivery statement in support of this proposal. The Council has completed its a public consultation on the Publication Core Strategy; it has considered responses and representations, approved some focussed changes and submitted the document to the Secretary of State/ Planning Inspectorate.

1.3 The purpose of this report is to inform the emerging Core Strategy with respect to bringing forward this area as a broad location for employment growth.

1.4 It should be noted that no masterplanning design or definitive site red line delineation has been undertaken. This will be the subject of further work as part of the Land Allocation and Settlement Boundaries Development Plan Document or the new Melton Local Plan identified in the Council's proposed Local Development Scheme 2013.

## **Section 2 Our Approach**

2.1 In preparing this report we have taken a range of evidence including a document review, market conditions and information supplied by Melton Borough Council.

2.2 We have also undertaken a consultation exercise, reviewed representations made and spoken with employment land promoters. We have also spoken to a number of local agents in the Borough.

2.3 In Section 3 we review the planning and environmental evidence Melton Borough Council has undertaken in arriving at its strategic

allocation. This section briefly outlines key evidence and relevant technical details.

2.4 In Section 4 we consider the sub regional and local econometric context, this is important to understand the context in which the Publication Core Strategy has emerged.

2.5 In Section 5 we outline the market conditions, attempt to establish the local context in Melton and consider factors which will influence the delivery of the Employment Growth Area. This provides a framework against which to assess the opportunity of the Employment Growth Area.

2.6 In Section 6, we outline the local supply side data and information for Melton's key sites and present the detailed information we have received from promoters, agents and Melton Borough Council. This evidence varies from site to site, depending on how far advanced promoters are and how much information they were prepared to share.

2.7 In Section 7 we briefly review the sub regional economic strategies. We also provide a commentary on the geographical and locality protection Melton enjoys for food production. We also highlight a local case study within the Leicestershire market.

2.8 In Section 8 we use the data we have collected along with our assessment of the market opportunities to provide our views of the potential of the Employment Growth Area and make a series of recommendations for Melton Borough Council to consider as part of its planning and economic development strategies and actions.

## Section 3 Planning Review

### 3.1 General Locality

3.1.2 The land adjoining the urban fringe around Melton Mowbray has for Core Strategy evidence purposes been divided into eleven areas A-K. This has provided a consistent base for a number of environmental and land use studies over the life time of the plan making process.

3.1.3 The proposed location for the Employment Growth Area sits in Area H towards the south west of the town. Area H covers some 84.6ha and is described by the Landscape Character Assessment as:

*“A mixed urban fringe ridge and valley and valley floor landscape, mostly pastoral farmland, MOD and recreational land.”*

3.1.4 The Employment Growth Area covers approximately 32 ha. It is located to the south west of Melton approximately 2.5 km to the south west of the town centre. It is split by the A607 adjoining the Leicester Road Industrial Estate. Its eastern boundary is the urban edge of Melton Mowbray with playing fields, footpath, tree and hedge lines. To the north it is bounded by the Melton to Leicester railway line, to the west the Great Dalby Brook and to the south Kirby Lane.

3.1.5 Parts of the Area have elements of embankment and structures associated with the disused rail line, bunding and screening associated with the Leicester Road Industrial Estate. The area south of the A607 It is predominately used for arable farming. To the north there is a variety of mixed uses associated with grazing, greenhouses, small business enterprises and the Samworth’s production plant.

3.1.6 A dominant tree/hedge line linked to the disused rail line and a large mound of land in non agricultural use are within the area. It drains from south to north and rises towards Kirby Lane.

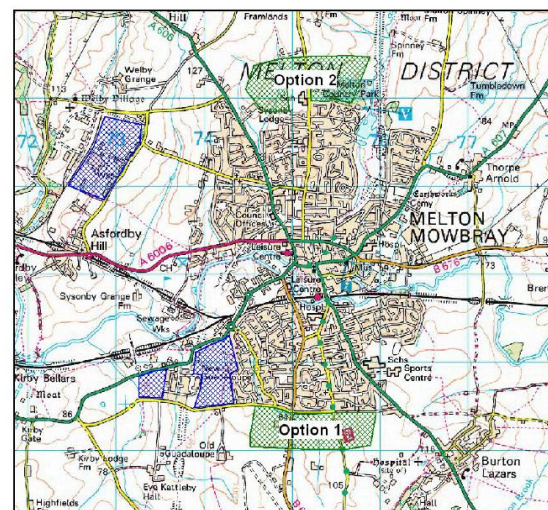
### 3.2 Planning Policy Position Overview

3.2.1 The Melton Local Development Framework (to be known in future as the Melton Local Plan) will replace the existing Melton Local Plan which was adopted in 1999.

3.2.2 The Melton Core Strategy (Publication) DPD sets out the overall approach which the Council, working with other organisations at the local and sub-regional level, will use to guide and control the future use and development of land. The broad location of the Employment Growth Area is highlighted in the extract from Melton Borough Council’s 2011 AECOM/LLITM Melton Mowbray Core Strategy Report.

In all three growth scenarios there is additional employment growth located at two sites in Melton Mowbray. These two locations are to the south-west of Melton Mowbray, around the existing Beler Way industrial estate, and to the south of Welby. Figure 1.2 gives indicative locations of these two housing developments, shown in green, with the employment growth indicated by the two shaded areas.

Figure 1.2: Location of Developments Tested (Housing Shown in Green / Employment in Blue)



3.2.3 In its preparation of the Publication Core Strategy document the Council considered reasonable alternatives. Two strategic employment options broadly east and west of Melton Mowbray were considered and published in the Core Strategy Preferred Options document for public consultation (January 2008). A PreferredOptions SA report was prepared to assess these options and published alongside the main consultation document.

3.2.4 In April 2009, the Rural, Economic and Environmental Affairs Committee examined these options in detail and requested that a Task Group meet to consider further information on traffic modelling and to recommend to Full Council. In November 2009 the Full Council met and supported a preferred Housing Growth Option to the north of Melton and an Employment Growth Option west of Melton Mowbray.

3.2.5 This location is identified in the Core Strategy (Publication) DPD as an Employment Growth Area to the South West of Melton Mowbray Town Centre. The Core Strategy key diagram for Melton Mowbray (page 54) identifies a location to the south of the A607 Leicester Road in the proximate location of the existing Leicester Road Industrial Estate, but a proposed change to the diagram extends this to the north of the A607. Policy CS24, as proposed for amendment as part of submission documents, states:

#### **CS24: Melton Mowbray Employment Growth Area**

**We will deliver 14ha of high quality, sustainable employment land by 2026 and up to 30ha where it makes a strong contribution to our Vision and objectives as an Employment Growth Area to the west of Melton Mowbray. The Employment Growth Area will:**

- **Make a contribution to the provision of road infrastructure;**
- **Provide a stock of business accommodation to meet local employment needs. We want a mix of size, type and tenure**

**of land and buildings, to include both speculative and 'design and build' development. It needs to meet the needs of existing local businesses and new businesses moving in, particularly those in the growth sectors such as finance, high technology manufacturing and research;**

- **Be easily accessible and well-connected to public transport. The development should provide for high frequency bus services, cycle and walking routes to the town centre and residential areas. A travel plan will be required which encourages workers to use alternatives to single car-use;**
- **Contain spaces which are all safe, accessible and user-friendly;**
- **Be well integrated with the neighbouring area in terms of scale, density, layout and access. The new development must adjoin existing business areas and safeguard the amenities of existing residential areas;**
- **Gain a significant proportion of the energy supply on-site and renewably and/or from a decentralised, renewable or low-carbon energy supply;**
- **Take a design-led approach to the provision of car-parking space, which is well-integrated with high quality public areas, and a layout that is pedestrian, cycle and vehicle friendly;**
- **Create a distinctive character that relates well to the surroundings and supports a sense of local pride and civic identity; and**
- **Provide for the retention or re-establishment of wildlife and natural habitat.**

- **Ensure the appropriate protection and enhancement of the local historic environment, including scheduled monuments and other archaeological assets, landscape features and their settings; and**
- **Include provision to support waste reduction and promote recycling.**

### **3.3 Melton Landscape Character Assessment (LCA) -Farmland Fringes**

3.3.1 The LCA of Melton Borough defined twenty Landscape Character Areas within the Borough. The assessment sought to refine regional and county level assessments and some new areas were created in order to characterise the local landscape.

3.3.2 Character Area 20 covers the area surrounding Melton Mowbray. In this context the location of the Strategic Employment Growth Area sits within Area H and is defined as;

*“This area lies either side of Leicester Road (A607), which is a major route into the town of Melton Mowbray. The Zone is bounded on the north side by the railway line and the Roman Road (Kirby Lane) in the south. The northern part of Zone H is fairly flat and open, but in the southwest it slopes upwards towards Kirby Lane, which is lined by vegetation. The developments to the north east are partly screened by the topography and artificial bunding has been used to screen some parts of the site adjoining the Lane. Much of the area has already been developed for business and industrial estates, the remainder for arable farming.*

*The ridge and valley landscape continues in Zone H, where there are contrasting areas of housing, farmland, industry and more farmland. Industrial buildings, which are large in scale are located within the valley area and are partly screened by natural and artificial landform. In the western part of the Zone, south of Leicester Road, there is a prominent west facing farmland slope providing an effective green edge to the town.*

*There is an area of rough grassland on the north side of the Leicester Road, which is a Scheduled Monument containing earthworks and buried features from the medieval settlement of Eye Kettleby. The monument, its setting and an area of archaeological potential alongside the railway line make the north western part of Zone H sensitive. However, the overall landscape sensitivity of Zone H is considered to be Medium.”*

### **3.4 Biodiversity and Geodiversity Studies**

3.4.1 The Melton Biodiversity and Geodiversity Study was commissioned in 2008 and updated in 2011 and has been assessed as part of the Sustainability Appraisal process.

3.4.2 In this context Chapter 3 – Assessment of SUE Search Areas (Output 1) identified the biodiversity and geodiversity resources present in the Search Areas on the outskirts of Melton Mowbray and provided an evaluation of resources and constraints and opportunities associated with development proposals. It describes Area H as

*“one of the more diverse and complex Search Areas. There are two distinct business developments, situated on opposite sides of the road which traverses through the Area from east to west. These developments contain a complex of buildings, amenity grassland, plantation woodland and other planted trees, scrub and gardens. Other built features include a nursery in the north, a derelict and dilapidated farmhouse in the centre, and other private*

*residences in the east. Another area of amenity grassland lies in the east, and there are three water bodies scattered over the Search Area.*

*There are also a number of patches of semi-improved grassland, as well as arable, poor semi-improved grassland and poor semi-improved grassland / ruderal mosaic, which is located in the north-east. Small blocks of woodland are located in the south-east and north-east, and there is scattered and dense scrub across the Search Area.”*

3.4.3 In March 2011, the 2008 Extended Phase 1 Habitat Survey was reviewed and any significant changes in land-use/habitats type/extent were recorded. Research and surveys identified two possibly local important habitats. Ref 26149-local wildlife site is presumed due to the presence of locally important grassland habitat. Ref 00030733, again of local value, and non statutory within the central area presumed to be a wildlife corridor because of the disused railway line. Potential bat foraging and roosting areas were identified to the north of the site known as New Guadeloupe..

### **3.5 Flood Risk**

3.5.1 Flood risk assessment is an important consideration in guiding development. Guidance on the sequential test previously identified in PPS25 and amplified in NPPF provides a rigorous process for assessing the location of planned development with the overall aim being to steer all new development to the lowest flood risk zone (1) and to adequately mitigate development and its affects where this is not possible.

3.5.2 Section 6 of the Melton Strategic Flood Risk Assessment 2008 provides as assessment of the immediate areas around the Melton urban fringe with a view to informing planning decisions on the location of future development and to guide more detailed flood risk assessments for sites once development proposals are known and come forward.

3.5.3 In relation to Area H its assessment noted the presence of two watercourses-Kettleby Brook and the Great Dalby Brook on the western boundary. It also noted part of area H lies within Zones 2 and 3.

3.5.4 It noted potential flood risks to consider with respect to development in Area H including: fluvial flooding, potential for groundwater flooding associated with spring activity (noted no known springs on site), overland flow from farmland to the south of the site and the potential for blockages associated with the disused railway embankment, Leicester Road and other minor road crossings.

3.5.5 The Report noted that, whilst small parts of area B, C, E and H lie in higher risk flood zones, the majority of these locations could be developed through layout and design mitigation and by using recreational and amenity uses for those areas at higher risk.

### **3.6 Agricultural Land Classification**

3.6.1 In 2005 the Council undertook an agricultural land use classification exercise for the Melton Urban fringe and the wider area, In this context Area H has been identified as being sub grade 3a and 3b. It also noted a large soil mound within the site not in agricultural use.

### **3.7 Sand and Gravel Extraction**

3.7.1 Leicestershire County Council Mineral Development Framework Development Plan Document states that much of the County's sand and gravel deposits come from river valleys such as the River Wreake. Its Aggregates Spatial Map (page 91) Key Diagram shows sand and gravel resources along the length of the Wreake Valley. A Site Allocations Development Plan Document was submitted for examination last year. However this was withdrawn in September 2011.

## Section 4. Sub Regional and Local Employment Land Studies

4.1 Two principal pieces of work were undertaken which provided an analysis of future employment trends in Melton and support the Publication Draft Core Strategy. These were:

- The Melton Borough Council Employment Land Study 2006 (updated 2007) (Roger Tym and Partners.)
- The Leicester and Leicestershire Housing Market Area Employment Land Study 2008 (PACEC)

4.2 The Council also commissioned a study on the two major existing sites in the District: Melton Borough Council Major Employment Sites; Potential use of Holwell Works and Asfordby Business Park 2009 by Roger Tym and Partners (RT & P). The 2008 PACEC Report has been updated to take into account the changing and mixed economic circumstances affecting the economy. A summary of this update is outlined at 4.12 below.

4.3 In summary the 2006/7 RT&P Employment Land Study recommended the allocation of sites for 20,000sqm of office floorspace and 30ha of general industrial and warehousing floorspace to 2026. These figures were higher than a statistical analysis of the supply and demand of employment floorspace indicated. The authors explained their recommendation for a larger allocation citing as follows.

4.4 For offices, the authors speculated that the generally old and poor quality stock of existing space was not meeting modern occupier requirements and resulted in low volumes of transactions. They argued that there may be a significant element of latent demand for good quality modern space which was being suppressed as the right product had not been made available locally and that, if it was, future take up would be expected to significantly outperform historic take up.

4.5 For industrial space, Melton has consistently outperformed forecast take up of space with actual take-up of space, particularly in the food sector. The authors again argued that the local market had a limited supply of good quality space which was suppressing latent demand.

4.6 For both these uses there were issues around the constrained choice of available sites and a need to promote more competition in the local market.

4.7 The 2008 PACEC HMA Employment Land Study recommended the allocation of sites for 500sqm of office floorspace, 4ha of light industrial space and 9ha of warehousing space to 2026. The report went on to recommend that a further forward pipeline of supply of three-to-five years forecast take up, This should be identified to help promote competition and choice in the market and in recognition of the extended lead-in times large employment sites can demonstrate. Adding a further five year supply resulted in a recommended allocation of 2,285sqm of offices, 5ha of light industrial space and 9ha of warehousing space. These figures have been taken forward in the February 2012 Publication Core Strategy.

4.8 Both the RT&P Study and the PACEC Study in their qualitative analysis of the supply and demand for space in Melton suggested that a strict application of data from trend or econometric analysis might result in an under allocation of space.

4.9 Given this, it was considered prudent to allow an increased level of flexibility in the Core Strategy so the Council could respond to inward investment opportunities or an accelerated rate of take up over and above forecast levels for localised relocation purposes and that a further 16ha of employment land (providing a total potential allocation of 30ha) should be identified for release during the plan period if policy monitoring suggests it was needed and if this release would support the economic development objectives of the Borough.

4.10 The Major Employment Sites at Holwell and Asfordby Business Park were subject to a study by RT&P in 2009. The study recommended that,



whilst they formed a potentially useful supply of secondary employment space, development, product and access constraints meant they were not of the right quality to contribute to mainstream employment land needs in the Borough.

4.11 RT&P undertook an analysis of the risks of over-allocating employment land by excluding these sites from the mainstream supply and concluded that the sites were not able to come forward for an alternative use and the over-allocation was unlikely to distort local employment land markets by drawing too much employment demand to Melton from surrounding areas. RT&P concluded there were no risk to the Core Strategy of allowing the sites to remain available and therefore no planning benefit in de-allocating them. We concur with this view that the two sites at Ashforby and Holwell do not represent a risk to the Employment Growth Area designation to the south west of Melton.

#### **4.12. PACEC 2012**

4.12.1 In April 2012 the Leicestershire Planning Authorities commissioned an update of the 2008 PACEC Study. The report is still draft at this time.

4.12.2 A number of key variables have changed since the 2008 study was undertaken. The study methodology uses forecasts of economic growth to forecast changes in jobs levels by sector and it then translates this into floorspace and land requirements. Since 2008 the independent forecasts of GDP used by PACEC have significantly down-graded predictions of growth and therefore the need for jobs and space. In addition, revised figures on employee occupation densities have also been issued, which show a trend towards increased employee density (particularly within the office sector) which will further suppress demand for space.

4.12.3 Taking account of these trends, the study shows a gradual decline in the need for commercial space in Melton in the period to 2031. However, when an allowance for renewal of obsolete stock is made and the need for a forward pipeline of sites to provide competition and choice in the market is factored in, growth is required and the study recommends

that at least 7.3hectares of land should be allocated for industrial and distribution development in the period to 2031.

4.12.4 The study identifies a site supply pipeline of 15.1 hectares comprising a 0.7hectare site at Bottesford, a 0.4-hectare site at John O’Gaunt and the 14hectare emerging Employment Growth Area designation. As in the previous study, sites at Asfordby and Holwell are excluded from the effective supply due to their lack of market appeal as a result of a range of physical, locational and property-offer constraints.

## **Section 5-Local Market Review**

### **5.1 Local Market Review**

5.1.1 This section summarises current discussions with commercial agents active in the area and their opinions on demand, the existing supply of space and views on development prospects:

### **5.2 Occupier Demand**

5.2.1 Discussions with a number of agents have confirmed that the market for commercial space in Melton is dominated, almost exclusively, by demand from indigenous companies. There are few instances of companies moving to the area from elsewhere. The principal reason cited for this demand profile is the self-contained nature of the town and transport links to the motorway and trunk road network.

5.2.2 As a consequence of this limited pool of demand, transaction volumes are relatively low, with most agents reporting only a handful of deals a year. However, agents noted that units of good quality in good locations which are competitively priced do let relatively quickly.

### **5.3 Rents, Yields and Capital Values**

5.3.1 Examples of units currently on the market indicate rental values of around £5.00 per square foot for modern steel portal frame units with

typical internal office content. These rental levels are broadly consistent with levels elsewhere in the County or in the City of Leicester for similar accommodation. Agents commented that increasing fuel costs and business rates costs over a number of years have kept downward pressure on rents as occupiers seek to limit the aggregate rise in their overheads.

5.3.2 Similar units for sale are being marketed with an agent's expectation of achieving in the region of £50-to-£55 per square foot sales value. Agents reported that sales values have fallen back slightly even in the period since 2009, which was regarded as a low point for commercial property.

5.3.3 These values indicate investment yields of around 9.5%. At this level, yields in Melton are weaker than one might expect for similar accommodation;; for example, accommodation within the city or located close to the principal road network. The yield is a function of low demand and a smaller pool of demand for commercial premises in the town.. In that "yield" is a measure of risk attached to the future flow of income. All other things being equal, if a building can draw from a large pool of potential tenants and demand from those tenants for that type of property is strong, the likelihood of extended void periods when the building is not let and producing rent will be less than a building in a different location for which the catchment area of tenants is smaller and/or demand is not as strong.

## **5.4 Unit sizes**

5.4.1 Agents reported that demand was generally for smaller units, citing unit sizes from 1,000sqft and 2,500sqft as typical with very limited demand for units over 5,000sqft.

## **5.5 Existing Stock and Potential Gaps in Provision**

5.5.1 The existing Leicester Road Industrial Estate provides a significant component of supply of commercial space. This estate was built-out in the period from the mid 1980's to the early 1990's (although a small area

remains available for development). It is regarded as being of adequate quality to meet most of the needs for the local market for the foreseeable future.

5.5.2 Other industrial areas within the town, notably the Snow Hill Estate, are older and buildings may be inefficient both in terms of layout and energy performance. However agents observe that in the current market conditions, refurbishment may be an option for some of these buildings as they near the end of their current economic life.

5.5.3 Restricted eaves height was identified as one potential gap in the current offer within Melton. Eaves heights of up to 6-metres are attractive to occupiers, particularly within the distribution sector. Most of the existing stock in the town does not meet this requirement.

## **5.6 Developer Observations**

5.6.1 Discussions have been held with developers active in the sub-region around the potential for industrial development in the vicinity of the proposed Employment Growth Area.

5.6.2 An absence of supply of new product to the Melton market for the last twenty five years or so makes it difficult to quantify the potential demand for new space; however this is not uncommon in market towns with similar characteristics. The lack of supply means no transactions have taken place against which demand can be judged. Nevertheless, the developers' views are that there is likely to be latent demand for new space within the town, because of the lack of supply, the ageing stock and poor environmental quality of the existing space.

5.6.3 In the current market, demand for new space is likely to be driven by the aspirations of occupiers to own their own premises, either to provide certainty and security for business planning purposes or to take advantage of tax efficient mechanisms for ownership such as purchasing the building through a self-invested pension scheme. Whatever the reason, owners of small businesses will be concerned about making an

investment in good quality, fit-for-purpose accommodation that will hold its value over the long term.

5.6.4 A significant proportion of the supply of available premises is on the Leicester Road Industrial Estate and similar areas. In the developers' views, the estate environment is poor, units are being maintained to varying degrees and the site infrastructure is perceived as becoming dated. Against this background, businesses who wish in principle to buy their own premises may feel disinclined to invest. They continue to lease or occupy sub-standard accommodation as there is no alternative product available.

5.6.5 A second potential driver of demand is businesses which wish to present a particular image to their customers. As an example, businesses with an element of on-site point of sale use (e.g. a storage unit with some showroom space) may be particularly concerned to occupy premises which project the 'right' image of their company to visiting customers.

5.6.6 Developers have again commented that the existing supply of space may not suit this sector of the market and there may be unrealised latent demand from such occupiers. Both of these sources of demand point towards a potential requirement for a high quality site with a high profile, good access, built to a coherent masterplan with appropriate landscaping and quality control of building design and construction. The Airfield Business Park in Market Harborough was cited as an example of the type of site and product which may fulfill a currently unmet need in Melton.

5.6.7 Westleigh Commercial Ltd are promoting an office scheme on the north side of Leicester Road within the proposed Employment Growth Area location. They report that marketing efforts for the office development have drawn enquiries from existing firms looking for high quality space, in particular hybrid space (e.g. storage units with a showroom element).

## 5.7 Conclusions

5.7.1 The continuing impact of the recession, lack of development finance as a result of restructuring within the banking sector and poor financial viability of new product will continue to suppress development activity in the commercial sector for the foreseeable future in the views of all the agents surveyed.

5.7.2 Speculative development was regarded as unlikely due to the risk of extended voids because of uncertain occupier demand, coupled with the liability for business rates on un-let or unsold units.

5.7.3 One agent suggested that there may be limited demand for small start-up units within the town (circa 100sqm). However the development industry would not bring such a product forward without substantial assistance from the public sector.

5.7.4 Given the uncertainties around the depth of potential demand, the total amount of space required and rate of build over the plan period is difficult to assert. However developer interests have indicated that to deliver a scheme, it should be capable of development in phases within a masterplan context and ideally minimal upfront investment in infrastructure. Alternatively, the public sector could assist in delivery through provision of advanced infrastructure. A first phase of about two hectares, with the ability to quickly bring on subsequent phases if sales warrant, was suggested as a pragmatic starting point.

5.7.5 In summary;

- Office, industrial and warehouse market is predominantly localised
- Demand will be predominantly for small to medium sized accommodation with the majority being in the 100 to 500 sq m range
- There has been a limited volume of new developments in recent years with minimal speculative development.

- The provision of good quality spec office and industrial accommodation has also been minimal
- The availability of good quality, well connected, viable sites has been limited
- Delivery is constrained by viability and the availability of good quality sites
- In the absence of public funds and direct intervention the delivery of speculative accommodation is questionable unless rental values and yields improve
- Development and take-up is likely to be driven by owner occupiers who wish to develop/acquire their own premises
- Latent demand is probably due to the lack of any new developments or the availability of good quality accommodation however demand will be tempered by access to restricted finance

caution must be applied when trying to analyse trends. Notwithstanding these limitations, the data may be useful for considering the profile of demand by size of unit.

<b>Industrial Enquiries</b>	<b>Melton</b>	<b>Leicester &amp; Leicestershire Average</b>
0-1000 sq ft	52%	49%
1001-2500 sq ft	8%	12%
2501-5000 sq ft	14%	16%
5001-10000 sq ft	13%	9%
10001-15000 sq ft	2%	2%
15001-25000 sq ft	3%	3%
over 25001 sq ft	9%	8%

## Section 6-Local Supply and Other Data

### 6.1-Inward Investment/Property Inquiries

6.1.1 The Leicester & Leicestershire Enterprise Partnership maintains a database of available commercial property in the City and County, and manages an on-line enquiry system for companies searching for accommodation. A summary of enquiries from 2010 to 2012 is set out below.

6.1.2 It should be noted the absolute number of enquiries can be misleading. Where companies indicate a requirement for space within Leicestershire but do not specify where, the enquiry 'counts' against all authority areas. In addition, the number of enquiries is relatively small so

6.1.3 It can be seen from the table that over half of all enquiries in Melton are for units of less than 1,000sqft and that this proportion is slightly higher than for Leicestershire as a whole. The demand profile for Melton is similar to Harborough, which also shares characteristics with Melton in terms of the dominance of small firms within its economy.

### 6.2 The Leicester Road Industrial Estate (LRIE)

6.2.1 The LRIE is an existing industrial estate, on the southern side of the A607. It is bounded by the dismantled railway on its eastern boundary and a large bund presumably retained soil and earth from creating development platforms. It is largely built-out and has limited development plot(s) which are available on the western boundary of the site.

6.2.2 The site was built out in a series of phases on a freehold and leasehold basis; its main internal road network is maintained by the highway authority; it was completed in the mid-1980's. Units have been constructed by a variety of developers and occupiers to a variety of styles and quality. A number of units on its main frontage are car showrooms and a number of other units operate over-the-counter sales facilities. The site has limited landscaping and appears as an estate built on an ad hoc basis by different developers at different times without any overall control on masterplanning and design. The environmental quality and the overall image and perception of the estate is poor. Car parking and circulation is difficult; access with HGVs is restricted. A number of the units can be regarded as secondary and do not meet flexible modern factory unit requirements such as eaves and internal layout requirements.

6.2.3 There are a number of vacant units available, some of which have been marketed for a significant period of time. Asking prices for freehold sales are circa £540/sq.m. leases are at £48/sq.m. Recent planning applications are: 12/00521/COU 2930sq.m. B8 to B2 use and 12/00500/COU 933sq.m. Car Showroom (sui generis) to Builders Merchant (sui generis).

### 6.3 The Westleigh Development Site

6.3.1 Westleigh is a sub regional commercial developer, based in Whetstone in Leicestershire. They have submitted an application for reserve matters for their outline consent and are currently in discussions with the local planning authority,

6.3.2 Westleigh have shown some interest in our discussions with them about the nature of the Employment Growth Area and have a view that local market demand is driven by product availability.

6.3.3 Their site is approximately 2.5 ha to the north of A607 opposite Area A on the attached plan and is incorporated into Area C. Access is via the

roundabout to the east adjacent to the Melton Building Society building via the Melton Bowling Club and Baptist Church.

6.3.4 In summary their current arrangement shows 11 units totalling 8796 sq.m. gross (7377 sq.m. net) area of floorspace to be developed on a "showroom basis" in a series of clusters as and when demand dedicated.

<b>Site Name:</b>	<b>Melton Fields Office Park</b>
<b>Location:</b>	<b>Melton Mowbray</b>
<b>Local Authority:</b>	<b>Melton Borough Council</b>
<b>Planning Status:</b>	<b>Outline consent</b>
<b>Promoters:</b>	<b>Westleigh</b>
<b>Capacity:</b>	<b>Circa 7,000sq.m. of B1a office space</b>
<b>Existing/Proposed / Mix</b> Currently a greenfield site. Proposed for office development. Reserve matter discussions and application have been submitted to the Local Authority.	
<b>Market Sector &amp; Commentary</b> Scheme of small office units aimed at the owner occupier market. Terraced buildings are configured to supply units of circa 2,000sqft although alternative configurations to accommodate larger requirements will be available.  The site will be progressed in small phases on a build-to-order basis, although if the majority of units in a terrace are pre-sold the developer may construct the balance on a speculative basis or for lease.  The developer anticipates interest from firms already based in the local area looking for a higher standard of accommodation; business owners with a preference for freehold ownership that may currently be leasing; and start-up firms currently based in homes looking for their first premises. Interest from initial marketing has been promising, drawing enquiries from a wide catchment well beyond the town of Melton Mowbray itself, possibly indicating a dearth of supply for this type of product.	

<p><b>Values</b> Asking prices for freehold sales circa £175/sq.ft; lease at £13.50/sq.ft.</p>
<p><b>Delivery / Implementation Timescale</b> Site infrastructure including surface water pumping station to be commenced in October 2012. Subject to market interest a first phase may follow soon afterwards incorporating a show-office/marketing suite.</p>

6.4.3 The smaller upper plateau may be suitable for more conventional forms of built development. If they have limited need for a high profile location and are in search of affordable new space, small local firms may find the upper plateau of the Holwell works suitable.

6.4.4 Discussions with the marketing agent indicate enquires have been limited. The site has been promoted to local firms, particularly those in the food sector, recognising that the relatively frequent need to refurbish premises in the food sector can prompt occupiers to consider new purpose built units as an alternative to costly and possibly compromised refurbishment.

6.4.5 The lack of market interest is likely to be a function of the difficult general market conditions; lack of confidence is leading potential buyers to wait, confident that prices are unlikely to go up in the short/medium term; and the offer at Holwell Works seems to be competing with existing second hand stock in Melton and the surrounding area.

## 6.4 Holwell Works

6.4.1 The Holwell Works site comprises circa 11.8ha of potentially developable land on two plateaus, the first, around 3.6ha at the same grade as the principal access and a second plateau of around 8.1ha at the bottom of a steep bank.

6.4.2 The opinion of the marketing agents is that it may be difficult to subdivide the site into smaller, individual plots and by virtue of the large drop in levels the lower plateau is also relatively secluded. Because of these characteristics the marketing agents consider the lower site may lend itself to a large single user with an extensive requirement for open storage. A waste sorting facility or similar user may find the site attractive.

<b>Site Name:</b>	Holwell Works
<b>Location:</b>	Melton Mowbray
<b>Local Authority:</b>	Melton Borough Council
<b>Planning Status:</b>	Full planning consent
<b>Promoters:</b>	Land owner consortium – marketing agents Budworth Hardcastle
<b>Capacity:</b>	Circa 10ha net developable on two plateaus
<b>Existing/Proposed / Mix</b> Former steel works. Mix of existing buildings and development plots	

**Market Sector & Commentary**

The site has two distinct plateaus. The larger lower plateau has a constrained access and will be challenging to subdivide into development plots for individual occupiers. It is likely to be attractive to a single user with a large open storage requirement. A waste sorting facility or similar may find the site suits their needs. The higher plateau, at grade with the principal access road is smaller at around 8-acres and is suitable for a range of industrial development and suitable for subdivision. The site is effectively at the end of a cul-de-sac and does not benefit from a good profile or access from the main road network. The environmental quality of the surroundings is poor. The promoters considered it may be attractive to local manufacturing firms, particularly those in the food sector where the requirement for frequent refurbishment may cause occupiers to consider new purpose built units as an alternative.

The level of enquiries has been low. The marketing agents identify the site constraints and general difficult market conditions as reasons for this.

**Values**

The marketing agents consider freehold sales to owner occupiers to be the likely dominant sector for the foreseeable future..

**Delivery / Implementation Timescale**

The site is being marketed.

**6.5 Asfordby Works**

6.5.1 The Asfordby site shares many of the constraints of the Holwell Works site. Asfordby is in the ownership of Harworth Estates, the property division of UK Coal. The site does not benefit from main road frontage and its surrounding environmental quality is not that good. Existing occupiers range from open-storage users upwards. Some existing buildings have been re-let. Only one new-build unit has been provided, built by Harworth Estates and leased to the current occupier.

6.5.2 The business model of Harworth Estates is to dispose of properties on a leasehold basis. This could place some limitations on market interest

from local firms, some of whom could be looking to purchase freehold. Furthermore, to provide further new build units, Harworth Estates could be seeking relatively long lease agreements. In the current economic climate many occupiers are limiting their liabilities by moving to short lease agreements with more frequent breaks.

<b>Site Name:</b>	Asfordby Business Park
<b>Location:</b>	Melton Mowbray
<b>Local Authority:</b>	Melton Borough Council
<b>Planning Status:</b>	Full Planning consent for B Class uses
<b>Promoters:</b>	Harworth Estates (Property Division of UK Coal plc)
<b>Capacity:</b>	Circa 9ha available for development in addition to existing buildings
<b>Existing/Proposed / Mix</b> Former deep coal mine. Mix of development sites (for D&B to lease solutions) and existing buildings for lease.	
<b>Market Sector &amp; Commentary</b> General industrial and office buildings are available. The site is close to the Holwell Works and shares a number of its characteristics.  In addition, Harworth Estates who own and manage the site will only dispose of buildings on a leasehold basis. Harworth offer a design and build service to develop premises for lease to specific occupiers.	
<b>Values</b> Rents are believed to be in line with the local market although the quoted headline rent for the Design and Build unit at that time was understood to be in excess of local levels at £5.75/sq.ft.	
<b>Delivery / Implementation Timescale</b>	

The site is being marketed.

## **Section 7 Economic Development Strategies And Case Study.**

### **7.1 Leicester and Leicestershire Enterprise Partnership Growth Plan 2012-2020**

7.1.2 Following its establishment in May 2011, the Leicester and Leicestershire Enterprise Partnership (LLEP) is now the principal sub-regional body for driving economic growth. LLEP launched their 'Economic Growth Plan 2012-2020' in August 2012. The document sets out the LLEP's strategic objectives, priorities and actions around economic development, infrastructure investment and labour market interventions. The growth plan identifies the following strategic objectives:

- Match skills supply with demand;
- Increase availability of employment land and infrastructure;
- Support enterprise growth and investment;
- Match available capital to enterprise growth.

7.1.3 The strategy is based around area priorities and sector priorities. There are nine priority sectors which include amongst others: Distribution and logistics; food and drink manufacturing; high tech manufacturing; and environmental technologies. The Melton economy is particularly well represented by the food and drink sector. Potential LLEP actions around employment land and infrastructure are pertinent to this report. LLEP identifies increased availability of 'fit for purpose' employment space as a key action. The Growth Plan commits to:

- Supporting the delivery of key allocated employment sites, particularly those with a priority sector focus.
- Investing in key infrastructure to unlock and accelerate the development of employment sites
- Investing in direct developments, including business incubation centres, growing-on space and land assembly schemes.
- Engaging with commercial property developers to encourage development.

7.1.3 Recognising the importance of investment in infrastructure, LLEP also states it will:

- Align the Local Transport Plans to support growth,
- Secure major transport scheme funding for the LLEP area, and
- Support delivery of superfast broadband to existing and new employment areas.

7.1.4 LLEP has a number of funding streams available to support its objectives. The Growth Plan commits LLEP to align the following funding streams in support of economic growth:

- Regional Growth Fund,
- European Regional Development Fund,
- Growth Innovation Fund,
- Growing Places Fund,
- reinvested Enterprise Zone receipts, and
- publically owned land and buildings.

7.15 In addition, LLEP will explore new and innovative funding models to support development.



## 7.2 Melton Community Partnership Economic Development Strategy 2012-2015

7.2.1 The Borough's Economic Development Strategy (EDS) draws from the LLEP Growth Plan, the Melton Sustainable Community Strategy and the Council's corporate plan amongst other documents to identify a series of local priorities for economic growth.

7.2.2 The EDS identifies the following characteristics of the Melton economy which may inform decisions on the type of product and delivery strategy that could be used to bring forward the Employment Growth Area:

- There is a high rate of self-employment;
- Nearly 87% of businesses in the Borough are small and employ less than 10-people;
- A high proportion of the workforce is employed in manufacturing;
- There is a current shortage of undeveloped employment land.

7.2.3 Responding to these characteristics, the EDS identifies a need to:

- Promote more small, flexible and affordable business premises and support to assist enterprise to start and grow in the Borough;
- Invest in key infrastructure to unlock and accelerate the development of new employment sites, including delivery of a high quality business-park environment at the Employment Growth Area.

7.2.4 The EDS acknowledges the priority to new road infrastructure to serve the proposed Employment Growth Area and Sustainable Urban Extension.

## 7.3 Case Study: Airfield Business Park, Market Harborough

7.3.1 Airfield Business Park is a circa 10ha site to the north east of Market Harborough. It has benefits from good links to the A6 and a high-profile location on a main approach to Market Harborough.

7.3.2 The site is owned by William Davis. It was undeveloped until 2011. The catalyst for development of the site was a public sector requirement for an Innovation Centre.

7.3.3 In 2010 Harborough District Council with the assistance of Prospect Leicestershire, the County's economic development delivery body, assembled a funding package of £4.248M comprising:

- ERDF £1,689,200
- Emda Single Programme £2,358,800
- Harborough District Council £200,000

7.3.3 The fund was to provide a managed workspace facility – the requirement was put out to competitive tender with bidders required to provide the site, construct the building and commit a level of private investment to the project. William Davis won the bid with the Airfield Park proposal. The Harborough Innovation Centre was constructed for Harborough Borough Council on a design and build fixed price contract basis. Construction commenced in August 2010 and the completed building was handed over, on budget, in July 2011. The building is approximately 3,000sq.m. comprising 53 individual office suites and a range of conferencing facilities.

7.3.4 With regard to the industrial development on the site, the contract for the Innovation Centre required the provision of mains services and the principal access road into the Park. This infrastructure opened up the possibility of development on the remaining land.

7.3.5 William Davis had an obligation under the Innovation Centre contract to invest in the site or in complementary development. They chose to meet this obligation by developing on a speculative basis a terrace of six industrial units. The units sold within nine months at values which encouraged William Davis to commence with a second phase of six units which also sold well. The developer has recently lodged a planning application for a further phase of nine units.

7.3.6 William Davis continues to develop out the site and are benefiting from strong market interest. Discussions with the marketing agents suggest there are a number of reasons for this, many of which may be applicable to the Melton context:

- There was a dearth of good quality property available with the overwhelming majority of available stock being only available on a leasehold basis;
- Agents have commented that there was significant pent-up demand in the local market for good quality, modern freehold space;
- The site is being built out in accordance with a comprehensive masterplan which gives a consistency and quality of design which is important to companies and investors taking a long-term view on investing in their premises.
- Their investment is protected because the quality and integrity of the Business Park is controlled;
- The site benefits from a high profile on a principal approach road to the town; and
- The population around the town itself has a relatively high level of economically active people, and higher than average rates of business start ups, self employment, micro-businesses and business survival.

7.3.4 These factors meant there was a relatively high level of firms operating from sub-optimal premises, either in terms of:

- Their physical condition – poor accommodation where occupiers might be reluctant to meet clients as it did not present the right image for the firm; or,
- Form of tenure - owners of small companies often prefer freehold as it allows the purchase of the building through a self-invested pension.

## 7.4 Protected Designation Origin/Protected Geographical Indication

7.4.1 Melton Mowbray benefits from two EU geographical designations for food production.

7.4.2 Protected Designation of Origin (PDO) relates to the exclusive production and preparation of a product, in this case Stilton Cheese. This was awarded the area in 1996. Protected Geographical Indication (PGI) involves any stage of production, processing and preparation, in this case the Melton Mowbray Pork Pie. PGI was awarded in 2008 and covers Leicestershire, parts of Rutland, parts of Nottinghamshire and parts of Northamptonshire.

7.4.3 The Melton Mowbray Pork Pie Association was established in 1998 firstly to lobby for PGI designation and to protect the integrity and providence of pork pie production. Specifically one of its aims (4) is to;

*“Encourage growth and investment in the rural economy through promotion to the consumer of the Melton Mowbray Pork Pie as the guaranteed and genuine article”.*

7.4.4 As a sector, food production is important to the local economy. Melton Mowbray promotes itself as the home of the Melton Pork Pie, Stilton Cheese, and the Rural Capital of Food. It hosts annual events through the Association and its Food Partnership. Clearly the designations are important to the locality and assist in promoting Melton as global brand associated with quality foods which can help the rural economy, promote tourism and attract visitors.

7.4.5 From our discussions with agents in terms of the local commercial property market, PDO/PGI status would seem to have little impact on rents and yields. This is not unexpected given the geographical range of the designations and the mechanics of the local market. That said the promoters for Holwell Works recognise the importance of the food brand association and have targeted the food production industry as potential end users. The Grocer reported in 2008 the relocation of Pork Farms production facility from Wiltshire to Nottingham as an example of the benefits of GPI status to the economy and the Samworths production unit based at Leicester Road is also another example of local investment.

7.4.6 Clearly decisions associated with inward investment are complex and varied- site availability, a suitably skilled work force, transportation costs, access to markets, quality of the local environment, can all influence decisions. However brand association does present an opportunity to market and target specific sectors whilst at the same time promote the intrinsic benefits of the locality and its wider environment.

## **Section 8 Summary**

### **8.1 Overview**

8.1.2 It is not the purpose of this report to produce a strategic masterplan and phasing plan for the Employment Growth Area but to provide adequate information on the market, potential development mechanisms and delivery processes for Melton Borough Council with its partners to initiate support for its Local Plan Core Strategy and Policy CS24.

8.1.3 It is necessary to take a balanced view of the relative merits of the proposal taking into account local and national economic conditions and the econometric reports undertaken by the Council and its partners as evidence to support growth and economic development. It is also important to take into account how this proposal can “best fit” the needs of Melton Borough in achieving its economic development objectives and its ability to meet and deliver its proposed strategic employment allocation.

8.1.4 In this context this report has raised a number of key issues. Firstly the lack of comparable evidence, yields and lack of churn in the local market would on the face of it suggest that the market itself is unable to take on the comprehensive delivery of a large scale employment site.

8.1.5 However developer/promoter interest such as that shown by Westleigh and the localised case study suggests that there would seem to be demand for reasonable quality employment space for small scale of operations which could come forward to satisfy pent up market localised market demand once masterplanning and design matters have been addressed.

8.1.6 Secondly the Council, as part of its plan making, clearly needs to respond to the lack of new modern employment facilities in the town both to accommodate existing users and to deliver its wider strategic objectives and improve environmental and transportation benefits for the town as whole.

8.1.7 Thirdly it is important that the emerging Core Strategy and its supporting documents provide an appropriate framework to guide development, motivate land owner interests and provide the overarching framework to promote development. This will serve to provide greater certainty regarding the future of the EGA and support public and private sector investment decisions. It also reflects the cyclical nature of the local property market with bursts of activity and development having taken place followed by periods of consolidation.

### **8.2 Emerging Development Strategy**

8.2.1 A flexible development strategy needs to be established which will set the context for the development of core area and peripheral locations around the Strategic Employment Growth Area, some of which could require minimal intervention such as the Westleigh Site and potentially other elements.

8.2.2 Areas A and B are effectively the core sites of the Employment Growth Area. Their gross site areas are approximately 28 ha, although their net development areas would reduce once mitigation for flooding protection, habitat, access, landscaping and built platforms are established.

8.2.3 Areas A and B are of a sufficient scale to warrant effective phasing and a masterplan response to infrastructure and to address site and environmental constraints. This would provide the opportunity to achieve higher quality development. This will need to be viewed against the processes needed to align landowner interests, developer interests, market conditions and lead in times for planning and delivery. A masterplan approach should also consider proposals for a mix of appropriate enabling uses to support infrastructure investment and provide flexibility for changes to the development form, within the strategic approach of the Core Strategy, including the sequential approach to town centre uses.

8.2.4 Appropriate treatment of the A607 is also required in this location, no discussions with the Highway Authority have been entered into at this time, no objections have been made by the Highway Authority to the allocation of the Employment Growth Area. Matters concerning direct access and egress off the A607 will need to be considered as part of the masterplan process.

8.2.5 A masterplan approach would assist in this process; secondary site access could also need to be explored. The “urbanisation” of the A607 i.e. with frontage development and lighting treatments would assist in designing an appropriate response and the perception of entering into an urban area. Land ownership plans also show the highway authority has ownership over the strip of land required to provide access into Area B from the A607.

8.2.6 There are also environmental considerations which need to be considered as part of the masterplan process. These include: boundary treatments linked to the Council's aspirations for strategic green

infrastructure; local habitats and environment linked mainly but not wholly to the dismantled railway line; and requirements for an environmental corridor, landscape treatments and appropriate flood risk treatment.

8.2.6 Finally the local environment of the Leicester Road Industrial Estate also needs to be considered and addressed, particularly if secondary access is to be considered.

8.2.7 The Market Harborough local market and delivery model for the Airfield Site demonstrates an approach which could be replicated at Melton if linked to the economic development strategy to promote good quality employment space on a freehold and leasehold basis and also to potentially link to its food brand.

8.2.8 This will require a programme of proactive activity by local interests and the local authority; however on this basis we see no reason why an initial development proposal for the development of B1c and B2 uses could not come forward in the short term, i.e. in the next 24-36 months which could release approximately 2ha of land. We would anticipate this would lead to a 3 to 5 year programme of localised relocations in the Melton area, which would replicate previous development cycles of activity and at the same time promote a good quality business environment to assist Melton in competing in the regional inward investment market.

## **8.3 Conclusions**

8.3.1 As it stands it is unlikely that the private sector alone would deliver Melton's Employment Growth Area in a comprehensive manner which would promote the quality environment required. There is a possibility that land assembly for key access and egress would be needed and a proactive approach to promotion and master planning is needed to assemble the existing landowners/promoters interests and support unifying land ownerships to create core development areas.

8.3.2 In our view the Employment Growth Area can only be developed comprehensively and to a quality threshold if it is managed in its entirety. This will need a proactive approach and will need to involve key agencies and landowners, matched with active marketing and development of Melton's food brand to end users by targeting key local employment sectors and their supply chains to maximum benefits. Seek public sector investment from the Growing Places Fund and other mechanisms to provide soft loans for infrastructure funds, consideration of rate holiday periods for new build development and have a masterplan and delivery plan which is regularly reviewed and refined in response to changing circumstances.

#### **8.4 Next Steps**

8.4.1 A key requirement will be adequate highway infrastructure and road safety. Further survey work is needed to underpin the market analysis conducted by this report. This should also be supported by early design work and initial steps should be undertaken to seek developer interest and views as well as the consideration of landowner interests in the context of site assembly.

8.4.2 An initial development brief should be prepared which is capable of marketing the employment site to the development industry, provide planning guidance and set out the criteria for quality design aspirations and environmental benefits.

8.4.5 Public sector intervention through LLEP and other approaches should also be considered. The GPF funding round for 2012/13 has just concluded; however other opportunities will emerge for other funding streams over the immediate plan period. Initial discussions with the LLEP suggests a rolling programme of future projects is needed, preparation work for future bids should be considered and discussions with LLEP. In parallel the Council should also consider other sources of development/infrastructure funding which could come forward and support the development of the Employment Growth Area at this location.

## **Appendix 1 Interviews and telephone discussions**

Jonathon Archer – Andrew & Ashwell General Market Update 18<sup>th</sup> July

Simon Shouler – Shouler & Son Melton Market Update 26<sup>th</sup> July 2012

Andy Rose Leicester and Leicestershire Enterprise Partnership 26 July 2012

David Hughes Economic Development Officer Leicestershire County Council 27<sup>th</sup> July 2012

Steve Scott – Innes England, general Market Update – comment on Leicester Road units being marketed by Innes England 30<sup>th</sup> July 2012

Anthony Ashford – Westleigh Commercial, Westleigh ‘Melton Fields’ Office Scheme, views on Melton Industrial Market and delivery strategy 16<sup>th</sup> August 2012

Amanda Lawrence – Budworth Hardcastle Airfield Park, Market Harborough 16<sup>th</sup> August 2012

Philip Arnold – Budworth Hardcastle Holwell Business Park 16<sup>th</sup> August 2012

James Sinclair – Harborough Borough Council Project Manager, Harborough Innovation Centre 20<sup>th</sup> August 2012

Geoff Gibson – Lambert Smith Hampton Asfordby Business Park, Airfield Park Market Harborough 20<sup>th</sup> August 2012

Paul Watkins – William Davis Airfield Park, Market Harborough, Views on Industrial Market in Melton

Andrew Grainger on behalf of Hill Family Trust 17<sup>th</sup> September 2012