



The Property People

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Assessment of the draft Allocation at Stansted Mountfitchet – Land north east of Bury Lodge Lane and its potential impact on Bishops Stortford.

For Uttlesford District Council

November 2012

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Introduction

The Council's draft allocation at Stansted Mountfitchet refers to the land north east of Bury Lodge Lane and the Council is seeking advice on its potential impact on Bishop's Stortford.

The proposed policy says:

This site is allocated for employment purposes for business, industry and non-strategic warehousing which need not be airport-related. This 18 hectare site will, however, be required to facilitate the development of minimum amounts of 37,000 sq. m. of non-strategic warehousing and 19,000 sq. m. of offices.

The development is designed to mitigate adverse effects upon existing residential and community interests and may be required, by legal agreement, to provide or contribute towards wider and longer term planning benefits reasonably associated with the alleviation of any such impact.

The application should be accompanied by a Transport Assessment and Drainage Strategy and other required documents and any recommended improvements/remedial works will be controlled through the legal obligation.

Development will need to be implemented in accordance with the Master Plan and design guidance approved by the Council and other Development Management policies. Implementation of the Master Plan proposals will be regulated by legal obligation in association with the grant of planning permissions.

The plan identifying the site in the policy is attached to this report.

Stansted Business Park

The allocation site is owned by BAA and marketed as Stansted Business Park and comprises a number of buildings and open spaces. Access to the Park is good being less than two miles from the junction 8 of the M11 but the other sites belonging to BAA with a similar airport related restriction on the south eastern ancillary area are better located for both the terminal and the M11.

The site used to comprise the main terminal buildings until the new terminal opened in 1991 and has been lacking investment since then; businesses have relocated closer to the new facilities or elsewhere to find premises better suited to their needs.

There are some new or refurbished buildings with access from the site but these are generally within the airport perimeter and operational as opposed to ancillary. The site has a slightly neglected appearance not helped by extensive areas of open storage. BAA's agents are marketing the offices in the former terminal buildings, known as Stansted House and Airways House which do not have a user restriction, but have fairly limited demand and even less enquiries for other buildings or development opportunities on the site.

Employment Land Review

The Council published an Employment Land Review in April 2011 which looked at the need for land and premises for employment purposes in the Uttlesford District. Whilst the report considers the District as a whole, it also considers the issues regarding Stansted Airport and highlights the problems for northern ancillary area as mentioned above. In paragraph 6.73 it states that the area is now:

- *In a location that gives ready access to neither the runway nor the terminal*
- *Subject to current planning restrictions on airport related uses and*
- *Available for development at a time when the current function of the airport is such that there is no significant need for airport-related development.*

It goes on to say *“Even if there was to be a change in the function of the airport which resulted in a need for airport related uses, the land and available premises in the southern ancillary area are such that it would be preferred. The northern ancillary area can therefore be expected to continue to be unattractive to the market and remain underused for the foreseeable future.”*

We agree.

The review also noted that there is a current surplus of accommodation on the airport because *“the second phase of development, to the south, was built on a speculative basis, as was the first phase, but at a time when it was anticipated that the airport was developing as a cargo hub airport”*. There is still surplus space available at Stansted 600.

East Herts Council

Bishop’s Stortford is in East Herts Council District and the Council is in the process of preparing their District Plan of which the Part 1 strategy is due for public consultation in April 2013. In the meantime the relevant planning policy document is the Local Plan from 2007 though there have been subsequent technical studies to inform the new District Plan. These include the East Herts Employment Land and Policy Review by Halcrow Group in October 2008 and Hertfordshire Strategic Employment Sites Study by Regeneris Consulting in April 2011. The latter study was carried out on behalf of EEDA, the County Council and the ten districts in Hertfordshire.

The Local Plan identifies five employment areas which will be reserved for employment uses.

- i. Raynham Road/Dunmow Road Industrial Estate
- ii. Haslmere Industrial Estate Pig Lane

- iii. Twyford Road
- iv. Stansted Road
- v. Woodside Industrial Estate off Dunmow Road

The town is tightly constrained by the Metropolitan Green Belt but some areas inside the northern bypass are identified as areas of Special Restriction and were excluded from the Green Belt for future consideration for housing.

The Regeneris study reports that there are no sites in Bishop's Stortford which can be regarded as 'strategic' at a regional or sub regional level. They go on to say that "the town's existing employment locations are relatively modern and offer good quality space but are relatively small in size and cater primarily for local occupiers. Provision of larger floorplate units is limited, as is the presence of larger businesses operating at the national/international level." They consider that the potential for employment development should be considered as part of the Local Development Framework (now the District Plan) and the long-term future development at the Airport.

East Herts Employment and Policy Review 2008

Although now four years old The Halcrow report is more focused on East Herts. It comments that East Herts is not a prime location for offices or industrial because of inferior road links compared to competing centres but within the district Bishop's Stortford is best located with the M11 close by. Take up is generally dominated by relatively small deals. It notes that most of the available stock is in the 5,000 to 10,000 sq ft size band with Bishop's Stortford having the lowest availability reflecting its better location. There are very few units over 15,000 sq ft.

The report identifies a requirement for an additional 2 to 5 hectares of employment land assuming none of the existing supply is lost, though comments that a reduction in B2 use should assist the increase in B1 and B8 use. The report lists the main employment estates/clusters and comments on them:

Goodliffe Park, Stort Valley Industrial Estate & Birchanger Industrial Estate. At the northern edge of Bishop's Stortford this cluster is rated as one of the better estates in a good location with good parking, high occupancy, some larger units and fairly new stock.

Millside Estate. A central location, reasonable quality and accessibility and good demand.

Southmill Trading Centre. Located in the town centre this small estate is in demand.

Stortford Hall Industrial Park and The Links Business Centre. This cluster is deemed well established, well located and in demand though dominated by smaller units.

Woodside Industrial Estate. As the closest to the M11 this estate has perhaps the best profile and is classified as a key strategic employment site.

Raynham Road/Dunmow Road Industrial Estate. This estate scored least well in their assessment having a higher vacancy rate and elsewhere comment is made on the lack of car parking and poor visibility. However it has since seen some investment to which we refer later.

Twyford Road. Located to the south of the town this estate is poorly rated, despite being close to the Millside Estate.

The conclusion of the report is that there are few opportunities in Bishop's Stortford and stakeholders express concern that lack of space could drive businesses away from the town. The former Park & Ride site adjacent to the Woodside Estate is identified as the best site for a new allocation.

A Vision for Bishop's Stortford

This document published in January 2010 sets out a vision for the town. It provides an over view rather than specific policies. The Bishop's Stortford Goods Yard Development Brief identifies the site for a variety of uses including B1 (office) and this would be an appropriate location for town centre related business development.

In summary we do not consider that it is likely that there will be any significant land allocation for commercial B1/B8 development in Bishop's Stortford. In those circumstances any change in the status of Stansted Business Park can only impact on the existing Industrial Parks.

Existing Bishop's Stortford Parks

The principal parks are as set out in the East Herts Policy review and are largely fully developed. There is space for some new development on the Woodside Industrial Estate on the former Park & Ride site and the Howard Group have fairly recently demolished and redeveloped some of the older units on the Raynham Road Industrial Estate. They built six new units of different sizes ranging from 490m² (5,300 sq ft) to 690m² (6,960 sq ft). The first units let quite quickly but the last two units are still available eighteen months later. The second phase of their development could accommodate up to 2,508m² (27,000 sq ft) has had some enquiries but they are not intending to carry out a speculative development at present.

Raynham Road is one of the older estates, as highlighted in the review, and will require ongoing further investment to modernise the stock and bring it up to date to meet current requirements. It is nevertheless in demand but with a significant rent differential between the new and older stock.

The Haslemere Estate on the south side of Bishop's Stortford has some availability but having much poorer access to the national road network will be serving a more local market. In general the more central and southern sites in the town cater primarily for local occupiers as highlighted in the Regeneris study.

Industrial Parks in Uttlesford

There are a number of commercial sites on the old A120 and the Stansted Distribution Park is one of the better estates. It has fairly new units and they generally let fairly quickly if they become vacant.

The most recent development is the M11 Business Link which while highly visible from the M11 has a slightly difficult access from the adjoining village of Stansted Mountfitchet. It comprises 18 industrial units of 400m² (3,430 sq ft) and larger and all were sold or let fairly quickly. In contrast the adjoining office development comprising twelve office units from 227 m² (2,440 sq ft) has been much slower with half the units still unsold or let though one is currently under offer.

This is in contrast with the developments by SEGRO on the airport which have the airport user restriction. The buildings are modern and better located for both the airport and the M11 yet in comparison have problems in finding tenants.

The industrial market in Dunmow has remained good and is actively considered as an alternative to space in Takeley, on B1256 or Bishop's Stortford itself. While further from the M11 junction the road link is good along the new A120.

Airport related businesses

We have not carried out an analysis of the breakdown of users on each Park but it is apparent from a casual investigation that the number of airport related users on the various parks outside the airport is considerable. Inflight have premises on the airport but also have premises in the Woodside Industrial Park. Gamit another airport related business has chosen to locate at the M11 Business link.

In our opinion this is not surprising. A company will take the space best suited to their needs at the time they need the space. Provided it meets their criteria in terms of location, size and specification they will see no direct benefit on being on an airport restricted park. Indeed if well advised they will have been made aware that should their requirements change it will be very much harder to sell or assign premises with a user restriction since the market for those premises is much reduced.

The developers of those premises are not looking to let or sell the premises at a reduced price; they will have cost as much to build. In the open market premises subject to a user restriction can show a significant discount to the

open market rent or sale price. There are occasions where a restrictive policy can work to create exclusivity, such as a Science and Technology Park, but that does not apply here.

This report has considered the industrial B1(c), B2 and B8 market more than the office, B1(a), market. However the same principles apply and it is significant that whilst there are not a lot of top quality offices in the Bishop's Stortford area, the two large office buildings on the airport with user restrictions have never been fully occupied. One floor in Endeavour House was released from the user restriction earlier this year and has since found a tenant, albeit not airport related. Conversely some of the offices on M11 Business link have been let/sold to airport related users.

The Airport

The expansion of the airport has been adversely affected by the recession and the decision not to proceed with a second runway in the light of government policy. More recently there has recently been considerable uncertainty about the future ownership of the airport which is not conducive to investment but it does now seem likely that the airport will be sold early next year. A new owner may seek to develop the airport in different ways and in doing so generate demand which will increase the need for accommodation for both airport and non-airport related businesses. Land needs to be available to meet demand going forward.

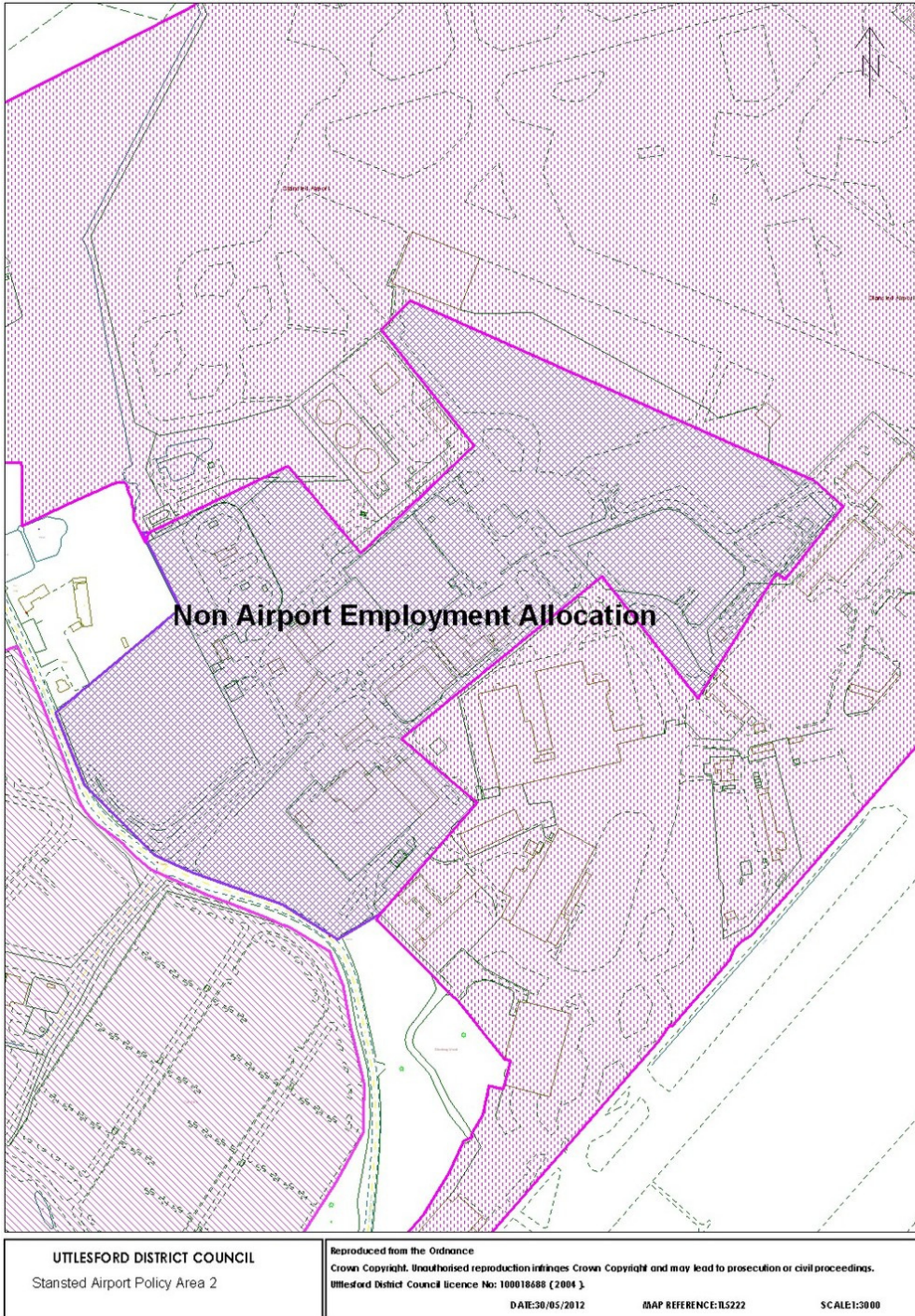
Conclusions

1. We do not consider that the Stansted Business Park is likely to see any investment in the foreseeable future under the existing restrictive user.
2. Any investment for airport related business would tend to take place on the south eastern areas where there are serviced sites available. Even that will require a significant change in the market.
3. There is not a large amount of quality non-airport related space available close to the airport in either Uttlesford or Bishop's Stortford. Occupiers need choice and at present choice is limited.
4. A release of Stansted Business Park from the airport related restriction would have no immediate impact on the take up of space in Bishop's Stortford.
5. In the short term any speculative investment into Industrial or Business Parks in the locality, either in Bishop's Stortford or Uttlesford, is likely to be on existing Parks by expansion (Woodside) or redevelopment (Raynham Road).
6. In the longer term, once the economy recovers and if Stansted expands under a new owner, demand for B1 and B8 space will increase and developers will be looking to undertake further development. They will need space to do so and there are no allocations proposed close to the airport and the M11 junction to meet that need.
7. A major investment into Stansted Business Park in the future, if there is no airport related restriction, will have an effect on all Parks in the

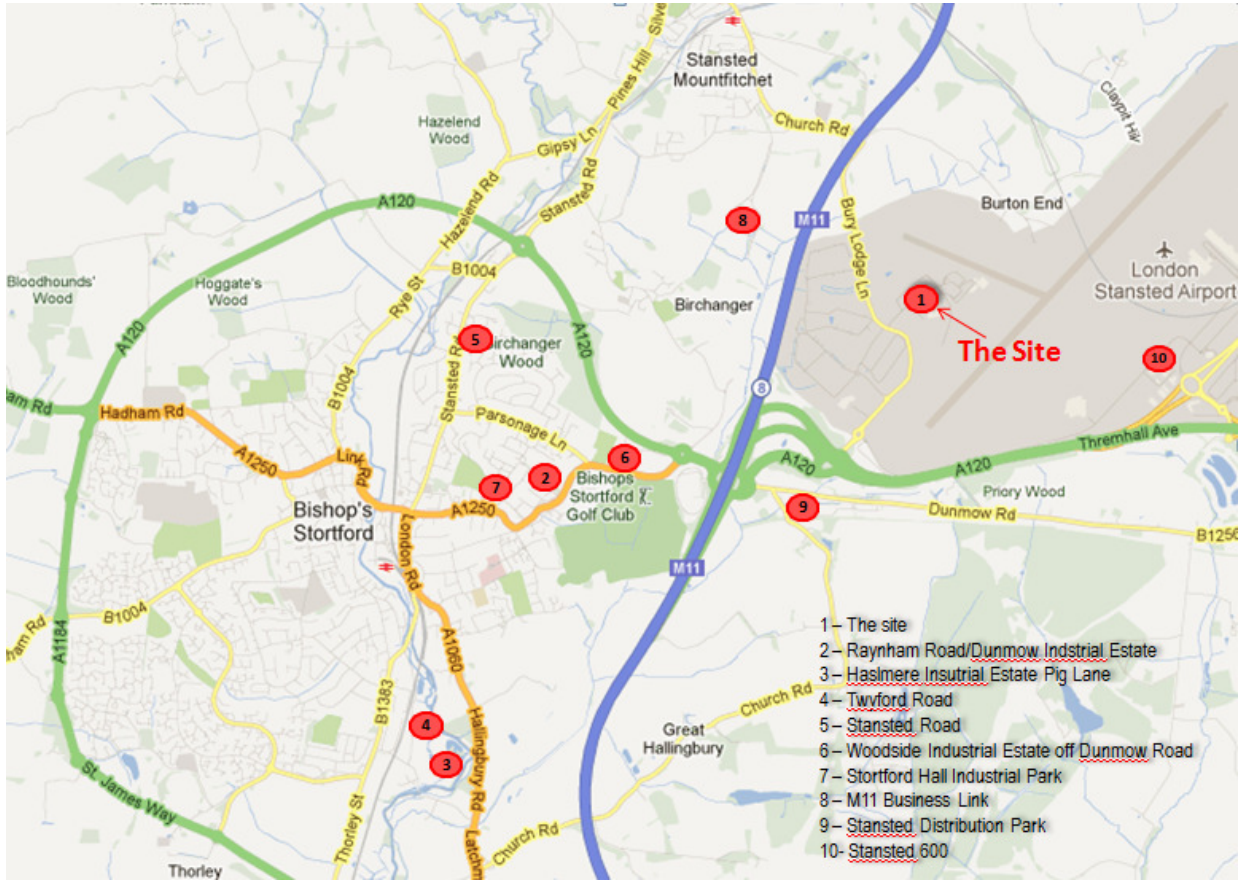
locality, including Bishop's Stortford, when or if it occurs. However it would only occur in an active market when demand has risen and it will not meet the needs of all occupiers who will still be looking at the other parks as viable alternatives.

Carter Jonas
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Allocation site



Industrial Parks



PHOTOGRAPHS

The site

