

COMMERCIAL PROPERTY MARKET ANALYSIS IN SUPPORT OF A DRAFT
DEVELOPMENT BRIEF FOR THE FORMER OLD STATION YARD AND ADJOINING
COACH WORKS AT SUTTON SCOTNEY

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1.0 CONCLUSIONS AND RECOMMENDATIONS

- 1.1 We have analysed the commercial property market on both a macro and micro level. We conclude that the market has moved through a cycle of activity to a point at which there is ample choice of accommodation on a regional level.
- 1.2 So far as the site at Sutton Scotney is concerned, road access is good but this is a rural area and the village has a weak profile in the commercial property market.
- 1.3 The site has been allocated for employment use for many years and has failed to be developed; it has become a derelict site – a “problem” site for the village. A more open mix of uses needs to be allowed in order to help catalyse development for a more beneficial use. The Parish Council has expressed a preference for residential development in the absence of local demand for other uses.
- 1.4 The supply of offices, industrial accommodation and land around the region is substantial. Empty space is at an all time high with more floorspace available than was required to cater for the last 8 years. Developers and investors take an especially cautious view of development opportunities in marginal locations and will disregard sites where policy is not aligned to market requirements.
- 1.5 The market for freehold accommodation is strong but the rising supply of space is creating a downward pressure on rents and is adversely affecting development viability. Speculative development tends to occur in locations close to motorway corridors and centres of large population.
- 1.6 The former station site in particular is set back from the main road and does not benefit from any prominence. This is a disadvantage so far as commercial uses are concerned.
- 1.7 The prospects of commercial development in Sutton Scotney remain poor and only unusual circumstances, such as an unexpected pre-let or some form of cross subsidy from a more profitable land use, would bring about development for employment purposes. The existing coach business already provides some limited employment which may or may not continue in the long term.

- 1.8 We have considered the development prospects/viability of different forms of development and conclude that the site would not support development of new employment space, other than a limited range of small business units or live/work accommodation. Even then there are risks associated with the level of demand to be expected in Sutton Scotney and those risks can only be defrayed by means of enabling residential development on the majority of the site.

- 1.9 The following table summarises the development options.

Category of property	Summary of development prospects at Sutton Scotney	Likely scope
Large/ medium units (5k sq ft +)	Most unlikely to be fundable or lettable due to competition from larger centres and lack of critical mass with the local labour pool and business community.	Very poor scope
Medium/ small units (2 to 5k sq ft)	<p>More appropriate in scale but little or no better in terms of development viability due to the village not being sufficiently strong as a commercial centre.</p> <p>The market for freehold units has been especially strong due to low interest rates in recent years. It is conceivable that there would be scope for 1 or 2 units but our advice is they would have to be demand-led. In this scenario speculative development is most unlikely to occur.</p>	Poor scope
Small business units (below 2k sq ft)	<p>There may be interest in small "business units" that are sufficiently flexible to be used as offices or workshops for light industry. Road access is good but demand is not reliable in this location and is hard to predict in advance of the consultation exercise.</p> <p>We would recommend flexibility in terms of tenure and Town Planning uses in order to avoid units remaining empty. A phased approach would be prudent so that development occurs in response to actual demand. Freehold units are currently attracting interest and small units are relatively affordable.</p> <p>The specification of the buildings would need to be sensitive to nearby development, perhaps favouring use of brick or timber clad elevations and buildings of a 'domestic' scale.</p> <p>Our views on demand are tempered by sporadic demand for barn conversions in the vicinity, with some remaining unconverted as a result. This is a rural area with a lesser critical mass of business activity and labour compared to the M27 market (which aids the small business unit development at Durley for example) and the M3/ Basingstoke market (which aids the Hatch Warren barns). But it is conceivable that the brick built buildings on the site might lend themselves to conversion for business or live/work use.</p>	Some scope in the range 0 to 5k sq ft
Managed workspace (below 2k sq ft)	<p>This form of development has been successfully delivered in Hampshire, particularly in the form of modern "Enterprise Centres" let on flexible, fully inclusive terms with centralised facilities management.</p> <p>However, they have all relied upon public sector intervention/JVs and a critical mass of labour/business activity nearby.</p>	Poor scope
Live/work Units	<p>This is a growing sector of the market, fuelled by urban regeneration programmes, improving technology and disenchantment with commuting.</p> <p>Nonetheless, it is a niche sector with a limited market, and is typically an urban phenomenon. But it can be well suited to residential settings with careful design (a good example is the town house style units built at the former Pirelli site, Eastleigh, which have ground floor business space and upper floor maisonettes).</p> <p>It should be noted that "working from home" is a growing trend that does not rely on provision of specialist live/work space. There may be scope for a terrace of say four live/work town houses. But if such units are built, they should remain adaptable to suit a full range of live or work uses. The existing "goods shed" building may appeal to an individual wanting adaptable live/work space; similarly the Taylor's buildings could be reserved for live/work or business use.</p>	<p>Some scope if flexible</p> <p>Say up to 4 units (0 to 600 sq m or 6,400 sq ft)</p>

- 1.10 On balance we recommend development of housing to stimulate regeneration of this site.
- 1.11 Within the scheme we recommend development of a terrace of freehold business units in a mix of sizes in the range 500 to 1,000 sq ft. With care, smaller units could be combined to create larger units to match demand.
- 1.12 The business units should be clustered together so as not to detract from the residential element. According to the sufficiency of demand and the developer's preferred layout, they could be sited on the existing employment area (Taylor's) or on part of the site less well suited to residential use (such as the south-east corner of the station site close to the embankment for the railway bridge).
- 1.13 These units should be adaptable to office use, workshop, or for light industry/crafts. Heavy industry would not be appropriate. We recommend that the amount of space developed is influenced by the consultation exercise. An initial phase of development should be considered, up to a maximum of 465 sq m or 5,000 sq ft according to demand.
- 1.14 Live/work accommodation attracts a limited market but might be an additional option to consider. It should be built to a domestic specification in order to integrate with surrounding housing and we could justify an initial phase of say four units, producing up to 600 sq m or 6,400 sq ft of accommodation.
- 1.15 The existing brick buildings on the site might lend themselves to conversion for live/work or employment and could be marketed for this use to test demand further.