

Viability & Marketing Report

**Holwell Works, Asfordby, Melton
Mowbray, Leicestershire, LE14 3RD**

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Report Dated:

19th April 2021

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1.0 Introduction

- 1.1. This report has been prepared by Joe Reilly BSc (Hons) MRICS, a Member of the Royal Institution of Chartered Surveyors (RICS) and an Associate Director at Innes England Ltd, an independent firm of Chartered Surveyors and commercial property consultants, with offices in Leicester, Derby and Nottingham. Innes England have been actively involved in the letting, sale, acquisition, valuation and development of industrial and office properties in Leicestershire and the wider East Midlands for over 50 years.
- 1.2. This report has been prepared in order to set out viability and marketing evidence in relation to the re-development of the site known as Holwell Works at Asfordby Hill ("The Site"). The Site is owned by Rotherhill who are a commercial property development and asset management company based in the East Midlands.
- 1.3. Asfordby Parish Council is currently in the process of preparing a Neighbourhood Development Plan (NDP) for its area. As part of preparing this document, it is understood that the Parish Council are exploring the potential allocation of Holwell Works for a mixed-use development, including a residential component.
- 1.4. This report is to be read in conjunction with the Planning Justification Statement prepared by Pegasus dated December 2019, which elaborates on the planning policy background and rationale for considering a mixed-use scheme. In brief, however, once prepared and submitted for examination NDPs are subject to a series of tests known as the "basic conditions." One such basic condition is the requirement for the NDP to be in general conformity with the strategic policies contained in the development plan for the authority.
- 1.5. In this case, Holwell Works is identified in Policy EC3 of the Melton Local Plan adopted in October 2018. This policy requires that the site is retained for employment use (within Classes B1, B2 and B8 of the Use Classes Order). However, Policy EC3 allows for proposals for the change of use of all or part of an existing employment site where it can be demonstrated, through an acceptable viability study, that the site is no longer viable for employment purposes in the long term nor can be made so.
- 1.6. The supporting text to the policy continues "The starting point in considering the future of these sites is establishing whether they are viable employment opportunities going forward. If not, there may be potential to consider other land uses."
- 1.7. This report will consider the viability of Holwell Works for commercial development drawing on Melton Borough Council's own extensive evidence base regarding the Site and the local economic context; the evidence assembled during the course of marketing the Site, and market commentary regarding current and future likely demand for the Site for comprehensive commercial development. It will demonstrate that there is no realistic prospect of the Site being delivered entirely for commercial development and that it is fully appropriate for the NDP to allocate it for another use or uses.

Location & Situation

- 1.8 The Site comprises some 27ha (66.72 acres) of predominantly brownfield land and lies to the north Asfordby Hill, which lies approximately 1 mile to the west of Melton Mowbray. Beyond the Site to the north lies existing commercial development associated with the St Gobain PAM (UK) site and Asfordby Business Park, both of which are protected employment uses. The principal vehicular and pedestrian access from the Site is achieved from Welby Road which bounds the Site to the east, with existing dwellings at Asfordby Hill abutting the site to the south-east and a former railway track running along the western boundary. The Site itself predominantly comprises vacant land associated with its previous use as an ironworks, although it contains a small agricultural element to the eastern boundary and hosts a small number of industrial buildings and areas of hardstanding in the main associated with a concrete supplier.

2.0 History & Background

Planning Policy Evidence Base Regarding Holwell Works

- 2.1. Planning policy has identified Holwell Works for employment use since at least the 1980s. In 2000, the Council issued a Development Brief where the difficulties in bringing the Site forward for commercial development were first acknowledged, largely due to its “size, location and characteristics.” It was for this reason the 2000 Development Brief demonstrated flexibility in how the Site could be developed, allowing for it to be brought forward in a piecemeal fashion in response to demand as it arises rather than comprehensively. This was also a consequence of difficulties in accessing the Site from the local road network without significant upgrades to accommodate intensified HGV movements.
- 2.2. Following publication of the 2000 Development Brief, the Site was subsequently considered in the 2006 Employment Land Study. This estimated the committed supply of allocated and permitted development sites suitable for industry and warehousing within the Borough at 33ha. 15ha of this figure was the contribution made by Holwell Works and 16ha from the nearby Asfordby Business Park. Whilst this supply was well in excess of the demand for employment land shown at the time, the ELS found that all the outstanding supply was unsatisfactory because it was all in the Asfordby area, whereas most of the demand for new industrial floorspace was in Melton Mowbray. On this basis, it was recommended that new employment sites be identified and that Holwell Works be de-allocated mainly for the reason it was believed to be so seriously contaminated that it could not be viably developed without public funding.
- 2.3. This broad approach was replicated in subsequent studies, including the Leicester and Leicestershire HMA Employment Land Study (2009). The 2009 study identified the committed supply of 32ha (again almost all of which was at Asfordby Business Park and Holwell Works) and went on to exclude both sites from the “effective supply” and recommended future industrial development land be allocated around the Leicester Road Industrial Estate in Melton Mowbray.

- 2.4. Holwell Works was subsequently considered in a study by Roger Tym & Partners and Lambert Smith Hampton dated December 2009 entitled "Major Employment Sites: Potential Use of Holwell Works and Asfordby Business Park."
- 2.5. The analysis set out in the report considered that Holwell Works was technically deliverable for a commercial scheme, largely because recent work had shown that the Site was not as contaminated as once thought. However, the report's assessment expressed scepticism at the strength of the likely demand for an industrial scheme. It surmised that demand for the Site in industrial use would be geographically restricted, mostly appealing to local firms. For this reason, the availability of freehold sales of serviced plots were cited as an important element of the Site's overall market appeal, since most potential occupiers were local and would want to own their own land. Even then, the report observes that many local occupiers may prefer a location more on the outskirts of Melton Mowbray. This would certainly align with the conclusions of the previous 2006 ELS.
- 2.6. Taking all these factors together, the Roger Tym report concluded that employment development at Holwell Works was likely to be technically deliverable, but the volume of demand was uncertain and the take up was likely to be low. Adding to this, the report also inferred that in a scenario of employment land over-supply it was unlikely that Holwell Works would be taken up for a long-time or at all.
- 2.7. Following the 2009 Roger Tym report, Melton Borough Council subsequently published the Melton Mowbray Employment Growth Area Delivery Statement in October 2012. This document was intended to support the then emerging Core Strategy and contained extensive commentary on Holwell Works. It summarises the conclusions of the earlier Roger Tym report in the following terms:
- "The study recommended that, whilst they [Asfordby Business Park and Holwell Works] formed a potentially useful supply of secondary employment space, development, product and access constraints meant that they were not of the right quality to contribute to mainstream employment land needs in the Borough."*
- 2.8. In respect of Holwell Works, the 2012 report indicated that "Discussions with the marketing agents indicate that enquiries have been limited." This marked lack of interest was considered at the time to be a likely consequence of general market conditions and lack of confidence. However, it was also recognised that the Site was competing with second hand stock in the local area, and marketing agents were referenced as stating that the lack of interest was in at least part due to the Site's constraints. It is worthy of note at this point in time the Site benefited from full planning permission for circa 10ha of B Class development and was being actively promoted by Budworth and Hardcastle, a professional agent with extensive knowledge of the local market.
- 2.9. Finally, it is worthy of note that marketing agents were reported as stating that freehold sales to owner-occupiers was the likely dominant sector for the foreseeable future. This echoes the findings of the earlier Roger Tym report that also found the Site's ability to offer freehold interest was a key part of its competitive advantage.

- 2.10. In June 2015 the Council published a further Employment Land Study (ELS) which was a key part of the evidence base of the then-emerging Melton Local Plan. The ELS recommended that the Site be protected for employment use, a recommendation which was subsequently carried through to the adopted plan, albeit with the recognition that alternative uses could be considered in viability grounds particularly in respect of Holwell Works. This recommendation is hard to understand given the study's wider comments about the Site.
- 2.11. The 2015 ELS stated that "recent evidence" suggested that Holwell Works remains viable for employment use, even if "historic take up has not been especially rapid." Of course at this point, as is the case today, take up had not only been slow but had not occurred at all. The 2015 ELS also reports that as of 2012, there was "limited demand for land here according to the agents and other stakeholders contacted." This accords with the analysis in the earlier Melton Mowbray Employment Growth Area Delivery Statement.
- 2.12. Table 23 of the 2015 ELS contains useful comments from commercial property agents vis-à-vis Holwell Works. A national agent commented that whilst new enquiries at Holwell Works remained a mix of inward investment and existing large businesses looking to expand, there was limited demand for freehold space generally in the area. The availability of freehold space had previously been identified in the Roger Tym report and the Melton Mowbray Employment Growth Area Delivery Statement in October 2012 as a major competitive advantage for the Site without which there would be even more limited interest.
- 2.13. In addition to the above, it is worth noting that the 2015 ELS excluded from the "effective supply" a scheme at St Gobain PAM for 10.34ha of industrial development which is directly adjacent to Holwell Works on the basis that the consent had lapsed and no evidence existed which indicated the applicant would progress the scheme.

The Local Economic Context

- 2.14. In June 2014, a study was completed by Rose Regeneration entitled Leicestershire Rural Economy Evidence Base. The report analysed the current condition of Leicestershire's rural economy, including local drivers and barriers to economic growth and considered future needs and opportunities, identifying market failure and the scope for potential public sector investment. In addition, it provides key insights into the contribution and role the different rural areas of the county make towards economic growth. Amongst its headline findings, the report alludes to a possible "market failure" in the supply of larger employment sites in Leicestershire's rural area, suggesting that bringing these forward will require public sector investment calling into question the general viability of such sites.
- 2.15. The report describes Melton as being the "most challenged" rural area in Leicestershire. This is a function of its relative isolation from major settlements and heavy dependence on Melton Mowbray given the lack of other, larger settlements within Melton Borough. This has knock-on effects on the economic capacity of the rural settlements within Melton including Asfordby, which ranks low across all three measures of economic capacity – population, income levels and job density. The report identifies Asfordby Hill specifically as a

secondary centre and records that many such centres are so small “as to be challenging in terms of strategies to grow and sustain wider economic benefits through their development.”

- 2.16. This evidence would tend to indicate that many of the fundamental factors that drive local economic growth such as population and local labour availability are relatively weak in Asfordby Hill and Melton’s smaller rural settlements generally, making them unsuitable for larger-scale commercial projects.
- 2.17. In October 2014 a report was commissioned by Leicestershire County Council entitled the “East Leicestershire Workspace Demand Study.” This report rehearsed much of the earlier evidence base already discussed above, but contained a section on market perception which identified a number of issues generally affecting the employment land market in rural East Leicestershire, including Melton Borough. Business workspace availability was considered to be a major barrier to employment growth given the poor quality of the space available. However, demand for space was orientated mainly towards smaller units for smaller enterprises requiring flexible terms and as such, the driver of much economic development in the area was identified as being based on businesses and farms wanting to diversify and converting buildings to meet their own commercial needs. This aligns with the respondents to the survey that underpinned the report with 57% operating “micro-businesses” with less than 10 employees. Over 62% of the businesses surveyed started trading at home.
- 2.18. The Melton Economic Development Strategy (2015-2020) provides an overview of the Borough’s economy and identifies key interventions to support economic growth in the authority area. It identifies Melton Mowbray as the main economic centre for the Borough. Within the town itself, the jobs are mostly provided for by a few large manufacturers although the growth of the manufacturing industry in the Borough has remained relatively static. Growth industries in the Borough include agriculture; professional, scientific and technical and arts, entertainment and recreation. The strategy also identifies the Borough has having an usually high self-employment rate, with 1 in every 4 residents of the Borough working for themselves.
- 2.19. The Melton Growth and Prosperity Plan (2018-2022) provides a framework within which to address economic issues faced by the Borough. It highlights the diversity of mostly small rural enterprises in and around the Borough’s villages including farm diversification and regional tourism. The report also identifies an increasing number of small business start-ups in the rural area alongside a growing trend in homeworking. These trends are reflected in the Council’s planned interventions in the rural area which involve increasing farm productivity, supporting micro and small business, boosting rural tourism, providing rural services, supporting cultural and heritage activities and increasing forestry productivity.

Planning History & Previous Proposals at Holwell Works

- 3.1. Outline planning permission was granted to Rotherhill for 35,080 sq m (377,598 sq ft) of B1c, B2 and B8 industrial on the Site in 2010. This proposal was formulated to offer a variety of unit sizes to maximise the potential offering to prospective occupiers both large and small and upon both a freehold and leasehold basis. The lifespan of this planning permission was subsequently extended (in accordance with legislation at the time) by way of Decision Notice dated 15th April 2013. This planning permission was granted subject to the

standard condition that an application for Reserved Matters Approval was made to the local planning authority within three years of the date of the decision. No such application was ever lodged and the outline planning permission finally lapsed in April 2016.

3.0 Marketing Evidence

Marketing Evidence

3.2. The Site has been actively marketed by commercial agents Budsworth Hardcastle since 2009 and then jointly by Mather Jamie since 2011. Both agents have extensive knowledge of market conditions and are able to formulate a comprehensive and relevant marketing campaign. We are advised that the following marketing strategy has been implemented:

- ▶ Suitable marketing boards placed on the boundary of The Site in prominent positions.
- ▶ The production and circulation of bespoke marketing particulars to matched requirements, targeted occupiers and commercial agents.
- ▶ Marketing a variety of unit sizes and offered on both a freehold and leasehold basis to target all areas of the market.
- ▶ The continued placement of The Site on local, regional and national websites.
- ▶ The use of a dedicated website.

3.3. In our opinion, these activities constitute a proactive and thorough marketing strategy, relevant to the site and the current market. A photo of the marketing board can be seen in Figure 1 below. Whilst a full copy of the marketing particulars produced by Mather Jamie are illustrated in Appendix 1.



Figure 1 - Marketing board fronting Welby Road, Melton Mowbray

- 3.4. In terms of interest in the site, we have been provided with a full enquiry schedule from Budsworth Hardcastle, which outlines; the company / agent interested in the site, the size and nature of the requirement and also the outcome of the interest. We have also been provided with a Marketing Activity document from Mather Jamie which in the main, only provides brief details on which parties the marketing particulars have been mailed too. We have not appended a copy of the enquiry details to this report due to GDPR requirements, albeit they could be discussed in more detail if requested.
- 3.5. From reviewing this documentation, we are aware that Budsworth Hardcastle have received circa 35 enquiries in the site. Whereas, Mather Jamie have mailed the marketing particulars out to approximately 265 parties. The size requirements for these interested parties range from 4,000 sq ft – 150,000 sq ft or from 0.5 acres – 44.335 acres. All of the enquires have been for industrial purposes, save for one which was for a new office premises extending to circa 4,000 sq ft.
- 3.6. Despite the level of these enquiries and the heavy marketing, we understand that there has been very little substantive interest, with the majority of the enquiries being tentative requests for information only. Those who have progressed discussions further, have on the whole discounted the site due to a number of factors, the overriding and consistent one being that they consider the location to be too far away from the primary road networks. The other factors why parties have discounted the site include: that they want to be part of a trading estate with more amenities and labour nearby, they have concerns over the delivery period of the development and also have concerns over service capabilities on site.

3.7. The only interest of any substance was from a local manufacturing company based in Melton Mowbray who were interested in purchasing a plot for B1 & B8 use. We are advised that the agent and the developer actively engaged with them and had meetings with them on 4 separate occasions. Subsequent discussions came to nothing, as the party decided to remain at their existing premises.

4.0 Market Analysis

Industrial Market Overview

4.1. The industrial market in Melton Mowbray is a mid-sized submarket of Leicestershire containing approximately 4.9 million sq ft of industrial space. The main industrial estates / business parks are dispersed in small clusters around the Town. The principal ones are outlined as follows:

- The Leicester Road Industrial Estate – A modern and established industrial estate, situated on the southside of the A607 (Leicester Road) lying approximately 1.25 miles south west of Melton Mowbray Town Centre. Notable occupiers include: Travis Perkins, Brooksby Food and Mexichem Speciality Compounds Ltd.
- Saxby Road Industrial Estate – An established industrial estate, situated some 0.6 miles east of Melton Mowbray Town Centre with frontages off Saxby Road and Acres Rise. Notable occupiers include: Mars, Mailway Packaging Solutions, Royal Mail and TruFrame and Dual Pumps.
- Snowhill Industrial Estate – An established industrial estate situated on the periphery of Melton Town Centre to the East. Occupiers include Magnet, Tanvic and Jeld Wen.
- Asfordby Works (Melton Commercial Park), Welby Road – An industrial / business park situated just north of the subject site and situated some 2 miles north east of Melton Mowbray Town Centre. The site has rail access and comprises a mixture of industrial / office units together with open storage areas. Notable occupiers include Network Rail, E Synergy and Wirtgen Group.
- Pera Business Park – A business park on the outskirts of Melton Mowbray Town Centre to the north comprising of mostly office accommodation with a part industrial element. The main occupier here is Waverly Carbon

4.2. Figure 2 below, details the locations of the respective main industrial estates within Melton Mowbray.

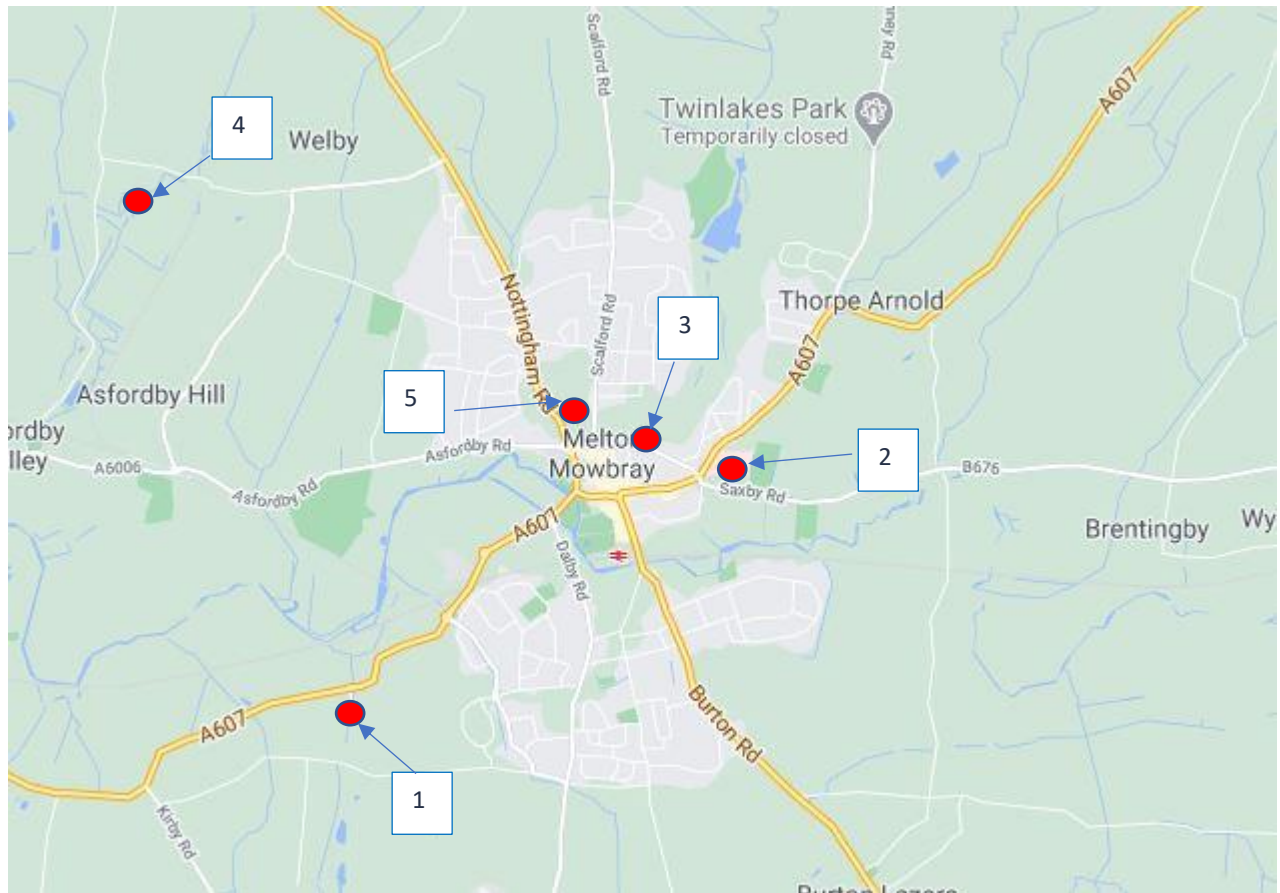


Figure 2 – Main Melton Mowbray Industrial Estates / Business Parks

- 1) The Leicester Road Industrial Estate
- 2) Saxby Road Industrial Estate
- 3) Snowhill Industrial Estate
- 4) Asfordby Works (Melton Commercial Park)
- 5) Pera Business Park

Industrial Demand and Availability

4.3. The continuation of the Covid-19 pandemic and the overall restrictions that presently impact upon individual lives and the proper functioning of business has had a significant effect on the property market during the last 12 months, particularly the office and retail sectors that have been subject to the greater effects of 'Lockdown'. However, on the whole the industrial sector has fared substantially better, albeit there are certainly industries that are currently finding conditions challenging, particularly those companies involved with retail or hospitality. With the rollout of the vaccine, the major effects of the pandemic are considered to be hopefully transient, although it is still too soon to tell at this stage.

- 4.4. Looking at the wider Leicestershire Market, overall demand for industrial accommodation is presently strong, with levels of demand continuing from pre-pandemic times and the recovery from the financial crisis in 2013. This demand is particularly focused on the strategic distribution sector with national occupiers tending to wish to locate adjacent to the M1 corridor, or more generally within the Golden Triangle, in view of the benefits that the national motorway network provides. From statistics taken from The Innes England Market Insite Report 2021 overall, take up in 2020 in Leicestershire was approximately 3,050,000 sq ft, an increase of 34% from 2019, with activity dominated by a number of larger transactions centred around the motorway network. In fact, disposals of 100,000 sq ft and above accounted for 70% of last year’s activity, with the largest transaction being the 532,500 sq ft letting to Amazon at Hinckley 532. Whilst the substantial part of annual take up was dominated by the larger distribution transactions, some 840,000 sq ft was represented in the disposal of smaller industrial buildings below 50,000 sq ft, those buildings likely to reflect the nature and take up of more localised demand.
- 4.5. Focusing on the local Melton Mowbray industrial market, demand in contrast has remained broadly flat with evidence from CoStar researchers indicating that within a 3.5-mile radius of the town centre, total take up in 2020 was 47,633 sq ft compared to 42,663 sq ft in 2019 over 7 transactions. This is generally in line with the 5-year average. The majority of the transactions were under 7,500 sq ft and were predominantly made up of local occupiers. The headline transaction was the letting of 25,685 sq ft at Pera Business Park (off Nottingham Road) to Waverly Carbon. Interestingly, there were no freehold industrial transactions at all within a 5-mile radius of the town centre in 2020, which generally contradicts our wider market experience where demand for freehold product is strong, in view of a lack of new and reasonable quality freehold supply.


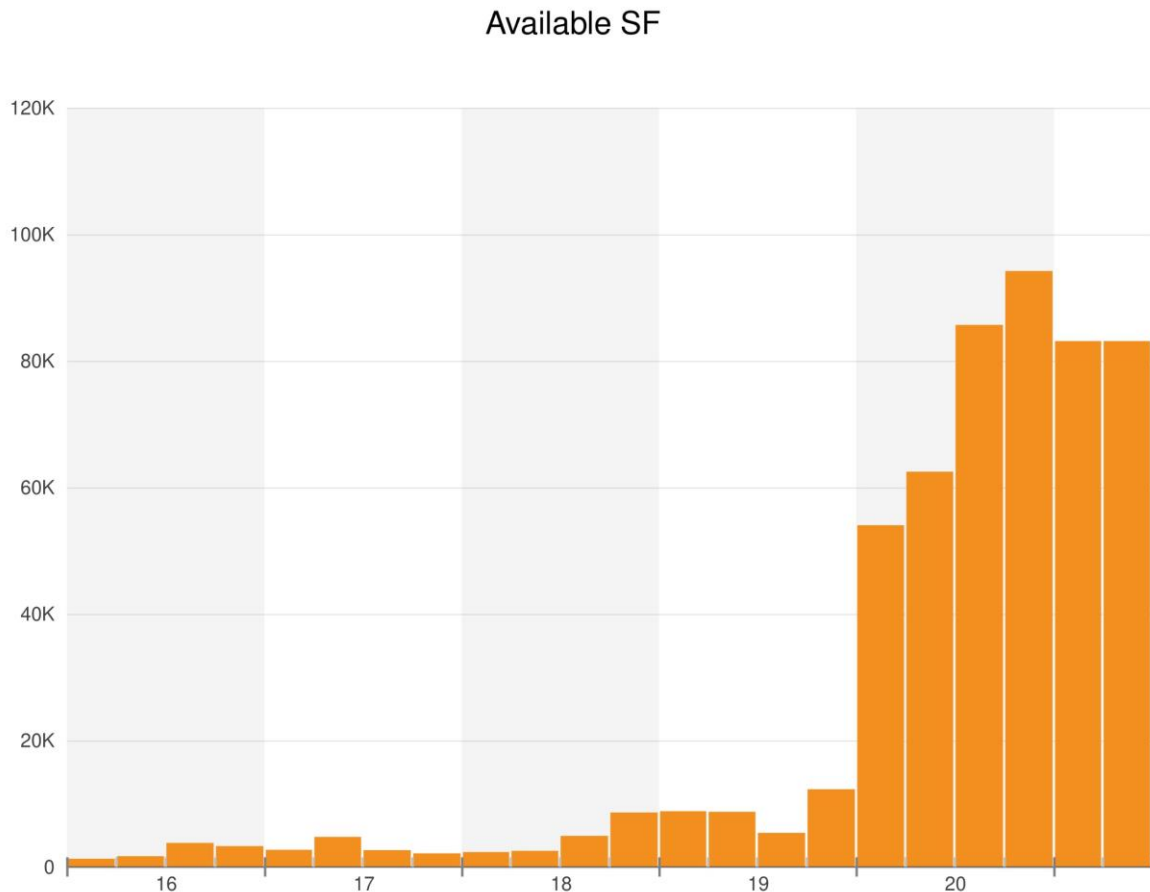
	Sign Date	Start Date	Address	City	Floor	Total SF Leased	Rent/SF/Yr
<input type="checkbox"/>	Nov 2020	Jan 2021	North St	Melton Mowbray	GRND,1	6,508	£2.54
<input type="checkbox"/>	Nov 2020	Nov 2020	Saxby Rd	Melton Mowbray	GRND	2,500	
<input type="checkbox"/>	Nov 2020	Nov 2020	Welby Rd	Melton Mowbray	GRND	3,689	£4.20
<input type="checkbox"/>	Aug 2020	Aug 2020	Welby Rd	Melton Mowbray	GRND	668	£6.74
<input type="checkbox"/>	Jun 2020	Jun 2020	Welby Rd	Melton Mowbray	GRND	12,410	
<input type="checkbox"/>	Mar 2020	Jun 2020	Nottingham	Melton Mowbray	GRND	20,503	£3.00
<input type="checkbox"/>	Mar 2020	Apr 2020	Welby Rd	Melton Mowbray	GRND	1,355	£4.76

Figure 3 – CoStar data on Transactions undertaken in Melton Mowbray during 2020 + 3.5-mile

- 4.6. Turning to supply, as at the end of 2020, based on statistics ascertained from Innes England’s Market Insite Report 2021, overall supply of existing industrial buildings or under construction within the wider Leicestershire area stood at 3.2 million sq ft and based on this, if current levels of industrial demand are maintained, the market would appear to be in basic equilibrium. However, analysing this overall supply, over 2.3 million sq ft is represented in only 14 buildings, all over 50,000 sq ft and directed mostly at the distribution sector alongside the M1. There is 1 million sq ft under construction at Magna Park in Lutterworth alone. Disregarding the supply of buildings over 50,000 sq ft and thus representing the more likely level of local demand, total supply in Leicestershire stands at approximately 687,000 sq ft. Accordingly, this indicates a modest shortfall in supply in comparison to take up figures during 2020.

4.7. Focusing on supply within the confines of the Melton Mowbray market, according to CoStar researchers there is approximately 83,000 sq ft of available industrial accommodation within a 3.5 mile radius of the Town Centre. In contrast to the wider Leicestershire area, this would indicate that based on recent take up levels there is a fairly considerable over supply, at least in the short term. More noticeably however, there has been a significant rise in availability since the end of 2019, as is demonstrated by figure 4 below.



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06/04/2021

Figure 4 – Available Sq ft of Industrial Accommodation over 5 years in Melton Mowbray Town Centre +3.5 miles

4.8. This increase in available industrial accommodation could of course be attributable to the impacts of Covid-19, although it does raise some concerns as to why this local market is fairing worse from a vacancy rate perspective in comparison to the wider Leicestershire area, particularly as there has been only 7,900 sq ft of new industrial accommodation constructed in the past year.

4.9. In terms of the disbursement of the available accommodation, this appears to be configured within 20 industrial units. Although, it is important to note that 13 of these units form part of a newly refurbished industrial scheme

by Rotherhill, known as Rotherhill Business Park on the edge of the Saxby Road Industrial Estate, where 4 existing industrial buildings have been refurbished and divided up to provide a range of small industrial and hybrid business units ranging in size between 1,160 to 4,075 sq ft. Without the division of these buildings, the number of units available would be 11. The map in Figure 5 below produced by CoStar depicts where the available units are located and the table in Figure 6 provides an overview of the properties available. For the avoidance of doubt, CoStar have not accounted for the division of the aforementioned buildings and show only 11 units available.

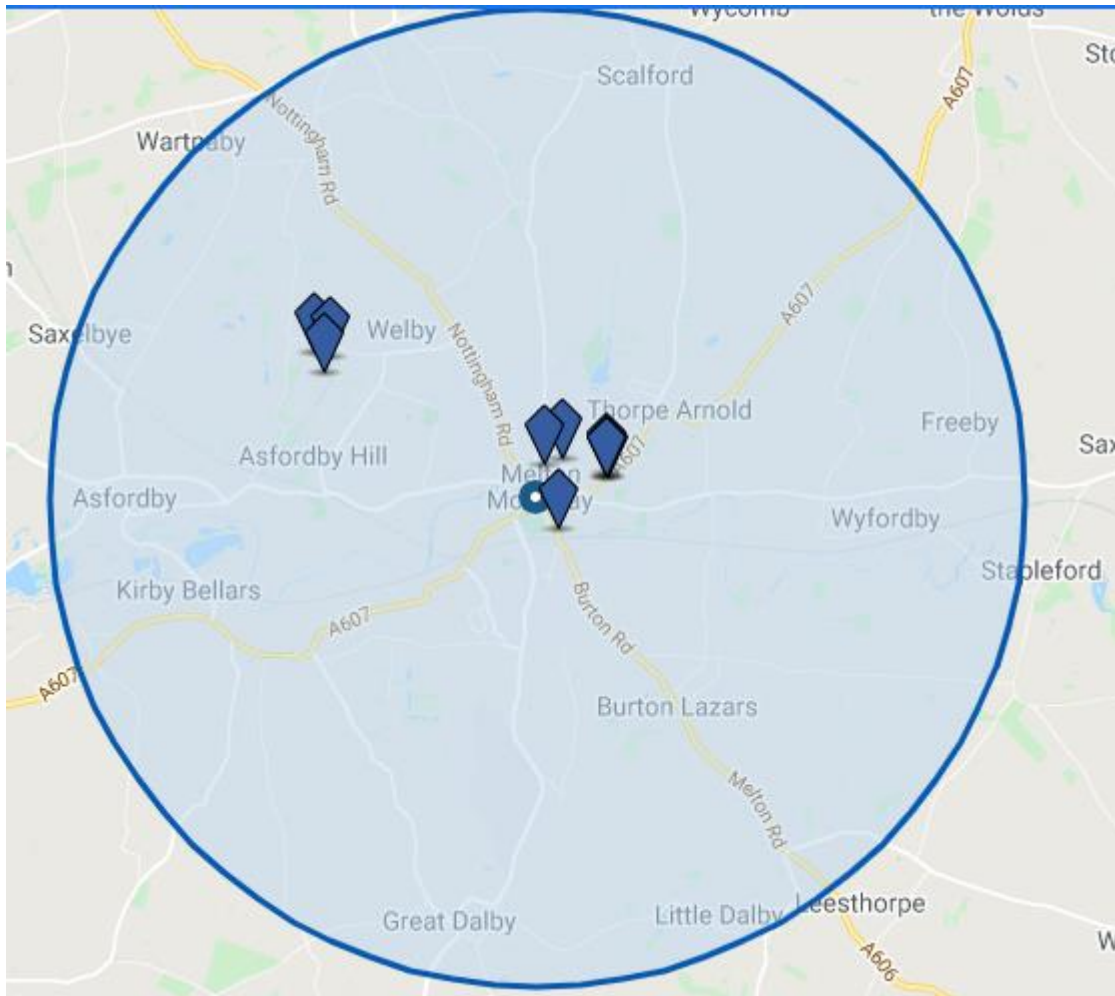


Figure 5 - Availability Analysis of Melton Mowbray Town Centre +3.5 miles

Address	Building Name	Type	Star Rating	Green Rating	Class	Status	NIA	SF Avail ↓
✓ Welby Ln		Industrial	★★★★★		B	Existing	24,909	24,909
✓ Welby Rd		Industrial	★★★★★		B	Existing	43,547	10,056
✓ ⊖ Thorpe Rd		Industrial	★★★★★		B	Under Constr...	7,858	7,858
✓ Welby Rd		Industrial	★★★★★		C	Existing	7,652	7,652
✓ North St		Industrial	★★★★★		B	Existing	26,032	7,017
✓ Thorpe Rd		Industrial	★★★★★		B	Existing	8,729	6,675
✓ Thorpe Rd		Industrial	★★★★★		A	Existing	6,540	6,540
✓ 50-82 Snow HI		Industrial	★★★★★		C	Existing	33,240	4,916
✓ Burton St	Units 3 - 5 Archway Statio...	Industrial	★★★★★		B	Existing	2,274	2,274
✓ North St	The Old Dairy	Light Industrial	★★★★★		B	Existing	9,829	1,629
✓ Thorpe Rd		Industrial	★★★★★		B	Existing	1,550	1,550

Figure 3 – CoStar overview of accommodation available in Melton Mowbray + 3.5-mile

- 4.10. From this data, we can deduce that approximately 51% of the current available stock within a 3.5 mile radius of Melton Mowbray is located at Asfordby Works on Welby Road. This scheme is situated adjacent to The Site. The fact that there is such a high proportion of availability here raises concern about the location generally and indeed The Site being suitable for substantial levels of industrial development, for whilst the other principal industrial estates in Melton Mowbray (outlined on p11) are in the main fully occupied, there is substantial space still available on the adjacent scheme. Our view is that this is due to locational factors, principally that Asfordby is situated away from the primary road network and town centre amenities and also that direct access to the area is via narrow country roads that restrict access for HGV movement.
- 4.11. There are some 17 units available within the periphery of Melton Town Centre, which are predominantly found within the newly refurbished industrial scheme at Rotherhill Business Park on Thorpe Road. However, we are aware that since practical completion of the scheme in November 2020, as at the date of this report, out of the 13 units, 10 of them are now committed for. In addition, as we act as the marketing agents on the Archway Units on Burton Street, we can confirm this accommodation is additionally under offer. On the basis that these transactions complete, this will reduce overall availability by circa 18,000 sq ft, endorsing the view that demand is still reasonably healthy, albeit for smaller units, situated within the periphery of Melton Town Centre itself that benefit from convenient access to arterial routes, amenities and town centre services nearby. By contrast, we act as marketing agents on the Asfordby Works Site and can confirm that there has been little interest for these buildings presently. This again reconfirms that there is little demand for industrial stock within Asfordby, supporting the view that The Site is not suitable for large scale industrial development.

Office Overview, Demand and Availability

- 4.12. The office market generally is currently in a state of upheaval, with Government advice still to remain working from home, if possible. This instruction will undeniably come to an end, probably within the near future, but there is now the changing dynamic of more agile working practices being adopted within many formerly office bound businesses, to the point where it is likely that there will not be the same levels of demand seen for this office accommodation as before.

- 4.13. The Melton Mowbray office market is a very small submarket. This is principally due to the fact that it is centred around a small market town situated in a predominately rural area of Leicestershire with a modest population. According to CoStar research, within a 3.5 mile radius of Melton Mowbray Town Centre there was only 4 office transactions undertaken during 2020, representing a total take up 4,005 sq ft. Interestingly, during 2019 prior to Covid-19, take up was slightly less standing at 3,487 sq ft, indicating that there is undoubtedly low levels of demand in the office market. In terms of supply, according to CoStar research there is currently 5,520 sq ft of office accommodation available within a 3.5 mile radius of Melton Mowbray Town Centre which is broadly line with year on year availability.
- 4.14. Please note that these statistics are only based on the information readily available to us, as private office deals such as those undertaken in Pera Business Park are not made public.
- 4.15. The Site itself, is located out of Melton Town Centre. It is therefore situated away from town centre amenities and public transport facilities which office occupiers require. In view of this, together with the low levels of demand generally in the local market, we are of the view that the The Site will not be suitable to be used for office development.

5.0 Conclusion

The Evidence Base & Planning History

- 5.1. The variety of documents produced in relation to Holwell Works and the local economy in general casts serious doubt on the ability of Melton Borough's rural area to viably sustain large-scale, new-build industrial premises. Reports as recent as 2014 have highlighted the probable "market failure" in such schemes coming forward, pointing to the need for targeted public sector invention. However, interventions in the rural area as detailed in various economic development strategies such as the Melton Growth and Prosperity Plan have been focused elsewhere such as rural diversification and in helping small and micro-businesses. This is little wonder given the apparent make-up of most of Melton Borough's rural businesses as evidenced in the East Leicestershire Workspace Demand Study, which require smaller, flexible premises that have historically been accommodated through smaller scale rural diversification schemes.
- 5.2. These findings are broadly corroborated by comments about the role and function of various parts of the authority area. Secondary centres in the rural area, such as Asfordby Hill, have low economic capacity which calls into question their ability to sustain large-scale, strategic employment growth. Meanwhile, it has been clear that the locational preferences for industrial development in Melton Borough have skewed heavily towards Melton Mowbray. This has been reflected in not only market commentary stretching over many years from the various evidence base documents, but also within the Council's own employment land studies some of which have previously discounted Holwell Works from the "effective supply" and recommended that land be allocated elsewhere, namely in and around Melton Mowbray which is where most of the demand lies.

- 5.3. Site-specific analysis through various studies has indicated scepticism about the speed at which industrial development would come forward at Holwell Works. The Site's planning history demonstrates that this scepticism was justified. The Site benefited from outline planning permission for B Class uses from 2010 until 2016. This planning permission incorporated a variety of unit sizes and offered both freehold and leasehold options to target all areas of the market. Little substantive interest was ever received and no Reserved Matters Applications were ever lodged. The outline planning permission has now lapsed. It is worthy of note that the 2015 ELS excluded a planning permission at St Gobain PAM located just to the north of the Site for 10.34ha of industrial development from its effective supply given that planning permission for that scheme had lapsed indicating that it was unlikely to ever come forward.

Local Market & Marketing

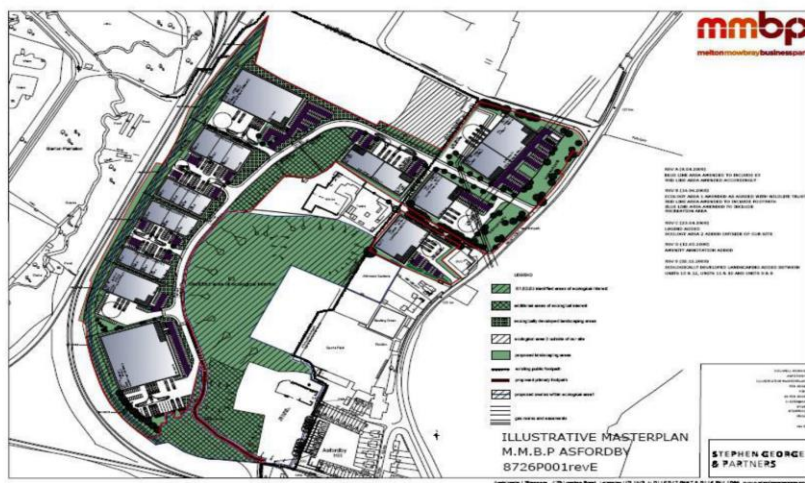
- 5.4. Despite a comprehensive and proactive marketing campaign undertaken on The Site by two experienced local agents, for a sustained period of time on both a freehold and leasehold basis, the marketing endeavours have only led to one interest of any substance coming forward, which was ultimately discounted due to the party deciding to remain at their existing premises in Melton Mowbray. The majority of the other interest has been tentative requests for information only, and those parties who have explored options further, subsequently have discounted The Site due to a variety of reasons, but in the main that they consider the location to be too far away from the primary road networks and lack of local amenities and labour supply. There were also concerns over the delivery period of the development and also service capabilities on site. In view of this, we are of the opinion that any further marketing activity will lead to similar conclusions.
- 5.5. From a market perspective demand locally appears to be relatively healthy with consistent levels of take up, though primarily focussed towards Melton Mowbray itself, where road connections are superior and there are more amenities together with a greater labour supply. Demand tends to be for smaller buildings, which reflects the nature and make-up of the local employment market. In terms of supply there is currently an oversupply on the market, although on the whole we are aware that a number of smaller units within Melton Mowbray Town Centre are under offer which will accordingly reduce the present levels of supply. However, at the scheme adjacent to The Site, known as Asfordby Works there is still a large amount of accommodation available accounting for 51% of total availability, suggesting that Asfordby and The Site generally is incapable of supporting large scale employment uses with the result that in order to see this important site redeveloped a more mixed-use form of development should be considered.

Joe Reilly BSc (Hons) MRICS
Associate Director
Innes England
08.04.2021

Appendix 1 – Marketing Particulars

Melton Mowbray Business Park

Welby Road, Melton Mowbray
LE14 3RD



Industrial/Logistics Land
From 10,000 ft² – 200,000 ft²
(929 m² - 18,580 m²)

FOR SALE/TO LET

- Design & Build availability
- Planning for all Industrial Classes, B1, B2 & B8 uses
 - Also suitable for office occupiers
- Will split the site into smaller land parcels for small owner occupiers

01509 233433 www.matherjamie.co.uk



Melton Mowbray Business Park Welby Road Melton Mowbray Leicestershire LE14 3RD

LOCATION

Fronting Welby Road, the site is situated 1 mile from the A6006 Melton/Asfordby Road and approximately 1 mile from Melton Mowbray town centre. The site lies to the south west of the existing Asfordby Business Park, the former British Coal site, which occupies the valley between the Welby Road and Welby Lane.

The site is approximately 15 miles north east of Leicester town centre and has good access to the A6006 taking you to the A46 leading to Leicester, Nottingham, Newark and further west towards Loughborough and the M1 Motorway. The site has good access to the A1 which provides for access to the south east of the County.

DESCRIPTION

The site offers the ability for any occupier present to create ideal business premises, bespoke fit-out and space planning services so that you can create a unique building that works for your business. All use classes under Category B1, B2 & B8 will be considered.

ACCOMMODATION

10,000 ft² - 200,000 ft² (929 m² - 18,580 m²)

TENURE

The site is available on a leasehold/freehold basis.

PRICE

Upon application.

RATING

Interested parties are advised to contact Melton Mowbray Council, Tel: 01664 502300.

PLANNING

The property has suitable uses under Class B1, B2 & B8 of the Town and Country Planning (Use Classes) Order 1987.

VAT

VAT will be chargeable on sales.

LEGAL COSTS

Each party will be responsible for their own legal fees incurred in the transaction.

EPC

An Energy Performance Certificate will be provided when the construction process is commenced.

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Tel: 01509 233433

Joint Agent: Philip Arnold
Budworth Hardcastle
parnold@budworthhardcastle.com

DRIVE TIMES		
Leicester	18 miles	31 mins
Nottingham	21 miles	33 mins
Derby	33 miles	50 mins
East Midlands Airport	23 miles	40 mins
Birmingham	64 miles	80 mins
London	122 miles	2 Hours 35 mins

TM295

**Melton Mowbray Business Park Welby Road Melton Mowbray
 Leicestershire LE14 3RD**

