

27 March 2023

Ben Scandrett
Brookhouse Group
Prospect House
168 – 170 Washway Road
Sale
M33 6RH

Dear Ben

Lancashire Central (Cuerden Strategic Site)

You have asked us to comment and provide our thoughts on the Employment Land and Market report produced for the above site by CBRE on behalf of Lancashire County Council.

We have been involved with the Brookhouse landholding since 2017 advising on the illustrative layout and marketing initiatives. The lack of a deliverable planning permission has rendered the site incapable of meeting the strong demand for employment development in this location.

We have a vast experience in industrial developments across the North West, including the following large sites:

- Logistics North, Bolton – advised in excess of 4 million sq ft across a 10 year period on behalf of Harworth Group. The site is fully let / sold with no further development available.
- Omega Warrington – advised in excess of 5 million sq ft across a 10 year period on behalf of Miller Developments. Omega West is the most recent scheme to come forward with outline consent for a further 2.3m sq ft.
- Carrington Estate – advising Wain Estates across the 1,400 acre estates and on future phases following the success of the first phase, a 6 unit scheme totalling 210,000 sq ft.

The combined site occupies an area of approximately 65 acres (26.30 Ha) and is currently used for agricultural purposes. It is bounded by the A582 to the north, Stanifield Lane to the west, a sand quarry to the south and A49 Wigan Road to the east.

Lancashire Central is a key gateway location within Central Lancashire between Leyland, approximately 2 miles to the south along Stanifield Lane and Preston approximately 4.5 miles to the north via the A6. The site is immediately adjacent to the intersection of the M6 and M65 motorways, accessed via junction 29 of the M6 and junction 1 of the M65, which connects to junction 9 of the M61.

The site has strong local transport links being located in close proximity to the West Coast Mainline with the main station located in Preston and regional stations nearby including Leyland, Lostock Hall and Bamber Bridge.

JLL
Industrial & Logistics
Landmark, 1 Oxford Street
Manchester, M1 4PB

T +44 (0)161 828 6417
M +44 (0)7709 846 930
E Robert.kos@jll.com
W jll.co.uk

We have considered the points raised in the CBRE report and would comment as follows.

CBRE comments that “*The highest volume of enquiries throughout the period has consistently been within the smaller size brackets of up to 9,999 sq ft and 10,000 – 19,999 sq ft. Demand has particularly increased for smaller units in 2020 and 2021, and now significantly exceeds enquiries for larger unit sizes*”.

This contradicts a comment further on in the report which states “*occupiers are responding to the scarcity of available space by committing to leases on speculative developments substantially prior to practical completion*” and providing examples of three Big Box (100,000 sq ft +) deals not within the size brackets mentioned above. Lancashire Central has all the attributes to satisfy this sector of the market and for which there are very few opportunities which offer the necessary scale and location relative to the motorway network.

We agree there is an increased level of enquiries for smaller units however this is generally because there is a greater availability of space within this size bracket and naturally there is going to be fewer enquiries for larger units as there are less options available. Developing the CSS for smaller units would represent a missed opportunity given that sites capable of accommodating big box units with the locational advantages of the CSS are very rare.

Although there are generally a larger number of enquiries for smaller space, demand for big box units is robust. There are only four Big Box (100,000 sq ft plus) units in the North West immediately available. These total 852,312 sq ft with one unit under offer and a further 5 units under construction totalling 1,434,941 sq ft. This provides approximately one years worth of supply to the market based on the 10 year average annual Grade A take up.

In 2022 there was a take up in the North West of 6.173m sq ft with 2.578m sq ft of speculative new build deals, 1.750m sq ft of Design & Build and 1.845m sq ft of land sales. Of the total take up there was 5.009m sq ft transacted in excess of 200,000 sq ft across 10 deals.

There are a number of live enquiries for larger big box requirements which remain unsatisfied and with only four available buildings in excess of 200,000 sq ft, it is likely these will be let throughout the course of 2023. The largest current available unit is 654,225 sq ft and is located at Link Logistics Park, Ellesmere Port.

Example enquiries for live big box enquiries which could be accommodated at CSS include:

Occupier	Size (Sq Ft)	Comments
C&W	200,000 – 500,000	Immediate requirement
Avison Young	300,000 +	Initial requirement for 100,000 – 200,000 sq ft. Linked to lease event in Sept 24
Checkley	300,000 – 450,000	Immediate requirement
Colliers	450,000	Relocation of existing Runcorn facility
Wincanton	400,000	Coming out of facility in Wigan and looking at alternative options across the North West
JD Sports Avison Young	200,000 +	Missed out on existing unit in Yorkshire
Colliers	450,000 – 1m	Battery storage facility across max 2 buildings. Timing Q3 2023.
CBRE	500,000 – 1m	Focus on Midlands & North
Savills	700,000 +	Midlands initially, search area may widen

Whilst there are a number of sites in Central Lancashire that are being brought forward that can deliver units (up to c.300,000 sq ft) there is however a shortage of sites along the M6 / M61 / M65 corridors of similar scale to the two landholdings combined that can accommodate single buildings in excess of 500,000 sq ft plus. These are as follows:

Site	Size (acres)	Comments
Rough Hey Farm, Preston	64	Maximum unit size of 800,000 sq ft with up to 21m eaves height.
Wingates, Bolton	450	Outline planning granted for 1.1m sq ft. Largest building on site of 674,000 sq ft.
Symmetry Park, Wigan	134	Outline planning granted for 1.44m sq ft. First phase - speculatively build two units of 110,000 sq ft and 190,000 sq ft.

Further afield there are a number of other sites in the North West that can deliver the larger sized units referred to above however these do not provide direct competition as they will cater for a different market in locational terms.

We are seeing a number of market trends that the logistics providers are having to adapt to which are as follows:

- Taller buildings – 15 metre internal clear height from floor slab to the underside of the steel frame was regarded as the industry standard but this is increasing with the requirements for automation. There is an increase in bespoke buildings of up to c.30m internal clear height (and in some cases higher) at large distribution centres.
- Larger building floorplates – these offer the economies of scale and enable centralisation of storage into regional or national distribution centres. Typical building sizes are increasing with the need for automation.
- Electricity supply – warehouse which are automated require larger power requirements for both the handling systems and the IT needed to run the facility. Combined with the move to electric vehicles and the need for charging points, this increase the power requirements.

With both landowners working together and combining their ownership the CSS site is in a unique position to satisfy the above continuing changing market trends.

Whilst speculative large scale development is a possibility in the future, the likelihood is that there will be a preference by the majority of occupiers for Design & Build units. At present lease events are driving individual requirements and time is of the essence. An example is the deal with Victorian Plumbing who pre-let Connect6 in Farrington, Leyland, a 544,000 sq ft new build unit which provided them with certainty as their requirement was linked to a lease event.

Looking forward occupiers will have to forward plan their space requirements further ahead of time and we are likely to see an increase in Design & Build transactions given the acute lack of stock. This is likely to continue for some time given the majority of consented development schemes are on hold as speculative development became unviable with the yield shift and continued build cost inflation.

We have been retained advisors on the CSS for Brookhouse since 2017 and it has proven difficult to get any momentum with occupiers given the uncertainty and timing around infrastructure and deliverability.

With this in mind when CSS has certainty on these points we would recommend a collaborative marketing approach between both landowners, which we feel is critical to the success of the site. This approach was previously adopted at the time of the hybrid application in 2018.

By way of conclusion we feel there is a greater value for a combined approach based on:

- The ability to maximise the net developable area across the entire site, targeting occupiers with larger requirements and creating bigger footprints / taller buildings for which there are fewer competing sites.
- A single approach will provide significant cost savings regarding the provision of roads and services / utilities.
- Enables both parties to work on an open book basis with common aims, thereby minimising costs associated with multiple advisors / contractors etc.

- Avoid competition between the two landowners for the same requirements / occupiers enabling CSS to be offered as a single development proposal to interested parties.

Hopefully the above comments will be useful for your present purposes.

Kind regards

Yours sincerely



Robert Kos
Director - Industrial & Logistics
JLL