

SOLENT BUSINESS PARK

MARKETING EVIDENCE

APRIL 2012

Introduction

The purpose of this Report is to provide evidence which illustrates the extent of Goodman's marketing activities in promoting new development at Solent 2. The Report will show that despite having planning permission for B1 development and extensive promotion since 1993, the Solent 2 site has failed to secure a business occupier. The Report:

- Provides a background to Solent Business Park, including a brief planning history, completed development to date, existing levels of availability and future development pipeline
- Describes the marketing process undertaken by Goodman in promoting development of the land at Solent 2
- Provides a review by our appointed agents, providing evidence on employment land and floorspace availability in the wider Solent market, a schedule of existing commercial enquiries and evidence of previous attempts to sell or lease the development site.

Solent Business Park

Planning History

Solent Business Park was established in the mid-1980s following the identification of 'Land North of Park Gate' as one of 5 new 'Growth Sectors' designated through the South Hampshire Structure Plan. Outline planning permission was first granted for SBP in 1993.

The Business Park has been built between 1993 to date, with land remaining to be developed.

The western part of Solent 2 south of Rookery Avenue is one of a number of the sites of Solent Business Park which remains undeveloped. Outline planning permission was granted for the site in 1993. The outline planning permission has been the subject of a series of renewals. Reserved Matters approval was granted in April 2008.

Development Completions

Since the original grant of outline planning permission, 176,500 sq m (1.9m sq ft) of office floorspace has been developed at Solent Business Park. The Park is home to 48 businesses, employing a total of 3,000 people.

Existing Vacancy

A schedule of vacant office accommodation at Solent Business Park is set out in Table 1.0.

Building	Size (sq ft)
4 Belfry House (First Floor), The Links	1,212
2 Turnberry House, Parkway	1,259
1635 Parkway	1,544
3600 Parkway (Ground Floor)	2,070
Unit 2 Troon House, The Links	2,120
1580 Parkway (First Floor)	3,300
3600 Parkway (First Floor)	4,500
1650 Parkway (Ground Floor)	4,728
1570 Parkway	5,091
Victory Park	6,168
3700 Parkway (Second Floor)	8,329
1620-1627 Parkway	8,410
Fusion1	14,229
4500 Parkway	17,091
Building 1100	18,500
Fusion 3	31,137
Forum 4	48,500
Forum 5	48,588
Total	226,776

Table 1.0 – Solent Business Park existing vacancy

Future Development Pipeline:

The table below illustrates the future development pipeline at Solent Business Park (excluding the Solent 2 site)

Building	Size (sq ft)
Forum 2	67,695
Forum 7	69,288
Forum 8	24,822
Forum 9	24,822
Forum 10	34,036
Forum 11	48,240
One Olive	25,320
One Lime	30,580
Total	324,803

Table 1.1 – Solent Business Park future development

In conclusion, a total of 551,579 sq ft of B1 floorspace is available at Solent Business Park either through existing available accommodation or through the completion of undeveloped plots. This excludes the 250,328 sq ft of B1 floorspace permitted at Solent 2. If we include this development, the total available B1 floorspace increases to 801,907 sq ft.

Marketing Process

Since the original grant of outline planning permission in 1993, Goodman (formerly Arlington) has appointed two commercial agents to market the development land to secure new commercial developments. As with all of Goodman's business parks, the agency team

comprises one local and one national agency practice to guarantee the breadth of market coverage and ensure that local, regional and national requirements are identified and monitored from initial enquiry through to the completion of a lease or sale agreement.

A standard form of agency appointment is entered into between Goodman and the appointed agents. This is a legal agreement which sets out a schedule of services which the agents are required to provide Goodman, together with an agreed fee structure for lease, investment and land sale transactions. The Agents shall take full responsibility for the successful letting and/or sale of buildings or land. The Agents' services include but are not limited to:

1. Preparing and implementing jointly with the Client's Marketing Executive a Marketing Strategy for the Business Park within present and agreed cost parameters.
2. Attendance as requested at all meetings relating to the design and development of the Development. Advising Goodman on rental values, specification and the optimum scheme for letting and selling purposes.
3. Attendance at all monthly Sales and Leasing meetings.
4. Preparing and updating a Property Enquiries Register in a format agreed with the Goodman and reporting to Goodman as appropriate. A summarised version is illustrated in Table 1.5.
5. Providing full advice and recommendations on the optimum marketing and promotion strategy for the Development.
6. Effecting suitable introductions from prospective business occupiers / purchasers.
7. Preparation of schedules of competing schemes and buildings, and collation of all rental / sale evidence across the relevant market area. Preparation of market reports for the Client, to be used for marketing purposes, and the updating of all the above on a regular basis as and when requested by Goodman.
8. Researching of specific sectors of the market-place, preparation and carrying out target mailing campaigns and reasonable telephone follow-up.
9. Negotiating optimum Heads of Terms for lettings, sale of buildings to owner occupiers, sale of land, and acquisition of any legal interest in land.
10. Submitting letting proformas in the form to be provided by Goodman for approval who will instruct solicitors.
11. In liaison with Goodman and our solicitors, monitoring and co-ordinating the negotiation of and conclusion of the legal documentation.

Commercial enquiries are reported to Goodman by the agency team as soon as they are received and reported formally through the monthly Sales and Lettings meetings. The process set out above is robust and ensures that all opportunities are sourced and suitable buildings and sites within the Business Park are promoted to the client.

How Goodman Promotes Solent Business Park

The land at Solent 2 is promoted through a full host of advertising media to ensure that the development opportunities are publicised widely to the target audience. This includes:

Business Park website

Promotion through our own dedicated website: www.space2grow.co.uk. The website provides details of:

- The Business Park overview
- The Park's location and accessibility
- The Business Park site plan and aerial image
- The space which is currently available at Solent Business Park, including vacant properties and new development opportunities
- The amenities and facilities available within and close to the Park
- Existing businesses based at the Business Park
- Details of Goodman, the developer of the Business Park, and our expertise and capabilities.
- Key contact information to enable interested parties to find out further information.

Other Websites

Promotion of the available space and development opportunities in other websites, including:

- www.struttandparker.com – our appointed national agent
- www.cbre.com – our appointed local agent
- www.estategazette.com/propertylink - a national property availability database

Signage

Available sites and accommodation at Solent Business Park are promoted through the use of appropriate on-Park signage, including details of available space and relevant contact details.

Campaigns

Goodman has developed a suite of promotional literature for Solent Business Park, which follows the 'Space2Grow' promotional campaign. The main Solent 2 brochure is included as Appendix 1 and provides details of the development opportunities together with alternative development schemes/layouts to illustrate the flexibility of the site, which would be subject to a separate planning application. The brochure also describes Goodman, and our approach to delivering new bespoke development for prospective occupiers, together with an indicative programme for the delivery process.

Goodman has a dedicated on-site point of presence, through the Park Management and Marketing office, which is able to respond to drive-by / drop-in enquiries from prospective businesses visiting the site and wishing to find out further details of available space.

Since the grant of planning permission in 1993, promotional campaigns have been undertaken by Goodman to promote Solent Business Park to prospective occupiers. The most recent campaign, in July 2009, was the launch of the Space2Grow campaign, which was aimed at promoting the site's development opportunities to 'help customers find themselves in a better place'. The focus of the campaign was on people; and how they will interact with the space with attention being given to facilities, landscaping of the surroundings and relaxation areas, and the benefits of a quality working environment to productivity. We promoted the site's considerable flexibility:

- The large plot which could deliver a single building or up to five buildings (linked or detached)
- Flexibility in the location. Buildings can be positioned one of two ways to a prospective occupier; either that its woodland setting adjacent to the main park offers seclusion for

low profile businesses or that its carriage side location offers a key location at the front of the main estate

We promoted the pre-let proposition benefits with the option to tailor the space to best suit occupier businesses. This would appeal to businesses looking to move into a sought after business location, with lower comparative costs to that of neighbouring town centre. Furthermore, building quality, efficiency and sustainable design would help lower operational costs.

As is typical with a marketing campaign, the campaign was launched through an agent's event, with local and national commercial agents invited to the launch. A suite of marketing material was prepared to support the launch and provide further details of the site and its flexibility. A total of £47,000 was incurred in launching the Space2Grow campaign, including the preparation of the updated Solent Business Park brochure, website updates, redesign of Park signage, co-ordinated launch event, direct marketing to target occupiers and placing of advertisements in the property press.

The average annual marketing expenditure for the Solent 2 site is £34,600.

Agents Review

A schedule of existing available office accommodation over 20,000 sq ft within the wider Solent market is set out below:

Address	Town	Floor	Floor Area (sq ft)
Hutwood Court, Bournemouth Road	Chandlers Ford	Gnd-3rd	52,216
1000 Lakeside, North Harbour	Portsmouth	3rd	78,855
Charlotte Place	Southampton	Gnd-6th	60,000
2 Grosvenor Square	Southampton	Gnd-2nd	29,460
The Pavilion, Botleigh Grange Office Campus	Hedge End	Gnd-1st	23,664
Total			244,195

Table 1.2 – Existing available office accommodation in wider Solent market

A schedule of existing available industrial / warehouse accommodation over 25,000 sq ft within the wider Solent market is set out below:

Address	Town	Floor Area (sq ft)
Unit 9, Oriana Way, Nursling Industrial Estate	Southampton	49,128
Unit 8, Brickfield Lane, Chandlers Ford Industrial Estate	Eastleigh	53,572
Speedwell Close, Chandlers Ford Industrial Estate	Eastleigh	30,747
Unit 7, Barton Park Industrial Estate	Eastleigh	60,322
Stoke Park, Chickenhall Lane	Eastleigh	84,161
Geodesy, Titchfield Park	Segensworth	34,598
Unit 3 Trilogy, Concorde Way	Segensworth	44,004
Fareham Industrial Park	Fareham	147,200
Access Point, Northharbour Spur	Portsmouth	40,066
Unit 3, Northharbour Road	Portsmouth	27,808
Unit 2, Interchange Park	Portsmouth	37,621
Havant Distribution Centre	Havant	160,143
Total		769,370

Table 1.3 – Existing available industrial / warehouse accommodation in wider Solent market

A schedule of sites with either extant planning permissions or at the planning stage in the Solent market is set out in Table 1.4. This excludes the new allocations proposed in the adopted Core Strategy in Fareham town centre, the strategic employment site at the former Daedalus airfield and other employment allocations proposed by neighbouring local planning authorities.

Address	Size (Acres)	Comments	Floor Area (sq ft)
Glenmore Business Park, Chichester	10.4	Outline consent for up to 180,000 sq ft of B1, B2 & B8	180,000
E2 Land, Old Park Farm, Waterlooville	14.14	Outline consent for up to 215,000 sq ft of B1, B2 & B8. (B8 use restricted to 40%)	215,000
Voyager South, Voyager Park, Portfield Road, Portsmouth	12.09	Offer Design & Build units of 50,000 – 250,000 sq ft. Specification to be agreed, subject to detailed planning.	250,000
Fulcrum 6, Solent	3.39	Single unit of up to 70,000 sq ft. Detailed planning required.	70,000
Plot D Hamilton Business Park, Hedge End	5.26	Outline consent for 80,890 sq ft. Subsequent Pre-let agreed to Geopost for circa 36,000 sq ft on part of site D.	44,890
Endeavour Park, Millbrook, Southampton	14.00	Could build up to 210,000 sq ft subject to planning. Understand outline planning application is due to be submitted shortly.	210,000
Total	59.28 (24ha)		969,890

Table 1.4 – Future development pipeline in the wider Solent market

Since the original grant of outline planning permission in 1993, we have monitored all employment generating property requirements, promoting the development opportunities at Solent Business Park. Table 1.5 below illustrates that other non- B-class property requirements have been considered by Goodman in seeking to bring forward commercial development activity at Solent 2. The schedule highlights the extent of requirements over the last 3 years. Within the schedule we identify the current status of the requirement and where relevant, why the Solent 2 site was discounted.

Date	Company	Use	Business Sector	Size (Sq ft / Acres)	Comments
Dec-08	Euromedic	D1	Medical	25,000	Considered J9 & SBP but too far east of Soton General Hospital
Nov-08	Paragon	B1	Services	8,000-12,000	Strong preference to remain further East
Oct-08	Independent Care UK Ltd	C2	Services	40,000-60,000	Requirements in Soton & Portsmouth for private hospital. Not prepared to consider a site in between to cover both regions.
Sep-08	IGG	B1	Services	8,000-12,000	Company went into administration
Oct-08	Environment Agency	B1	Government	12,000-15,000	Wanted to be close to a railway station.
Aug-08	White Young Green	B1	Services	10,000	Timing was too immediate to deliver a pre-let building
Mar-08	Geest	B1	Consumer Goods	10,000-15,000	Decided to take existing, low-cost accommodation

Aug-08	BMT Cordah	B1	Services	20,000	Wanted to be City Centre
Aug-08	Specsavers	B1	Services	40,000	Took accommodation in the Forum to benefit from a low-cost deal
Jan-09	AT & T	B1	Telecoms	20,000	Needed short term lease break which was not feasible to secure funding for a pre-let
Feb-09	Regus	B1	Serviced offices	18,000	Would only commit to a profit rent / management agreement
Mar-09	Hampshire County Council	B2	Government	10 acres	Waste recycling requirement looked at smaller sites instead.
Apr-09	Wernick Group	B8	Unknown	5 acres	Open storage requirement, owner occupier
Mar-09	John Lewis	B8	Consumer Goods	80,000	Still not progressed
Jan-09	Atmal	B1	Unknown	15,000-20,000	Took low-cost deal on existing premises
Aug-08	Denplan	B1	Services	30,000-40,000	Did not move.
Apr-09	UPS	B8	Parcel Distributor	60,000	Won't go further East of Hedge End
May-09	Fraser Freight	B8	Freight Forwarders	20,000-50,000	Renewed their lease at their existing premises
Jul-09	Delta Vehicle Hire	Sui Generis	Commercial Vehicle Hire	15,000 (+3 acres)	Vehicle storage requirement which would fetter the remainder of the site.
Aug-09	Raymond Brown Group		Aggregates	5 acres	Wanted to be closer to M3
Aug-09	Rich Products Corp	B1c	Food Manufact'g	70,000	Renewed their lease at their existing premises
May-09	Pal C/o BNP Paribas	B1	Unknown	40,000-60,000	Took existing product to benefit from low-cost deal.
Sep-09	Lloyd's Register	B1a	Marine Engineering	10,000	Wanted to stay in Southampton
Sep-09	Jobsite	B1	Unknown	8,000-22,000	Needed break at Year 5 which was not feasible to secure funding for a pre-let
Nov-09	Fat Face	B8	Clothes manufact'g	100,000	Extending & renewing at existing premises
Nov-09	Uniworld Comm's	B1	Computer Electronics	20,000	Based in Gosport and have made enquiries regarding options at Basingstoke.
Jan-10	The Listening Company	B1a	Services	40,000	Stayed at existing premises
Mar-10	Lockheed Martin	B1	Technology	70 - 100,000	Based at Langstone Technology, looking for sites capable of delivery within 24 months. Very much a feasibility search.
Aug-10	SITA	Sui Generis		280,000	Did not progress
Apr-10	Eriksson	B1a	Unknown	55,000 - 80,000	Staying at existing premises
Nov-10	Southampton & Portsmouth Museum Archive	B8	Storage	70,000 - 80,000	On hold
Oct-10	Meggitt Avionics	B1a/c	Unknown	70,000	Only looked at existing stock but likely to renew at existing premises
Jul-10	ACW	B1c		60,000-75,000	Only considering existing product or staying at existing premises
Feb-11	Capita	B1	LA Outsourcing	50,000	Specific requirement for existing buildings in Portsmouth only
Mar-11	Project Sophia - Clients of Knight Frank	B8	Storage	70,000	Requirement placed on hold
Oct-11	Clients of Vail Williams	B1c/B2	Unknown	50,000-70,000	Require possession by Q3 2012, therefore, only looking at existing buildings
Jan-12	Arvato	B8	Storage	120,000	Considering existing buildings only with close proximity of Southampton Docks
Feb-12	Clients of DTZ	B2/B8	Unknown	60,000	Require two separate units of 30,000 sq ft, one for manufacturing and one for warehousing.

Table 1.5 – Property Enquiries Register

In addition to promoting new development opportunities at Solent 2, Goodman has attempted to sell the development site to other developers / owner occupiers on two occasions.

In April 2005, a Full Sales Pack was produced and advertisements in the property press seeking bids from prospective purchasers. No bids were received on this occasion.

In May 2008, an updated Full Sales Pack was produced and advertisements in the property press seeking bids from prospective purchasers. 65 companies were issued with a Sales Pack through direct marketing, seeking expressions of interest. 13 expressions of interest were received and bids were requested. Unfortunately, no bids were received. The main reasons for lack of interest included:

- The already over-supplied market
- The concealed location of the site
- The site's residential context, compared with the main Business Park's boulevard-type open roads and wide landscape verges
- The distance from the main Business Park and its amenities

Conclusions

This report has provided evidence to demonstrate that:

- A total of 551,579 sq ft of B1 floorspace is available at Solent Business Park either through existing available accommodation or through the completion of undeveloped plots. This excludes the 250,328 sq ft of B1 floorspace permitted at Solent 2.
- 244,195 sq ft of office accommodation (over 20,000 sq ft) is available in the wider M27 market
- 769,370 sq ft of industrial/warehouse accommodation (over 25,000 sq ft) is available in the M27 market.
- 59.28 acres (24 hectares) of sites are available in the M27 market with extant planning permissions or are at the stage of outline planning submission, which are capable of delivering a further 969,890 sq ft of business floorspace.

This excludes the new allocations proposed in the adopted Core Strategy in Fareham town centre, the strategic employment site at the former Daedalus airfield and other employment allocations proposed by neighbouring local planning authorities.

The report provides detailed evidence on the marketing approach undertaken by Goodman (formerly Arlington) since the original grant of outline planning permission in 1993. Since 1993, a national and local commercial agency practice (Strutt & Parker and CBRE respectively) have been appointed to promote development opportunities and source business occupiers to the Park. The marketing strategy for Solent Business Park has been robust with a wide range of appropriate advertising media used to provide a positive platform to promote the site and attract new businesses. This has also included targeted marketing campaigns, such as the Space2Grow campaign.

Despite a thorough and robust marketing strategy, the Solent 2 site has failed to attract an occupier. We have monitored requirements for B1, B2 and B8 uses and in addition to the traditional business class uses, other employment generating uses, such as C2, D1 and Sui Generis. This report has identified the extent of employment generating requirements over the last three years. The site has been discounted for one of the following reasons:

1. The location of the site has not been suitable for the business' requirements. A number of the sub-regional requirements have been for premises in Portsmouth or Southampton.
2. The site's context being detached from the main Solent Business Park site has led to the site being discounted in favour of premises more centrally located.
3. Businesses have renegotiated with their existing landlords for expansion space to avoid expensive relocation costs and disruption to their businesses.
4. Some businesses require lease flexibility which can only be delivered through second hand existing accommodation. Short lease terms on new build pre-lets would not be possible due to the funding requirements of financial institutions.
5. The occupancy timescales have been too short to deliver a new bespoke design and build opportunity at Solent 2.
6. The requirement and its associated use would fetter the remainder of the site coming forward for high quality B1 development.

Given the extent of availability in the Solent market and the difficulties in securing occupiers to the Solent 2 site, the designation of this urban site must be reassessed to ensure it makes an important contribution to Fareham Borough over the Plan period. The National Planning Policy Framework, published on 27 March 2012, states in Paragraph 22 that:

'Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.'

A mixed-use residential and public open space has strong merits given the site's residential context and the role it can play in delivering a high quality housing development and important community recreational open space in the first five years of the Core Strategy, ahead of the strategic housing site to the north of Junction 11.

Appendix 1.0 – Solent 2 Brochure