

Town and Country Planning Act 1990

Appeals by

**Gallagher Properties Limited
Automotive Distributors Limited and
Scarab Sweepers Limited**

Ref: APP/U2235/A/14/2224036

and

Ref: APP/U2235/A/14/2229271

**Land south of A20/M20 Link Road Roundabout
(Waterside Park), Ashford Road, Hollingbourne
Kent ME17 1PG**

Proof of Evidence

of

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7 April 2015

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1 Glossary

1.1 Within the body of this report I adopt a number of terms and abbreviations, the meanings of which are explained below.

1.2	Gallagher	Gallagher Properties Limited
	ADL	Automotive Distributors Limited
	Scarab	Scarab Sweepers Limited
	The Appellants	Gallagher, ADL and Scarab collectively
	Maidstone BC	Maidstone Borough Council
	Waterside Park	Land south of A20/M20 Link Road Roundabout, Ashford Road, Hollingbourne, Kent ME17 1PG
	Appeal A	An appeal (Ref: APP/U2235/A/14/22229271) relating to a planning application dated 6 September 2013 - Ref. MA/13/1549
	Appeal B	An appeal (Ref: APP/U2235/A/14/2224036) relating to a planning application dated 21 May 2014 - Ref. MA/14/501859
	SoCA	Statement of Case on behalf of the Appellant
	Appendix 4.2	The Alternative Site Assessment at Appendix 4.2 of the Appellants' August 2013 Environmental Statement (CD4)
	The Former ADL building	The warehouse and office accommodation originally proposed for ADL. For Appeal A the total area of the Former ADL building is said to be 27,960 sq.m (circa 300,000 sq.ft.) and for Appeal B 25,728 sq.m (circa 277,000 sq.ft)

2 Qualifications and experience

- 2.1 I am Colin Michael David Cottage, a Member (Partner) of Glenny LLP, a leading independent practice of Chartered Surveyors and Property Consultants active in East, North and South East London, Essex, Hertfordshire and Kent. Glenny LLP's South East London & Kent Office is located at Bexleyheath, approximately 32km (20 miles) from Maidstone.
- 2.2 I have worked in the property market for over 25 years since obtaining an honours degree in Land Administration in 1988. I qualified as a Chartered Surveyor in 1991 and am also a member of the Institute of Rating, Revenues and Valuation and the Compulsory Purchase Association.
- 2.3 I have been based in London and the eastern Home Counties since 1993, first at the Valuation Office in Barking before joining Glenny LLP in 1997. Between 1997 and 2011, I ran Glenny LLP's East London office Professional Division, leading a team of surveyors undertaking valuation, landlord & tenant, rating and compulsory purchase work. In September 2011 I formed Glenny LLP's Regeneration and Infrastructure Division, which provides compulsory purchase, compensation and regeneration consultancy advice from all of the firm's five offices.
- 2.4 I have provided advice in relation to compulsory purchase and compensation matters to both acquiring authorities and claimants for over 15 years and have specialised in this area of work since 2004. Although the issues I have been asked to advise upon in relation to this appeal do not involve compulsory acquisition, they do include the assessment of possible relocation alternatives for Scarab and the need for the Former ADL building.
- 2.5 My experience with compulsory acquisition has led to my involvement with a large number of business relocations, acting for both acquiring authorities and displaced occupiers. I was involved with the relocation of more than 50 businesses affected by the Compulsory Purchase Order used to assemble the Olympic Park for the 2012 Olympic Games and have also identified and acquired new premises for business affected by Crossrail, the East London Transit Route and regenerative development in locations that include Dagenham, Canning Town and Purfleet. I am currently advising eight businesses seeking to relocate as a result of regeneration and public works projects in London and the wider south east region.

- 2.6 My experience extends to advising manufacturing businesses such as Scarab and has also given me an understanding of the likely sources of demand for the Former ADL building. In addition I have been able to confer with my business space agency colleagues at Glenny LLP's South East London and Kent office who are active in the central Kent commercial property market.
- 2.7 I have experience in providing written and oral evidence at Planning and CPO Public Inquiries, the High Court and the Upper Tribunal (Lands Chamber). On a number of occasions this evidence has involved providing opinions on matters related to business relocation.

3 Introduction and background

- 3.1 This Proof of Evidence has been prepared in relation to two planning appeals made by the Appellants. The appeals have been made following Maidstone BC's refusal of planning permission for major commercial development at Waterside Park.
- 3.2 Appeal A relates to a hybrid planning application seeking permission to re-grade the site to form development platforms, including the creation of new bunds and batters; the development of a new industrial estate comprising up to 56,000 sq.m of B1 office/light industrial, B2 general industrial and B8 storage distribution uses; ancillary café and crèche facilities, creation of a new access to the A20; new internal access roads; parking, internal drainage, structural landscaping and the diversion of the existing public footpath, with access to be determined and appearance, landscaping, layout and scale reserved for subsequent approval. Detailed permission was sought for the erection of a new warehouse building (23,533 sq.m) and associated offices (4,145 sq.m) with access, service yard, parking and landscaping.
- 3.3 The decision notice refusing planning permission was issued on 27 February 2014.
- 3.4 Appeal B relates to a hybrid planning application and sought permission for re-grading of the site to form development platforms, including the creation of all bunds and batters; the development of a new industrial estate comprising up to 45,528 sq.m of B1 light industrial, B2 general industrial and B8 storage and distribution uses with ancillary offices; ancillary café and crèche facilities; creation of a new access to the A20; new internal access roads; parking, internal drainage, structural landscaping and the diversion of the existing public footpath. Detailed permission was sought for the erection of a new warehouse building (21,990 sq.m) and associated offices (2,995 sq.m) with access, service yard, parking and landscaping.
- 3.5 The decision notice refusing planning permission for was issued on 22 October 2014.
- 3.6 A primary focus of both the Appellant's appeals is said in the SOCA to be the alleged need for the proposed development to provide new premises for both ADL and Scarab.¹ ADL and Scarab are currently based in Marden, to the south of Maidstone, and the Appellants say that both businesses need to relocate to new premises in order to ensure their continued growth and to improve efficiency. It is also said by the Appellants that Marden no longer represents a suitable location for the businesses, both because the buildings they occupy there no longer meet their requirements and because of its poor access to the 'strategic highway network'.²

¹ See Section 2.1 of the SoCA.

² See Para 2.1.2 of the SoCA.

- 3.7 ADL was established in 1998 and is a company that distributes car parts. It currently employs 221 people in the UK and has an increasing export market.³ Scarab was established in 1979 and is a manufacturer and supplier of road sweeping and winter maintenance vehicles and equipment. It currently employs 220 people, but appears to have a requirement for a further 50 staff.⁴ 70% of Scarab's business is in export markets.⁵
- 3.8 The SOCA also suggests that in addition to the specific need of Scarab and ADL there is a general need for the development proposed under Appeals A and B.⁶
- 3.9 The SoCA asserts that Waterside Park represents the only suitable and deliverable site able to accommodate ADL's and Scarab's needs within Maidstone Borough.⁷ There is however, no assertion in the SOCA that ADL's and Scarab's need cannot be met outside of the borough.
- 3.10 Despite what is said in the SoCA, I am advised that on 19 March 2015 the Appellants confirmed that ADL would not take up accommodation at Waterside Park. The reason given for ADL's decision was that the development could not be delivered within required timescales (albeit that the likely timescale for delivery of the development, were planning permission to be confirmed, would appear to be no different in March 2015 to it was at the time the appeals were made). I understand no indication has yet been given of whether ADL is now seeking to move to an alternative location, or intends to remain at Marden.
- 3.11 The extent to which the Appellants approach to the issue of economic need will vary as a result of ADL's decision not to move to Waterside Park is unclear.

³ See Para 2.1.3 of the SoCA.

⁴ See Para 2.1.7 of the SoCA.

⁵ See Para 2.1.8 of the SoCA.

⁶ See Para 2.1.11 of the SoCA.

⁷ See Paras 2.1.6 and 2.1.10 of the SoCA.

4 My instructions

4.1 The Kent County Council, Natural England and the Kent Downs Area of Outstanding Natural Beauty Executive have sought and been granted joint Rule 6(6) status by the Planning Inspectorate. My instructions are from the joint Rule 6(6) party and require me to provide:

- 1) An objective assessment of whether Scarab's need for the development proposed at Waterside Park, (either under Appeal A or Appeal B) is fully substantiated and if the need does exist, whether it could, in practice, be delivered on other land.
- 2) An objective assessment of the need for the Former ADL building, taking into account that ADL has confirmed it will not be relocating to Waterside park

4.2 In particular, I have been instructed to provide my opinion of:

- a) The extent to which Scarab appears to be committed to relocating to Waterside Park.
- b) The extent to which it is necessary to meet Scarab's supposed need and any need that might exist for the Former ADL building in Maidstone Borough.
- c) The extent to which other land is available to meet Scarab's supposed need and any need which might exist for the Former ADL building.

5 The Need for the Development

- 5.1 Before addressing the particular issues upon which I have been instructed to provide an opinion, I believe it necessary to give general consideration to the nature of the need the Appellants say exists for the development proposed at Waterside Park.
- 5.2 I understand that planning policies require provision to be made in local plans to accommodate general economic need. However, in this case, while the SoCA refers to a general quantitative and qualitative need for Waterside Park, in practice the claimed need for commercial development is not a general need, but is almost exclusively focused on the requirements of ADL and Scarab.⁸
- 5.3 The supposed benefits of Waterside Park⁹ asserted in the SoCA are benefits that will principally arise from ADL's and Scarab's occupation. Having regard to this, in my view, the relevant issues to be considered when assessing the stated need for the proposed development at Waterside Park, as originally promoted, were the specific needs stated for ADL and Scarab. However, following ADL's decision not to take space at Waterside Park, I have assumed that the economic need asserted by the Applicants may now be varied to focus on Scarab's requirements and the need for the Former ADL building.
- 5.4 Although the context within which the economic need for Waterside Park should be considered is a different context to the one in which Planning Practice Guidance indicates Housing and Economic Development Needs Assessments and Housing and Economic Land Assessments should be undertaken, the Guidance does have some relevance to the exercise I believe needs to be taken in this case.
- 5.5 It is for example made clear that economic development needs and land availability assessments should relate to the functional economic market area.¹⁰ In defining a functional economic market area the Guidance says:

“The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area. Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

⁸ For Appeal A, circa 83% of the total proposed development is allocated to either ADL or Scarab, while for Appeal B development allocated to ADL or Scarab amounts to circa 93% of the total proposed development.

⁹ See Para 2.1.11 of the SoCA.

¹⁰ See Planning Practice Guidance – Housing and economic development needs assessments - Para 008. 'Needs should be assessed in relation to the relevant functional area, i.e. housing market area, functional economic area in relation to economic uses, or area of trade draw in relation to main [town centre](#) uses.'

- *extent of any Local Enterprise Partnership within the area;*
- *travel to work areas;*
- *housing market area;*
- *flow of goods, services and information within the local economy;*
- *service market for consumers;*
- *administrative area;*
- *catchment areas of facilities providing cultural and social well-being;*
- *transport network.”¹¹*

5.6 Importantly, the geographical area to be considered is not restricted to the local planning authority area and a functional economic market area may encompass two or more local authority areas or areas covered by Local Enterprise Partnerships.¹²

5.7 Because for Waterside Park the claimed need for commercial development is not a general need, but is specifically focused on the requirements of Scarab and now the need for the Former ADL building, the functional economic market area within which need should be assessed is

- a) The geographical area within which Scarab’s property requirements could reasonably be expected to be met.
- b) The geographical area within which a business that might occupy the Former ADL building would consider its property requirements could reasonably be expected to be met.

5.8 Scarab’s space requirements are far larger than the vast majority of businesses operating in Maidstone Borough and their property needs therefore have to be considered in that context. The supply of land for a large business, occupying buildings with an area in excess of 13,000 sq.m cannot simply be considered on basis of the available supply in any one individual local planning authority area in isolation. A business like Scarab would normally conduct its search over a much wider functional economic market area, probably encompassing most of central Kent, if not a wider area. Similarly, the Former ADL building is a much larger building than that required by the vast majority of businesses in Maidstone Borough and would compete in the a functional economic market area with other buildings (or sites able to deliver buildings) of similar size, not only in central Kent, but throughout much of the south east region.

¹¹ See Planning Practice Guidance – Housing and economic development needs assessments - Para 012.

¹² Planning Practice Guidance – Housing and economic land availability assessment Para 007.

- 5.9 Notwithstanding my views on the functional economic market within which need should be considered in this case, I have given consideration to Scarab's need as it has been presented by the Appellants and summarise my understanding of this below. Prior to confirmation that ADL would not be relocating to Waterside Park I also gave consideration to ADL's need as presented by the Appellants. While it is no longer a directly relevant issue, I attach my summary at Appendix CCA to this report.
- 5.10 **Scarab's need**
At Appendix 4.2 it is stated that Scarab has outgrown its current premises and previous attempts to look for alternative sites in the immediate area have proved unsuccessful.¹³
- 5.11 Scarab's management estimates that its workforce could grow to 270 people by 2018.¹⁴ Scarab's output also appears to be increasing (an increase of more than 30% in output is claimed for the twelve months to August 2013)¹⁵ and a 25% increase in turnover was expected in 2013.
- 5.12 Scarab is part of a larger international business group.¹⁶ It is also stated that Scarab's parent company is prepared to invest in freehold property¹⁷ and the business would prefer consolidation into a single site factory. This, it is said, which would result in efficiency savings by reorganising production areas and material handling, as well as associated energy savings from a more modern facility. Currently, Scarab's site is split over several buildings at Marden.¹⁸
- 5.13 For Appeal A it is said that Scarab will be provided with a total of 18,325 sq.m of space, albeit that only 15,108 sq.m (i.e. circa 82%) of this would be provided in the first phase. For Appeal B it is said Scarab would be provided with a total of 16,420 sq.m of space, although only circa 85% of the space (13,988 sq.m) would be provided in the first phase. No indication is given, for either Appeal A or B, as to when the second phase of development might take place, or what would happen if Scarab no longer had demand for the additional space.
- 5.14 Within the September 2013 Planning Statement it is stated that Scarab currently occupies 13,657 sq.m (147,000 sq.ft.) of accommodation¹⁹ so that, notwithstanding the suggestion that it has outgrown its premises in Marden, there would appear to be only be a relatively modest initial increase in floorspace at Waterside Park proposed under Appeal B.

¹³ See Para 1.2.25 of Appendix 4.2

¹⁴ See Para 1.2.18 of Appendix 4.2

¹⁵ See Para 1.2.18 of Appendix 4.2

¹⁶ See Para 1.2.22 of Appendix 4.2

¹⁷ See Para 1.2.26 of Appendix 4.2

¹⁸ See Para 1.2.27 of Appendix 4.2

¹⁹ See Para 3.15 of the September 2013 Volterra Economic Impact Report (CD6).

5.15 It is suggested in the Planning Statements provided to support both Appeal A and Appeal B that if Scarab was unable to move to Waterside Park, then it would remain at Marden until its lease expired in 2018, after which it would need to move to new premises.²⁰

5.16 **ADL's and Scarab's stated search criteria**

Despite what would appear to be the different nature of their businesses, it is said in Appendix 4.2 that ADL and Scarab had exactly the same search criteria. These are stated for both Appeal A and Appeal B as being:

- Proximity to a motorway
- Suitable location for headquarters
- A location appropriate for staff retention
- Sufficient space for consolidation and expansion²¹

5.17 However, I would doubt that ADL and Scarab do, in fact, have identical site search criteria, or grade the stated site search criteria in the same way. For example, while for ADL (a warehouse and distribution operation) access to the motorway network may be amongst the most important of the search criteria to satisfy, for Scarab (a manufacturing company), retention of its staff may be of greater importance. The fact that ADL has now decided not to move to Waterside Park underlines the fact that it has different search criteria to Scarab.

5.18 I would also expect that, in addition to the four stated search criteria, a number of other issues would also be likely to influence ADL's and Scarab's choice of relocation property. Although I am hampered by the fact that I only have the information provided by the Appellants to rely upon (so I am unable to undertake the detailed assessment I would normally make), I believe other issues that could inform ADL's or Scarab's choice of property might include:

- Price
- Occupancy costs/operational efficiencies
- Timing of occupation
- Tenure
- Proximity to markets and in particular, ports for access to export markets
- Access to a skilled labour force
- Access to public transport
- Proximity to amenities
- Adequate parking provision/yard areas

²⁰ See Para 6.4.9 of the September 2013 Environmental Statement (CD4).

²¹ See Section 1.3 in Appendix 4.2 and also Paras 6.5.3 of the Appellants Planning Statement (CD2).

- 24/7 access/working hours²²
- Relocation Costs

- 5.19 On 11 February 2015 Kent Legal Services wrote to the Appellants' agent raising a number of questions connected to the issue of need in this case. On 1 April 2015 a letter from the Appellants planning consultant was provided in response. The letter gave details of additional search criteria for ADL, which (in addition to the criteria already stated) included the need to service business in the UK and Europe, increased efficiency, reduced cost, minimise risk and business continuity risk, maximising operational flexibility, maximising asset value and minimise relocation costs. It was also confirmed that no formal ranking system had been adopted for these criteria, but retention of staff was re-stated as a high priority.²³
- 5.20 No similar information was provided for Scarab and the 1 April 2015 letter simply confirmed that further details of Scarab's site search and its search criteria will be provided in evidence. It was, however, confirmed that Scarab is currently exporting 70% of its machine output, with the majority of exports passing through the Port of Dover, London Gateway and Tilbury.
- 5.21 Answers from Scarab to the questions raised in the 11 February 2015 letter would provide me with a far more comprehensive picture of its property needs.

²² A number of these additional criteria are referred to in Volterra's September 2013 Economic Impact Report (CD6) – See Paras 2.3 and 3.4.

²³ It would also appear from the letter confirming ADL's decision not to proceed with Waterside Park that timing of occupation is a material consideration for the business.

6 Scarab's commitment to Waterside Park

- 6.1 Both of the Appellants' appeals are firmly founded on what was said to be demand from ADL and Scarab. However, ADL has confirmed it no longer intends to relocate to Waterside Park and only Scarab now appears to have a demand for the development.
- 6.2 It would be my expectation that, prior to completing a purchase of Waterside Park²⁴ and constructing the buildings, Gallagher would require Scarab to enter into a binding legal agreement confirming the amount and specification of the accommodation to be provided as well as the price to be paid for that accommodation. Clarity on that point was sought by Kent Legal Services on 20 March 2015 in a letter to the Appellants' agent. However, I am instructed that no evidence has yet been provided to demonstrate that Scarab has entered into any form of binding legal agreement to take accommodation at Waterside Park. In the absence of a legally binding agreement there can be no assurance that Scarab will occupy the accommodation it is said will be provided for it at Waterside Park and will not withdraw its interest in the same way that ADL has.
- 6.3 Even if a legal agreement is shown to exist for Scarab to acquire the first phase of accommodation, there is no assurance it will take up the additional expansion space that is said would be provided for it at Waterside Park under either Appeal A, or Appeal B.
- 6.4 If a legally binding agreement exists, but is conditional on agreeing a price for the new accommodation, that will also create uncertainty over whether Scarab will in practice acquire premises at Waterside Park. Although not noted in the Appellants' submissions as one of Scarab's site search criteria, the cost of new premises is invariably a significant issue that businesses take into account when making relocation decisions. If a price has not yet been agreed for any new space provided at Waterside Park, there is no guarantee it will be agreed in the future.
- 6.5 The capital value of new industrial buildings in central Kent has increased by circa 25% over the last two years (the planning application that led to Appeal A was submitted circa 20 months ago) and the cost of new buildings at Waterside Park is likely to have increased over the same period from circa £970 per square metre to £1,235 per square metre. Currently industrial property values continue to increase and so may well be even higher at any future development completion date. The extent to which the rising cost of new accommodation at Waterside Park would affect Scarab's relocation decisions, or any commitment they might make to the quantum of space they would take, is unclear.

²⁴ I understand that currently Gallagher holds an option over the Waterside Park site, but has not yet acquired it.

- 6.6 In the 2013 Volterra Economic Impact Report it is stated that Scarab will invest £15 million in acquiring premises at Waterside Park.²⁵ Given the values I have indicated above, the likely cost to Scarab of the buildings it is said will be provided at Waterside Park is likely to be significantly higher than £15 million, before any additional costs such as fitting plant and machinery or relocation expenses.
- 6.7 A further consideration is that, if ADL were to relocate before Scarab, sufficient space would become vacant at Marden to satisfy Scarab's space requirements. While the business' current accommodation at Marden would not appear to meet all of its purported search criteria, Scarab has clearly prospered at Marden. The Appellants have not explained to what extent remaining at Marden might be an option for Scarab if ADL moved away from Marden.
- 6.8 As I have previously indicated, it is my view that both ADL and Scarab are likely, ultimately, to base their decision to relocate on a variety of criteria that go beyond those stated by the Appellants. Indeed, for ADL it has now been confirmed that this is the case. It remains unclear, having regard to all of those criteria (including the possible cost of relocating and purchasing new buildings), whether, if ADL relocated, remaining at Marden would be a viable option for Scarab.

²⁵ See Para 5.25 of the Volterra Economic Impact Report (CD6)

7 The extent to which it is necessary to meet Scarab's purported need and the purported need for the Former ADL building in Maidstone Borough

7.1 The SoCA asserts that Waterside Park represents the only suitable and deliverable site to accommodate Scarab's within Maidstone Borough.²⁶ It is my view, having given consideration to what are said to be Scarab's requirements for new premises and particularly the quantum of accommodation it requires, that the Appellants are correct in saying there are no immediately deliverable sites that could accommodate the business' stated needs within Maidstone Borough. I would also agree that Appendix 4.2 provides a comprehensive list of sites in the Borough, which it would be reasonable for Scarab to consider.²⁷

7.2 However, as I have previously explained, there is no justifiable reason why an assessment of Scarab's specific needs should be restricted to the local planning authority's administrative boundaries. For a business of the size of Scarab, operating as it does on an international scale, limiting consideration of sites that could satisfy its economic need to Maidstone Borough would be unaligned to normal patterns of market demand and lead to a misleading conclusion. The functional economic market area in which a property search for a business such as Scarab would normally be undertaken is likely to extend over a relatively large geographical area encompassing a number of boroughs. Indeed the area of search could quite legitimately be countywide, or cross-county and might even extend across a wider part of south east England.

7.3 Whilst I can accept that it is perfectly reasonable that Scarab might limit the distance it wishes to move in order to retain existing staff as far as possible, there is, in reality, no economic imperative at all for it to remain in Maidstone Borough. Whilst the business might prefer to remain in the borough, this is not in itself an economic need, simply a preference. In my view Scarab could function perfectly well on suitable sites in surrounding boroughs, or indeed in the wider central Kent area generally.

7.4 It is recognised in Volterra's 2013 Economic Impact Report that if development at Waterside Park does not go ahead both ADL and Scarab are likely to relocate outside of Maidstone Borough.²⁸ However, while Volterra says this would lead to a loss of existing and future benefits, this is clearly not true in terms of the wider economy in Kent and the south east. ADL and Scarab would still be able to expand and provide the economic benefits listed by Volterra to the area surrounding their new premises if located outside of Maidstone Borough.

²⁶ See Paras 2.1.6 and 2.1.10 of the SoCA.

²⁷ i.e. the sites numbered 03 – 14 in Tables 2.1, 2.2 and 2.3 of Appendix 4.2.

²⁸ See Paras 2.6 of Volterra's Economic Impact Report (CD6).

It is also wrong to suggest that Maidstone Borough could not still derive some benefit from the businesses if they located outside of the borough, but remained close to it.

7.5 In relation to the Former ADL building, it would again be misleading to consider demand for a warehouse and office building with an area in excess of 25,000 sq.m in the context of Maidstone borough alone. I am unaware of any current requirement (other than ADL's purported requirement) for a building of this size in Maidstone Borough, or indeed in central Kent generally. Any potential occupier of a building of the size of the Former ADL building is likely to consider available premises over a wide geographical area that could well extend across south east England. Proper consideration of the economic need for a warehouse and office building of the size of the Former ADL building would need to involve a study of the supply of suitable land over this wider functional economic market area. The Appellants have not produced a study of this type or demonstrated that within the context of the relevant functional economic market area there is a need to develop the Former ADL building at Waterside Park.

7.6 In order to illustrate the geographical area over which a business seeking relatively large B1/B2/B8 premises might undertake its search, attached at Appendix CCB to this report are examples of recent site search criteria for businesses with a space requirement of between circa 2,000 sq.m and 46,450 sq.m which would relocate in Kent and/or other counties in south east England. It will be seen that these requirements, even though they relate to searches for much smaller premises than the Former ADL building, encompass fairly large geographical areas.

8 The extent to which other land is available to meet Scarab's purported need – The Search Criteria

8.1 In determining whether there is any land currently available that would meet Scarab's needs (to the extent the Appellants have expressed those needs), I have based my assessment on the search criteria specified in Appendix 4.2. namely,

- Proximity to a motorway
- Suitable location for headquarters
- A location appropriate for staff retention
- Sufficient space for consolidation and expansion²⁹

8.2 Although Appendix 4.2 gives only a general indication of how Scarab might assess potential relocation sites in line with these criteria, when considering whether any other land/properties exist that might meet the businesses requirements I have adopted a more definitive approach.

8.3 Proximity to motorway

It is suggested that the problem with Scarab's existing Marden location is that HGVs have to travel along country lanes and through Maidstone town centre, with a journey time of around 30 minutes before they reach the M20.³⁰ Waterside Park would be located immediately south of the A20 dual carriageway and the link road to Junction 8 of the M20. However, I believe it reasonable to assume that the requirement to have 'proximity to a motorway' would not restrict Scarab's search to sites with direct motorway access and sites with good access to a motorway via a dual carriageway would also be acceptable.

8.4 Having regard to the current 30 minute travel time from Marden to the M20, I have also assumed that cutting that journey time by 50% or more (i.e. to 15 minutes or less) would be considered a significant advantage. Assuming an average speed of 80 kph (50 mph) travel along a dual carriageway and also allowing for time to leave the new premises and access the dual carriageway this would suggest a maximum distance from the motorway network of say circa 13km (8 miles).³¹ As a check I have used AA route finder to confirm that the journey time from any identified alternative site to a motorway junction would normally involve less than 15 minutes journey time.

8.5 Suitable location for headquarters

It is stated in Appendix 4.2 that,

²⁹ See Section 1.3 to Appendix 4.2

³⁰ See Para 1.3.2 of Appendix 4.2

³¹ i.e. allowing say 5 minutes to access the dual carriageway and then 10 minutes at 50 miles per hour to travel circa 8 miles.

“Given the investment being made, both companies are keen to ensure the building is prestigious with a suitable, good quality environment to reflect each company’s corporate image.”³²

8.6 This is a reasonable requirement, but one, which I believe, could be met by the majority of new sites where new build development is proposed, or where there are existing modern premises of good design. I have nonetheless had regard to this requirement when trying to identify sites that will meet Scarab’s stated needs.

8.7 **Location appropriate for staff retention**

It is said in Appendix 4.2 that Scarab wishes to relocate as close to Marden as possible in order to maximise staff retention, although it is recognised that any relocation will be inconvenient for some staff.³³ It is also stated that currently Scarab’s staff travel an average of 17km (10.6 miles).³⁴ In considering staff journey times however, it is important to remember that in terms of the accessibility of any new premises’, journey distance is not an absolute measure. A longer journey along faster roads may take less time than a shorter journey along country roads. The journey time from Maidstone town to Marden is circa 20 minutes.

8.8 However, as I have confirmed previously, in my view a business of Scarab’s size and type could be expected to consider replacement property over a fairly wide area. In my experience it would not be unusual for a business comparable to Scarab to relocate a distance of more than 50km (30 miles) with staff retention and the employment of new staff being seen as manageable issues.

8.9 Although I accept it is an imprecise basis of assessment (in the absence of more detailed information) it would appear from the diagram at Figure 6.6 to Appendix 6.1 of the September 2013 Environmental Statement, that the majority of Scarab’s employees live north of Marden, in an area that can be broadly described as lying between the southern borders of Maidstone town and Gillingham. The statistics at Table 6.14 within the main body of the Environmental Statement appear to support this contention with circa two-thirds of Scarab’s employees based in Maidstone or districts to the north of Maidstone.³⁵

8.10 Taking this into account, for the purpose of attempting to identify premises which would meet Scarab’s stated requirement to retain as many staff as possible, while meeting the other stated search criteria, I have assumed that sites within a travel distance of 31.5km (20 miles) and 30 minutes road travel time from Maidstone town could satisfy the business’ needs.

³² See Para 1.3.4 of Appendix 4.2

³³ See Para 1.3.6 of Appendix 4.2

³⁴ See Para 1.3.5 of Appendix 4.2

³⁵ i.e. Maidstone 41.2%, Medway 18.6%, Swale 6.5% - Total 66.3%

8.11 **Sufficient space for consolidation and expansion**

Scarab currently operates from a number of buildings rather than a single building. Although this is said to be an inefficient arrangement³⁶ it does not appear to have had a significant limiting impact on the businesses' success or growth to date. However, I would accept that operating from a single building can improve efficiency.

8.12 It is also stated that Scarab wishes to have the flexibility of “*significant future expansion space*” to avoid the scenario of having to work out of separate buildings once again.³⁷ In my experience, an ability to acquire new premises with additional land immediately available for future expansion would not normally be considered an essential requirement, particularly if, (as it currently appears with Scarab) there is no clear indication of when that future expansion might take place. The additional land it is said the business requires could only be secured at a cost and a balance needs to be drawn between the cost of the additional land and the likely timeframe within which it might be utilised.

8.13 Nonetheless, when trying to identify suitable alternative sites Scarab, I have taken into account its stated preference to be able to acquire additional land to allow for future expansion. In doing this, I have assumed that the additional expansion space Scarab would require is the same as that implied in the planning applications made for Waterside Park.

³⁶ See Para 1.3.7 of Appendix 4.2

³⁷ See Para 1.3.8 of Appendix 4.2

9 Alternative sites

9.1 Having regard to what I have said above, I believe the following sites could be suitable for Scarab. A number of the sites could also be developed to provide a building of the same size and specification as the Former ADL building.

9.2 **G.Park, Sittingbourne** – See Appendix CCC

9.2.1 **Location**

G.Park is situated to the north of Sittingbourne, with good access to the dualled A249, circa 6.5km (4 miles) to the north of the M2 (Junction 5). Marden is circa 33.5km (21 miles) distant by road and Maidstone town is circa 21km (13 miles) distant.

9.2.2 **Description**

G.Park comprises an extensive B1, B2, B8 new build development opportunity being marketed by the developer, Gazeley. Part of the site has already been developed to provide an 85,880 sq.m (920,000 sq.ft) facility for Morrisons, but two additional sites still remain available. The smaller site is 3.85 hectares (9.52 acres) and can accommodate circa 11,850 sq.m (127,500 sq.ft) of buildings. It is therefore likely to be too small for Scarab's needs.

9.2.3 However, the larger eastern plot is 11.85 hectares (29.27 acres) and could be developed to provide up to 49,950 sq.m (537,600 sq.ft) of accommodation in the form of a single building, or a number of smaller buildings.³⁸

9.2.4 **Satisfaction of search criteria**

G.Park could accommodate both Scarab's immediate occupational requirements and provide adequate potential for expansion. G.Park could also accommodate a building of equivalent size to the Former ADL building.

9.2.5 G.Park enjoys good access to the M2 via a dual carriageway.

9.2.6 As a new build development, any buildings constructed at G.Park would provide accommodation suitable for a company headquarters and could be designed to meet Scarab's specific requirements.

³⁸ Whilst the marketing particulars for G.Park refer to the site being split to provide buildings of 40,800 sq.m (439,000 sq.ft) and 19,700 sq.m (212,000 sq.ft), there is no reason to suggest that, subject to planning, buildings could not be provided to accommodate Scarab's specific size requirements and/or to provide a warehouse facility comparable to the Former ADL building.

9.2.7 G.Park is situated in a location where I believe staff retention and the replacement of staff with skilled labour would normally be considered a manageable issue for a business such as Scarab. There is an economically active labour pool within close proximity. The road journey time from Maidstone to G.Park³⁹ is circa 22 minutes, i.e. similar to the journey time from Maidstone to Marden.

9.2.8 Single consolidated buildings could be provided at G.Park.

9.2.9 **Conclusion**

In my view, G.Park meets all of Scarab's stated search criteria. It is also a site where a comparable building to the Former ADL building could be developed. I understand ADL recognised G.Park as an alternative to Waterside Park.

9.3 **Neats Court Business Park, Sheppey – See Appendix CCD**

9.3.1 **Location**

Neats Court Business Park (Neats Court) is located close to Queenborough on the Isle of Sheppey. The site is situated approximately 38km (24 miles) driving distance from Marden and 27km (17 miles) from Maidstone. Neats Court fronts onto the A249 dual carriageway which provides access to Junction 5 of the M2, 11km (7 miles) distant and Junction 7 of the M20 22.5km (14 miles) distant.

9.3.2 **Description**

Neats Court is owned by the Crown Estate and is currently being marketed as development land with planning permission for B1, B2 and B8 uses. A large part of Neats Court has already been sold to Aldi as a regional distribution hub, but three sites of 2 hectares (5 acres) 6.5 hectares (16 acres) and 8.5 hectares (21 acres) are currently on the market.⁴⁰

9.3.3 The smaller 2 hectare site would be unable to accommodate Scarab's requirements. However, although the site might be seen as too large for Scarab in isolation,⁴¹ the 6.5 hectare site could accommodate Scarab (both its immediate and expansion requirements) together with further additional development. The largest 8.5 hectare site could accommodate Scarab together with additional development and could also accommodate a building of comparable size to the Former ADL building, together with additional development.⁴²

³⁹ Using AA Route Finder.

⁴⁰ It should be noted that Aldi has acquired more land since the marketing particulars at Attachment C were produced and the information set out above represents the current position as advised by the marketing agents, Smith Gore.

⁴¹ Assuming 50% site density the site could accommodate a total of circa 32,380 sq.m (348,500 sq.ft) of buildings.

⁴² Assuming a 50% site density the site could be developed to provide a total of 42,500 sq.m (457,400 sq.ft) of buildings.

9.3.4 **Satisfaction of search criteria**

Neats Court could accommodate Scarab's requirements. It could also provide a building comparable to the Former ADL building.

9.3.5 Neats Court has direct dual carriageway access to Junction 5 of the M2 which is circa 11km (7 miles distant). I therefore believe the site provides reasonable access to the motorway network.

9.3.6 As a new build development, any buildings constructed at Neats Court would provide accommodation suitable for a company headquarters and could be designed to meet both Scarab's specific requirements.

9.3.7 Neats Court is situated in a location where I believe staff retention and replacement of staff with alternative skilled labour would normally be considered a manageable issue for a business such as Scarab. There is an economically active labour pool within close proximity. The road journey time from Maidstone to Neats Court is circa 25 minutes, i.e. only slightly longer than the journey time from Maidstone to Marden.

9.3.8 Single consolidated buildings could be provided at Neats Court.

9.3.9 **Conclusions**

I believe Neats Court meets Scarab's stated search criteria and could also provide a building comparable to the Former ADL building.

9.4 **Kingsnorth Commercial Park – See Appendix CCE**

9.4.1 **Location**

Kingsnorth Commercial Park (Kingsnorth) is situated to the south side of the Hoo Peninsula in Medway, approximately 9.5km (6 miles) from both Junctions 1 and 2 of the M2 motorway. Direct motorway access is provided via the dualled A228 and A289, with the A228 being easily accessible from the site via Stoke Road. Kingsnorth is situated approximately 46km (28 miles) road distance north of Marden and 32km (20 miles) north of Maidstone.

9.4.2 **Description**

In total, Kingsnorth comprises 46.5 hectares (115 acres) of serviced development land able to accommodate up to 185,800 sq.m (2 million sq.ft) of B1, B2, B8 accommodation. There is detailed planning consent for a single unit of 113,815 sq.m (1.225 million sq.ft) on a site of 25 hectares (61.6 acres).

- 9.4.3 The remainder of Kingsnorth is currently being marketed as six sites of between 1.4 hectares (3.5 acres) and 8.5 hectares (21 acres). Plot 5 is 5.75 hectares (14.2 acres) and can support 29,730 sq.m (320,000 sq.ft) of accommodation. Plot 5 could therefore accommodate Scarab, together with additional development, or could be developed to provide a building comparable to the Former ADL building. Plot 2 is a larger site of 8.5 hectares (21 acres) that can accommodate 37,165 sq.m (400,000 sq.ft) of development. Plot 2 could be developed to provide a building comparable to the Former ADL building, together with additional development.
- 9.4.4 Plots 8/9/10/11 have a total area of 3.56 hectares (8.8 acres) and are therefore large enough to accommodate Scarab's requirement.⁴³
- 9.4.5 I understand that the developers of Kingsnorth have recently submitted a planning application seeking permission to develop a circa 24,150 sq.m (260,000 sq.ft) warehouse building with ancillary offices.
- 9.4.6 **Satisfaction of search criteria**
Kingsnorth could accommodate either Scarab satisfying both its immediate occupational requirements and providing adequate potential for expansion. Kingsnorth could also accommodate a building comparable to the Former ADL building.
- 9.4.7 Kingsnorth has direct dual carriageway access to the M2 motorway which is 9.5km (6 miles) distant. I therefore believe the site provides good access to the motorway network.
- 9.4.8 As a new build development, buildings constructed at Kingsnorth could provide accommodation suitable for a company headquarters and could be designed to meet Scarab's specific requirements.
- 9.4.9 Kingsnorth is situated in a location where I believe staff retention and replacement of staff with alternative skilled labour would normally be considered a manageable issue for a business such as Scarab. There is an economically active labour pool within close proximity. The road journey time from Maidstone town to Kingsnorth is circa 30 minutes.
- 9.4.10 Single consolidated buildings could be provided at Kingsnorth.

⁴³ Assuming 50% site density Plots 8/9/10 and 11 could accommodate circa 17,800 sq.m. (191,665 sq.ft of buildings). This is slightly smaller than the requirement stated for Appeal A, but larger than the requirement stated for Appeal B.

9.4.11 **Conclusions**

I believe Kingsnorth satisfies Scarab's stated search criteria and could also provide a building comparable to the Former ADL building.

9.5 **Invicta Riverside – See Appendix CCF**

9.5.1 **Location**

Invicta Riverside is situated to the north west of Maidstone only 3km (2 miles) from the M20 (Junction 4). New Hythe railway station is also in close proximity. Invicta Riverside is situated circa 14.5km (9 miles) from Marden and 6.5km (4 miles) from Maidstone.

9.5.2 **Description**

The Invicta Riverside site has been developed to provide three industrial units with ancillary offices suitable for B1(c), B2 and B8 uses. The three buildings respectively have areas of 8,298 sq.m, 3,811 sq.m and 5,514 sq.m, providing for a total of 17,623 sq.m (189,673 sq.ft). All three units are currently vacant and on the market.

9.5.3 **Satisfaction of search criteria**

In combination the buildings provide accommodation of sufficient size to accommodate Scarab's requirement. Although the amount of office space at Invicta Riverside is less than that which it is said will be provided for Scarab at Waterside Park, additional office space could be provided within the warehouse areas.

9.5.4 The site provides good links to the motorway network and is broadly comparable to Waterside Park in terms of its distance from Marden.

9.5.5 The location and quality of the buildings at Invicta Riverside makes it a suitable site for a company headquarters.

9.5.6 The three buildings making up Invicta Riverside are in close proximity and face each other across a shared concrete yard. However, the split of space across three buildings does not meet the requirement of providing a consolidated site.

9.5.7 In combination, the three buildings at Invicta Riverside are larger than Scarab's immediate size requirement and there is therefore potential for expansion. However, it would be necessary to 'forward purchase' a completed building for which the business had no immediate requirement. While the opportunity would exist to let space in the short term, until the additional accommodation was required, this is a less flexible and more complicated

process than purchasing a site where purpose built accommodation could be constructed in phases.

9.5.8 **Conclusions**

Invicta Riverside meets Scarab’s need, other than for the fact it does not provide a single consolidated unit.

9.6 **Summary**

Set out below is a matrix which summarises the ability of each of the sites I have identified to meet the search criteria specified for Scarab. G.Park, Neats Court and Kingsnorth could also be developed to provide a building comparable to the Former ADL building.

Site	Proximity to motorway	Suitability for company headquarters	Location appropriate for staff retention	Consolidation	Expansion
G.Park	✓	✓	✓	✓	✓
Neats Court Business Park	✓	✓	✓	✓	✓
Kingsnorth Commercial Park	✓	✓	✓	✓	✓
Invicta Riverside	✓	✓	✓	x	✓

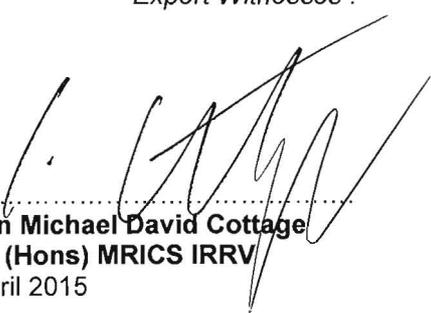
10 Summary of conclusions

- 10.1 The SoCA makes it clear that a primary focus of the Appellants' appeal is Scarab's purported need for the development proposed at Waterside Park. While the SoCA also focused on ADL's purported need, ADL has now confirmed it will not be relocating to Waterside Park.
- 10.2 No evidence has been provided by the Appellants to suggest that Scarab has made any binding commitment to relocate to Waterside Park if planning permission were to be granted. Without a legally binding agreement, it cannot be said with any degree of certainty that Scarab will relocate to Waterside Park and would not decide against the development as ADL has. Furthermore, even if some form of legal agreement does exist, no evidence has yet been provided to demonstrate that this would require Scarab to acquire not only the buildings proposed for it in the first phase of development, but also the expansion space that it is said will be provided. It is also not clear whether any price has been agreed with Scarab for accommodation at Waterside Park. This is an important factor given the significant increase in industrial property values in Kent over the last two years. If ADL were to move from Marden it is unclear whether remaining there would be a viable option for Scarab.
- 10.3 Although the SOCA refers to Scarab's wish to remain in Maidstone Borough and states that Waterside Park represents the only suitable and deliverable site to accommodate its needs, the functional economic market area within which Scarab could reasonably be expected to undertake a property search is not constrained by Maidstone's administrative boundary and would normally be expected to extend over a significantly larger area. Similarly, the functional economic market area for the Former ADL building could potentially encompass much of south east England. Having regard to this, to consider the economic need for Waterside Park only in the context of Maidstone Borough would be misleading.
- 10.4 Scarab's needs, as expressed in the SoCA and the additional documentation provided for Appeal A and Appeal B, appear to reflect only a limited list of search criteria (which are also the same criteria originally stated for ADL). In my view, the stated search criteria could be met by a number of other sites in the immediate functional economic market area. Namely, G.Park, Neats Court, Kingsnorth and Invicta Riverside. G.Park, Neats Court and Kingsnorth could also provide a building comparable to the Former ADL building.
- 10.5 In my opinion, it is not correct to say that Waterside Park is the only suitable and deliverable site that might accommodate the needs of Scarab or deliver a building equivalent to the Former ADL building within what can reasonably be considered the functional economic market area.

11 Declaration

11.1 In preparing this Proof of Evidence, I confirm that,

- 1) I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.
- 2) I confirm that my report has drawn attention to all material facts which are relevant and have affected my professional opinion.
- 3) I confirm that I understand and have complied with my duty to the Inquiry as an Expert Witness which overrides any duty to those instructing or paying me, that I have given my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 4) That I am not instructed under any conditional or other success based fee arrangement.
- 5) I confirm that I am aware of and have complied with the requirements of the rules, protocols and directions of the Inquiry.
- 6) I confirm that my report complies with the requirements of the Royal Institution of Chartered Surveyors as set down in the RICS Practice Statement "*Surveyors acting as Expert Witnesses*".



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Colin Michael David Cottage
BSc (Hons) MRICS IRRV
7 April 2015