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NOVEMBER 2005

**EMPLOYMENT
MARKET
REPORT**

**SUMMARY
PROOF OF EVIDENCE
OF
JOHN STEPHENSON
FRICS, MCI Arb
GRANT & PARTNERS**

**IN RESPECT OF

LAND AND PREMISES
CRANFORD WAY IND.
EST.
HORNSEY**

**ON BEHALF OF

LONDON CONCRETE
LIMITED**

**PLANNING
INSPECTORATE REF:
APP/Y5420/A/04/11169335
LPA REF: HGY/2004/1265**

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1.0 QUALIFICATIONS AND EXPERIENCE

1.1 My name is John Richard Stephenson. I am a Fellow of the Royal Institution of Chartered Surveyors, a Member of the Chartered Institute of Arbitrators and a Member of the Society of Expert Witnesses. I am the Senior Director of Grant & Partners and have been in practice for over 30 years. My firm was established in 1965 and has for the past 40 years specialised in the industrial property market. I commenced practice with the firm in 1974.

2.0 INTRODUCTION AND SCOPE OF REPORT

2.1 I am instructed to examine (in a market context only) the propositions set out within Reason for Refusal No. 2 which states:-

“The additional traffic movements to and from the application site, and the nature of that traffic, would by reason of noise and dust generation be detrimental to the current operating and working conditions of properties in Cranford Way, which are of predominantly a storage/light industrial character rather than general industrial. The proposed development would discourage businesses from locating in Cranford Way and may lead to some occupiers moving out of their existing premises. This would lead to a net reduction of jobs in the Defined Employment Area which would not be offset by the proposed creation of 12 jobs at the new plant.”

2.2 In preparing my evidence and as part of my consideration of Reason for Refusal No. 2, I have also taken account of the general characteristics of this estate together with the workings of the market generally. I have also noted from the Report to Committee (and from being provided with further more recent copy correspondence) that objections have also been raised by:-

- The Botswana Meat Commission
- Tradewinds Merchandising Co Ltd
- Donaldsons (on behalf of WH Smith Plc)
- Smith Lance Larcade & Bechtol (on behalf of Starmark Enterprises Ltd – the freeholder of the Cranford Way Industrial Estate)

2.3 I will provide my observations in relation to the merits of the various objections raised by the Council and by the letters referred to above. The questions I have considered are therefore as follows:-

- Will the additional traffic movements to and from the appeal site be detrimental to the current operating and working conditions of properties in Cranford Way by reference to alleged:-
 - Dust contamination.
 - Increased lorry movements.
 - Potential concrete slurry spillage.
 - Congestion on the estate and at its entrance.
- Will the proposed development discourage businesses locating in Cranford Way.
- Will the proposed development lead to some existing occupiers moving out of Cranford Way.
- Is there likely to be a net reduction in jobs in this DEA if the appeal proposed is allowed and the development is implemented.

2.4 It will be appreciated that in the context of the market for all types of B class accommodation the boundaries of a particular borough are not directly relevant to the workings of that market. I have therefore considered a market area known as the “North Sub-Region”. This market sub region includes the London Boroughs of Barnet, Enfield, Haringey and Waltham Forest.

3.0 THE APPLICATION SITE, THE CRANFORD WAY INDUSTRIAL ESTATE AND THE SURROUNDING AREA

3.1 The appeal site is located to the southern end of the Cranford Way Industrial Estate. There are currently a number of existing structures on the site but in terms of the actual appeal proposal the development is fully described in the proof of evidence of Mr Woolner. I have however taken particular note of:-

- The nature of the development proposal.
- The structures to be erected.
- The process to be undertaken at the plant.
- The proposed incorporation of the latest environmental and safety features.
- The nature of the proposed cladding which will enclose all of the working elements of the plant.
- The system to be installed is said to be a market leader in the design and manufacture of low level environmentally secure batching plants. The plant is also intended to be visually unobtrusive and will incorporate sophisticated environmental controls dealing specifically with noise, dust and visual appearance. I have also particularly noted the evidence of Mr Bellamy as to the nature of the anticipated lorry movements from the new plant in the context of Cranford Way and its junction with Tottenham Lane.

3.2 It is important to highlight the fact that the appeal proposal does not incorporate an adjoining aggregates depot (which is often the case for other concrete batching plants) where external storage and movement of aggregates can give rise to air borne dust.

3.3 The Cranford Way Industrial Estate has been developed over a period of time and particularly since the 1960's on land, which was previously known as the Hornsey Goods Yard. It now provides a mix (in terms of size and age) of largely single storey buildings in warehousing and distribution uses.

3.4 Background statistical information derived from reports prepared for the GLA and the London Borough of Haringey can be found in my main proof.

3.5 At November 2005 the occupancy rate on the estate has fallen as a consequence of the vacation of a number of units previously occupied by TNT Transport. I now estimate the current occupancy rate to be approximately 90% although I have little doubt that the vacant units will be let shortly. In addition, however, the substantial building to the north of the estate and fronting Tottenham Lane (presently occupied by the Botswana Meat Commission) is currently on the market for disposal on a freehold basis. I have noted the statement in the Planning Committee Report that the decision to dispose of this property is....

“for reasons unconnected to the batching plant application”

3.6 The various businesses represented on the estate provide a mix of warehousing and distribution functions with only a limited “industrial” element within unit 9. As is common

in any industrial/warehouse location such as this, units change hands from time to time for a variety of reasons.

4.0 THE PLANNING CONTEXT

- 4.1 As I have already highlighted I am not instructed to deal with planning policy but I have noted that the appeal site forms part of the Cranford Way Employment Area which by definition is an area set aside for the purposes of employment uses falling within use classes B1 b and c, B2 and B8 or similar uses. There is no policy or condition requiring uses on this estate to be more tightly controlled to say those within classes B1c or B8 only. Accordingly a very wide range of potential users can be accommodated either through development or through occupation of existing buildings. This also appears to be the case under the terms of the emerging Plan. The specific appeal proposal is also clearly in conformity with the strategic and regional policy for the use of rail heads and the movement of aggregates by rail and this has also been properly recognised in the Committee Report.
- 4.2 A number of the objections raised to the appeal proposal would indicate that there is a perception that the appeal proposal, will in some way “blight” the existing estate and the potential for future employment generation. In my opinion this perception will not manifest itself in practice for the reasons I have explained in my main proof.

5.0 THE MARKET CONTEXT

- 5.1 There is a long and well established trend of decline in the manufacturing sector throughout London but this is, largely offset with increases in demand for warehousing space of all types and sizes.
- 5.2 In general terms the vacancy rate in the “North Sub-Region” averages approximately 8.1% with Enfield having the largest stock of buildings and development opportunities. The total vacancy rate (estimated by Atkins) across the Borough of Haringey was reported to be 9.9% but this statistic will reflect the fact that many of the estates are described as being “poor” or “fair” in terms of condition. Such low vacancy rates do not indicate that the market is in some way distressed with supply exceeding demand. Indeed this level of vacancy enables the market to work reasonably efficiently.
- 5.3 It is well established in many London Boroughs that surplus industrial land is now being developed for alternative uses, particularly residential and in some cases retail (or a mix of both). This reduction in land supply is one of the reasons behind the relatively high occupancy rates in virtually all London Boroughs.
- 5.4 If it were to be suggested that some occupiers may be dissuaded from acquiring premises close to an operation as proposed by the appellants then the only impact this would have (in theory) is some slight reduction in overall market demand which “could” ultimately be reflected in the rental or capital value which might be achieved for the property.
- 5.5 In my opinion any potential occupier of the Cranford Way Industrial Estate will find the operation of the appeal proposal to have no adverse practical impact. The independent reports prepared by the consultants for the appellants (in relation to highways and noise etc) indicate that there will be no practical difficulties. Even a suggestion that the perception of potential problem could in itself adversely impact future occupiers coming forward does not stand up to how the market functions in practice.

6.0 A DETAILED EXAMINATION OF THE PROPOSITIONS PUT FORWARD IN REFUSAL REASON NO. 2

6.1 Looking forward to the future (whatever the outcome of the appeal proposal) the specialist reports of the appellants experts will be in the public domain and this seems to me to be a factor of considerable relevance. I will now deal with the various “assertions” as follows:-

Traffic Movements Generated by the Appeal Proposal

6.2 It is alleged that through traffic movements this activity may lead to dust contamination, increased congestion on the estate (and at its entrance) and inconvenience caused by possible concrete slurry spillage.

6.3 I have particularly noted the proof of evidence of Mr Sharps, the company evidence of Mr Casey, the evidence as to air quality of Mr Grant and the highway evidence of Mr Bellamy. I have also noted the expert’s conclusions.

6.4 The conclusions as summarised in my main proof indicate that in practice there will be no detrimental impact upon occupiers of the Cranford Way Industrial Estate under any of the specific headings referred to. In addition it must be appreciated that any occupier of virtually any industrial estate cannot be certain as to the nature of its neighbours at various points in the future. This is particularly relevant to the subject DEA given the relatively wide range of potential uses (including general industrial uses) which can be permitted on this estate by reference to its planning designation.

Will the Appeal Proposal Discourage Other Business Locating in Cranford Way

6.5 The past and present occupancy levels on this industrial estate are generally high with only two units presently vacant totally approximately 2,000m².

6.6 The appeal proposal is clearly well known to the adjoining occupiers on this estate as already highlighted, some objections have been received. Through my research with the office of the freeholder of the Cranford Way Industrial Estate and the agents representing the owners of the Botswana Meat Commission, it appears that the appeal proposal has not adversely affected the marketing of either the estate as a whole or the property which is in the freehold ownership of the Botswana Meat Commission. Indeed I understand the estate is about to be sold to an alternative investor. It is also my understanding that there have been numerous bids for the property occupied by the Botswana Meat Commission including some unsolicited offers made prior to the property being formally offered for disposal in the summer of this year.

6.7 The only current occupier on this estate which has a partial industrial process is a company known as Tradewinds Merchandising in Unit 9. This building has an original floor area (to include ancillary offices) of just over 1,000 m² and represents only 3.5% of the total accommodation on this estate. The web page of the company states the following:-

“The Tradewinds Merchandising Company was established in 1981 and has been supplying business gifts, leisure wear and corporate clothing for the last two decades to the sales promotion, entertainment and business communities throughout the UK and Europe.”

6.8 Clearly the main function of this company is the supply and distribution of the items summarised in the quote above which will also include importing many of these commodities from overseas. I have also seen a copy of the email dated the 17th November 2004 which was sent by Mr Savage of Tradewinds to the Director of Development Control

at Haringey which clearly indicates in the first sentence of that email that **part** of the business involves ‘silk screen printing’.

- 6.9 The unit occupied by Tradewinds is described by the Valuation Office as “warehouse and premises”. I attach in **Appendix 2** (in my main proof) a copy of the summary valuation taken from the Valuation Office web page. In addition to the original ground floor it should be noted that there is a substantial mezzanine floor used for further internal storage. The major part of the ground floor is described as “warehouse”.
- 6.10 The evidence of Mr Grant in relation to air quality has already shown that there will be no increase in the levels of dust particles in the atmosphere and accordingly the concerns of Mr Savage will not materialise in practice.

Will the Appeal Proposal Lead to some Existing Occupiers Moving Out of Cranford Way

- 6.11 The distribution company, TNT previously occupied units 10 & 11 on this estate (extending to just over 2000m²) and vacated the same in February 2004. Based on my discussions with the companies surveyors, this relocation occurred as a strategic policy having acquired alternative premises in Enfield and the move was not, in any way, connected with the appeal proposal.
- 6.12 The Botswana Meat Commission has been formally marketing its premises since the summer of 2005 but I believe the possibility of a sale has been considered for several years. As a consequence of discussions with the selling agents it is understood that this disposal is part of a larger structural repositioning of the companies functions and facilities in the UK.
- 6.13 Based on the above, there is no direct evidence at this time that the appeal proposal has caused any existing occupiers to relocate from Cranford Way.

If The Appeal Proposal is Allowed, Will There Be A Net Reduction In Jobs In This DEA?

- 6.14 The provision of jobs in a DEA of this type will inevitably fluctuate over periods of time and will be dependent upon the nature and the various business of the individual occupiers.
- 6.15 The appeal proposal itself will in fact generate new job opportunities and there is no evidence to suggest that there will be a net reduction in jobs over any reasonable time frame.

7.0 EVIDENCE FROM OTHER LOCATIONS IN GREATER LONDON

- 7.1 As a consequence of my general experience in the industrial property market, I have, from time to time, been involved with property negotiations relating to premises adjacent to external aggregate batching plants and concrete batching depots. In all of the examples I refer to in detail in my main proof the general environment created by the relative processes tend to be more “hostile” than will be the case if the appeal proposal is permitted in the subject location.
- 7.2 In the case of all three examples, successful, high profile businesses and companies happily occupy premises immediately adjacent to the long established aggregate operations. I therefore conclude that I disagree with the proposition put forward by the local Planning Authority that the appeal proposal will be detrimental to the operating and working conditions of existing businesses at Cranford Way; will discourage businesses locating in Cranford Way and will lead to occupiers moving out of Cranford Way.

8.0 CONCLUSIONS

- 8.1 Having examined Reason for Refusal No. 2 in the context of my market knowledge of the “B Class” sector and by reference to the experts reports which have been tabled in relation to traffic, noise, dust and quality of built structures and operation applicable to the appeal proposal, there is **no evidence to support the assertions made.**
- 8.2 Indeed my investigations demonstrate that future operations on the estate will not be effected by the appeal proposal, businesses will occupy premises and any future relocations are only likely to occur as part of the natural cycle of companies locating in and relocating from any given area. Additionally job opportunities will not be adversely effected.
- 8.3 Occupancy rates generally in this part of Greater London are high and there is no likelihood of a significant number of buildings (over and above the average) becoming available in the future as a consequence of the appeal proposal.
- 8.4 Even if it might be accepted for discussion purposes that perceptions can sometimes play a part in the decisions occupiers make regarding properties, the levels of market demand generally (compared to the reducing levels of supply) will continue to ensure relatively full occupancy rates in the future. Any adverse perceptions would only, in theory, be reflected in property values.
- 8.5 It should be emphasised that the proposed plant does **not** include an external open aggregate storage facility which can in some examples on sites elsewhere produce dust when aggregates are stored in the open and transported by front end loaders.
- 8.6 Recent (and pending) transactions on the estate (including TNT and the Botswana Meat Commission) do not indicate a trend of occupiers moving away from this DEA as a consequence of the appeal proposal. Indeed market demand remains strong in spite of the inevitable disclosure of the appeal proposal in any marketing exercise as required by current protocols.
- 8.7 There is no evidence that the additional lorry movements will produce congestion or concrete spillage either on the estate or at its junction with Tottenham Lane. Indeed there is sufficient capacity to accommodate the proposed lorry movements and any concrete spillage is unlikely in the absence of any steep gradients on the estate and at the junction with Tottenham Lane.
- 8.8 There are numerous examples of other concrete and aggregate batching operations throughout Greater London which are situated next to manufacturing and distribution businesses plus offices and retail premises. I have considered three particular examples which arguably might be classified as creating the most “hostile” environments. In all three cases there is no evidence of an adverse impact on adjoining properties. Whilst the appeal proposal cannot be directly compared with these three examples (as the operations will be using the best possible methods in construction and environmental terms) it is apparent that any impact on adjoining properties will be undetectable.
- 8.9 Finally the copy letters I have seen from (or sent on behalf of) other occupiers on this estate, (including the freeholders) highlight to varying degrees the points investigated above and on any proper assessment the alleged concerns do not stand up to critical analysis. Indeed even the freeholder is in the process of disposing of its interest in this estate which in itself indicates confidence in the property by the purchaser. As a generality, demand for industrial

estates and properties remains buoyant in the market place (generally) recognising the fact that the supply of land for such uses is rapidly declining within the Greater London area.

- 8.10 The experts proofs dealing with such matters as highways, noise, dust and air quality clearly conclude that existing occupiers on the estate and indeed “new” occupiers in the future need have no concerns over any of the alleged factors highlighted by the local planning authority in Reason for Refusal No. 2. Indeed given the nature of the location (adjacent to one of the busiest rail routes in and out of Central London) together with its developed and “urban” nature, I cannot accept that the likely uses which might be conducted on the estate would be “sensitive” to (or repelled by) an adjoining occupier such as the appellants.
- 8.11 Having regard to the above I therefore conclude that the propositions set out within Reason for Refusal No. 2 are unfounded and accordingly there are no reasons in a market context for refusing the appeal proposal.

I confirm that this report has been prepared in accordance with the RICS Practice Statement and Guidance Notes for Surveyors Acting as Expert Witnesses. In particular. I declare my belief in the accuracy and truth of the matters put forward to the best of my knowledge at the time of preparing this report. This document includes all those factors which I believe to be relevant to the formation of the opinions I have expressed.

JOHN STEPHENSON FRICS MCI Arb

November 2005