



Prepared for:

LEGACIE
DEVELOPMENTS
of Liverpool

Employment Land Statement

Property: Rose Place, Liverpool L3 3BN

October 2017

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1. Introduction

- 1.1 Matthews & Goodman (M&G) have been instructed by Legacie Developments to provide an Employment Land Statement to support an outline planning application being prepared by Zerum Consult Limited for a residential led mixed-use development on land known as Rose Place, Liverpool.
- 1.2 The report is prepared by David Newman, a partner with M&G, who has over 20 years' experience dealing with industrial/distribution property and commercial employment sites throughout the North West of England.
- 1.3 The purpose of the report is to consider the employment land supply within Liverpool and the Application site's suitability for continued employment use.

2. Application Site

2.1 Location

- 2.1.1 The Application site is situated on Rose Place in Everton, Liverpool, approximately 0.66 miles north east of the city centre.
- 2.1.2 It sits within a traditional industrial area comprising a range of buildings, including north light, which are arranged in a series of terraces along Richmond Row, Great Richmond Street and Rose Place all running parallel to each other. The area over time has evolved with alternative uses being introduced and the location is now mixed use in character. To the west, but still on Rose Place, a child's day nursery has opened and further on at the junction with Fox Street is St Mary of the Angels, a former Roman Catholic Church which closed in 2001 but is now rented as rehearsal space to the Royal Liverpool Philharmonic Orchestra. Liverpool One Church is a new Church which has established itself in a permanent location on Richmond Place together with a personal training & sports massage business.
- 2.1.3 Millstead primary school is located to the north and Caro's City Point, a modern block of student apartments fronts the point where Great Homer Street becomes St Anne Street. St Anne Street Police station is situated in close proximity to the west of the Application site and the surrounding outer lying areas contain pockets of traditional housing.
- 2.1.4 The remaining employment in the locality is relatively small-scale, consisting a mix of light and heavy uses, favoured by local businesses operating from outdated premises but attracted by the flexible lease terms and cheap rent being offered. Whilst this meets a need and is in line with policy for employment use, such poor quality buildings are uneconomic to maintain and

environmentally unfriendly to operate, particularly considering the changes to the Minimum Energy Efficient Standards (MEES) for non-domestic privately rented property. From the 1st April 2018, Landlords will be unable to rent properties that do not meet the minimum Energy Performance Certificate (EPC) rating. Properties not complying with the new standard will require investment otherwise they will remain unlettable and this will have a big implication on older, poor quality and functionally obsolete stock such as the accommodation on the Application site. Furthermore, the dilapidated condition of the premises with frontage to St Anne Street does not convey a favourable impression in an area that is the gateway to the city centre.

- 2.1.5 Within the immediate area a number of sites have or are being redeveloped for residential, including a new residential apartment/student accommodation development known as Fox Street Village which is being built by Fox Street Village Limited. This will comprise a scheme of 400 self-contained apartments across five blocks and the first phases have been delivered. Where the Litecraft retail unit is situated fronting St Anne Street, a new apartment block is also proposed comprising 313 units over 5-8 storeys.
- 2.1.6 Rose Place is reached via St Anne Street (B5186) which is becoming a mixed-use thoroughfare into Liverpool City Centre. Whilst it may serve the inner urban areas of Liverpool, it is not situated on a main arterial route and the nearest motorway junction is the M62 junction some 5 miles away.

2.2 Description

- 2.2.1 The Application site forms a rectangular plot of land which is level and comprises a gross area of 0.25 hectares (0.61 acres). The existing buildings amount to 1,783.2 sq m (19,195 sq ft) or thereabouts. A site plan is attached in Appendix One.
- 2.2.2 The existing industrial unit is constructed of brick beneath a pitched steel truss lattice roof covered in asbestos cement sheets. Level access doors are positioned along the front elevation opening directly onto Rose Place so there is no dedicated loading apron. To the side of the premises is a tarmac surfaced yard which has fallen into disrepair.
- 2.2.3 Most of the site was last fully utilised in 2010 by Flynn Transport for the storage of motor vehicles. There was a partial collapse of the roof and walls which has restricted use of the building to a small area and rendered the remaining space unusable as shown in the accompanying photographs in Appendix Two. A recent structural report has concluded that the buildings are now unsafe for continued occupation.

3. Market

3.1 General Overview

- 3.1.1 The UK industrial market is performing well and is dominated by warehouse and distribution uses. Take-up of modern distribution units over 100,000 sq ft amounted to 28.5 million sq ft during 2016 which was 25% above the five year average.
- 3.1.2 Retailers continue to be the most active sector making up 62% of all take-up (34% e-commerce and 28% non-internet retail), followed by logistic providers (18%) and manufacturers (18%). Some exceptional deals throughout the year have influenced the figures, particularly Amazon who took over 8 million sq ft which amounted to 29% of all take-up in the UK.
- 3.1.3 The distribution sector is benefiting from retailers' ever-increasing desire to improve efficiency of their supply chains and driven by customers' expectations for same or next day delivery. The manufacturing sector was dominated by car manufacturers including Gestamp Tallent and Jaguar Land Rover who between them occupied over 1 million sq ft.
- 3.1.4 There was a pause in forward funding of speculative development following the EU referendum but recent signs are that it has started to resume but current availability of good quality stock is at the lowest level for at least ten years.
- 3.1.5 The declining supply of prime standing stock has led to an increase in land deals as well as design and build pre-lets so there is pressure for better quality strategic sites to be released and brought forward. That said, the high cost of development and increase in build costs are impacting on the delivery of new schemes and the funding market remains challenging in all but the core locations.

3.2 Liverpool

- 3.2.1 Take-up in Liverpool's industrial market is largely driven by a number of key manufacturers and distributors, primarily from the automotive and retail sectors. Cheaper land and labour than other north west locations, good motorway connections and the global container port, found within the market, make Liverpool an attractive option to these companies. Whilst the city has witnessed several factory closures, the automotive sector in particular has rebounded. In addition, Liverpool's industrial market has also been supported by a number of retailers with historic links to the North West expanding their distribution services.
- 3.2.2 Liverpool is within easy reach of the M62 and M57 motorways, it is well connected by rail to the rest of the UK and benefits from an international airport south of the city in Speke. The city also boasts one of the largest commercial ports in the UK and the completion of the new container

terminal will more than double capacity and allow some of the largest ships in the world to dock.

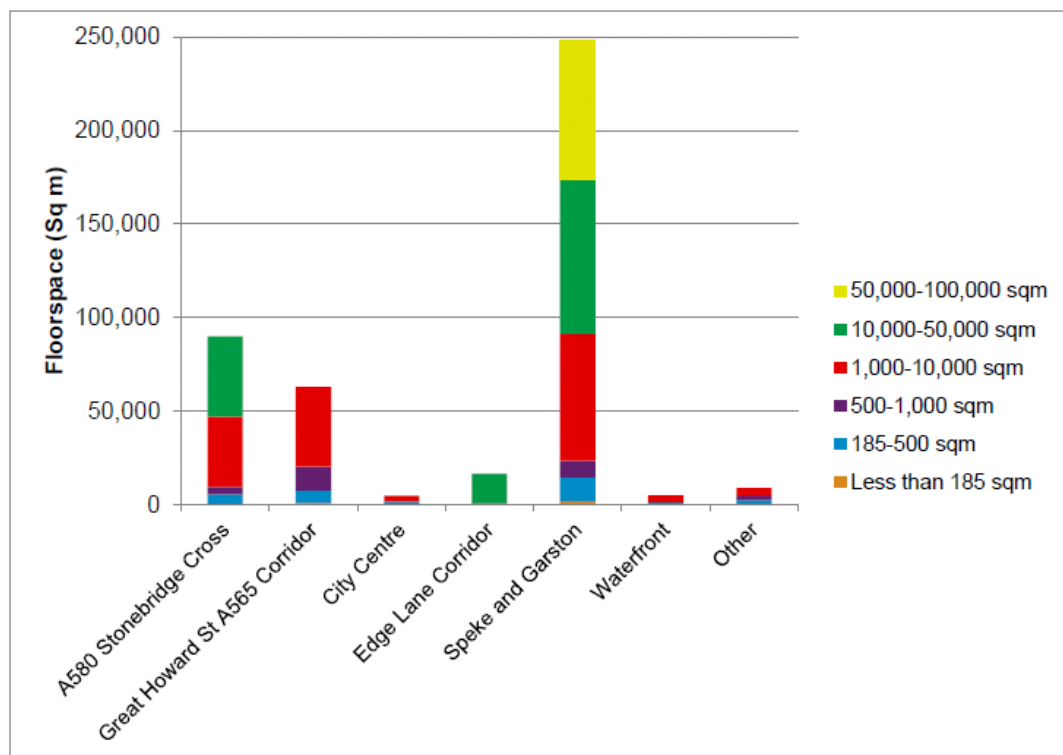
- 3.2.3 Manufacturing in Liverpool suffered in the immediate aftermath of the economic downturn with several factories closing. Despite this, the automotive sector, which experienced growth across much of the UK in recent years, has remained strong. In Liverpool, Jaguar Land Rover (JLR) has been at the forefront of expansion within the sector, seeing its workforce triple over three years to 2012 following an increase in sales and then expanding further in 2014 to meet overseas demand.
- 3.2.4 Liverpool is also home to a number of large pharmaceutical manufacturing companies, although some of the occupants in this sector have struggled. Despite a decline in Liverpool's dockland activity, Cammel Laird, an iconic ship builder founded in 1828, is still a major employer but has contracted from its heyday. More generally, manufacturers are likely to benefit from expansions at the port itself and the Seaforth Docks to the North of the city represent the last remaining major functional docks. Significantly for Liverpool's industrial market, the port is used by JLR to export cars from their Halewood Plant to foreign markets. Additionally, the completion of the new container terminal, Liverpool 2, will more than double capacity at the port and allow some of the largest container ships in the world to dock.
- 3.2.5 Although the transport and distribution sectors account for a relatively low proportion of employment in Liverpool, there are some major occupiers from the sector. The Mersey Docks & Harbour Company, part of Peel Ports, is the largest. Additionally, DHL operate four sites in the Liverpool market, one facility solely servicing Jaguar Land Rover. Other distribution firms include TNT and Tradetteam.
- 3.2.6 There have been some significant expansions from discount and value retailers in recent years, with these companies benefitting from the economic downturn as consumers have tightened their belts. TJ Morris (Home Bargains), B&M Bargains and Matalan have all significantly expanded their warehouse operations since 2010.
- 3.2.7 The industrial / warehouse market in Liverpool can be categorised into the reuse of existing buildings and the development of new modern facilities. A conservative estimate from CoStar suggests there is 435,000 sq m (4.7 million sq ft) of existing industrial floorspace being actively marketed in Liverpool. A high proportion of this supply is made up of older premises like the Application site. These older buildings are found in secondary or tertiary locations which are no longer suitable for modern employment uses, or indeed are obsolete in terms of their design, layout and specification. As a result, many of these buildings tend to remain on the market for some considerable time. The loss of the Application site will not materially affect the overall provision of existing floor space.

3.2.8 There is a dearth of good quality existing space coming available except for a few pockets of speculative development, such as at Speke or along A580 Stonebridge Cross Corridor. Demand for these premises is from occupiers that do not favour fringe city centre locations such as Rose Place. Increasingly, industrial / warehouse occupiers require good access to major trunk roads and the motorway network, adequate HGV loading and turning areas within secure yards, high eaves height and 24-hour access. It is clear the Application site does not meet these criteria.

3.2.9 The main employment areas considered within Liverpool are:

- City Centre and Waterfront
- Great Howard Street A565 Corridor
- Edge Lane Corridor
- Speke and Garston
- A580 Stonebridge Cross Corridor

The table below shows the industrial take-up figures for the above employment areas. Of these areas Speke has witnessed the greatest amount of floor space take-up over the last decade and comprising more than half the City's total take-up for the period. The second most active area has been the A580 Stonebridge Cross Corridor amounting to 16% of floor space. These two specific locations are where the new development activity has been focused with the construction of modern buildings to suit occupiers' requirements.



Source: CoStar & EGi

- 3.2.10 More tellingly, the city centre take-up for the same period was only 3% of the overall total. The Application site sits adjacent to this area and clearly demonstrates that occupier demand is focused on more favourable locations where modern facilities are available.

4. Employment Land Supply

4.1 Supply

- 4.1.1** Liverpool City Council is in the process of developing a new Local Plan to set out policies for future development over the plan period to 2033. Policy EC1 Employment Land Supply of The Draft document, September 2016, states the following:

1. The City Council has a requirement for 120 hectares of land for industrial and business uses (Use Classes B1/2/8), over the period of the Local Plan (next 15-20 years) to meet the needs of the City. Sites to meet this requirement will be identified in a Schedule and on a Policies Map once the evidence base is finalised.
2. The take-up of existing employment land will be monitored, and its ongoing supply managed, via regular review of site allocation, to meet changing market conditions in land for employment and other uses.

- 4.1.1 As part of the Council's process of preparing the new Local Plan, GL Hearn were commissioned to provide an Employment Land Study and the final report was completed in February 2017. The labour demand forecasts within the Study outlined a need for between 105 hectares and 140 hectares of employment land for the 2013-2033 period to meet the needs of the city. This is not dissimilar to the Councils own figures above and taking a mid-point of the forecasts, this gives a figure of around 122 hectares.

- 4.1.2 The study also examined in detail the pipeline of committed land on identified sites; committed employment pipeline on non-identified sites and compared this with losses of employment land to alternative uses to calculate a residual demand versus an identified supply. The exercise identified a supply of nearly 63 hectares which exceeds the residual demand calculated of 56 hectares.

- 4.1.3 Part of the demand evidence relates to B1a/b office use which the Application site is not suitable to as it is not a recognised office location and would struggle to attract B1a/b occupiers to the site. Modern day occupiers tend to cluster together in traditional office locations, such as Liverpool City Centre, out of town business parks, and the Waterfront areas of Liverpool. Approximately 25-30- hectares has been identified for such use in the above areas.

Occupiers are now placing more importance on the location of their office for a variety of

reasons:

- Working practices have changed, there has been a rise of flexible working, mobile and cloud computing. The flexible working style is gradually becoming the norm for many employees and they mix and match work time between desk, break out space, home and public shared space, such as cafes and bars. Employers are now conscious about the wellbeing of their staff and the amenities and services that need to be provided to their employees. City centre and business park locations will provide better facilities for a company's staff.
- Workplace culture has changed, there are a greater number of people working non-standard hours. City centre locations offer better amenities, attractions, late night transport networks and improved security.
- The attraction and retention of high quality labour and skills has a major impact on the location of the modern-day office. Many occupiers are now moving to city centre locations for the attractiveness of recruiting staff.
- Young, affluent and educated workers are increasingly congregating back towards city centre locations due to the amenities that are on offer. Hence the decision for many office occupiers to favour these areas to locate their office, high quality and large labour pool.

For the reasons noted above, we believe the Application site would be unsuitable for office use and struggle to secure an office occupier for the site.

- 4.1.4 The key locations identified for B2 industrial and B8 warehouse/distribution uses are at Speke, Stonebridge Cross Corridor and Great Howard Street A565 North Corridor. The Great Howard Street Corridor is subdivided into four sub areas, North, South, East and West and Rose Place is within the East corridor which comprises a mix of uses. The study's recommendation is that, given the existing nature of the sub-area, employment space within the Great Howard Street A565 Corridor East should not be specifically protected. Furthermore, it recommends that the Council should take a more flexible approach to considering development proposals in the area.
- 4.1.5 In our opinion, alternative uses such as residential are becoming more appropriate and sustainable for the location.

4.2 Demand

- 4.2.1 The table below shows the amount of completions in Liverpool in hectares since 2013, based on the Council's own monitoring data.

	2013/14	2014/15	2015/16	2013-2016
B1a (Offices)	0.40	0.21	1.24	1.86
B1b (R&D)	0.07	0.04	0.13	0.25
B1c (Light Industrial)	0.00	0.04	0.85	0.88
B2 (General Industrial)	0.44	0.00	3.36	3.80
B8 (Storage & Distribution)	0.18	13.06	40.95	54.19
Mixed	0.83	0.92	0.00	3.62
Total	1.9	14.3	46.5	64.6

Source: Liverpool City Council

It is clear the main sector of activity was B8 storage and distribution and 2015/2016 was an exceptional year with several large transactions completed by retailers, logistics providers or automotive suppliers. These completions were centred in the strategic employment sites either around Liverpool Port; Liverpool International Business Park in Speke or around the JLR Plant in Halewood. They were not located around the city centre or fringe of city centre.

- 4.2.2 Examining this trend in more detail, the table below shows that the market in Liverpool for large sheds consisting of buildings of 4,645 sq m (50,000 sq ft) to 9,290 sq m (100,000 sq ft) and greater than 9,290 sq m (100,000 sq ft) is the most active size range.

Take Up Profile average over 5 years	Percentage of Transactions
0-10,000 sq ft	9
10-25,000 sq ft	13
25-50,000 sq ft	10
50-100,000 sq ft	16
Over 100,000 sq ft	52

Source: PMA Deals Database

Therefore, two thirds or 68% of all transactions for the 5-year period to Q2 2017 were for large warehouse distribution units with weaker demand for smaller units. Big units of this size can only

be accommodated on large strategic sites in locations away from the city centre where good communication links exist.

5. Site Suitability

- 5.1 Prospective occupiers are attracted to a specific location for a variety of reasons which are generally common to all, albeit there are different priorities and preferences. The main factors affecting these decisions are set out below:

5.2 Location

- 5.2.1 This is the most important factor for a distribution, industrial and office building in the selection process. For new build accommodation, occupiers focus their search on motorway corridors and dual carriageway trunk roads preferring sites next to major junctions which offer modern industrial estates or business parks environment. In defining location, these users have a specific preference influenced by the location of their market and customer base and availability of labour. In addition, companies prefer prominent and visible locations particularly for knowledge based industry and for industrial/warehousing development. Increasingly, city centre or fringe of city locations are particularly unattractive, especially so for B2/B8 industrial and warehouse users.

5.3 Building Specification

- 5.3.1 Flexibility, durability and low maintenance are the key aspects of building specification. Modern building practices provide for portal frame construction and composite materials being used for the external envelope of the building. The minimum number of internal structural columns should be designed and open plan accommodation provided. Industrial/warehouse building heights can vary between 6 m for industrial uses and up to 12 m for warehouse accommodation over 7,400 sq m (80,000 sq ft). Good circulation areas around the building are essential to enable commercial vehicle manoeuvring and parking, and adequate access doors to the building should be available by way of level drive in doors and dock level loading doors (depending on size) opening to a self-contained yard.
- 5.3.2 It should be noted that the provision of car parking and large areas for HGV manoeuvring and trailer parking have become increasingly important factors in recent years.
- 5.3.3 Occupiers, however still seek to achieve a quality image which will be reflected in attractive office elevations within industrial/warehouse buildings and good design by way of canopies and limited expanses of bland and uninteresting facades.

- 5.3.4 Security is a vital consideration and the site should be ideally fenced and provided with CCTV and external lighting. As a result, there is an increase in demand for detached self-contained buildings, certainly so for buildings of 10,000 sq ft upwards.
- 5.3.5 The existing buildings on the Application site fall significantly short in many areas when judged against current market requirements.

5.4 Labour Force

- 5.4.1 The available pool of labour is becoming an increasingly important factor in the location of business. As the UK labour force in general is reaching full employment, the accessibility of employment sites in relation to the proximity of labour are increasingly important. The increased mobility of labour, good road connections and other forms of communication are essential.

5.5 Physical Environment

- 5.5.1 Increasingly, a higher skilled workforce is required particularly for the growth sector knowledge based industries. There is a greater emphasis being demanded by occupiers for a high quality working environment both within the building envelope but also in the immediate areas. These must be in good order to attract or retain good quality staff in an increasingly competitive labour market.

5.6 The Application Site relative to these characteristics

- 5.6.1 The application site does not score highly on most of these characteristics:
- The location is some distance from a main dual carriageway or motorway and coupled with the fringe city centre position is unfavoured by modern occupiers
 - The current specification, design and a layout of the buildings on site do not meet the current demands of modern occupiers
 - The physical environment is not favourable for growth industry sectors and it is now evident that in conjunction with new residential schemes that have planning approval in place or are under construction, other buildings and sites are being redeveloped for non-industrial uses for example, places of worship and child care.
 - A structural survey has concluded the building is unsafe for occupation. The cost of refurbishment works to bring up to modern standards would not prove economically viable as the underlying constraints of the building and site configuration do not make it an

attractive proposition.

- Site access for larger commercial vehicles is tight as Rose Place is a narrow cobbled surfaced street. In addition, the main access doors are on the front elevation and therefore loading is restricted to the street which does not suit modern requirements.
- The location of the site is not appropriate for redevelopment for industrial uses due to the increasingly changing character of the area to mixed-use.

5.6.2 The site is located in an area that is going through a transformation and the skyline has changed significantly in recent years. In the surrounding area, a number of poor quality former industrial sites, not dissimilar in nature to the Application site, have or are being redeveloped for residential use. These include the following:

Scheme	Planning Status	Scale
Great Homer Street	Approved	8-9 storeys
Phoenix Place	Under construction	6-7 storeys
St Anne Street	Approved	5-8 storeys
Fox Street	Under construction	5-7 storeys

5.6.3 It is evident from the above that the character of the area is changing and is no longer one of employment uses. There is a distinct shift away from high density, tertiary industrial sites towards modern attractive residential accommodation or alternative uses.

5.6.4 The fact that these sites have changed from industrial uses into residential is a clear sign in itself that the immediate area around Rose Place is one that can no longer sustainably support industrial sites. Other suitable uses are needed.

5.6.5 The site's proximity to residential schemes under construction or in the pipeline is likely to impact negatively on other potential occupiers of the site given the potential for local residents to complain.

5.6.6 The scheme proposed on the Application site has been designed to make the most efficient use of land available. The site will reflect the character of the residential properties in the table above whilst also ensuring the amenity of those living within the new development will be maintained.

5.6.7 Given the changing nature of the surrounding area, the site is considered suitable for residential

development.

6. Conclusion

- 6.1 This Statement has shown that the Application site is no longer suitable for employment uses.
- 6.2 The loss of the application site of 0.25 ha (0.61 acres) will have a negligible impact upon the overall supply figures. In fact, the GL Hearn Employment Study demonstrates that current identified supply exceeds projected demand.
- 6.3 According to the GL Hearn report the council has identified that just under 2 hectares of employment land has been lost since 2013 to residential and other non-employment uses. There are other sites with extant planning permissions for change of use to alternative non-employment uses but until these are actually crystallised then we have not allowed for this potential loss. The identified current employment land supply for the city has earmarked 29 sites across the city to support employment uses which cumulatively provide potential for 62.8 ha of developed land across the city for purely B-class purposes. This figure of 62.8 hectare does not include the 314,500 sq m (338,536 sq ft) of B1 development at the Liverpool Waters development. The 2 hectares of employment land which has unequivocally been lost equates to 3.2% of the overall employment land supply
- 6.4 There is a good supply of existing buildings within Liverpool comprising some 435,000 sq m (4.7 million sq ft) and therefore the loss of the Application site with buildings totalling 1,783 .2 sq m (19,195 sq ft) is negligible.
- 6.5 The existing buildings on site no longer meet modern standards, have fallen into disrepair and are functionally obsolescent to the majority if not all occupiers in the market place.
- 6.6 Continued use of the site for B1, B2 and B8 uses is no longer practical due to site restraints, accessibility and the central location on the edge of the city centre. Access for commercial vehicles is poor and occupiers' preferences are to be located on modern estates on main arterial routes around Liverpool or close to the city's excellent motorway network with good access to junctions which the Application site cannot compete with.
- 6.7 Occupiers demand modern premises which are fit for purpose and it is clear that recent B2 / B8 activity has focused around sites in Speke, Halewood and Stonecross and away from city or fringe of city centre locations which are no longer deemed desirable.
- 6.8 The Application site sits within the Great Howard Street A565 Corridor East. The GL Hearn Study states that the Council does not need to specifically protect employment space and recommends taking a more flexible approach to development proposals for the area.

- 6.9 This Statement has demonstrated that the site at Rose Place is unsuitable for employment redevelopment and is suitable for residential redevelopment given its sustainable location and demand for housing schemes to come forward.

Signing-Off Sheet

Client: Legacie Developments of Liverpool

Project: Rose Place, Liverpool

Document: Employment Land Statement

Date: October 2017

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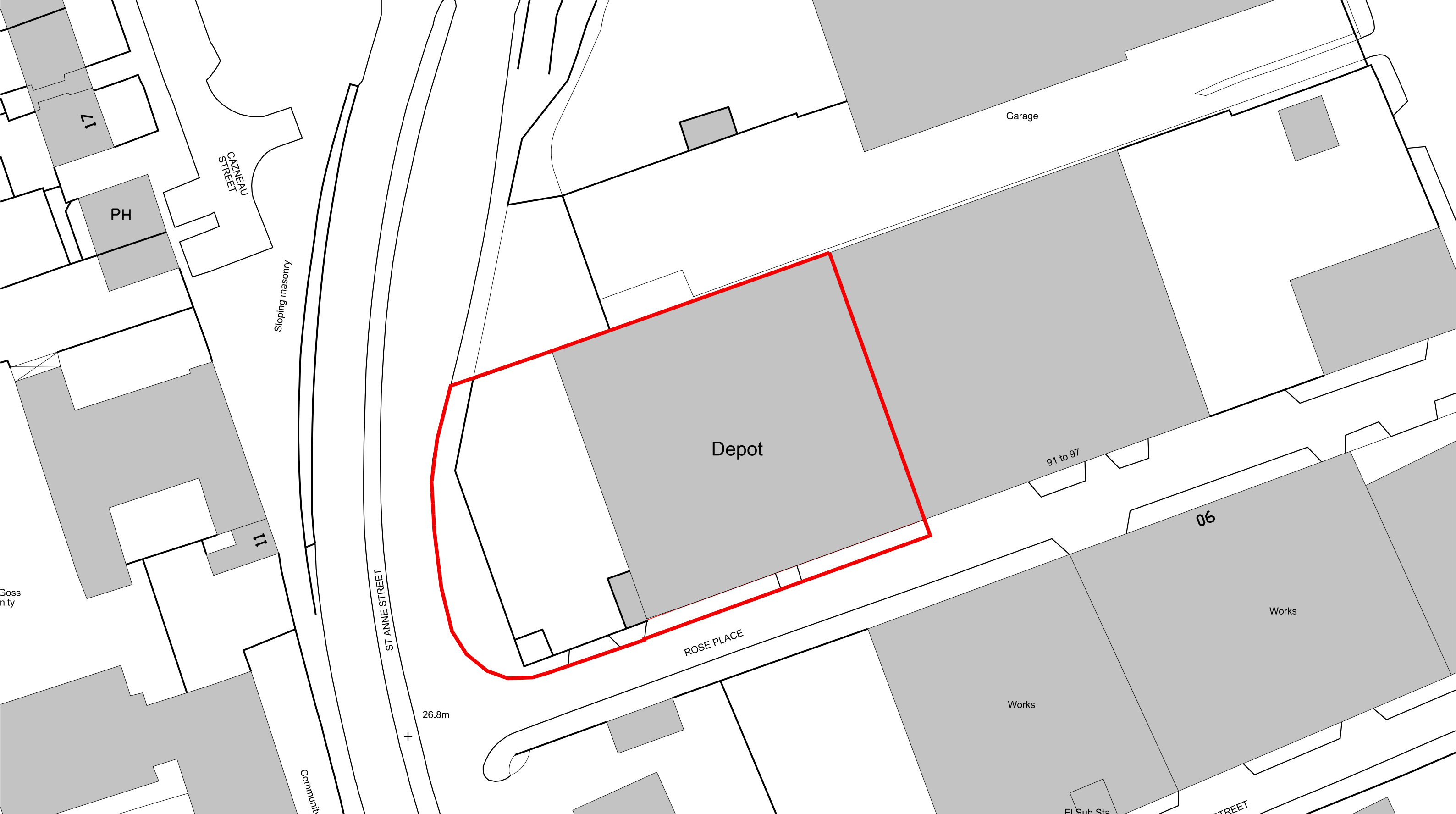
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DRAFT	DN	SB	20.09.17	
DRAFT	DN	SB	10.10.17	
FINAL	DN	SB	18.10.17	

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Appendix One

Site Plan



KEY

Application site boundary



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Project Title		Rose Place, Liverpool
Drawing Title		Existing Site Plan
Client		Legacy Developments
Drawn By	Date	
FCH	14.08.17	
Scale		
1:500@A3		

Project No.
P15-021

Drawing No.
02-02-001

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Appendix Two

Photographs

Internal View 1



Internal View 2





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