

**PHILIP J PRATT BSc MRICS  
RICS REGISTERED VALUER**

**SUMMARY PROOF OF EVIDENCE**

**For Public Inquiry:**

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<b>APPEAL SITE:</b>	<b>Land at North Road West and Grovefield Way (Corinthian Park), Cheltenham</b>
<b>APPELLANT:</b>	<b>Hinton Properties (Grovefield Way) Limited</b>
<b>PINS REF:</b>	<b>APP/B1605/W/18/3200395</b>
<b>LPA REF:</b>	<b>16/02208/FUL &amp; 18/01004/FUL</b>

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- 1.1. I am instructed to present evidence at the Inquiry by Hinton Properties (Grovefield Way) Limited (the ‘Appellant’). This evidence, which considers the deliverability/viability of the proposed schemes and the need for complimentary ancillary enabling uses, at this Inquiry relates to two Appeals for hybrid schemes namely Application 16/02208/FUL and Application 18/01004/FUL.
- 1.2. The respective development proposals to be known as Corinthian Park, would provide Cheltenham with a purpose designed and high quality ‘Gateway’ Business Park immediately accessible to the A40/Junction 11 of the M5 Motorway. The proposed facility, which would allow the developer to react to market circumstances in terms of pre-let/pre-sale interest from small to medium sized companies, is not available and therefore at the current time Cheltenham cannot compete with the regional purpose designed motorway located business park facilities (potential loss of employment opportunities).
- 1.3. It is, however, apparent from Alder King’s experience that office occupiers expect the new generation of business parks to not only be situated in an accessible location with high quality accommodation, but to also provide an attractive on-site environment including complimentary ancillary uses. In my experience the business parks which are most popular with occupiers are those with the best range of complimentary ancillary uses such as Gloucester Business Park. It is therefore difficult to envisage any new larger scale business park being developed without such complimentary ancillary facilities.
- 1.4. The importance of such complimentary ancillary facilities is highlighted by gfirst LEP’s support in their Pre-submission consultation for new business parks to provide complimentary and ancillary uses on site albeit it should not exceed 20% of the “intended employment content”.
- 1.5. In addition local and regional commercial agents have confirmed complimentary ancillary users are required on business parks to create an office destination location and enhance rather than reduce the attractiveness of the primary office use. My Proof of Evidences fully illustrates the level of such facilities on the main business parks of the South West. In general all new business parks should be master planned with these facilities and where opportunity arises added to older generation parks (or linkage to adjoining facilities).

- 1.6. The scheme proposals will therefore bring forward, in the context of the local market, a long awaited provision of Grade A office space with complimentary ancillary facilities. This provision should assist in retaining companies within Cheltenham Borough and compete with the main regional motorway located business parks for any relocations.
- 1.7. In my opinion the extant permission for a 100% B1 scheme (or alternative permissible developments including lower value B8 use) will be less attractive to the occupier market in terms of the environment/staff amenity. These occupiers are therefore likely to be drawn to the competing schemes across the region which offer the complimentary ancillary facilities which now form an integral part of the on-site business park offering.
- 1.8. The provision of these facilities should have a positive impact on discussions with prospective tenants as it is a consideration in terms of staff recruitment and retention. Staff generally expect easy access, without having to leave the business park/travel by car, to these facilities for break out, child care and lunchtime, top up and potentially weekly shopping.
- 1.9. A further benefit is complimentary ancillary users will create long term local full and part time jobs.
- 1.10. In my opinion the 'Gateway' Business Park at an important entrance to Cheltenham will only be developed if it is commercially/financially viable based on current capital values/rents and yields, market incentives, constructions costs (currently rising at a faster rate than values), specific infrastructure/abnormal costs and associated professional and agency fees (RICS Viability GN highlights the importance of providing acceptable returns to both developers and landowners).

- 1.11. It is clear from the initial financial viability testing that any speculative office/B1 element (or B8) is not fundable based on industry standard returns/level of profit. However the proposed scheme with non-B1 complimentary ancillary uses delivers a higher level of profit/return on cost (more acceptable level). In effect the provision of the non-B1 complimentary ancillary uses provides a cross subsidy to the offices (enabling development), which is still the main part of the scheme. The surplus generated from the non-B1 complimentary ancillary activities will cover the upfront/historic infrastructure costs and contribute to the abnormal/higher development costs including high quality landscaping. It will also give traditional funders confidence to provide development finance for the offices. Indeed it reduces the perceived higher level of risk associated with 100% B1 use, especially as the absence of complimentary ancillary uses will in all probability weaken the position of the scheme in the market and put downward pressure on rents/tenants requiring above market level incentives. The original scheme for 100% B1 use has not been deliverable since the original 2014 planning approval.
- 1.12. The real world issue of deliverability/viability of offices and need for enabling complimentary ancillary uses is fully illustrated with the appraisals relating to the various development options (delivering significant amounts of office space on a speculative basis is an issue across the region – all schemes are reliant on pre-let and pre-sale agreements to de-risk schemes). A more appropriate level of return/profit is only provided with the inclusion of complimentary ancillary users.

- 1.13. In conclusion, I believe Corinthian Park will provide the Grade A office space within a shorter timeframe with the scheme including the complimentary ancillary uses rather than the extant scheme for 100% B1 uses (not deliverable since the outline planning approval granted 2014 – effectively requires the pre-letting/pre-sales of 16,800 m<sup>2</sup> (180,835 ft<sup>2</sup>) of 100% B1 space). This is not only because the complimentary uses would provide the necessary cross-subsidy for the offices (enabling development – reduce the risks associated with a speculative office scheme), but such facilities are expected by local and regional occupiers as part of any new business park offering/amenity. The more complete business park package should ensure the proposed offices are able to compete on a local and regional level for small to medium sized office occupiers. In addition, in the longer term, the provision of these facilities should sustain the Grovefield Way development as a prime business location and the initial phase of development, including Grade A offices, on-site complimentary ancillary facilities and a high standard of landscaping, provide the impetus/catalyst for pre-lets/pre-sales of the remainder of the office scheme (flexibility of approach in terms of pre-lets/pre-sales to achieve early activity whereas other potentially competing schemes only offer leasehold packages).
- 1.14. In my opinion the hybrid proposals are most suited to current market conditions/requirements and the enabling complimentary ancillary uses will bring forward a much needed high quality ‘Gateway ‘development for B1 offices attractive to local and regional occupiers. Accordingly, the extant scheme based on current market conditions will not be developed in the short term.