Eastbourne Employment Land Review
Viability Briefing Note

May 2014

1. Introduction

1.1 In October 2013 GVA was commissioned by Eastbourne Borough Council to undertake an Employment Land Review to support the development of its Local Plan.

1.2 This Briefing Note is intended to support the Employment Land Review (ELR) by providing further justification for the long term allocation and protection of the existing employment land portfolio in the Borough based on a reasonable expectation of long term demand and economic growth.

1.3 This note will demonstrate 'alignment' with the intentions of National Planning Policy Framework (NPPF) paragraphs 22 and 173, by providing a clear understanding of deliverability and viability of industrial development in Eastbourne. To assist in this a high level assessment of viability based on an illustrative development scenario has been taken.

1.4 This will be supported by a review of the development context, including identification of where new employment space has been successfully delivered within the East Sussex/South Coast market, including Hastings, Polegate and Hailsham, as a mechanism for demonstrating ongoing market interest.

1.5 We will also consider the factors affecting new space delivered within Eastbourne itself, such as the Southbourne Business Park, and the evidence supporting the redevelopment of the White Knight Laundry site into a multi-tenant light industrial use to identify how a viable development can be achieved in the local market.

Background

1.6 GVA was instructed in October 2013 to carry out an ELR on behalf of Eastbourne Borough Council (EBC). The purpose of the study was to review, assess and update the borough's position in relation to the future supply and demand for employment floorspace, the role of employment sites and their suitability to support economic growth objectives.

1.7 The ELR was carried out as a response to a challenge by the Core Strategy Examination Inspector that employment land allocations were not based on the most up to date evidence and information on economic trends and occupier densities. An early review of the ELR was proposed by the Council to address this.

1.8 The findings of the ELR informed the Employment Land Local Plan, which is currently out to consultation. The Council is now seeking to provide additional evidence that employment land should continue to be protected in planning policy, in response to concerns that viability of B use floorspace in the borough may be further challenged.

2. Development Context

UK Industrial Market Overview

2.1 The improving economic outlook has had a significant impact on occupier demand in the industrial sector. Total take-up for 2013 of warehouses over 100,000 sq ft amounted to 20.2 million sq ft, 2% above the ten year average of 19.8 million sq ft. In recent years retailers and particularly food retailers have dominated occupier demand, but 2013 has seen a wider variety of occupier activity.

2.2 Increased demand and requirements in the market are outstripping the availability of good quality space. Design and build construction continues to dominate new supply as occupiers have increasingly specialised requirements and viability and financing remain concerns.

2.3 However improvements in occupier and investment markets, particularly in the best locations, are expected to slowly increase the appetite for speculative development. This resumed on a small scale during 2013. Developers and investors are venturing further up the risk curve and a number of cash positive funds have returned to the market. Standing investments are harder to find and so there is more money available for development.

2.4 The volume of construction orders for factories and warehouses at Q4 2013 was at the highest level since 2008, 9% up on the previous quarter and almost double that of a year earlier.

2.5 Improving occupier confidence and positive sentiment around e-tailing has resulted in strong investor appetite for UK distribution property. Industrial properties are looking an increasingly attractive asset class, providing high income returns and comparatively mild fluctuations in rental growth.

2.6 Demand from income buyers who require long leases and investment grade covenants remains strong. Most institutional investors as well as private overseas and sovereign wealth funds have well publicised requirements for this type of stock and yields of sub 5.0% are now achievable assuming the appropriate covenant, lease length and fixed increases.

2.7 Equally, due to the hardening of yields in the South East and improving national occupational picture, demand for good quality regional distribution units let on medium term leases has considerably improved during the course of the last six months. As the availability of units in many locations is falling, investors' perception of risk is improving and therefore yields have hardened. For good quality units let on medium term leases yields are now breaking the 6.0% mark. The table below sets out yields in London and the South East since December 2012.

Table 1 Industrial Yields in the South East

London & South East	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
North West London	7.00	7.00	7.00	6.75	6.75	6.25
North East London	7.00	7.00	7.00	6.75	6.75	6.25
South West London	6.75	6.75	6.75	6.75	6.75	6.25
South East London	7.00	7.00	7.00	6.75	6.75	6.25
M25 NW	6.75	6.75	6.75	6.50	6.50	6.00
M25 NE	6.75	6.75	6.75	6.50	6.50	6.00
M25 SW	6.75	6.75	6.75	6.50	6.50	6.00
M25 SE	6.75	6.75	6.75	6.50	6.50	6.00
Basingstoke	7.50	7.50	7.50	7.00	7.00	6.50
Brighton	7.75	7.75	7.75	7.25	7.25	6.50
Luton	7.75	7.75	7.75	7.50	7.50	6.50
Slough	7.50	7.50	7.50	7.00	7.00	6.50
Oxford	7.25	7.25	7.25	7.00	7.00	6.25
Reading	7.25	7.25	7.25	7.00	7.00	6.25
Southampton	7.50	7.50	7.50	7.00	7.00	6.25
Southend	7.75	7.75	7.75	7.25	7.25	6.25

Source: GVA, 2014

2.8 Investment volumes in the UK during 2013 amounted to £2.9 billion, which compares to £1.8 billion in 2012 and a five year average of £1.9 billion. Whereas overseas investment amounted to 40% over the previous two years, UK institutions and property companies doubled their spend in 2013 compared to 2012.

2.9 Improving occupier demand and a growing shortage of quality space are beginning to impact on rental growth. According to IPD, a provider of real estate data, average rental growth for distribution property turned positive in the second half of 2013, increasing by 0.5% over the year. Acceleration to 2.3% this year is forecast, averaging 2.7% pa over the subsequent four years to 2018. Incentives are also becoming less generous as terms begin to improve for landlords.

2.10 Current headline industrial rents (£psf) in the South East are set out in the table below.

Table 2 Headline Industrial Rents in the South East (£psf)

	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Basingstoke	£7.00	£7.00	£7.00	£7.25	£7.25	£7.25
Bicester	£6.00	£6.00	£6.00	£6.00	£6.00	£6.00
Camberley	£7.75	£7.75	£7.75	£7.75	£7.75	£7.75
Crawley	£7.75	£ 7.75	£7.75	£7.75	£7.75	£7.75
Dartford	£7.75	£7.75	£7.75	£7.75	£7.75	£7.75
High Wycombe	£8.00	£8.00	£8.00	£8.00	£8.00	£8.00
Maidstone	£6.00	£ 6.00	£6.00	£6.00	£6.00	£6.00
Milton Keynes	£6.50	£6.95	£6.95	£6.95	£6.95	£6.95
Oxford	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50
Reading	£8.50	£9.00	£9.00	£9.00	£9.00	£9.00
Slough	£10.50	£12.50	£12.50	£12.50	£12.50	£12.50
Southampton	£7.25	£7.25	£7.25	£7.25	£7.25	£7.25
West Thurrock	£7.75	£7.75	£7.75	£7.75	£7.75	£7.75

Source: GVA, 2014

2.11 The distribution warehouse market has seen particular growth in capital values, which have been rising since May last year, resulting in an increase of 7.2% for 2013 and a total return of 15.1%. This compares to all property total returns at 10.7%. Total returns of 18.2% are expected in 2014, driven by further downward yield movement and higher rental growth, although this is forecast to moderate to 11.7% in 2015.

East Sussex Market Overview

2.12 The county of East Sussex is divided into five local government districts of Lewes, Wealden, and Rother which are largely rural; and Eastbourne and Hastings which are urban. The industrial market across East Sussex is centred on small and medium businesses, rather than corporate occupiers; and key economic sectors include value added manufacturing and local servicing industries.

2.13 The supply of B class employment floorspace across the five local authority areas is relatively modest, with a total of almost 2.1mn square metres of space recorded by the valuation office in 2012 (the latest available data). Of this space 19% is office (B1a/b) floorspace, and 81% is industrial floorspace (B1c/B2/B8). In contrast, in Brighton and Hove, 51% of the commercial floorspace is in office use, and only 49% is industrial.

2.14 Since 2008, the quantity of industrial floorspace in East Sussex has decreased by1%, with the greatest fall in Hastings (6% in decrease); in Eastbourne, however, the industrial stock has grown by 5% over the same period.

Table 3 - Commercial Property Floorspace (square metres)

	Office Floorspace (sqm)	Industrial Floorspace (sqm)	Total commercial floorspace (sqm)
East Sussex	395,000	1,690,000	2,085,000
Eastbourne	*86,000*	*286,000*	*372,000*
Hastings	*84,000*	*266,000*	*350,000*
Lewes	*77,000*	*384,000*	*461,000*
Rother	*44,000*	*258,000*	*302,000*
Wealden	*103,000*	*495,000*	*598,000*
Kent	1,465,000	6,659,000	8,124,000
West Sussex	1,103,000	3,155,000	4,258,000
Brighton and Hove UA	432,000	407,000	839,000

Source: VOA, ONS, GVA, 2012

2.15 Based on transaction data from 2014, the average achieved rent for industrial property in East Sussex was c. £6 per square foot. This compares with an average of £7 per square foot for West Sussex and for Kent.

2.16 As shown in the table below, the level of activity recorded in major East Sussex centres is notably lower than the benchmark towns (Crawley, Brighton and Ashford) both in terms of the total number of deals and the total amount of space taken up. Crawley is the strongest industrial market of all the towns considered, with significantly larger deals and higher rents. This reflects its market position as a strategic industrial and distribution centre within the south east. In contrast, the East Sussex market is dominated by smaller deals reflecting the localised nature of occupiers, with an average deal size of 3,970 sqft compared to 12,714 sqft in Crawley.

Table 4 - Industrial Take Up by Town 2008-2014

Town	No. of Deals	Total Floorspace (sqft)	Average Deal Size (sqft)	Av. Asking Rent (£psf)
Crawley	169	2,148,828.00	12,714	£9.06
Brighton	140	520,337	3,743	£8.85
Ashford	276	1,236,034	4,511	£6.08
Polegate	13	24,447	1,881	£8.50
Robertsbridge	11	11,566	1,051	£8.20
Ditchling	12	27,617	2,301	£7.24
Pevensey	3	3,787	1,262	£7.22
Crowborough	22	71,603	3,255	£7.21
Westham	16	27,499	1,719	£6.97
Eastbourne	**46**	**316,543**	**7,194**	**£6.89**
Lewes	31	138,315	4,611	£6.63
Uckfield	10	102,683	10,268	£6.51
Bexhill	17	47,669	2,804	£6.09

Town	No. of Deals	Total Floorspace (sqft)	Average Deal Size (sqft)	Av. Asking Rent (£psf)
Peacehaven	8	34,014	4,252	£6.05
Portfolio	7	20,401	2,914	£5.89
Hailsham	60	417,642	7,079	£5.79
Hastings	39	127,666	3,360	£5.68
St Leonards On Sea	52	164,173	3,219	£5.67
Seaford	13	34,728	2,671	£5.64
Wadhurst	7	13,488	1,927	£5.39
Newhaven	65	419,929	6,561	£4.87
Rye	9	49,928	7,133	£3.66
Overall Average for E.Sussex	**441**	**2,053,700**	**3,970**	**£6.30**

Source: Focus, GVA, 2014

2.17 Within East Sussex, Polegate performs most strongly in terms of rental value, achieving an average asking rent of £8.50 psf. In terms of transaction levels, Eastbourne, Hailsham, St Leonards on Sea and Hastings have recorded the highest number of deals, however rents in Eastbourne are notably stronger. These four centres benefit from relatively strong access to the trunk road network and, as such, easier accessibility compared to some other coastal locations.

2.18 Competition for potential inward investors from economics hubs in neighbouring Kent and West Sussex, as well as the wider UK, is strong. In particular Ashford and Crawley offer better connections to London and have a ready supply of high quality stock and space for further development. If East Sussex is to continue to compete for occupiers, new industrial floorspace must be flexible to allow occupiers to move within the local area as they expand or contract.

2.19 Whilst the supply of purpose built Grade A office floor space in East Sussex is currently low - reflecting the localised nature of demand - in the last few years there has been some speculative development in the East Sussex area, including the Chaucer Business Park in Polegate. Market evidence from this development, which is being marketed at £8psf, suggests there is demand for industrial floorspace if stock of the correct specification is delivered in appropriate locations, within reach of supporting amenities to maximise its appeal to occupiers.

2.20 With on-going investment in infrastructure through the SELEP Growth Fund, which is currently investing £56.8m in the Bexhill Hastings Link Road, and a further £20m in projects in Hastings, Bexhill, and Eastbourne, development opportunities such as these will continue to be unlocked. For example, 2,500 sqm of managed business space for SMEs will be delivered at Bexhill Enterprise Park with a £6.5m loan from SEFUND. The Enterprise Park, which will be composed of a number of strategic development sites, will be enabled by the construction of the Link Road in 2015.

2.21 The SELEP Growth Deal and Strategic Economic Plan (2014) recognises the potential for growth in the East Sussex economy, highlighting in particular the under-exploited port at Newhaven, and identifying opportunities in the creative industries and the Advanced Manufacturing, Medtech and Low Carbon Industries.

Eastbourne Market Overview

2.22 As part of the ELR, a thorough review of the commercial property market in Eastbourne and surrounding area was carried out. The main findings were as follows:

- Eastbourne's position on the A22-A27 corridor means it plays a key role in a wider sub-regional property market, with demand and supply in Polegate and Hailsham influencing trends in Eastbourne and vice versa;
- Overall the commercial market within Eastbourne is relatively modest and tends to operate to support locally and sub-regionally orientated businesses;
- Commercial performance in Eastbourne and surrounding areas has been relatively muted in recent years; however there is evidence of increased market interest;
- Transaction data suggests that outside of the town centre (which faces particular issues with the age and nature of stock) vacancy rates are generally low, and the level of activity is reasonably consistent

2.23 The ELR market review concluded with the recognition that whilst there are challenges to growth, the Eastbourne market does have potential to grow. This growth is likely to remain at a relatively modest scale and be focussed on predominantly small to mid-sized stock, but, over the Plan period, there is the opportunity to broaden the supply and grow the market.

2.24 Consultation with local agents suggests that since the market review in 2013 there have been signs of improvement in the industrial market, with increased number of inquiries and transactions. Occupiers tend to be local businesses, with demand coming from those looking to expand or relocate, rather than new businesses moving into the area.

2.25 Demand is therefore highest for smaller units (1,000 sqft to 5,000 sqft) of a standard specification. A shortage of stock of this nature is reported. Whilst there is evidence of investment in the stock at some of the industrial estates, including Southbourne Business Park and Hampden Park, there tends to be little price differentiation between new build and second hand stock due to the localised nature of the occupier market.

2.26 We note, however, that units at the White Knight Site, Hammonds Drive are currently being marketed by Stiles Harold Williams by way of pre-let basis for £8.50 psf. The details of the available units are set out below. The fact that 3 of the 9 units are under offer suggests market demand for small, high quality light industrial units in Eastbourne exists.

Table 5 Asking Rents – White Knight Site

Unit Size (sqft)	Rental Value (£psf)	Availability
1,884	£8.50	to let
1,884	£8.50	under offer
1,884	£8.50	under offer
1,884	£8.50	under offer
2,077	£8.50	to let
1,981	£8.50	to let
2,530	£8.50	to let
2,530	£8.50	to let
2,530	£8.50	to let

Source: Stiles Harold Williams Marketing Brochure

2.27 Based on transactional evidence and agent consultation typical rental values for industrial stock in Eastbourne are as follows:

Table 6 Current Rents and Yields in Eastbourne

Unit Type	Size Band	Rental Value (£psf)	Yield
Prime B2/B8 unit	<10,000 sqft	£7.50	8%
Small B2/B8 unit	<10,000 sqft	£6-6.50	8.5%
Large B2/B8 unit	> 20,000 sq ft	£5-5.50	10%

2.28 As highlighted in the ELR, local agents emphasised that the industrial investment market in Eastbourne and the surrounding area, whilst showing signs of improvement, will continue to be constrained by a lack of land for development.

2.29 Additionally whilst the delivery of the Bexhill-Hastings link road could have a significant impact on the economic potential of the area, further investment in infrastructure would continue to make Eastbourne more attractive to occupiers and investors.

2.30 The existing employment land provision should also be seen as a finite resource within the Borough that cannot easily be replaced. There is no identified opportunity to deliver new employment land capacity, existing sites should therefore maximise their capacity and contribution to the local economy.

Property Market Conclusions

- Improving industrial market across the UK with increased occupier demand and evidence of growing appetite for speculative development;
- Eastbourne is a growing town, with wealthy, skilled population, and economy is performing well in wider East Sussex context;
- Recent signs of improvement at local level evidenced by increased number of inquiries and transactions, plus recent investment in stock. Shortage of smaller industrial units reported;
- Evidence suggests the wider economy, and the industrial market specifically, will continue to grow, boosted by SELEP investment in infrastructure and Sovereign Harbour;
- There is a range of stock needed to meet demands of existing occupiers, and to attract new businesses to the area;
- Lack of development land in area means existing stock must be protected to accommodate growth.

3. Development Scenario

3.1 To provide further assessment of the viability of industrial development in Eastbourne, two development scenarios for hypothetical sites have been established and tested. Through this analysis, we can understand the relationship between current market values, and what rents would need to be achieved to encourage investment. The following section sets out the methodology and assumptions used to establish the viability gap.

Methodology

3.2 In order to test the potential viability of an industrial development in Eastbourne, we have appraised the development outputs and assumptions explained below using a development appraisal approach. This effectively follows the residual valuation method, whereby:

Gross Development Value - Gross Costs incl. Profit = Residual Value

3.3 The residual value will then be compared to a benchmark value, which represents a judgement on the level of value required in order to incentivise a landowner to sell land for development. We have assumed a benchmark land value of £450,000 per ha on the basis of consultation with local agents and evidence relied on in the CIL Viability Evidence Study produced by NCS in October 2013.

Key Assumptions

Establishing the Development Scenarios

3.4 The first stage in the process is to establish the type of industrial development that is likely to come forward in Eastbourne. Through this process realistic 'hypothetical' scenarios can be developed.

3.5 To understand the characteristic of the industrial stock in Eastbourne, all industrial transactions recorded across East Sussex since 2008 were reviewed. The analysis revealed that the industrial units in East Sussex tend to be relatively small, with the average industrial unit measuring c. 4,500 sqft. 44% of all units in the county measure less than 2,000 sqft, whilst just 3% measure over 20,000 sqft. This trend reflects the lack of a significant distribution market in East Sussex, due to the remoteness of the county from wider national markets and the motorway network. However, the analysis revealed that the units in Eastbourne tend to be larger than the average for East Sussex.

Table 7 Analysis of transactions in East Sussex since 2008

Size Band	Number of deals	% stock in size band	Average Rent (Sq Ft)
<2,000 sqft	285	44%	£8.20
2,000-5,000 sqft	225	35%	£6.00
5,001-10,000 sqft	74	12%	£5.70
10,001-20,000 sqft	39	6%	£5.00
>20,000 sqft	19	3%	£4.10
Total	**642**		£6.90

Source: Focus, 2014

3.6 Based on this transaction analysis and consultation with local agents, the following two hypothetical development scenarios were established. We have assumed a site coverage of 40%, although we note that that for smaller units the site coverage could reasonably be higher, thereby improving viability at given rent levels.

Scenario	Unit Type	Size (sqft)	Site Area (ha)
1	B2/B8	2,000	0.05
2	B2/B8	10,000	0.23

Market Value

3.7 As set out in the commercial property market analysis above, average industrial rental values in Eastbourne range from £5 psf to £7.50 psf, with lower rents achieved on larger units; and investment yields range from 8-10%.

3.8 In terms of prime rents, the highest asking rent recorded in Eastbourne since 2010 was £9.80 psf for a 1,200 sq ft unit on Hargreaves Road. We are also aware that the new units at the Chaucer Business Park in Polegate are being marketed at c.£8psf.

3.9 On this basis, and to reflect continuing improvements in market sentiment, we have made the following value assumptions:

Scenario	Unit Type	Size (sqft)	Rent (£psf)
1	B2/B8	2,000	£8.00
2	B2/B8	10,000	£6.00

Development Costs

3.10 The construction costs are linked to current BCIS average costs (broken down by dwelling typology) rebased for East Sussex in Q2 2014. The base build costs include an allowance for prelims and for abnormal costs. We have made no allowance for S106 costs.

3.11 The build costs assumptions were sense-checked against the costs adopted in the CIL Viability Evidence Study. The following build costs were adopted:

Scenario	Unit Type	Size (sqft)	Base Build Cost (£psf)
1	B2/B8	2,000	£50
2	B2/B8	10,000	£40

3.12 We also applied the following 'market norm' assumptions for both scenarios. The appraisals assume the unit is pre-let, as development is highly unlikely to come forward in the current market without tenants secured prior to construction.

Assumption	Value
Purchasing Agent Fee	0.5%
Legal fees	1%
Stamp Duty	Standard Rates
Professional Fees	8% of cost
Contingency	5% of cost
Letting Costs	15%
Sale Costs	1.5%
Rent Free Period	12 Months Rent Free
Developer Profit	18% of cost
Finance Rates	7%

Summary

3.13 In summary, the following assumptions were made:

Scenario	Unit Type	Size (sqft)	Site Area (ha)	Rent (£psf)	Yield	Base Build Cost (£psf)
1	B2/B8	2,000	0.05	£8.00	8%	£50
2	B2/B8	10,000	0.23	£6.00	9%	£40

Key Findings

3.14 Having established the key assumptions, development appraisals were then run using Prodev, a standard industry software, to provide an indication of viability for the two hypothetical schemes. A sensitivity analysis was also carried out to identify the rental levels at which the schemes would become attractive to speculative developers.

3.15 The first scenario tested was a small industrial unit measuring just 2,000 sqft. Whilst we recognise that a developer is unlikely to provide a single, isolated unit, it provides an indication of viability.

		Residual Value: £23,800	Land Value: £20,700			
SCENARIO 1		Build Costs (£psf)				
2,000 Sqft		£40.00	£45.00	£50.00	£55.00	£60.00
Rent (£psf)	£6.50	£20,700	£10,200	£0	£0	£0
	£7.00	£28,700	£18,200	£7,700	£0	£0
	£7.50	£36,800	£26,300	£15,800	£5,300	£0
	£8.00	£44,800	£34,300	£23,800	£13,300	£2,800
	£8.50	£52,900	£42,400	£31,900	£21,400	£10,900
	£9.00	£60,900	£50,400	£39,900	£29,400	£18,900
	£9.50	£69,000	£58,500	£48,000	£37,500	£27,000

3.16 The results of the sensitivity testing show that build costs of £40psf require rents of £7.00 psf for development to be viable, while build costs of £60psf require rents of £9.50 psf.

3.17 The second scenario tested the viability of a 10,000 sqft industrial unit at a lower rent of £6psf and a yield of 9%. The results of the sensitivity analysis, as shown in the table below, show that development with a build cost of £40psf, requires rental values of £7.50 to be attractive.

		Residual Value	£3,300	Land Value:	£103,500	
SCENARIO 2		Build Costs (£psf)				
10,000 sqft		£30.00	£35.00	£40.00	£45.00	£50.00
Rent (£psf)	£4.50	£2,500	£0	£0	£0	£0
	£5.00	£37,300	£0	£0	£0	£0
	£5.50	£72,200	£20,300	£0	£0	£0
	£6.00	£107,100	£55,200	£3,300	£0	£0
	£6.50	£141,900	£90,100	£38,200	£0	£0
	£7.00	£176,800	£124,900	£73,100	£21,200	£0
	£7.50	£211,700	£159,800	£107,900	£56,000	£4,100

4. Conclusion

4.1 This note is intended provide justification for the long term allocation and protection of the existing employment land portfolio in the Borough based on a reasonable expectation of long term demand and economic growth. A review of the industrial market at a national, regional and local level reveals an improving outlook, with evidence of increased occupier demand and renewed appetite for speculative development.

4.2 The CIL Viability testing which showed industrial development to be unviable in Eastbourne at the current time was carried out in 2012, prior to the improvement in the market. It is notable that a review of other adopted CIL charging schedules reveals that even in prime industrial locations, such as Heathrow, industrial development was not found to be able to contribute towards a CIL charge.

4.3 This study has sought to identify the rent level at which industrial development starts to deliver a sufficient return to a developer to become an attractive investment prospect. The high level viability appraisals show that industrial development in Eastbourne becomes viable at a rental value c.£8 psf for smaller units, and £7.50 psf for larger units, when compared to a benchmark land value of £450,000 per ha. The prevailing conditions in the Eastbourne market place range from c. £5 psf to £7 psf; however we note that industrial units at the Chaucer Industrial Park are currently being marketed at £8psf, whilst refurbished units at the White knight Site on Hammonds Drive are available on a pre-let basis at £8.50psf.

4.4 It is not unreasonable, based on market forecasts, to expect rents to reach these 'threshold' values over the Plan period. As such, in line with the NPPF (paragraphs 22 and 173) and the NPPG, we can be sufficiently confident that sites protected for B1/B2/B8 activity can be shown to be viable for the purposes of planning.

4.5 The demand for the new, high quality industrial units provided at both Chaucer Industrial Park and the White Knight site suggests that the Eastbourne market can support development of this nature, and provides evidence of an appetite for speculative development in the right locations.

4.6 Whilst these figures are 'high level', the findings provide an indication that with a marginal improvement in industrial rents, there may be increased demand for industrial development. When taken in the context of a limited availability of land for further industrial development, it becomes more imperative to protect the existing industrial stock.