

Land at SRC Recycling, Fontwell Avenue, Eastergate PO20 3RU

Employment Report

Prepared for SRC Recycling Ltd

Jackson Pelling Ltd
April 2022

CONTENTS

1.0	Introduction	i
2.0	Review of Existing Business	2
3.0	Site Characteristics	5
4.0	Employment Policy and Commercial Market Review	8
5.0	Summary and Conclusions	15

APPENDIX 1 – CoStar Building Rating System

APPENDIX 2 – Arun Industrial Market Rental Information

APPENDIX 3 – Arun Office Market Rental Information

1.0 Introduction

- 1.1 This Employment Report has been prepared by Jackson Pelling Ltd on behalf of SRC Recycling Limited.
- 1.2 SRC Recycling Limited operates a car breakers business at their site off Fontwell Avenue, Eastergate. They are seeking planning permission to redevelop the site for residential use comprising 80 dwellings in total which includes 24 affordable homes (30% affordable provision by units).
- 1.3 This report addresses the employment policy requirements relating to the proposed redevelopment of the SRC Recycling site at Eastergate within Arun DC. Pre-application advice received from the Council with regard to justifying the loss of the existing use on the site indicated that a case needed to be made which considers:
- the existing viability of the business;
 - how many people are employed at the site;
 - whether these employees are to be re-deployed to other sites within the area or not; and
 - whether the business itself is due to re-locate and to within the area or not.
- 1.4 Following this brief introduction, the report considers:
- 1.5 Section 2.0 Review of Existing Business - explains the issues relating to changing nature and operational requirements of the car breaking business and their changing business model; declining financial performance; inefficiencies of operating from this site; and future plans to relocate the business and jobs.
- 1.6 Section 3.0 Site Characteristics – providing a review of site in employment terms and characteristics to demonstrate it is a poor location for employment use which makes limited contribution in terms of jobs relative to site area.
- 1.7 Section 3.0 Employment Policy and Commercial Market Review – reviews the Council's Local Plan policies on employment and the evidence base documents that support those policies. Latest employment/commercial property market data is reviewed and used to prepare high level development viability appraisals to check viability on refurbishment and redevelopment of site for appropriate alternative employment development.
- 1.8 Finally, section 5 sets out the report's summary and conclusions.

2.0 Review of Existing Business

- 2.1 SRC Recycling Ltd have been in operation for over 30 years, they started as a small recovery firm and over the years have expanded their services to now include repairable vehicle salvage, supply of quality tested car parts and scrap vehicle disposal and recycling. They are most active in Sussex, Hampshire and Surrey but do have national reach.
- 2.2 Operations relating to salvage and scrapping of vehicles are strictly licensed and subject to environmental, COSHH (Control of Substances Hazardous to Health) and DVLA regulations. SRC Recycling Ltd comply with the Environmental Permitting Regulations and are an Authorised Treatment Facility (ATF) for End-of-Life Vehicles (ELV). Additionally the operations on site involve heavy machinery which requires stringent health and safety controls.
- 2.3 The processes SRC recycling Ltd (like all ATF's) go through to scrap an ELV are rigorously monitored and controlled across three main activities:
 - Depollution
 - Dismantlement
 - Destruction
- 2.4 The depollution process involves the removal and safe treatment (as required by the Environmental Agency) of all the hazardous materials and components in the ELV. Depollution deals with elements such as fuel; coolants and antifreeze; screen-wash; oils and oil filters; batteries; parts containing mercury such as switches; and parts containing explosives such as airbags and seatbelt tensioners.
- 2.5 Once depolluted an ELV is then moved on to the dismantling process where parts and components which can be salvaged and reused are removed so they can be cleaned, checked, and stored ready for re-supply to be used on existing vehicles. Other components are removed for recycling including copper from wiring looms, catalytic converters (precious metals), alloy wheels, car tyres and glass.
- 2.6 Once dismantled the remaining metal shell is crushed, ready to be moved off site to a metal mill for reprocessing.
- 2.7 When SRC Recycling was first established, the business model for car breakers and scrap was hugely different as environmental controls and health and safety regulations were much less stringent. Scrapped vehicles were stored on site and parts were removed to order and often customers visiting the site would 'scavenge' the parts components they needed from the stored vehicles.
- 2.8 The business does not operate like this now and whilst the site was very well suited to the former scrap vehicle model, the business requires significantly less open storage areas as ELV's are processed and crushed within a short time frame rather than stored. Increasing capacity for the throughput of ELV's with multiple depollution and dismantling stations would improve the operational efficiency and viability of the business. This requires more indoor storage for stripped parts/components and ideally with a trade counter type front of house operation for customers to collect items without any health and safety conflict. Additionally site security is becoming increasingly important given the

need to store higher value salvaged items including catalytic convertors, copper wiring and batteries.

- 2.9 The impact of the increasing burden of environmental controls and operations continuing from an inefficient site are manifested in SRC Recycling's trading performance which has been in steady decline.
- 2.10 The analysis below compiled from filling history with Companies House for SRC Recycling Limited shows the trend of declining turnover and profits over the last seven years from 2015.

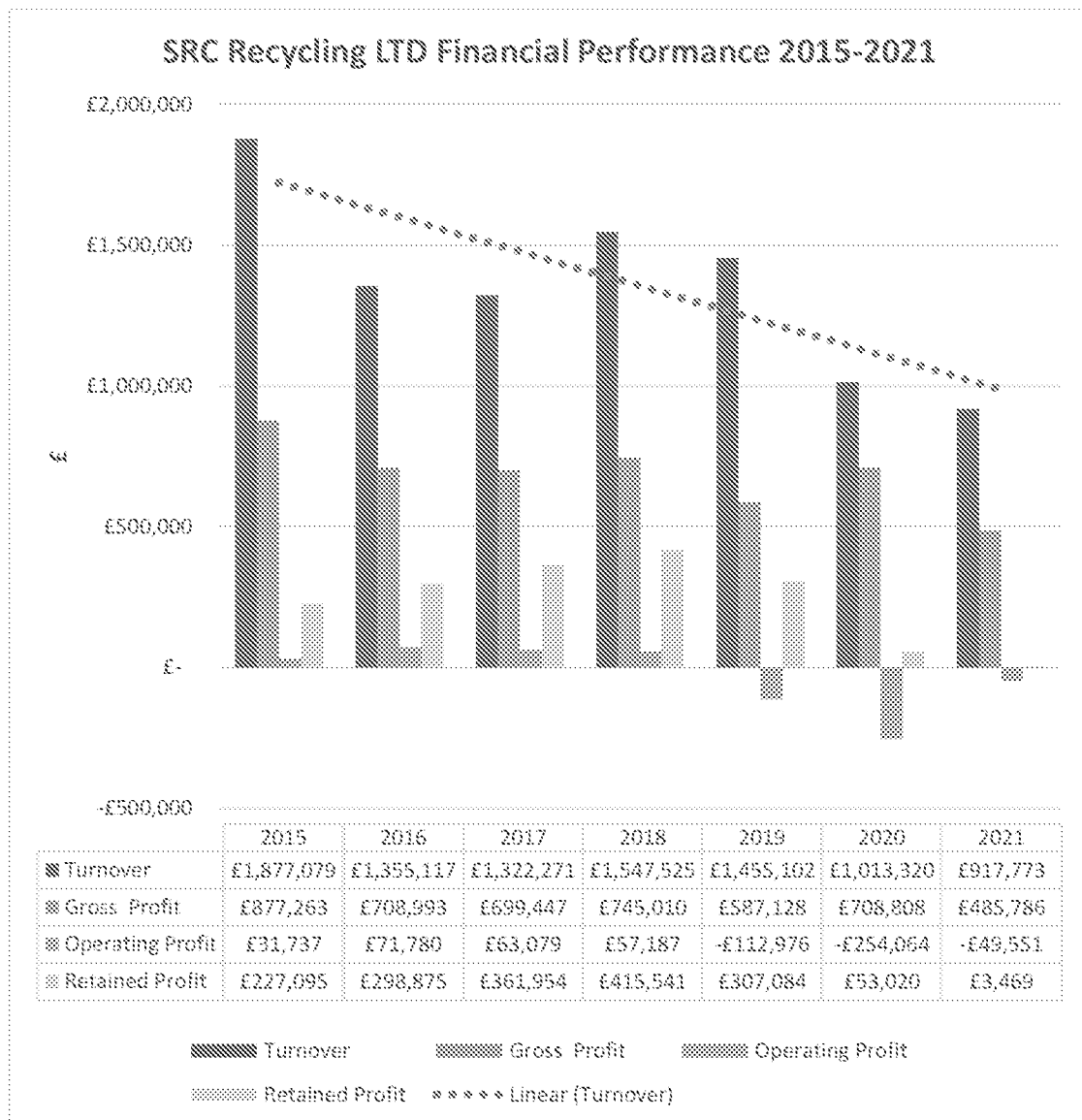


Figure 1: SRC Recycling LTD - Financial Performance 2015-2021

- 2.11 SRC Recycling Limited are currently looking for modern premises which provide them with the optimal mix of good vehicular accessibility for HGV and customer vehicles, space for multiple concurrent depollution and dismantling of ELV's and

warehousing/storage/trade counter for salvaged parts and components. The new premises also need to be secure and ideally have on-site security patrols 24 hours.

- 2.12 The search for an alternative site for the business relocation is being progressed and whilst there has not been a formal resolution or agreement, the Applicant is actively seeking to relocate to a new site, with the priority being to relocate within Arun DC, where it will have the capacity to accommodate the future needs of the business. Discussions are ongoing with the appropriate landowners, but it is hoped this will be progressed (subject to planning permission) in due course.
- 2.13 By relocating, the business would not only retain all the existing 12 employees but is very likely to increase staff numbers to respond to the greater capacity for throughput of ELV's and recycled parts and component sales.

3.0 Site Characteristics

Location

- 3.1 The Site is in Eastergate, West Sussex and is accessed from Fontwell Avenue (A29) a single carriageway road. The Site entrance/exit onto Fontwell Avenue is provided by a single access/egress onto an access road which narrows to single vehicle width as it enters the main part of the Site.
- 3.2 Site frontage to Fontwell Avenue is very limited, comprising the entry point to the site only. The site is effectively in a 'backland' setting to the rear of residential properties on the west side of Fontwell Avenue. The extract plans below show the site's location and access relative Fontwell Avenue and surrounding land uses.

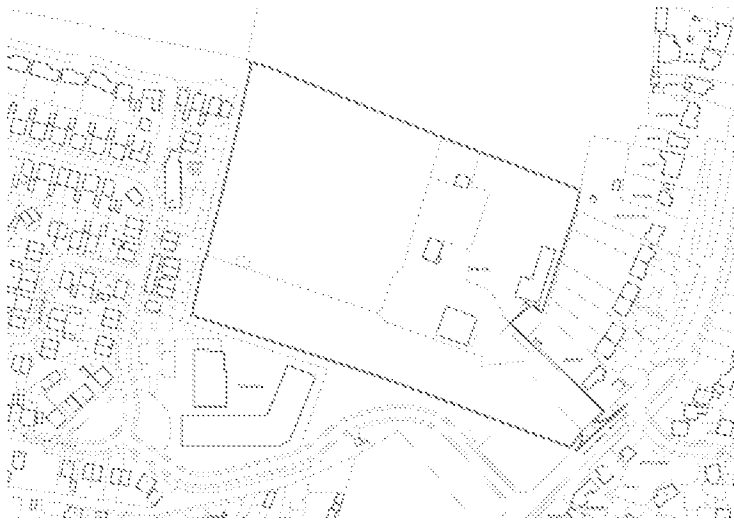


Figure 2: Site Boundary – OS Plan



Figure 3: Site Boundary – Aerial Photography

- 3.3 As shown above, the Site is bounded on three sides by residential development some of which has recently been permitted and developed. These neighbouring residential uses present amenity and compatibility issues with ongoing and potential future commercial/employment use of the site.
- 3.4 The Site's very limited road frontage and its backland nature means that it lacks prominence. Prominence and visibility from roadside are important characteristic for employment sites.

Existing Buildings

- 3.5 There are four existing buildings on the Site which are used in connection with the sui-generis car salvage/breakers use of the site. The four buildings comprise:
- Site Office – a prefabricated two storey building which is the administrative function of the business, providing a reception area for site visitors/customers, accounts and staff facilities. The building has a total area of 208 m² GIA.
 - Engine Removal Building - a steel framed and clad industrial building with a total area of 380 m² GIA.
 - Decontamination Building - a part brick and steel framed/clad industrial building with total area of 352 m² GIA
 - Parts Store - a 'nissen' hut style building in very poor condition used for storage.
- 3.6 The photographs below from the DAS show the general condition of these buildings.

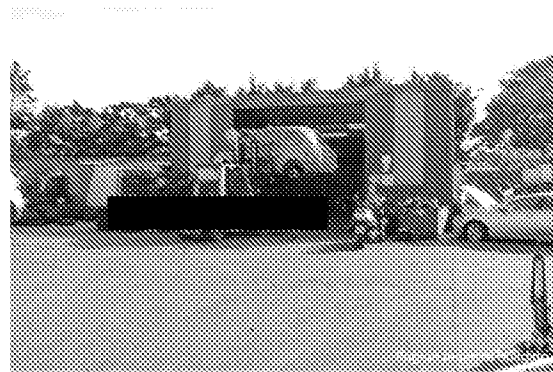


Figure 4: Existing Buildings

- 3.7 Adopting Co-Star's one-to-five-star rating¹ to score (see **Appendix I**) the function and quality of the existing buildings; the Site Office would be two stars at best based on its prefabricated construction, functional aesthetics and its anticipated poor energy and environmental performance. The steel framed industrial buildings would be graded two stars as they are purely functional with limited green/energy efficiency credentials. The Parts Store would be graded one star as it is effectively functionally obsolete and would require significant renovations which are unlikely to be economically viable to undertake.
- 3.8 A large proportion of the sites 3.27 hectare area is used for open storage of broken vehicles and parts and is surfaced with a mixture of hard standing (MOT Type1/consolidated crushed concrete) and tarmac/road scalpings.
- 3.9 In terms of employment density, the business currently supports 12 jobs, based upon built floorspace this is a job density of 1 job per 78m² and on an overall site basis is the equivalent of 1 job per 0.27 hectares. The HCA employment density guide² indicates that industrial type uses will typically support 1 job per 36m². On this basis, the jobs contribution of the site is very low.

Accessibility and Proximity to Major Transport Routes

- 3.10 The road accessibility of the site is reasonable. Fontwell Avenue (A29) connects into the A27 the closest major transport route approximately 1.5km to the north of the site.
- 3.11 However, Fontwell Avenue (A29) is sometimes subject to congestion at peak times because of congestion at the War Memorial junction which is close to the site entrance and the Woodgate Level Crossing to the south of the Site. The site does not have good access/egress for HGV's and expansion or intensification of employment use of the site leading to more HGV movements into and out of the site would have a negative impact.
- 3.12 It is noteworthy also that Fontwell Avenue will be downgraded when the A29 realignment scheme is completed which will re-route the A29 bypassing Eastergate The first (of two) phase has planning permission, is fully funded, and is programmed to commence 2022³.
- 3.13 The closest train station is Barnham which is approximately 2.2km to the east of the site, a five minute drive or 30 min walk away. Local bus services are available along Fontwell Road.

Conclusions

- 3.14 The sites existing sui-generis car breaker use comprises four buildings which are of poor quality with areas of hard standing used for open storage of broken vehicles and vehicle parts.
- 3.15 The site has very limited prominence or visibility with only a narrow road frontage onto Fontwell Road which comprises the sites access road. This access road narrows to single track and then opens into the large backland area of the site.
- 3.16 Wider accessibility is reasonable although the site is remote from major transport routes.

¹ Star rating of buildings is an effective way to compare building quality and functionality. The CoStar Building Rating System which we have adopted in this report is provided at Appendix I. This sets out the definitions for five star (highest rating) down to one star (lowest rating) for each commercial class of building.

² HCA Employment Density Guide 3rd Edition, November 201, Homes and Communities Agency.

³ <https://www.westsussex.gov.uk/roads-and-travel/roadworks-and-projects/road-projects/a29-realignment-scheme/>

4.0 Employment Policy and Commercial Market Review

Local Plan Employment Policy

- 4.1 The Arun Local Plan 2011-2031 was Adopted in July 2018.
- 4.2 Chapter 8 of the Adopted Plan 'Employment & Enterprise' sets out Arun District Councils strategic objectives and policies for employment in the District.
- 4.3 Policy EMP SP1 Strategic Economic Growth seeks to promote sustainable economic growth and support the regeneration of Bognor Regis and Littlehampton. Around 75 hectares of employment land are allocated for development to meet future needs.
- 4.4 Developing the theme of Policy EMP SP1, Economic Growth areas are identified at Littlehampton and Bognor Regis as the focus of regeneration. Policy EMP SP2 Economic Growth Areas provides the framework and Policy EMP SP3 Strategic Employment Land Allocations identifies the specific employment land allocations (seven sites totaling 74.5 hectares) which will deliver the economic growth and regeneration.
- 4.5 The SRC Recycling Site is not allocated or identified as an employment site in the Adopted Local Plan and is a sui-generis use. The relevant employment policy in the Plan which relates to the site and its future development is Policy EMP DM1 Employment Land: Development Management. This is a multi-faceted policy which covers inter-alia:
- 4.6 **Enhancement of employment sites and premises** – it is advised that the Council will seek to protect and enhance existing employment sites and premises to maintain a supply of good quality commercial sites and premises to meet the needs of business and the local economy. Additionally, the Council will promote and support the upgrading of existing employment areas through redevelopment of existing floor space, modernising premises and proposals which more make more efficient use of underused employment sites.
- 4.7 **Protection of existing employment sites and premises** - existing employment sites or premises will be protected where there remains a reasonable prospect of employment use. Any change of use from B1-B8 or similar sui-generis use will not be permitted unless it is demonstrated that the site is no longer required and unlikely to be reused or redeveloped for industrial/commercial purposes or the existing location poses insurmountable environmental harm or amenity which cannot be satisfactorily resolved.
- 4.8 **Relocation and expansion of existing businesses** - the Council will positively encourage the relocation of existing firms wishing to expand within Arun district where this will improve their economic and environmental sustainability, improve the local environment for local residents and/or enhance the sustainable development potential of adjoining sites. The Council will support the regeneration and renewal of these sites and their surroundings for housing and mixed-use development if this assists the viability of the business relocation in Arun.
- 4.9 **Office Development** - the Council will seek to direct office development to the town centres. Enterprise Bognor Regis will also be considered as a suitable location for office development in accordance with Policy EMP DM2.

- 4.10 Supporting text to Policy EMP DMI provides details of the information and analysis that is required to demonstrate that a site is no longer required and is unlikely to be re-used or redeveloped for business use purposes. This comprises:
- a. Location of the site;
 - b. Quality and suitability of buildings;
 - c. Site layout;
 - d. Accessibility;
 - e. Proximity to major transport routes;
 - f. Other uses in the neighbourhood;
 - g. Cost of demolition or refurbishment set against future value for employment uses;
 - h. Length of time the site has been vacant and the efforts made to market the site in ways to attract different types of employment uses;
 - i. Impact of an alternative use upon the amenity and viability of other business uses in the vicinity of the site;
- 4.11 With regard to marketing of the site, the absence of marketing has already been acknowledged in pre-application advice and a case is required to be made based upon:
- the existing viability of the business;
 - how many people are employed at the site;
 - whether these employees are to be re-deployed to other sites within the area or not; and
 - whether the business itself is due to re-locate and to within the area or not.
- 4.12 Elements of the a-i list and the pre-app advice have already been addressed in earlier sections of this Report. The viability of redevelopment or refurbishment for employment use is addressed later in this section. A consolidated response to the above is provided as part of the summary and conclusions to this Report (Section 5).

Local Plan Evidence Base - Employment Land Needs

- 4.13 The employment land need evidence which supports the Adopted Local Plan is the 'Arun Employment Land Needs Update – Final Report' (AELNUFR) which was prepared by Nathaniel Lichfield & Partners (NLP) in April 2016.
- 4.14 The AELNUFR is focused upon employment space needs for the group of B Class sectors (B1, B2 and B8) and future employment needs across the period to 2031 are based upon anticipated future economic growth scenarios for Arun District.
- 4.15 The growth scenarios are based upon:
- Job growth estimates for Arun DC (Experian)
 - Past trends of employment development
 - Labour supply adopting anticipated housing delivery rates for Arun DC

- 4.16 These scenarios are used to calculate future job and/or employment floorspace need subject to adjustments and sensitivity testing to reflect a range of variables including vacancy buffer, net to gross ratios and commuting ratios.
- 4.17 It is notable that the job growth estimates show a decline in jobs and need for manufacturing (B1c/B2) and distribution (B8) floorspace.

Table 2.8 Net Floorspace Requirement by Scenario to 2031 (sq.m)

Use	1. Baseline	2. Past Take-up	3. Labour Supply – 650 d.p.a	4. Labour Supply – 758 d.p.a	5. Labour Supply – 900 d.p.a
Industrial (B1c/B2/B8)	-26,230	45,960	-30,685	-25,655	-19,040
Offices (B1a/b)	15,885	25,180	10,220	12,815	16,230
Total	-10,345	71,140	-20,470	-12,840	-2,810

Source: NLP analysis

Figure 5: Net Employment Space Requirements Arun DC from AELNUFR

- 4.18 Taking account both need (demand) and supply of employment floorspace, the AELNUFR advises that against all scenarios there will be a surplus of industrial space (B1c/B2/B8) within the District up to 2031.

Table 3.3 Demand/ Supply for Office and Industrial Space to 2031 (sq.m)

Use	1. Baseline	2. Past Take-up	3. Labour Supply – 650 d.p.a	4. Labour Supply – 758 d.p.a	5. Labour Supply – 900 d.p.a
Industrial					
Industrial space requirement (sq.m)	18,880	95,660	19,015	24,045	30,660
Potential supply of industrial space (sq.m)	79,330				
Surplus (+) /Shortfall (-) (sq.m)	60,450	18,330	60,315	55,285	48,670
Offices					
Office space requirement	18,400	27,700	12,735	15,335	18,745
Potential supply of office space	11,610				
Surplus(+)/ Shortfall (-)	-6,790	-16,090	-1,125	-3,725	-7,135

Source: NLP analysis Note: B1 Mixed has been split 50:50 between industrial and office uses for the purposes of analysis

Figure 6: Demand Supply Balance of Employment Floorspace from AELNUFR

- 4.19 The conclusion of the AELNUFR are that:

“Factoring in the needs of different employment uses shows that while there is an adequate supply of industrial floorspace in Arun, the supply of office floorspace is currently insufficient to meet arising requirements. Notably, a large proportion of the industrial supply relates to the extant planning permission for 38,099sqm at Oldland's Farm which is a purpose built facility which will be taken up by Rolls Royce. Excluding this application from the supply results in a tighter supply position (between 10,570sqm and 22,350sq.m) with a shortfall being recorded under the past take-up scenario (- 21,770sq.m).

Demand estimates are also considered against an alternative supply position which also factors in additional strategic employment allocations identified through the emerging Local Plan, a significant surplus of employment space would arise under all scenarios to 2031.

Whilst the inclusion of these proposed Local Plan allocations would represent an increase of 93% over and above the baseline employment space supply position, this additional land is concentrated within the three locations of Bognor Regis, Littlehampton and Angmering predominately within the four sites that comprise EBR.”⁴

- 4.20 The employment needs evidence base for Arun DC clearly indicates that there is sufficient supply (existing and proposed) of land for industrial use (B1c/B2/B8) up to and beyond 2031.
- 4.21 Whilst there is an identified potential short fall of office (B1a/b) floorspace. Policy EMP DM2 (4) directs office developments to town centres and Enterprise Bognor Regis.

Local Plan Evidence Base – Commercial Property Intelligence Report

- 4.22 Cluttons LLP prepared a Commercial Property Market Intelligence Report (CPMIR) for Arun District as an evidence base document to support the Arun Local Plan (2011-2031). The CPMIR published in April 2017 considers the market activity and viability of office, industrial and warehousing development in Arun DC.
- 4.23 The CPMIR advised the District has an ageing stock of industrial warehouse, and office premises, mainly found in the centres of Bognor Regis and Littlehampton. The industrial and warehouse premises are largely fit for purpose, as is demonstrated by the fact that there are very few vacant units, but there is a lack of modern premises with very little development having been carried out in the last decade.
- 4.24 With regard to deliverability, it was found that residual appraisals demonstrated that viability is an issue for office, industrial and warehousing development and it was apparent that enabling development was required to improve viability and encourage delivery.
- 4.25 Analysis within the CPMIR showed rental values for industrial space in Arun of £6.50 to £8.50 per sqft although older stock would achieve £5.00 per sqft. For offices, evidence on rental values was limited but showed rents in the range of £8.00 to £12.00 per sqft and it was anticipated that purpose built offices could achieve up to £15.00 per sqft.
- 4.26 The viability of industrial/warehousing was tested on the basis of a speculative development delivering 20,000sqft (GIA) and office on a 24,000 sqft (GIA)/20,000 sqft (NIA) development. Both viability appraisals returned negative site values and were accordingly deemed not viable.

⁴ Paragraphs 4.11-4.13 AELNUFR

- 4.27 To test the viability of redevelopment of the SRC Recycling Site for alternative employment uses, we set out below updated viability reviews in light of up to date rental and build cost information alongside the inputs and assumptions within the CPMIR.

Commercial Property Update and Viability Review

- 4.28 A review of industrial leasing comparable evidence shows that over the last three years, average asking rents in Arun have been £7.26 per sqft and actual achieved rents have averaged £6.63 per sqft. Lettings have typically been secured within 1 year of marketing and the average lease term is 5 years. A copy of the industrial market summary analysis and comparable evidence details are provided at **Appendix 2**.
- 4.29 Office deals over the last three years in Arun have been limited and the stock is a mix of smaller premises of two and three star quality. Asking rents have been in the range of £10.00 to £21.00 per sqft and have averaged £12.00 per sqft. Actual achieved rent is not reported but it is expected that letting will have been secured with some discount to asking rent. A copy of the office market summary analysis and comparable evidence details are provided at **Appendix 3**. No lettings of modern office development space are identified and we have reviewed office lettings in neighbouring Chichester to establish rental values for better quality office space. Two recent lettings at Southern Gate Office Village one for circa 2,000 sqft and the other for 10,000 sqft achieved rents of £17.50 per sqft.
- 4.30 Using the updated rental values alongside inputs and assumptions from the CPMIR we set out below updated viability analysis.

Industrial / Warehouse Viability Appraisal (20,000 sqft GIA)			
Input	CPMIR	Update	Comment
Revenue and Gross Development Value	Rent: £8.50/sqft RV PA: £170,000 Yield: 7.5% GDV: £2,122,733	Rent: £6.65/sqft RV PA: £133,000 Yield: 7.5% GDV: £1,660,733	Rent reflective of sites location and evidence of recent lettings. GDV is net of purchasers costs.
Costs	Build Costs: £80/sqft £1,600,000 Developer Contingency: 5% of build cost £80,000 Professional Fees: 7% of build cost £112,000 Marketing/Letting: 15% first yrs rent £25,500 Disposal Fees: Agent/Legal 1.5% of GDV £31,841 Finance: 7.0% £90,672 Total Cost: £1,940,013	Build Costs: £90/sqft £1,800,000 Developer Contingency: 5% of build cost £90,000 Professional Fees: 7% of build cost £126,000 Marketing/Letting: 15% first yrs rent £19,950 Disposal Fees: Agent/Legal 1.5% of GDV £24,911 Finance: 7.0% £101,050 Total Cost: £2,161,911	Build costs typically now in range £85 to £95/sqft – no allowance for externals. No allowance has been made to cover demolition and site clearance.
Profit	20%: £388,002	20%: £432,382	20% on cost
Residual Land Value	~~£205,282~~	~~£933,560~~	Negative Value = Development not viable. GDV minus Costs and Profit.

- 4.31 The updated viability analysis shows that redevelopment of the site for industrial/warehousing would return a negative land value and would not therefore be a viable development that could be brought forward. The viability has tested a 20,000 sqft GIA development on the site. A smaller building of 10,000 sqft GIA would also be unviable and return a negative residual land value.
- 4.32 Whilst the redevelopment of the site for offices would conflict with Policy EMP DM2 (4) which directs office developments to town centres and Enterprise Bognor Regis; we have considered the viability of the site being redeveloped to provide an office development of 20,000 sqft NIA.

Office Viability Appraisal (24,000 sqft GIA / 20,000 sqft NIA)			
Input	CPMIR	Update	Comment
Revenue and Gross Development Value	Rent: £15.00/sqft RV PA: £300,000 Yield: 7.5% GDV: £3,740,000	Rent: £15.00/sqft RV PA: £300,000 Yield: 7.5% GDV: £3,740,000	Rent reflective of sites location and evidence of recent lettings in Arun and Chichester. GDV is net of purchasers costs.
Costs	Build Costs: £110/sqft £2,640,000 Developer Contingency: 5% of build cost £132,000 Professional Fees: 7% of build cost £184,800 Marketing/Letting: 15% first yrs rent £45,000 Disposal Fees: Agent/Legal 1.5% of GDV £56,070 Finance: 7.0% £196,667 Total Cost: £3,245,537	Build Costs: £150/sqft £3,600,000 Developer Contingency: 5% of build cost £180,000 Professional Fees: 7% of build cost £252,000 Marketing/Letting: 15% first yrs rent £45,000 Disposal Fees: Agent/Legal 1.5% of GDV £56,070 Finance: 7.0% £265,800 Total Cost: £4,398,870	Build costs typically now in range £140 to £170/sqft for 2 storey office development (no air conditioning). No allowance for externals. No allowance for site clearance or demolition.
Profit	20%: £650,907	20%: £879,774	20% on cost
Residual Land Value	~~£488,463~~	~~£1,398,664~~	Negative Value = Development not viable. GDV minus Costs and Profit.

- 4.33 Office redevelopment on the site is not viable, the residual development appraisal returns a negative land value.
- 4.34 In terms of existing use, the buildings on site currently are of a poor quality and in their current state re-letting could be challenging given they requirement for EPC rating improvements. The existing office building is likely to achieve a rental in its current state

of around £5 per sqft. (£46 per sqm) and the two industrial buildings would likely achieve similar rents. The storage shed is unlikely to rent and it together with the remainder of the site would achieve a rental level in line with open storage.

- 4.35 The potential for refurbishment to increase rental levels is in our view unlikely to be viable. The refurbishment costs to get the buildings up to a reasonable standard are likely to be in the order of £40 per square foot (£430 per sqm). The refurbished properties would achieve rentals of around £7.50 per sqft (£80 per sqm) offices and approximately £6 per sqft (£65 per sqm) industrial.
- 4.36 The refurbishment costs would amount to around £420,000 but would only generate an annual uplift in overall rental of approximately £21,000 and this capital investment would be recouped over 20 years. This is a poor return and it is not likely that a developer or site owner would make such an investment given the return.

5.0 Summary and Conclusions

- 5.1 This Employment Report has been prepared by Jackson Pelling Ltd on behalf of SRC Recycling Limited.
- 5.2 SRC Recycling Limited operates a car breakers business at their site off Fontwell Avenue, Eastergate. They are seeking planning permission to redevelop the site for residential use comprising 80 dwellings in total which includes 24 affordable homes (30% affordable provision by units).
- 5.3 This report addresses the employment policy requirements relating to the proposed redevelopment of the SRC Recycling site at Eastergate within Arun DC.
- 5.4 The employment policy requires that to secure planning permission for an alternative development use it must be demonstrated that the site is no longer required (for employment use) and is unlikely to be re-used or redeveloped for business use purposes.
- 5.5 The criteria the policy requires to be considered are set out below with a summary of the responses and evidence that has been provided with this Employment Report.

- a. Location of the site;

- 5.6 The Site's very limited road frontage and its backland nature means that it lacks prominence. Prominence and visibility from roadside are important characteristic for employment sites.

- b. Quality and suitability of buildings;

- 5.7 There are four existing buildings on the Site which are used in connection with the sui-generis car salvage/breaker use of the site. The buildings are of variable but generally poor quality. Adopting a one to five star rating (with one the worst and five the best) to score the function and quality of the existing buildings; the Site Office would be two stars based on its prefabricated construction, functional aesthetics and poor energy and environmental performance. The two steel framed industrial buildings would be graded two stars, they are purely functional with limited green/energy efficiency credentials. The Parts Store would be graded one star as it is effectively functionally obsolete and renovations would not be economically viable to undertake.

- c. Site layout;

- 5.8 A large proportion of the sites 3.27 hectare area is used for open storage of broken vehicles and parts. The building on the site total approximately 950m². The existing employment density is 1 job per 78m², this is significantly below the average for industrial sites of 1 job per 36m²; across the whole site the employment density is 1 job per 0.27 hectares. The site layout is therefore inefficient.

- d. Accessibility;

- 5.9 Road accessibility is reasonable, Fontwell Avenue (A29) connects into the A27 the closest major transport route which is approximately 1.5km to the north of the site. However, the site does not have good access/egress for HGV's and expansion or intensification of employment use of the site leading to more HGV movements into and out of the site would have a negative impact on Fontwell Avenue (A29). The County Council have plans

in place to downgrade Fontwell Avenue when the A29 realignment scheme is completed which will re-route the A29 bypassing Eastergate.

e. Proximity to major transport routes;

- 5.10 The closest major transport route is the A27 which is approximately 1.5 kms to the north of the Site accessed via Fontwell Avenue.

f. Other uses in the neighbourhood;

- 5.11 The Site is bounded on three sides by residential development some of which has recently been permitted and developed. The Sites other boundary is with farmland. In the wider area, residential is the predominant use. These neighbouring residential uses present amenity and compatibility issues with the ongoing and potential future commercial/employment use of the Site.

g. Cost of demolition or refurbishment set against future value for employment uses;

- 5.12 Viability appraisals have been provided in this report which demonstrate that neither redevelopment nor refurbishment would be economically viable. Redevelopment of the Site for new industrial or office use does not return a positive land value, the gross development value of the site is not sufficient to cover the costs associated with development and a reasonable level of return (profit) for the developer. With regard to refurbishment, the costs of upgrading the premises would not generate sufficient rental uplift to warrant carrying out the works.

h. Length of time the site has been vacant and the efforts made to market the site in ways to attract different types of employment uses;

- 5.13 The Site has not been marketed. Pre-application advice requested that in the absence of any marketing that additional information regarding the business be provided. Responses to the pre-app request are provided within this report and a summary is set out below:

- the existing viability of the business;

- 5.14 The viability of the existing business has been in decline for a number of years as demonstrated by the accounts analysis which show that turnover and profit has been in reducing. This is due to the business operating from a site/premises that are sub-optimal. The business intends to relocate and is looking for modern premises which provide them with good vehicular accessibility for HGV and customer vehicles; space for multiple concurrent depollution and dismantling of vehicles; warehousing/storage/trade counter for salvaged parts and components; and secure premises with on-site security patrols 24 hours. Without re-location which will be facilitated by the investment secured through residential development, the business will not be able to make a profit and continuing operating.

- how many people are employed at the site;

- 5.15 Currently 12 people are employed by the business.

- whether these employees are to be re-deployed to other sites within the area or not; and

5.16 These jobs would be relocated to the new premises and increased throughput would mean that more staff are likely to be employed.

- whether the business itself is due to re-locate and to within the area or not.

5.17 The business will be relocating within the area.

i. Impact of an alternative use upon the amenity and viability of other business uses in the vicinity of the site;

5.18 The surrounding uses are predominately residential and therefore residential development on the site would be compatible and not give rise to any amenity issues.

APPENDIX I - CoStar Building Rating System



CoStar™

CoStar Building Rating SystemSM

The CoStar Building Rating SystemSM is a national rating for commercial buildings on a universally recognized 5 Star scale. Historically the industry has lacked a centralized system for evaluating buildings using specific standards developed for each property type. The extensive, standardized property information collected by CoStar Research makes such a national building rating system possible.

A building rating is a national benchmark. Current building classifications of A, B and C operate at a market level, relying on locally relative comparisons. These classifications are typically based on a general combination of factors that include aspects of the building, its location, rents and local opinion. The rating system considers the building separately from its immediate vicinity, with the exception of retail properties. This distinction enables the rating system to address the intrinsic quality of a specific building, with the understanding that a range of building quality may exist in any given location. A building considered to be Class A quality in one market may not qualify as Class A in another. However, because ratings are based on specific standards developed for each property type and consistently applied across different markets, a 4 Star building, for example, is expected to be comparable with all other 4 Star buildings across all markets.

The Building Rating SystemSM focuses on aspects of the building itself. To do so, the system uses a set of definitions established to describe expected levels of quality for each rating, within each property type. These definitions are described in this document, as well as the underlying building components that are taken into consideration when a building is rated. The specific criteria within each definition were selected on the basis of structured research meetings with commercial real estate professionals.

Buildings are rated through an examination of the design and construction of a building. For example, the type of exterior materials, the quantity and quality of windows and the lobby finishes present in office buildings; the ceiling height and number of loading docks in warehouses and distribution centers; the entrances and parking areas for retail properties; and the types of finishes offered in the units of multi-family buildings. These examples, as well as many other factors all have an effect on a building's rating. The multitude and diversity of decisions that are made when designing, constructing, renovating and managing a building creates a built environment in which no building is identical to another, even when of the same property type. However, CoStar tracks the entire range of buildings, from skyscrapers in large cities to single story buildings in smaller markets. To effectively categorize buildings within this wide range, a national rating system with a more specific scale is necessary.

Due to this vast heterogeneity across buildings and the multitude of factors that are embodied in each one, there is no prescriptive path toward rating a building; rather a series of mechanisms must be used. For

CoStar Building Rating System

instance, a property's rent is determined by its location and the supply-demand forces in the market, as well as the physical attributes of a building. Similarly, a building built in the past year does not automatically mean that it was built to a high standard. To provide a building rating in this context and across CoStar's diverse and comprehensive database of over 4 million properties, CoStar applies several mechanisms to ensure that a rating adheres to the definitions of each star rating level.

These mechanisms include:

MECHANISM	CONTRIBUTION
RESEARCH	Field Researchers are located across the US conducting site inspections and photographing buildings. These researchers use this direct experience to grade a building on the condition of its exterior, general curb appeal, landscaping, site treatments, access, and prominence. Property Researchers interview real estate professionals, collecting detailed information on many aspects of a building. These researchers examine building specifications, images, brochures, and floor plans to ensure that buildings are aligned with the description of each rating outlined in this document.
RATING MODELS	The diversity of commercial buildings and the nuanced details that contribute to the experience, perception, marketability, and performance of a building dictates that a purely formulaic approach to determining ratings cannot be used as a singular solution. Quantitative analyses on variables such as the time since renovation or construction and the dimension of building's slab-to-slab height are used to support the determination of building ratings. These types of variables may indicate buildings that are built to specifications that currently do not receive the highest levels of demand, or systems and finishes in need of upgrading. These determinations are ultimately confirmed by the other mechanisms.
ANALYTIC QUALITY ASSURANCE	Building ratings are continuously reviewed through a series of checks for inconsistencies with respect to aggregated rating trends, as well as the ongoing integration of up-to-date property information.
MARKET ADVISORS	There is no substitute for the insight of real estate professionals working in a particular market. CoStar engages industry professionals through local advisory meetings to gather input on the rating system, to confirm individual ratings, and to collect first-hand knowledge on specific buildings. Information from these meetings will be used to calibrate building ratings and to ensure that building ratings are consistent with market expectations.

This structure allows CoStar to actively and continuously preserve the timeliness and consistency of building ratings as an integrated function of CoStar research, through a centralized process which ensures an up-to-date reflection of commercial real estate activity. While no two buildings are exactly alike, the mechanisms above describe the general processes for how buildings are rated with the intent of aligning buildings as closely as possible to the definitions for each rating described later in this document.

We have established a special team within CoStar Research to review and respond to inquiries about the system. Please send any questions or comments directly to the CoStar Building Rating System at

OFFICE BUILDINGS

Given the precedent established by the A, B, and C classification system, there is general acknowledgement within the real estate industry that a spectrum of quality exists among office buildings. While the basis for each building class is understood in a very general sense, the Building Rating SystemSM bases ratings on specific definitions for each rating. Individual buildings are analyzed and interpreted with respect to these definitions with the ultimate goal of assigning ratings that account for the wide variation.

Office Building Components

As part of the rating process, the elements of an office building were segmented into five main categories. The criteria within each category play a specific role in assessing the overall quality of an office building.

These five categories are defined below:

Architectural Design:

While opinions on the aesthetic expression of a building will vary among individuals, particular sets of design characteristics exhibit the current trends in office building design and construction. The design characteristics that are incorporated in the rating system are intended to capture a building's general aesthetic presence and experience. These characteristics range from the exterior materials selection and the character of the fenestrated surfaces, to the quality of interior finishes. To analyze these types of components, an office building is defined by the manner in which key architectural components compare with broadly accepted expectations of quality that have an influence on an office building's use, and the experience of its occupants.

Structure/Systems:

The structural attributes of a building and the systems in place can both be tangibly identified with certainty and their characteristics benchmarked against current expectations of highly competitive buildings. For example, the dimension from the top of a floor slab to the top of the slab directly above is a telling indicator of the potential for a high quality interior space. Additional height in this dimension can allow for natural daylight to penetrate further into floor plan. Combined with appropriate dimension from the windows to the building core, these structural characteristics can provide a well-lit indoor environment for employees.

Amenities/Management:

The quantity and types of on-site amenities contribute to the experience and the breadth of conveniences offered to daily occupants and visitors to the property. This enhanced desirability leads to tenant retention and further differentiates a building in a positive manner. An on-site property manager ensures that the

needs of tenants are well met and that all services are in good order. The performance of a building's management program and staff can be assessed through recognition like the BOMA 360 Performance Program and BOMA TOBY Awards.

Site/Landscaping/Exterior Spaces:

The quality of a building's site, sidewalk treatment, landscaping and exterior spaces all enhance both the visible presence of the building and its grounds, as well as the exterior environment provided to tenants. Quality in this area is demonstrated through clear building entrances, exterior gathering spaces, well-defined connections to parking areas, and the presence of well-maintained landscaping and greenery.

Certifications:

Various third-party certification programs are available for buildings to demonstrate performance in particular areas. For example, Leadership in Energy and Environmental Design (LEED), Energy Star, and Green Globes are all programs that recognize environmental performance and energy efficiency at a level above national standards, as well as the presence of sustainable building features and management practices. Studies have shown the correlation between achieving these certifications and increased financial performance. These certifications are typically also indicative of a building owner or manager's commitment to striving for the highest standards in office buildings.

Office Star Rating Definitions

RATING	GROUP	DEFINITION	
	A 5-Star office building is exemplary of a state-of-the-art, category defining structure that represents the latest trends and quality in design and construction, prominent in its context or of a landmark status, and very likely a certified sustainable and energy efficient building. Buildings rated to exhibit the nation's current set of highest quality structures and form the benchmark of current excellence in office buildings.		
	Architectural Design	Exterior Materials/ Façade	High-quality durable materials – natural stone, glass, well detailed metal panels; accentuating lighting.
		Lobby/ Common Areas	Double height or atrium lobby with top quality finishes/materials and artwork, clear and intuitive layout for visitors, comfortable waiting area, accentuating lighting, high level of finish in other common areas and elevator cabs/lobbies.
		Fenestration/ Glazing/ Views	Full height glass, corner windows, abundant natural day lighting, generally available exterior views, high ratio of glazed to opaque exterior walls, highly efficient glazing specifications.
		Overall Aesthetics	Positively differentiated from background buildings yet contextually appropriate. Representing current trends and standards in design and/or of a timeless, perhaps a historic quality. Aesthetically exceptional arrangement of forms, massing and materials. Likely designed by a notable or signature architect.

CoStar Building Rating System

RATING	GROUP	DEFINITION
		Access Clearly articulated entrance identified with an architectural feature; truck and service entrance distanced from main entrance.
	Structure/Systems	High ceiling heights/slab-to-slab dimensions, efficient and virtually column free floor plans; modern energy-efficient HVAC, digitally controlled building automation systems, individual control/VAV units, efficient elevators with continuous shafts serving parking levels and upper floors, dedicated freight elevator. These buildings are likely to be constructed recently or undergone a significant renovation.
	Amenities/Management	Concierge, on-site management, fitness center, services (dry cleaning, shoe repair, etc.), security with streamlined ID and badging process, on-site conference facilities, bicycle storage, shower facilities, and other highly demanded amenities.
	Site/Landscaping/Exterior Spaces	Continually maintained landscaping where applicable; exterior gathering spaces, roof terrace or courtyard.
	Certifications	Very likely a certified/labeled green and energy efficient building.
	At a minimum level, a 5-Star building typically includes the following: exterior materials listed above, a glazing ratio of approximately 75%, 12' slab-to-slab dimension, a column free floor plan, a regular floor plate shape, and multiple desired amenities.	
★★★★★	A very high quality building that maintains market leadership through the strength of its initial construction, continual above average maintenance and desirability for tenants and investors over time. These buildings are likely to be older than the current 5 Star set.	
	Architectural Design	Exterior Materials/Façade High-quality durable materials – likely similar to 5 Star type yet possibly exhibiting signs of age and wear.
		Lobby/Common Areas Large lobby with clear circulation, above average finishes, comfortable waiting area.
		Fenestration/ Glazing/Views Full height glass or ribbon windows/large punched windows, great natural day lighting and views.
		Overall Aesthetics Positively differentiated from background buildings yet contextually appropriate. Representing recent trends and standards in design and/or of a timeless, perhaps a historic quality.
		Access Clearly articulated entrance identified with an architectural feature, truck and service entrance distanced from main entrance.
★★★★	Structure/Systems	Likely to have some 5 Star qualities, or of a prior generation of buildings.
	Amenities/Management	Likely to have some 5 Star qualities, possibly without service oriented amenities.
	Site/Landscaping/Exterior Spaces	Well maintained landscaping where applicable; likely to have exterior gathering spaces, a roof terrace or courtyard.
	Certifications	Likely a certified/labeled green and energy efficient building.
	Architectural Design	Exterior Materials/Façade Brick, stucco, EIFS, precast concrete, or possibly higher rated materials with signs of age and wear.
		Lobby/ Common Areas Modest lobby size and finish, clear lobby layout for visitors.
		Fenestration/ Glazing/Views Punched or ribbon windows, fair mix of glazed and opaque surfaces that provides adequate natural light.
		Overall Aesthetics Average with respect to background buildings, contextually appropriate.
		Access Undifferentiated but obvious main entrance.
★★★	Structure/Systems	Minimal ceiling height, smaller, less flexible floor plate, likely older and renovated.
	Amenities/Management	Some standard amenities.
	Site/Landscaping/Exterior Spaces	Modest landscaping and likely small or no exterior spaces.

CoStar Building Rating System

RATING	GROUP	DEFINITION	
C	Certifications	Possibly a certified/labeled green and energy efficient building.	
	Architectural Design	Exterior Materials/ Façade	Brick, stucco, EIFS, precast concrete, with noticeable aging.
		Lobby/Common Areas	Minimal or no lobby.
		Fenestration/ Glazing/Views	Small, seemingly inadequate windows.
		Overall Aesthetics	Average, functional.
		Access	Unarticulated entrance.
	Structure/Systems	Purely Functional.	
	Amenities/ Management	Likely none.	
	Site/Landscaping/ Exterior Spaces	Minimal or no landscaping, no exterior spaces.	
	Certifications	Unlikely a certified/labeled green and energy efficient building.	
D	Practically uncompetitive with respect to the needs of a typical office tenants, may require significant renovation, possibly functionally obsolete. The building may have been originally constructed for non-office use.		

Industrial Buildings

Unlike office buildings, there is currently no predominant classification system for industrial buildings. The Building Rating System provides a systematic approach to rating these properties. While following a similar rating structure as office buildings, industrial building ratings are unique in the sense that a high quality industrial building is one that provides state-of-the-art functionality for a particular industrial use and/or the flexibility to accommodate a range of uses. Additionally, consideration for secondary types plays a role. For example, the underlying factors for distribution facilities may differ from a manufacturing building.

Industrial Building Components

Architectural Design:

While the architectural aesthetics and design of an industrial building may not be the driving force when assessing a property, a well maintained building with a degree of architectural differentiation at main entrances and the long expansive surfaces associated with industrial functions is often indicative of modern high quality buildings. Additionally, the integration of elements such as skylights and well-placed signage may be demanded by tenants.

Structure/Systems:

This group represents the most significant components of an industrial building. It focuses on the functionally differentiating characteristics of a building such as loading, clear heights, and the presence modern systems.

Amenities:

The inclusion of certain building amenities may allow an industrial building to appeal to a wider array of tenants.

Site/Landscaping/Exterior Spaces:

CoStar Building Rating System

An industrial building's site can further differentiate a property through characteristics such as an adequate truck court dimension and land ratio, as well as landscaping used strategically to enhance the presence of a building, delineate employee and service routes or to shield unattractive equipment.

Certifications:

Various third-party certification programs are available for buildings to demonstrate performance in particular areas. For example, Leadership in Energy and Environmental Design (LEED), Energy Star, and Green Globes are all programs that recognize environmental performance and energy efficiency at a level above national standards, as well as the presence of sustainable building features and management practices.

Industrial Star Rating Definitions

RATING	GROUP	DEFINITION
	Architectural Design	Exterior Materials Concrete tilt-up or concrete block, surface detailing to break up long facades, different and higher quality materials used on office parts of building. Insulated walls and roof.
		Fenestration/Glazing Large windows at office areas, skylights for reduced lighting expense.
		Overall Aesthetics Positively differentiated from building in immediate vicinity. Representing current trends and standards in design.
		Visibility/Access Visibility from major access routes, clear delineation between employee/visitor route and service. Convenient access for trucks with very clear and visible signage from a distance.
	Structure/Systems	RBA (typically) ≥ 150,000 sq. ft.
		Clear Height (typically) Distribution: ≥ 32 ft. Warehouse: ≥ 24 ft. Manufacturing: ≥ 28 ft.
		Dock Ratio (typically) Distribution: ≤ 5,000 sq. ft./dock Warehouse: ≤ 5,000 sq. ft./dock Manufacturing: ≤ 10,000 sq. ft./dock
		Sprinkler Type ESFR system
	Site/Landscaping/Exterior	Coverage Ratio ≤ 30%

CoStar Building Rating System

RATING	GROUP	DEFINITION	
	Spaces	(typically)	
		Truck Court (typically)	≥ 125 ft.
	Certifications	Possibly a certified/labeled green and energy efficient building.	
	Architectural Design	Exterior Materials/Façade	Concrete tilt-up or concrete block, surface detailing to break up long facades, different and higher quality materials used on office parts of building, possibly exhibiting signs of weathering and wear.
		Fenestration/Glazing/Views	Large windows at office areas, possibly skylights.
		Overall Aesthetics	Representing recent trends and standards in design.
		Visibility/Access	Visibility from major access routes, clear delineation between employee/visitor route and service. Convenient access for trucks with very clear and visible signage from a distance.
	Structure/Systems	RBA (typically)	Typically ≥ 100,000 sq. ft.
		Clear Height (typically)	Distribution: ≥ 30 ft. Warehouse: ≥ 24 ft. Manufacturing: ≥ 28 ft.
		Dock Ratio (typically)	Distribution: ≤ 7,500 sq. ft./dock Warehouse: ≤ 7,500 sq. ft./dock Manufacturing: ≤ 15,000 sq. ft./dock
		Sprinkler Type	Yes
	Site/Landscaping/ Exterior Spaces	Coverage Ratio (typically)	≤ 50%
		Truck Court (typically)	≥ 100 ft.
	Certifications	Possibly a certified/labeled green and energy efficient building.	
	Architectural Design	Exterior Materials	Concrete tilt-up or concrete block with a basic level of finish, undifferentiated materials at office.
		Fenestration/Glazing/Views	Small windows at office areas, possibly skylights.
		Overall Aesthetics	Average with respect to surrounding buildings, contextually appropriate.
		Visibility/Access	Delineation between access for employee/visitors and service vehicles. Convenient access for large trucks. Decent signage.
	Structure/Systems	RBA (typically)	Typically ≥ 50,000 sq. ft.
		Clear Height (typically)	Distribution: ≥ 28 ft. Warehouse: ≥ 20 ft. Manufacturing: ≥ 24 ft.

CoStar Building Rating System

RATING	GROUP	DEFINITION
		Dock Ratio (typically)
		Distribution: ≤ 10,000 sq. ft./dock Warehouse: ≤ 10,000 sq. ft./dock Manufacturing: ≤ 20,000 sq. ft./dock
	Site/Landscaping/ Exterior Spaces	Sprinkler Type
		Yes
		Coverage Ratio (typically)
		Truck Court (typically)
		≥ 80 ft.
	Certifications	Possibly a certified/labeled green and energy efficient building.
	Architectural Design	Exterior Materials/Façade
		Metal or brick.
		Fenestration/Glazing/Views
		No glazing, no skylights.
		Overall Aesthetics
		Average, functional.
		Visibility/Access
		No apparent access strategy, difficult access and sub-optimal signage.
	Structure/Systems	Purely Functional.
	Site/Landscaping/ Exterior Spaces	Minimal or no landscaping, no exterior spaces.
	Certifications	Unlikely a certified/labeled green and energy efficient building.
	Practically uncompetitive with respects to the need of a typical industrial tenants, may require significant renovation, possibly functionally obsolete.	

MULTI-FAMILY BUILDINGS

The quality and desirability of multi-family buildings is largely defined by the by the specifications of the dwelling units offered to tenants, as well as the amenities associated with the property overall. The following describes the components of the multi-family rating system.

Multi-family Building Components

Architectural Design:

The overall design of a multi-family building can be a key factor in attracting tenants and establishing the prestige of a property. In multi-family buildings, this ranges from buildings that exhibit the most current trends in apartment design and construction to the long lasting aesthetic of classic early 20th century buildings. These characteristics range from the exterior materials selection, the quality of interior finishes and the level of landscaping and exterior spaces. Additionally, unlike office and industrial buildings, regional and vernacular trends in design can play a role in the design of multi-family buildings.

Structure/Systems:

Structural and systems decisions in a multi-family building can be attributable to some of the value creating elements of the property. Tall/vaulted ceilings, adequate acoustic separation, open floor plans, as well as efficient, central HVAC systems with individual controls are all examples of building systems that have a differentiating effect in the market.

Amenities:

The package of unit and on-site amenities that are offered by a multi-family property speaks directly to the overall quality of the building and the ability of the property to attract and retain tenants. This includes the types of on-site amenities such as a swimming pool, tennis court, and fitness center; as well as the quantity and quality of unit amenities such as high-end appliances, stone countertops, integrated lighting, and hardwood floors.

Site/Landscaping/Exterior Spaces:

The design of a building's site, landscaping, walkway treatment, exterior spaces and amenities all enhance both the visible presence of the building and its context, as well as the exterior environment provided to tenants. In more urban contexts this includes roof terraces and courtyards

Certifications:

Various third-party certification programs are available for buildings to demonstrate performance in particular areas. For example, Leadership in Energy and Environmental Design (LEED), and Green Globes are all programs that recognize environmental performance and energy efficiency at a level above national standards, as well as the presence of sustainable building features and management practices.

Multi-family Star Rating Definitions

RATING	GROUP	DEFINITION
★★★★★	A 5-Star building represents the luxury end of multi-family buildings defined by finishes, amenities, the overall interior/exterior design and the highest level of specifications for its style (garden, low-rise, mid-rise, or high-rise).	
	Architectural Design	Exterior Materials/Façade High-quality durable materials – natural stone, glass, well detailed and constructed metal panel, wood veneer, or terracotta cladding; accentuating lighting.
		Fenestration/Glazing/Views Large windows, abundant natural day lighting, generally available exterior views, high efficient glazing specification.
		Overall Aesthetics Representing current trends and standards in design and/or of a timeless, perhaps a historic quality. Aesthetically exceptional arrangement of forms, massing and materials. Possibly designed by a notable or signature architect.
	Structure/Systems	High ceilings; modern energy-efficient, central HVAC, individually controlled systems, high-speed elevators, likely new or newly renovated.
	Amenities	Unit Amenities/Design Requires numerous high quality finishes such as hardwood floors, granite countertops, stainless steel appliances, bay window(s), crown molding, a balcony/patio and in-unit washer/dryers. Also typically has an open floor plan and high/vaulted ceilings of 9'+
		Site Amenities Requires plentiful on-site shared facilities including a clubhouse/party room, fitness center, business center, pool, concierge, etc.
	Site/Landscaping	Continually maintained landscaping where applicable; exterior gathering spaces, roof terrace or courtyard.
	Certifications	Possibly a certified/labeled green and energy efficient building.
★★★★	4-Star buildings are constructed with higher end finishes and specifications, providing desirable amenities to residents and designed/built to competitive and contemporary standards.	
	Architectural Design	Exterior Materials/Façade Durable materials, well-detailed and constructed metal panel, wood veneer or terracotta cladding; possibly exhibiting minor signs of weathering and wear.
		Fenestration/Glazing/Views Large windows, great natural day lighting and views.
		Overall Aesthetics Representing recent trends and standards in design and/or of a timeless, perhaps an historic quality.
	Structure/Systems	Likely to have some 5 Star qualities, or of a prior generation of buildings.
	Amenities	Unit Amenities/Design Includes some high quality finishes such as hardwood floors, granite countertops, stainless steel appliances, bay window(s), crown molding, a balcony/patio and in-unit washer/dryers. Also may have an open floor plan and high/vaulted ceilings.
		Site Amenities Several on-site shared facilities such as a Clubhouse/Party Room, Fitness Center, Business Center, Pool, Concierge, etc.
	Site/Landscaping	Well maintained landscaping where applicable; likely to have exterior gathering spaces, roof terrace or courtyard.
	Certifications	Possibly a certified/labeled green and energy efficient building.
★★★☆☆	Architectural Design	Exterior Materials/Façade Brick, stucco, EIFS, precast concrete, vinyl or fiber cement siding, possibly 4 Star materials with signs of age.
		Fenestration/Glazing/Views Punched windows, fair mix of glazed and opaque surfaces that provide adequate natural light.
		Overall Aesthetics Average with respect to background buildings, contextually appropriate.
	Structure/Systems	Likely smaller and older with less energy-efficient and controllable systems.
	Amenities	Unit Amenities/Design Average quality finishes, layout conducive to compact lifestyle

RATING	GROUP	DEFINITION	
			but not necessarily an open floor plan.
		Site Amenities	A few on-site shared facilities and spaces such as a Clubhouse/Party Room, Fitness Center, Business Center, Pool, Laundry Facilities, etc.
	Site/Landscaping	Modest landscaping and likely small or no exterior spaces.	
	Certifications	Possibly a certified/labeled green and energy efficient building.	
2+ 2+	Architectural Design	Exterior Materials/Façade	Brick, stucco, EIFS, precast concrete, siding with noticeable aging.
		Fenestration/Glazing/Views	Small, seemingly inadequate windows.
		Overall Aesthetics	Average, functional.
	Structure/Systems	Purely functional.	
	Amenities	Unit Amenities/Design	Below average finishes, inefficient use of space.
		Site Amenities	Likely only one or no on-site shared facilities.
	Site/Landscaping	Minimal or no landscaping, no exterior spaces.	
	Certifications	Unlikely a certified/labeled green and energy efficient building.	
2+	Practically uncompetitive with respect to typical multi-family investors, may require significant renovation, possibly functionally obsolete.		

RETAIL BUILDINGS

While the differentiating factors for retail properties are predominantly based on a location's impact on the potential productivity of the retailers, there are also aspects of retail buildings that contribute to the overall experience of shopping at a particular property or the building's contribution to attracting customers.

Location:

Prime retail districts provide a high concentration of retail tenants resulting in higher traffic and visibility for retailers. This agglomeration provides a mix of retailers, enables comparison shopping and allows for multi-purpose trips. These and other factors such as the purchasing power of a particular demographic in the area may drive the demand for retail tenants to locate in a prime retail area.

Tenants:

Retail properties rely on the reputation and brand recognition of their tenants, particularly anchor tenants, to attract customers as well as other retailers to a center. The presence of tenants with a willingness to pay top of the market rents generally aligns with well-maintained, higher quality retail buildings benefiting from the latest trends in retail development.

Architecture/Landscaping:

The architectural expression of a retail property should support the building or center's ability to attract customers and its strength as a competitively differentiated structure. Landscaping should be well integrated with the layout of building and parking, as well as supporting clear signage and visibility, and attractive landscaping at entrances.

Site Access/Site Design:

The site access and site design can support the attractiveness and productivity of a retail property. Placement of ingress and egress routes, dedicated turn lanes, signalized intersections, and other means to promote safe and efficient access, all impact the sales at a particular building. Site design must focus on clear and efficient layouts and configurations, as well as optimal access. The placement of buildings, parking, and signage must work together to maximize the visibility, attractiveness and accessibility of the center.

Certifications:

Various third-party certification programs are available for buildings to demonstrate performance in particular areas. For example, Leadership in Energy and Environmental Design (LEED), Energy Star, and Green Globes are all programs that recognize environmental performance and energy efficiency at a level above national standards, as well as the presence of sustainable building features and management practices.

Retail Star Rating Definitions

RETAIL	GROUP	ELEMENT	DESCRIPTION
	Location		Located in a prime retail district with high purchasing power area based on local demographics. High concentration of retail tenants in its proximity.
	Tenants		Recognized, industry leading, national or international retailers, or high-end local retailers. High drawing power, particularly for anchor tenants.
	Architecture/ Landscaping	Exterior Materials/Façade	High quality materials that are durable, well maintained, clean, and seemingly appropriate to the use. Upscale shops should incorporate higher quality materials like natural stone, metal, and glass.
		Structure	New or very well maintained building, with a configuration applicable to a wide range of tenants.
		Curb Appeal	A positively differentiated design that may attract customers and with a level of quality to appropriately match with the expectations of the particular retailer. Centers should be architecturally unified, while appropriately maintaining distinct individual identities of retailers. Contextually appropriate to the location. Represents current trends and standards in design and/or of a timeless/ historic quality.
		Landscaping	Well-designed landscaping that breaks up expanses of parking lots, and provides pedestrian pathways, well-designed exterior spaces for visitors. Service areas should be concealed by the structure or landscaping.
	Site Access/ Site Design	Visibility/Access	Ingress and egress routes should be clearly defined and conveniently integrated with the roads serving the site. The building should be clearly visible from roadways with delineated access between employees/visitors and service vehicles. Storefront retail should be contextually appropriate; mixed-use retail entrances should be distinct from the non-retail, mall entrances should be prominently identified. Clear and well integrated signage. Corner locations featuring large frontages with dedicated turn lanes and signals. Parking lots and structures should be well lit and continuously maintained.
	Certifications		May have one or more certifications.
	Location		Possibly located in a prime retail district and high purchasing power area. High concentration of retail tenants in its proximity.
	Tenants		Recognized, national or international retailers or high-end local retailers. High drawing power, particularly for anchor tenants.
	Architecture/ Landscaping	Exterior Materials/Façade	High quality materials that are durable, well maintained, clean, and seemingly appropriate to the use.
		Structure	Likely newly built or well-maintained structure.
		Curb Appeal	A positively differentiated design that may attract customers and with a level of quality to match with the expectations of the particular retailer. Centers should be architecturally unified, while maintaining distinct individual identities of retailers. Representing recent trends and standards in retail design and/or of a timeless/ historic quality.
		Landscaping	Well-designed landscaping that breaks up expanses of parking lots, and provides pedestrian pathways, well-designed exterior spaces for visitors.
	Site Access/ Site Design	Visibility/Access	Ingress and egress routes should be clearly defined and conveniently integrated with the roads serving the site. The building should be visible from roadways with delineated access between employees/visitors and service vehicles. Storefront retail should be contextually appropriate; mixed-use retail entrances should be distinct from the non-retail, mall entrances should be

RETAIL	GROUP	ELEMENT	DESCRIPTION
4			prominently identified. Clear and well integrated signage. Corner locations featuring large frontages with dedicated turn lanes and signals. Parking lots and structures should be well lit and maintained.
	Certifications	May have a certification.	
	Location	Average concentration of retail tenants in its proximity.	
	Tenants	National, regional and local retailers.	
	Architecture/ Landscaping	Exterior Materials/Façade	Average cost materials in good condition.
		Structure	Potentially an older well maintained structure.
		Curb Appeal	Average design for its typology.
		Landscaping	Some features of the higher star category. Decent landscaping and exterior spaces and parking.
	Site Access/ Site Design	Visibility/Access	Delineation between access for employees/visitors and service vehicles, decent signage.
	Certifications	Unlikely to have any certifications.	
3	Location	Low concentration of retail tenants in its proximity.	
	Tenants	Likely local or regional retailers.	
	Architecture/ Landscaping	Exterior Materials/Façade	Lower cost materials.
		Structure	Older property.
		Curb Appeal	Functional design.
		Landscaping	Little to no landscaping.
	Site Access/Site Design	Visibility/Access	No apparent access strategy, difficult access and sub-optimal signage.
	Certifications	No certifications.	
2		Suitable for only very unique retailers, may require significant renovation, possibly functionally obsolete.	

Hospitality

The quality and appeal of a hospitality building is principally based on various components including the condition of the structure, location, amenities, and the hotel brand. The quality of a building's exterior and common areas, exterior grounds, entrance treatment, landscaping and exterior spaces all enhance both the visible presence of the building as well as its experience. Various third-party green building certification programs are available for buildings to demonstrate performance in particular areas. The quantity and types of on-site amenities contribute to the experience and the breadth of conveniences offered to daily occupants and visitors of the property. This includes amenities such as a swimming pool, fitness center, spa, and on-site dining options. This enhanced desirability leads to higher occupancy, differentiates a building in a positive manner and is generally correlated to the quality and maintenance of the structure. Additionally, the brand provides an indicator of the level of service and quality of stay expected at a certain hotel. Some of the desirability of a hospitality building is based on its location, more specifically its proximity to attractions, neighborhood amenities, and event venues appealing to leisure travelers; and proximity to business centers and industry events appealing to business travelers. All of these components are taken into consideration by CoStar research staff and a building is assigned a 1 to 5 Star rating.

CoStar Building Rating System

Land

The CoStar Building Rating SystemSM is structured to provide a rating that primarily incorporates the attributes of a structure. While undeveloped land lacks a built improvement, certain characteristics can be evaluated and aggregated into a rating for the parcel. These characteristics include specific features such as topography, onsite infrastructure, existing connections to utilities, boundary geometry, and ratio of net usable to gross land area. For example, topographies such as level or gently rolling, rather than steep or slopping, provide construction sites that are more easily and cost effectively developed. Sites with high net-to-gross ratios maximize buildability, existing utility and infrastructure connections further reduces development costs, and regular geometries increase efficiency.

DISCLAIMER

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CoStar Building Rating System

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APPENDIX 2 – Arun Industrial Market Rental Information

Lease Comps Summary

Lease Comps Report

Deals

16

Asking Rent Per SF

£7.26

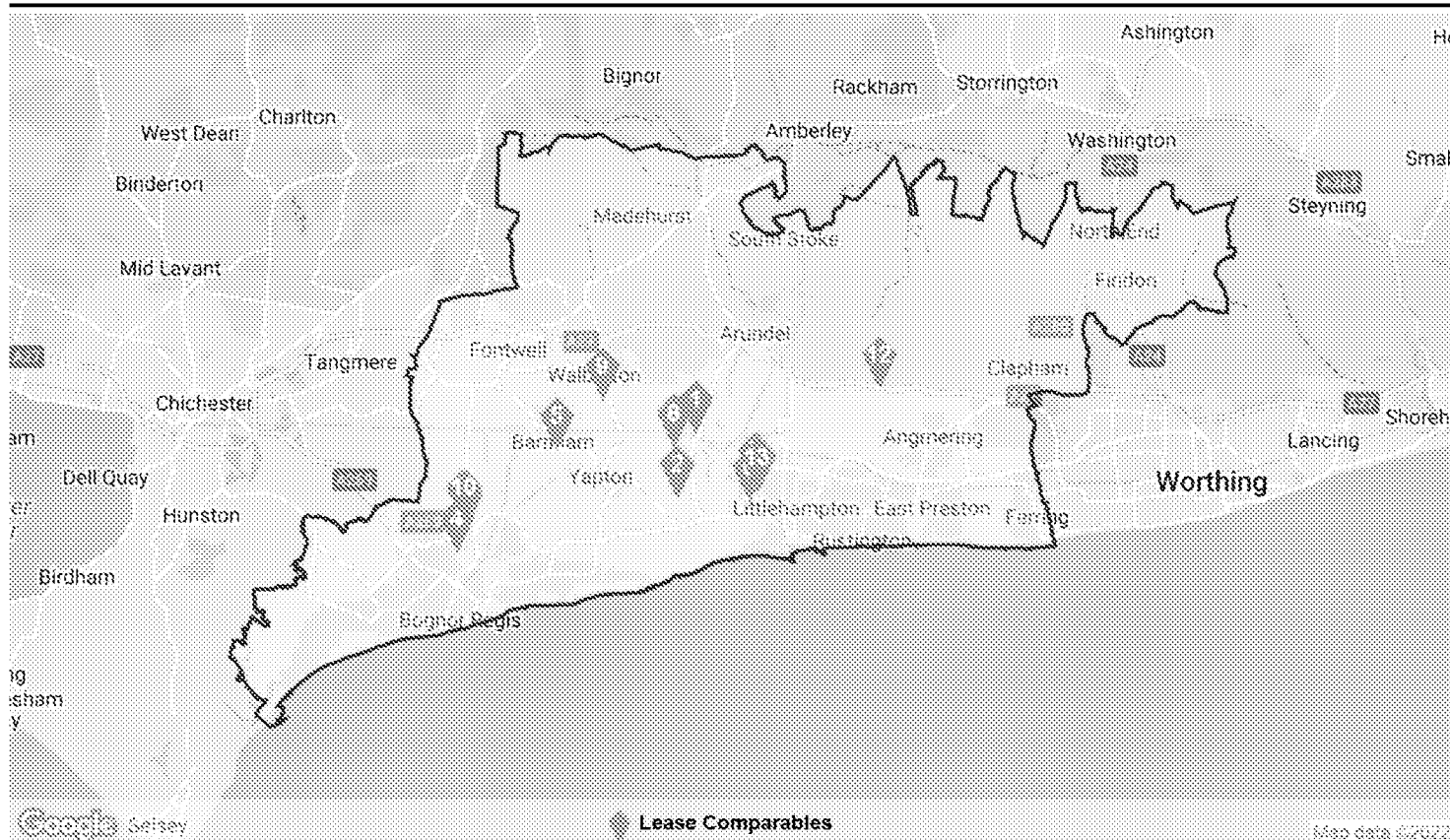
Achieved Rent Per SF

£6.63

Avg. Months On Market

11

LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	12	£5.45	£7.26	£7.27	£10.19
Achieved Rent Per SF	4	£6.00	£6.63	£6.69	£7.01
Net Effective Rent Per SF	3	£5.61	£6.17	£6.00	£6.93
Asking Rent Discount	3	0.0%	3.5%	0.0%	14.7%
TI Allowance	-	-	-	-	-
Rent Free Months	2	1	2	2	3

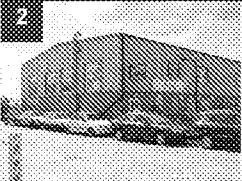
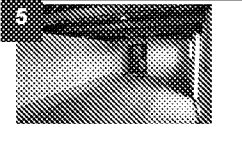
Lease Attributes	Deals	Low	Average	Median	High
Months on Market	14	2	11	11	35
Deal Size	16	711	7,317	2,276	55,450
Lease Deal in Months	6	24.0	56.0	48.0	120.0
Floor Number	16	GRND	GRND	GRND	MEZZ

Lease Comps Summary

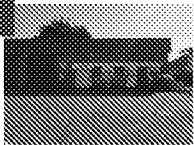
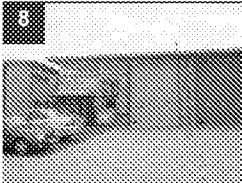
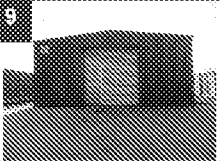
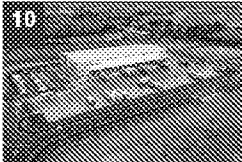
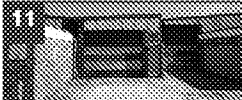
Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
 Ford Rd	★ ★ ★ ★ ★	711	GRND	22/02/2022	New	£10.19	Asking
 Ford Rd	★ ★ ★ ★ ★	2,168	GRND	02/02/2022	New	£6.91/fri	Achieved
 Rowan Way	★ ★ ★ ★ ★	20,516	GRND	28/10/2021	New	-	-
 Durban Rd	★ ★ ★ ★ ★	1,998	GRND	25/06/2021	New	£7.00/fri	Asking
 Tile Barn Farm Former G... Hill Ln	★ ★ ★ ★ ★	3,300	GRND	24/06/2021	New	£5.45/fri	Asking
 Riverside Industrial Estate P1-P3 Bridge Rd	★ ★ ★ ★ ★	1,903	GRND,...	21/06/2021	New	£7.88	Asking
 6 Arndale Rd	★ ★ ★ ★ ★	3,376	GRND	08/06/2021	New	-	-
 Ford Lane Business Park	★ ★ ★ ★ ★	1,273	GRND	05/02/2021	New	£9.82	Asking
 Yaption Ln	★ ★ ★ ★ ★	1,455	GRND	05/02/2021	New	£8.90	Asking
 Saltbox - Phase 1 1 Rowan Way	★ ★ ★ ★ ★	55,450	GRND	01/12/2020	New	-	-
 Durban Rd	★ ★ ★ ★ ★	5,878	GRND	27/09/2020	New	£5.61/fri	Effective
 Lineside Way	★ ★ ★ ★ ★	8,611	GRND,1	01/09/2020	New	£7.50	Asking
 Durban Rd	★ ★ ★ ★ ★	2,384	GRND	12/08/2020	New	£6.00/fri	Effective
 Durban Rd	★ ★ ★ ★ ★	1,998	GRND	12/08/2020	New	£7.00	Asking
 The Vinery Arundel	★ ★ ★ ★ ★	4,812	GRND	31/07/2020	New	£6.93	Effective
 O Y O Scheme Lineside Way	★ ★ ★ ★ ★	1,252	GRND	22/04/2020	New	£8.79	Asking

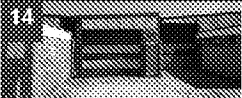
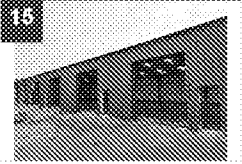
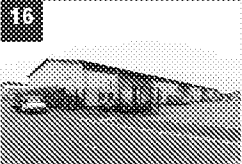
Lease Comparables

	Address	Tenant Landlord	SF Leased Type	StartDate Term	Starting Rent Effective Rent	Free Rent Rates	Breaks Reviews
	1 Ford Rd Arundel, BN18 0RX <i>Arun Submarket</i>	Desktop Driving Ltd	711 New Direct	Mar 2022			
	2 Ford Rd Arundel, BN18 0BF <i>Arun Submarket</i>	The Cupar Tearoom	2,168 New Direct	Mar 2022	£6.91/SF		
	3 Rowan Way Bognor Regis, PO22 9NW <i>Arun Submarket</i>	Greggs Knight Frank Investment Manage...	20,516 New Direct	Jan 2022			
	4 Durban Rd Bognor Regis, PO22 9QT <i>Arun Submarket</i>	Petchey Holdings	1,998 New Direct	Jul 2021 3 Years			
	5 Tile Barn Farm Former Grainstore Hill Ln Bognor Regis, PO22 0BL <i>Arun Submarket</i>		3,300 New Direct	Jul 2021			
	6 Riverside Industrial Estate P1-P3 Bridge Rd Littlehampton, BN17 5DF <i>Arun Submarket</i>		1,903 New Direct	Jul 2021			

Lease Comparables

	Address	Tenant Landlord	SF Leased Type	StartDate Term	Starting Rent Effective Rent	Free Rent Rates	Breaks Reviews
7	 Arndale Littlehampton, BN17 7HD <i>Arun Submarket</i>	Makeup Pro Limited Legal & General	3,376 New Direct	Oct 2021			
8	 Ford Ln Arundel, BN18 0UZ <i>Arun Submarket</i>	Constructive Evaluation Ltd	1,273 New Direct	Mar 2021		£2.55/SF	
9	 Yapton Ln Arundel, BN18 0AS <i>Arun Submarket</i>		1,455 New Direct	Mar 2021		£2.72/SF	
10	 Saltbox - Phase 1 1 Rowan Way Bognor Regis, PO22 9RP <i>Arun Submarket</i>	Warburtons Richmond Motor Group	55,450 New	Jul 2021			
11	 Durban Rd Bognor Regis, PO22 9QT <i>Arun Submarket</i>	Sussex Fabrications Ltd Petchey Holdings	5,878 New Direct	Sep 2020 5 Years	£6.46/SF £5.61/SF	3 Mos at Start	
12	 Arndale Rd Littlehampton, BN17 7GA <i>Arun Submarket</i>		8,611 New Direct	Nov 2020			

Lease Comparables

	Address	Tenant Landlord	SF Leased Type	StartDate Term	Starting Rent Effective Rent	Free Rent Rates	Breaks Reviews
	Durban Rd Bognor Regis, PO22 9QT <i>Arun Submarket</i>	Saxon Trading Limited Petchey Holdings	2,384 New Direct	Aug 2020 5 Years	£6.00/SF £6.00/SF		Aug 2023
	Durban Rd Bognor Regis, PO22 9QT <i>Arun Submarket</i>	Colin's Cosmetic Consultancy Ltd Petchey Holdings	1,998 New Direct	Aug 2020 2 Years			
	The Vinery Arundel Arundel, BN18 9PY <i>Arun Submarket</i>	Concept Equipment	4,812 New Direct	Jul 2020 10 Years	£7.01/SF £6.93/SF	1 Mo at Start	Jul 2025 Jul 2023
	O Y O Scheme Arndale Rd Littlehampton, BN17 7GA <i>Arun Submarket</i>	Ravenbourne	1,252 New Direct	Apr 2020 3 Years			

APPENDIX 3 – Arun Office Market Rental Information

Lease Comps Report

Avg. Months On Market

11

Map of the Worthing area showing lease comparables. The map includes labels for various towns and villages such as Bognor, Bognor Regis, Chichester, and Worthing. A legend at the bottom indicates that diamond-shaped markers represent 'Lease Comparables'. The map data is dated 6/2022.

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	6	£9.99	£12.02	£12.32	£21.38
Achieved Rent Per SF	-	-	-	-	-
Net Effective Rent Per SF	-	-	-	-	-
Asking Rent Discount	-	-	-	-	-
TI Allowance	-	-	-	-	-
Rent Free Months	-	-	-	-	-

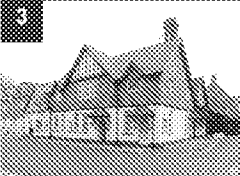
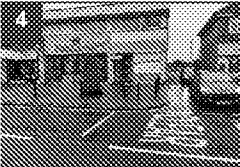
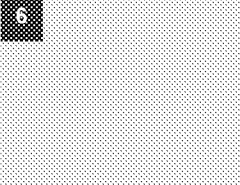
Lease Attributes	Deals	Low	Average	Median	High
Months on Market	7	2	11	5	33
Deal Size	7	320	674	612	1,601
Lease Deal in Months	-	-	-	-	-
Floor Number	7	GRND	GRND	GRND	1

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
 82a The Street		700	1st	31/08/2021	New	£12.14/fri	Asking
 Ferry Rd		320	GRND	01/08/2021	New	£21.38	Asking
 10 East St		612	GRND,1	08/06/2021	New	-	-
 2-4 Ash Ln		366	1st	07/12/2020	New	£13.11	Asking
 82a The Street		700	1st	11/11/2020	New	£11.43	Asking
 The Poplars Yapton Ln		1,601	GRND	02/11/2020	New	£9.99	Asking
 The Corner House Station Rd		420	GRND	27/04/2020	New	£12.50	Asking

Lease Comparables

	Address	Tenant Landlord	SF Leased Type	StartDate Term	Starting Rent Effective Rent	Free Rent Rates	Breaks Reviews
	82a The Street Littlehampton, BN16 3NR <i>Arun Submarket</i>		700 New Direct	Sep 2021			
	Ferry Rd Littlehampton, BN17 5DS <i>Arun Submarket</i>		320 New Direct	Aug 2021			
	10 East St Littlehampton, BN17 6AW <i>Arun Submarket</i>		612 New Coworking	Jul 2021			
	2-4 Ash Ln Littlehampton, BN16 3BZ <i>Arun Submarket</i>	Store Property Holdings Ltd	366 New Direct	Dec 2020			
	82a The Street Littlehampton, BN16 3NR <i>Arun Submarket</i>		700 New Direct	Feb 2021			
	The Poplars Yapton Ln Arundel, BN18 0AS <i>Arun Submarket</i>		1,601 New Direct	Nov 2020			

Lease Comparables

	Address	Tenant	SF Leased	StartDate	Starting Rent	Free Rent	Breaks
		Landlord	Type	Term	Effective Rent	Rates	Reviews
	The Corner House Station Rd Littlehampton, BN16 3AF <i>Arun Submarket</i>		420 New Direct	May 2020			