

CATALYST BICESTER

PROPOSED KNOWLEDGE ECONOMY DEVELOPMENT MARKET REPORT

Prepared By

Tom Barton MRICS
Director
VSL and Partners
22 Bankside, Kidlington
Oxford, OX5 1JE

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Executive Summary

VSL and Partners has been asked by Albion Land to advise on the market for a B1 development proposal for the Promised Land Farm (PLF) and the adjoining Wendlebury Farm (WF) site which is allocated for B1 'knowledge' uses. In particular we have been asked for our views on the level and nature of demand for B1 accommodation for Bicester and the immediate area.

Our brief was to consider demand for all B1 uses, so to include offices through to R&D and technology space and to report on the appropriate mix of deliverable uses for the site within the 'knowledge' sector to include named examples of similar product and occupiers within the local market area alongside current known market requirements.

The local market area is shown at Appendix 1.

VSL and Partner's summary findings are set out below. These findings lead us to a considered the view that, in order to meet the aspirations of the local authority whilst delivering a successful employment generating knowledge based development, the focus must be towards a B1 hybrid market rather than traditional office space.

1. There is low demand for office accommodation in the Bicester area. There is no evidence to suggest this situation will change in the foreseeable future. Our analysis of annual take up of office space in the A34 corridor shows Bicester contributed only 0.1% of total take-up over the last 5 years.
2. Based on existing take-up levels in Bicester there is already more than 41 years supply of office development either approved or pending. The subject sites are not considered suitable for office development and in VSL & Partners' opinion, a B1 office development is not therefore as a viable proposition for the PLF on WF sites.
3. There is currently 620,000 sq ft of built and available office supply in the A34 area.
4. Office demand in the market area (Appendix 1) gravitates to key strategic locations around Oxford. Some 60% of the last 5 years office take-up has been located in the main established office parks as well as Oxford city centre. These established locations are; Milton Park, Oxford Business Park and Oxford Science Park. For technology businesses this is often partly due to connectivity with the University and for office users it is often associated with ensuring amenities to help staff retention and attract new talent.
5. In the last 5 years speculative office development has only taken place at Oxford Science Park, Milton Park and Harwell. All these sites are well established locations with some 20,000 people and 350 companies already on-site providing the landlords with a ready market for new product. Speculative office development in less established locations is extremely unlikely due to high costs of development and limited demand outside these core established areas.
6. B1 (Non-Office) demand in Bicester is strong compared with comparable Oxfordshire towns. VSL and Partners has identified a lack of hybrid buildings within the local market targeted towards the technology market. These buildings typically are a mix of B1 uses that cannot be satisfied within traditional office buildings and rely less on road frontage locations. The B1 uses often comprise a mixture of offices, laboratory, benching and production areas and typically provide dense employment levels compared to traditional B1 industrial buildings.
7. The lack of any development of hybrid space has ensured pent up demand from technology businesses throughout the region. There are currently 365,000 sq ft of unsatisfied enquiries specifically searching for hybrid space. A hybrid scheme will therefore be a deliverable development for the PLF site.
8. High grade local amenities are key to substantiate all office and technology locations. All the major business parks around the Oxfordshire area are heavily investing in local amenities such as gyms, cafes. Milton Park has 12 different locations for a coffee and informal meetings on the site, a gym with swimming pool, hairdressers, shops and dedicated buses.

1.0 Introduction

VSL and Partners has been asked by Albion Land to comment on the market for a B1 development proposal for the Promised Land Farm (PLF) and the adjoining Wendlebury Farm (WF) sites. In particular we have been asked for our views on the levels and types of demand for B1 accommodation for Bicester and the immediate area and provide recommendations on the most appropriate deliverable development for the site whilst respecting the local authority planning requirements and aims. Our brief is to consider demand for all B1 uses, so to include offices through to light Industrial, R&D and technology space which includes manufacturing and engineering.

Bicester sits in a key strategic location within the A34 and M40 markets and is an important market within Oxfordshire commercial property market. The A34 corridor, commonly known as the 'Knowledge Corridor', is the key route of economic activity in the county stretching from Milton Park and Didcot in the South, up to Bicester. However, the M40 with its access to Banbury, Brackley and Silverstone is also an increasingly important aspect of the market, particularly in certain sectors of technology businesses. In order to provide perspective to the statistics and results noted within this reported we have compared the Bicester market to other towns throughout the immediate area. Most notably we have compared Bicester to Abingdon as the two towns are comparable in terms of size, location adjoining the A34 and the overall size of the commercial property base.

We have undertaken this exercise with reference to both quantitative and qualitative evidence on both demand, supply and take-up levels over the last decade (where possible) in order to provide a detailed evidential base to our findings and recommendations. We have also provided examples of other successful employment sites within the Cherwell area and provide case study information on some of the key knowledge occupiers in the region.

The terms used in this report of 'technology' and 'Knowledge Industry' cover a broad section of business types and operations within the R&D, science, design, engineering, high value production and light industry sectors.

2.0 About VSL and Partners

VSL and Partners has been a driving force in the local commercial property market since the company was formed in 2002. The four directors of the firm have each been active within the local commercial property market for between 20 and 40 years. The company has a significant experience within the office, industrial and technology markets.

The firm advises on a number of the key technology business locations in the Oxfordshire area including being the solely retained adviser at Milton Park, one of the largest science and business parks in the UK, with now around 11,000 people working on-site. Within the Cherwell district boundaries the firm advises on the Oxford Industrial Park which is regarded as the pre-eminent and prime technology location in the local market. The directors of VSL and Partners advised on the original development of this site in 1997 together with the more recent change of strategy to focus on the technology market.

The firm has been voted the Estates Gazette's most active agent in the Oxfordshire area for 8 successive years and has typically transacted around 40% of industrial and office transactions within the A34 corridor over this period. The firm advised on over 75% of the B1 technology space transacted in the A34 market during 2017 and 2018. As a result, the firm has an in depth understanding of the local market alongside the specific needs and evolving property requirements of local businesses.

3.0 The Site and Current Planning Position

The PLF element of the subject site is allocated as part of the wider Bicester Gateway (Bicester Policy 10) allocation. It comprises by far the largest part of the allocation, the remaining parts which front the A41, are in a different ownership and have been granted planning permission for a hotel and some 180,000 sq ft of B1 space which is currently proposed as offices.

Although not allocated for development, the adjoining poultry farm use would clearly be considered inappropriate by developers and end users in this location. It is certainly not compatible with a new prime development on Bicester 10. We understand this conflict of use is accepted by the planning authority within pre-application discussions and the site's inclusion within a wider development scheme would be logical, particularly as the allocated land borders 3 sides of the rectangular site.

Policy Bicester 10 allocates the PLF site for ‘Knowledge Economy Employment Development’ within use class ‘B1 Business uses: high tech knowledge industries’ and it seems appropriate to also consider the prospects for developing WF in light of this allocation. The policy objective is to secure circa 63,000 sq m of employment floor space. However, a large part of the allocated land is within the Flood Zone, where development is not appropriate for environmental reasons. Indeed, the developable area at PLF is only [15 acres] in comparison with the allocated area of [40 acres], the inclusion of WF would increase the developable area to approximately [22 acres]. With this constraint in mind, it would seem that the only hypothetical way to develop to this scale and to generate this level of jobs would be high density, multi-level office buildings and we understand that Cherwell District Council has indicated a preference for office uses. However, as our report will explain, there is not sufficient meaningful demand for the development of office accommodation except with the confines of a hybrid style building offering.

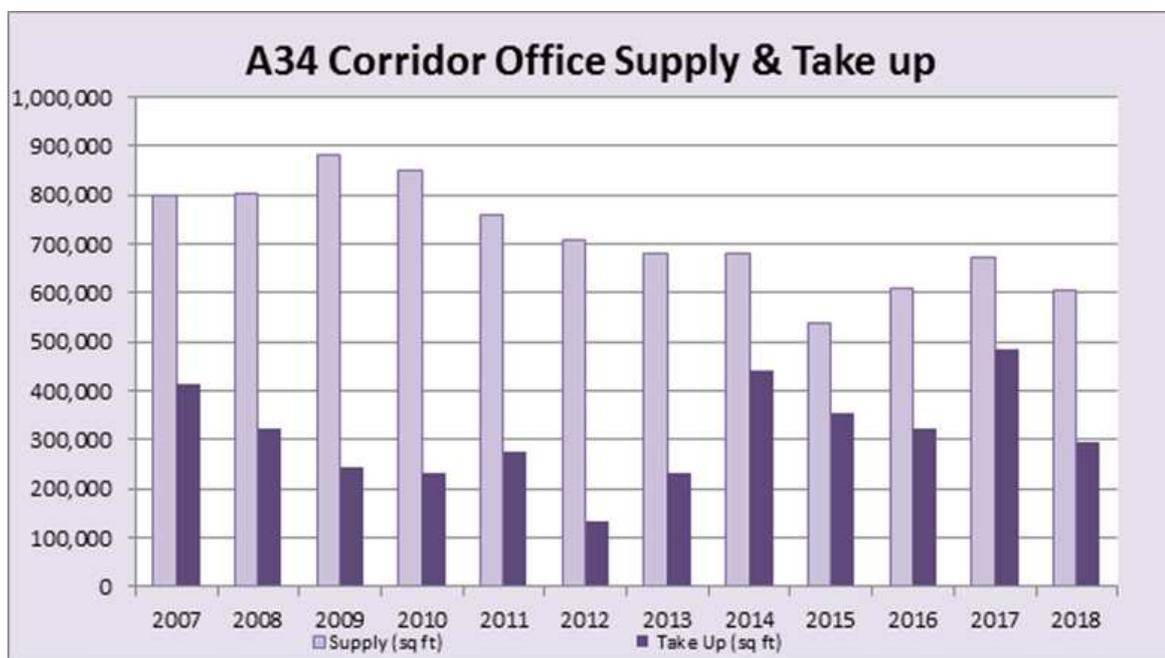
4.0 Potential for a B1 Office Scheme

The Broader A34 Market

2018 saw a significant downturn in activity for the Oxfordshire office market. VSL recorded 297,500 sq ft of take-up for the year, which is a 38.6% drop in comparison to the previous year. However 2017 was a record year and the take up level is more in line with 2015 & 2016 and is only 1.7% below the 10 year average.

Oxford has been the focal point of the market accounting for 49.6% of transactions in the region, with the City Centre and Oxford Science Park leading the way. The City Centre has remained the preferred location for many Oxford University spin out companies seeking to maintain links with university departments whilst also maximising opportunities to attract the graduate staff, but with limited options, ring road locations are being considered.

Supply levels in the County have dropped slightly to around 619,000 sq ft which sits around, the 5 year supply average. Availability in the City Centre is very scarce pushing companies to look out to ring road locations like Oxford Business Park and Botley, but still remaining in core office locations.



Source: VSL & Partners in-house statistics

Development of office space in the last 5 years has provided a total of 287,000 sq ft of new supply. This supply has been concentrated exclusively in the main established business parks at Oxford Business Park, Oxford Science Park, Milton Park and Harwell. No new development has taken place outside of these locations.

Demand within the Bicester Sub-Market

The Bicester office market is small relative to comparable sized towns within the A34 market. Using the Valuation Office Agency website, VSL and Partners has calculated a total built office floorspace of **143,000 sq ft** (units over 3,000 sq ft) in the town (including Heyford Park). To put this figure into context, the comparable sized town of Abingdon (including Abingdon Business Park but excluding Milton Park) has some **496,000 sq ft** of built office stock (units over 3,000 sq ft), so is nearly 3.5 times the size of the market in Bicester. Bicester has a strong industrial heritage with a significantly higher levels of built industrial stock than Abingdon and this partly accounts for the small existing office base.

No new office schemes have been speculatively developed in Bicester within the last 20 years. The most recent scheme is Avonbury Business Park on Howes Lane which was constructed around 2000. It is useful to note that even this scheme was developed with mixed office/industrial emphasis, rather than as pure office buildings as the photographs below demonstrate. The buildings included loading access doors and were developed to a shell state at ground floor to cater for production orientated occupiers.

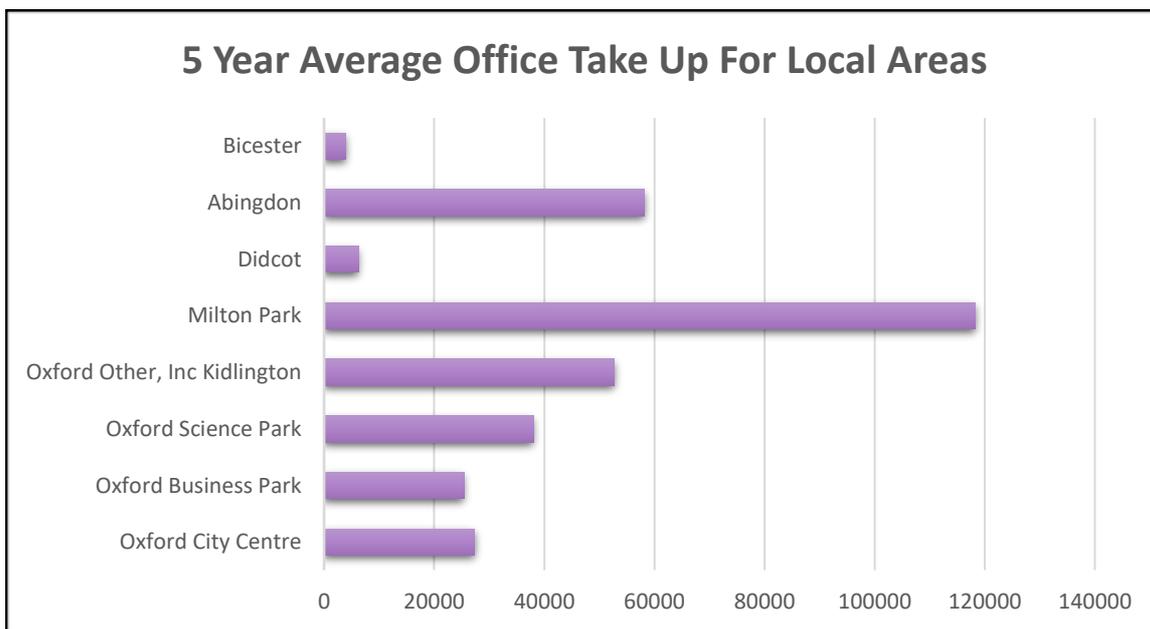


Annual Office Take Up (sq ft) within Comparable Sized Towns

	2014	2015	2016	2017	2018
Abingdon	140,160	34,366	24,589	52,097	40,000
Bicester	10,500	-	3,300	5,850	-

Note: charts based on office transactions of 3,000 sq ft and over. (VSL's base statistics level.)

Over the last five years VSL and Partners' statistics show a total office take up of just under 19,800 sq ft (lettings over 3,000 sq ft) within Bicester. Over the same period this compares with just over 291,000 sq ft in Abingdon. This clearly demonstrates the different demand profile for B1 offices within two very similar sized Oxfordshire markets.



Source: VSL and Partners in-house statistics

We have also reviewed enquiries from named occupiers for B1 Office space over the last 18 month period. It should be noted that we delete occupier records after an 18 month period (unless requested otherwise) to ensure we are GDPR compliant. It should also be noted that the information is based upon enquiries only and the conversion rate to lettings from these enquiries is generally very low. During this 18 month period we have noted the following:

- a. VSL received 35,000 sq ft of Bicester specific B1 office enquiries.
- b. By comparison, VSL and Partners received specific enquiries of 163,000 sq ft for Abingdon.

Both the take-up and demand profile reflects weak B1 office demand for Bicester. As stated previously, there is clearly a very small existing office base in Bicester coupled with limited demand. Demand is likely to grow in line with Bicester's expansion and infrastructure improvements and it is of course imperative to provide suitable sites for future office development. However, the scale of further provision needs to be placed into context with the realistic annual take up of space and the scale of extant and pending office planning permissions within Bicester.

Alternative B1 Office Sites in Bicester in Context of Demand

Planning permission was first granted approximately 10 years ago for approximately 500,000 sq ft of office development at Bicester Office Park (Bicester 4). No offices have been developed at the site pursuant to the planning permission despite extensive marketing by Knight Frank over this period on behalf of the owners. A resolution to grant a fresh permission at Bicester Office Park has been passed which will take the total permitted development to 645,000 sq ft of office accommodation. The development of this scheme alone will significantly increase availability of offices within Bicester. It should be noted that site infrastructure was completed at Bicester Office Park 3 years ago at the time of the Tesco supermarket construction, so the site is 'ready to go' for new offices but, to our knowledge, there have been no takers.

At Bicester Gateway (the frontage land excluded from the scope of this report and in different ownership) planning permission for 180,000 sq ft of B1 space has been granted. The project has been formally marketed for approximately 3 years, but to date no occupiers have committed to the site other than for a Holiday Inn Express hotel development.

In light of the office development availability at Bicester Office Park and the frontage land at Bicester Gateway, it is clear the limited office take up in Bicester is not as a result of a lack of opportunities, but reflects weak demand within the office sector generally and the wish of office occupiers to be in, or close to, city centre locations such as Oxford and Reading or on long established business parks such as Milton Park and the Oxford Business and Science Park.

The two approved office developments have the potential to deliver 825,000 sq ft of office space in Bicester. This reflects a 575% increase in the scale of Bicester's existing office base, this would constitute a floor area increase greater than the combined total of existing offices at Abingdon, Abingdon Business Park and Milton Park. It is worth noting that both Milton Park and Abingdon Business Park have taken over 45 years to develop to their current size.

Based upon current take up levels there is therefore some 41 years supply of the office development either approved or pending.

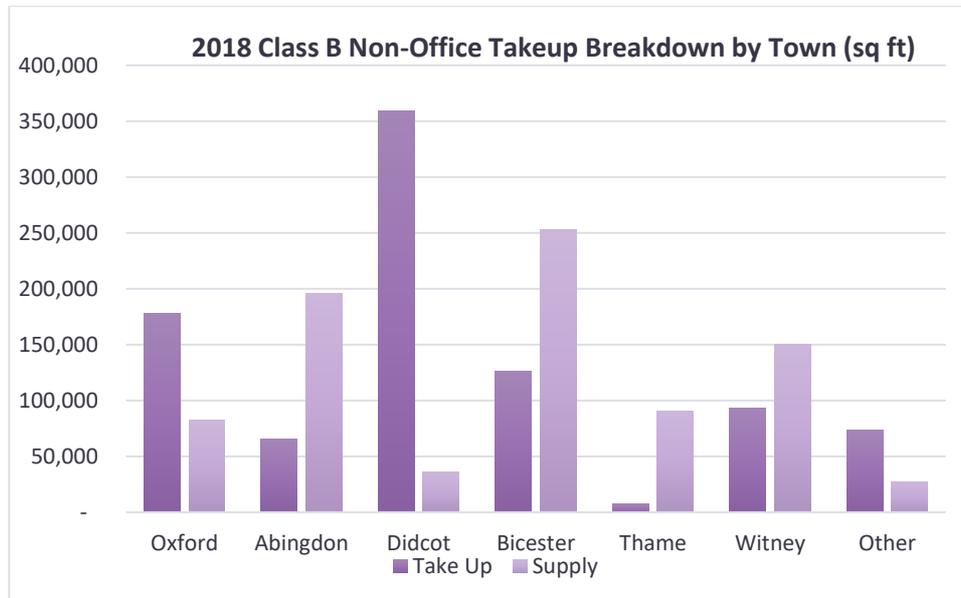
The development of core office locations such as the Oxford Business Park approximately [1,000,000 sq ft] and Oxford Science Park [600,000 sq ft] have taken some 35 plus years to develop and this must be looked at in the context of a considerably higher level of historic demand for offices, both regionally and nationwide, during the period from the mid 1980's to early 2000's.

Notwithstanding the comments above, it is our view that the existing approved B1 developments within Bicester are on sites with physical characteristics which are more suitable for office use than the PLF and WF sites. Both these sites are more prominent and potentially offer the scope for landmark buildings which many occupiers require. Although the PLF and WF sites are well located in terms of access to Bicester, the local housing stock and the strategic road network, they lack main road frontage and might fairly be labelled as being backland.

5.0 Potential for Non-Office Uses Within Planning Class B1

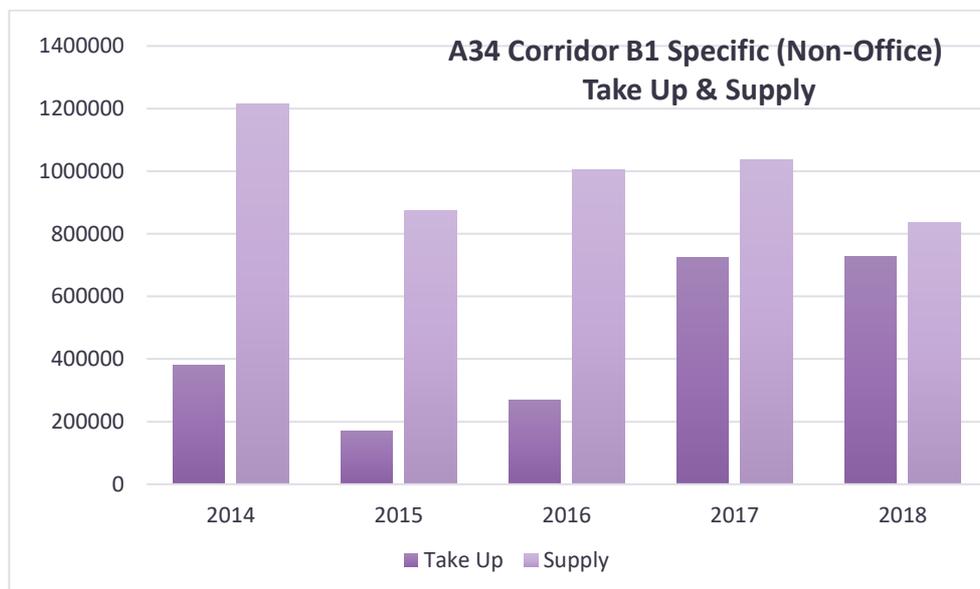
We have examined other types of property options within the B1 market and set out information alongside our views on the wider market and deliverability of B1 specific uses other than pure office space.

For the avoidance of doubt, we have not reported in any detail on the pure B8 distribution market in either the A34 or Bicester markets albeit it should be noted that the two graphs below incorporate some B8 supply and take up figures. The subject site is not allocated for B8 use and this use will not fall within the parameters of knowledge based uses.



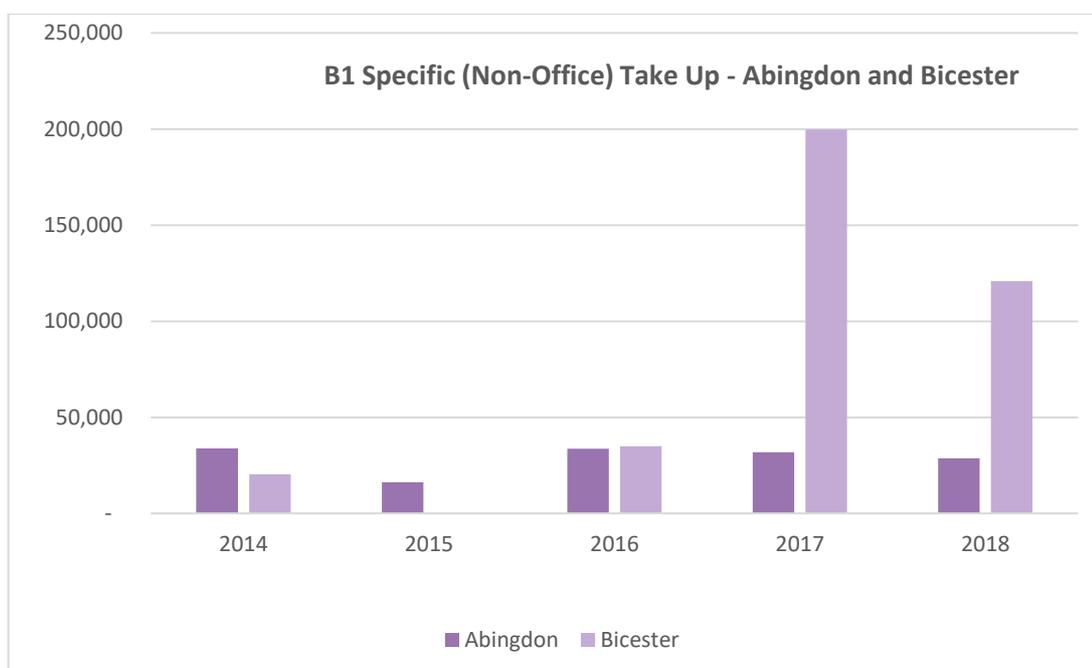
Source: VSL and Partners in-house statistics

This demand profile reflects strong B1 demand for Bicester. Alongside Didcot this is the highest level of enquiries for any market in the A34 corridor, whilst Abingdon sits at around the average level of enquiries.



Source: VSL & Partners in-house statistics

This chart provides a clearer indication of the direction of travel both in terms of take up and supply of B1 non-office accommodation in the A34 market. Demand and take-up levels have increased significantly over the last two years which is coupled with a decrease in the availability of accommodation to a new historic low and representing just over one years recent take-up level. Property options for potential B1 non-office occupiers are therefore becoming far more limited.



Source: VSL & Partners in-house statistics

It is clear that Bicester has a very strong non-office B1 demand and take-up base. Over the last two years Bicester has captured nearly 25% of this take-up within the entire A34 Oxfordshire corridor. In stark contrast to the B1 office statistics, take-up over a 5 year period was also nearly 3 times the level of the comparable sized town of Abingdon.

Annual B1 Non-Office Take Up of the Comparable Sized Towns

	2014	2015	2016	2017	2018
Abingdon	33,839	16,276	33,711	31,904	28,702
Bicester	20,384	-	34,969	199,829	120,900

Note: charts based on industrial transactions of 5,000 sq ft and over. (VSL's base statistics level.)

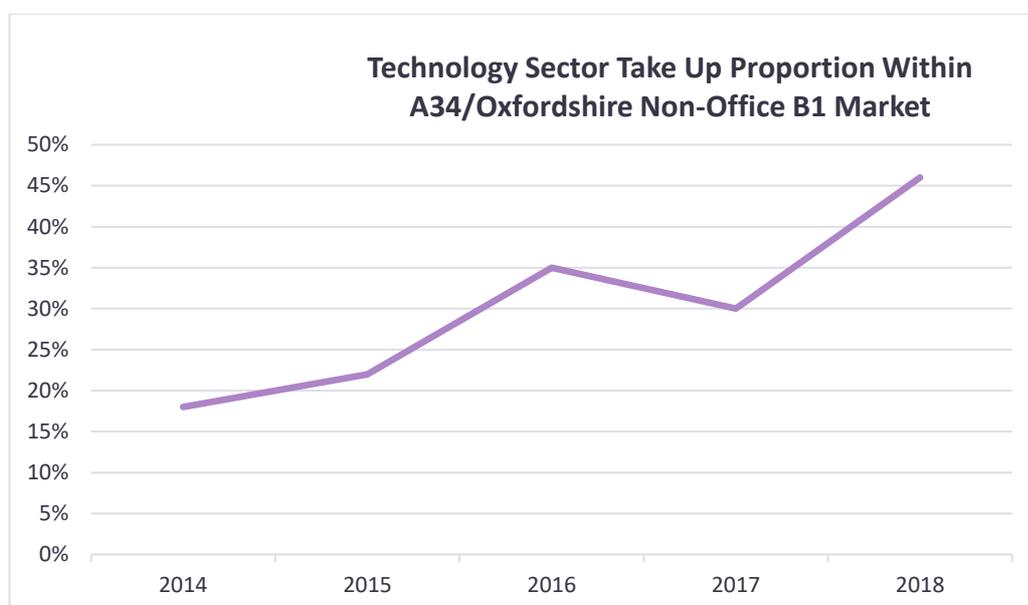
The demand profile within VSL's property enquiry database also demonstrates much stronger levels of demand for Bicester when compared with the office market. We have reviewed enquiries from named occupiers for B1 (non-office) space over the last 18 month period. During this time we have noted the following:

- We received 376,000 sq ft of Bicester focussed B1 (non-office) enquiries.
- By comparison, Abingdon recorded equivalent enquiries totalling 144,000 sq ft.

Property and the B1 Technology Market

As SQW reported its 2013 publication "Oxfordshire Innovation Engine", Oxfordshire has an outstanding asset base of around 1,500 high tech businesses which have been the engine for employment growth within Oxfordshire over the last few years at the same time as many traditional service based firms have cut simultaneously costs and slimmed employment numbers.

The Oxfordshire Technology Market is spread along the A34 corridor commonly known as the 'Knowledge Corridor' and covers a wide variety of technology sectors. These include, life sciences with a particular focus on Immunotherapy, niche motor technology including battery development, nuclear physics, nano-technology and AI technology. The historic focus for these businesses has typically been at established science locations including Culham, Milton Park, Harwell and The Oxford Science Park, North Oxford, Kidlington and Silverstone



Source: VSL and Partners in-house statistics

Providing the appropriate property asset for the technology market has been an ongoing challenge for landlords over the last decade. The requirements of the technology market are often regarded as 'non-institutional' by property companies and as a result there has been a general failure to provide sufficient laboratory and R&D space. High development costs for office style buildings leads to high rent costs which has ensured development and letting activity is focussed on core, established office areas. The technology marketplace has long been underprovided with suitable accommodation, as developers have traditionally focused on the more straightforward and fundable office, industrial and logistic markets.

Occupiers have often been forced to adapt unsuitable warehouse buildings, or worse, often occupy more expensive office style accommodation that has limited scope for adaptation to meet the needs of these businesses.

Traditional office buildings often fail to provide the physical flexibility required by these companies and this, coupled with the growth of spin out businesses emanating from the University of Oxford, has led to a jump in demand for hybrid style B1 buildings. We have set out within **Appendix 2** to this report details of two **case studies** of hybrid buildings to provide a better understanding of the type of space these buildings provide. Whilst they can vary considerably, they typically provide a mix of office, R&D, laboratory/production and distribution space.

The Existing B1 Technology Park Offering within Oxfordshire

There are established dedicated technology business areas within Oxfordshire. These are notably located the south of the Oxford at Milton Park, Culham, Harwell and Oxford Science Park. These locations are well run, established locations with substantial critical mass totalling over 20,000 existing employees. The only dedicated locations to the north of Oxford is at Begbroke Science Park and Oxford Technology Park.

Begbroke Science Park is owned and run by the University of Oxford. Whilst there has been some growth here over the last five years with the opening of the extension of the Centre for Innovation and Enterprise, the focus has undoubtedly been on the start-up end of the market. Companies that require to move to a fast growth stage within non-B1 office buildings are not generally catered for here which is further demonstrated by the relocation of OxMet and Oxford PV from the site to new premises at Oxford Industrial Park, Yarnton.

Oxford Technology Park has outline planning permission and is targeted towards the B1 office and hybrid market. To date there has been no development on site (other than the current hotel development). This lack of development can in part be attributed to an unwillingness by the developer to speculatively develop. It is our experience the many of the technology businesses are focused on rapid development of the business and these companies will often react to circumstances as and when they arrive rather than planning a more traditional business growth path. These businesses rarely have the necessary time to wait to acquire a build to suit solution and almost always require ready to occupy speculatively built accommodation that provides a flexible and adaptable offering for laboratory, R&D, office and technical requirements.

It is important to note that, at the time of writing, there is no other ready to occupy stock available in the A34 market specifically targeting the technology market with the possible exception of Foxcombe (see photo below) at Abingdon Business Park, providing a total of approximately 50,000 sq ft albeit this caters for a more industrial focused market. The lack of available space is without doubt a barrier to growth of many businesses within the local market.



It is VSL and Partners' view that there is a notable shortage of suitable B1 technology style buildings in the current market.

Typical Characteristics of Technology Parks

Companies within the technology or knowledge based employment sector are driven by clear decision making when it comes to business location. Staff are the critical factor for most of these businesses and occupiers will only consider locations which offer a high grade working environment, with immediately accessible, high quality amenity offerings such as shopping and eating facilities often associated with town centre locations. Good quality and plentiful nearby housing supply and good road and rail communications are also very important. The PLF and WF sites could clearly offer this combination of criteria particularly considering the adjoining hotel and proposed racquets health club developments. In terms of building design, they need flexible accommodation for a range of uses from research to light manufacturing and possibly some distribution/dispatch operations. Within this report, we have provided specific case studies of users occupying space within a technology park to add some real life clarity to the key characteristics we set out below:

Planning Use - We have reviewed the layouts and operation of a number of these businesses at various locations around the county and there are a wide range of fit out solutions. This typically includes a significant office content and clean production/manufacturing areas (say 25 – 75%) which typically operate within the B1 use class. However, and it is not uncommon for there to be an element of warehousing and distribution/dispatch within the operation. This would normally be for the distribution of the occupier's finished product or parts to be sent onwards onto a supply chain rather than as third party logistics.

Building Design – Technology businesses tend to require hybrid buildings which enable the flexibility of use described above but give the appearance of high quality 2 or 3 storey office buildings from the front elevation. Full height glazing/curtain walling, double height reception areas and high quality cladding systems would be typical. The rear elevation may be more industrial in feel and will inevitably contain loading doors accessed from a small service yard area. Building heights might be in the order of 8 to 10 m measured at the eaves.

Externally, occupiers will require extensive car parking at in the order of 1 space: 35 sq m plus a small service yard. High quality landscaping is essential to create an environment in keeping with the high value products/services being offered by occupiers and to help attract educated and higher income employees.

Employment Levels – the ratio of staff numbers to building floor area will be considerably higher than traditional industrial/logistic operations. As discussed, Office and technical areas within these buildings are often 50% or even 75% of the built area. Often there will be R&D, design and science processes as well as traditional administration and management functions in the office space with occupancy at up to 1 per 25 sqm in these areas.

Case Studies setting out employment densities are detailed within **Appendix 2**.

Another example to demonstrate this higher density of employment is Vicon Motion Systems at Oxford Industrial Park, the company is a global leader in the provision of motion capture systems to the life science, engineering and entertainment industries. The company exports its systems to over 70 countries and has won a Queen’s Award for export and innovation. The business occupies 20,000 sq ft (1,858 sq m). They employ **90** staff at Oxford Industrial Park at a density of 1 per 20 sq m.

Amenities – Amenity offerings are key to technology businesses. Many of these companies are employing younger graduates with high disposable incomes that have been brought up on ‘coffee and health culture’ and are used to informal meeting areas outside the immediate building. The main business parks around Oxfordshire have already identified this as a key marketing tool and Milton Park has 12 different offerings on the park where staff can have a coffee, brainstorm or relaxed gathering. Access to health facilities, convenience retailing and hotel/restaurants is also key and Milton Park has recently invested in a new hotel facility with Harwell also following suit along with two cafés/restaurants.

An amenity map for Milton Park is attached at **Appendix 3** highlighting the breadth of these amenity facilities.

The proposal for the David Lloyd Racquets Club at the site, which will include a café and other associated facilities will be a terrific boost to attracting first class technology occupiers. We would stress how important this facility will be to the success of such a substantial development as this.

Pedestrian and cycle access to nearby retail (Tesco, Bicester Village, Avenue Retail and the new Kingsmere Retail Park) from the subject sites will be very popular with potential occupiers. The neighbouring Holiday Inn development is another important factor which will attract technology occupiers to this location.

Environment – One of the draws of B1 Technology buildings is that they provide an office style image at a more affordable cost. The external areas of the site need to be of equivalent quality of a B1 office environment and would be manifested in an overall arrival experience of high grade landscaping and green areas coupled with places within the park to use for lunchtime amenity walks/fitness trails etc.

Transport Infrastructure – Another key requirement is availability of local public transport and easy access to major road and rail connections, particularly rail links to London and Oxford. Bicester benefits from well-connected infrastructure that is arguably better than any market within the region.

Oxford Industrial Park as a Technology Location

This park sits within the boundaries of Cherwell District Council. **Appendix 4** shows the site and location plan. Whilst this site was not originally designed as a technology hub and is an evolution of an industrial estate rather than a purpose built technology park, the geographic position between Begbroke Science Park and Oxford along with low density development and landscaped environment has resulted in its transformation. In many ways the buildings do not satisfy the demands of modern technology occupiers in respect of building appearance and setting. But with a lack of supply, occupiers have had to compromise and this has been the next best solution to a purpose designed development. Its success demonstrates the strength of demand and the occupiers provide a good illustration of business types.

With only two exceptions, all of the occupiers are spin-out businesses of the University of Oxford. These businesses are as follows:

- Arrival Ltd : design and production of electric vans
- Yasa Motors : electric motors and controls for autonomous vehicles
- Oxmet : using software to develop new alloys for the aerospace and automotive market
- Vicon Motion Systems : development and production of motion capture systems
- Oxford PV : development and production of perovskite solar cells for the solar industry
- First Light Fusion : development of fusion technology

These businesses are all important employers in the local area providing high grade work opportunities. We do not have precise employment statistics for all of these businesses, but in order to provide some perspective to the operations, the space let to the above businesses totals approximately 135,000 sq ft. Within this figure there is a total office content of approximately 60,000 sq ft, so around 35-40% of the total space occupied is fitted for offices which has provided key design information for at PLF. Based on the employee numbers at Arrival and Vicon, we estimate employment density of 1 person:250/300 sq ft. This density well above typical employment densities for B8 warehouse occupation which are more typically 1 person per 1,000 sq ft.

Detailed case studies of two of the occupiers at Oxford Industrial Park are included at **Appendix 2**.

Existing Technology Requirements

We are aware of a total of 365,000 sq ft of active, unsatisfied requirements within the A34 and Oxfordshire markets for B1 hybrid buildings from technology and knowledge industry occupiers. These requirements cannot be satisfied by existing buildings. For data protection reasons, these organisations cannot be identified but they include;

- An electric vehicle R&D and production company seeking around 100,000 sq ft
- A micromachining equipment manufacturer and exporter seeking 50,000 sq ft
- A pharmaceutical scale up facility of 45,000 sq ft to include 12,000 sq ft of offices and 20,000 sq ft of labs
- Two Oxford University spin out companies requiring 60,000 sq ft and 15,000 sq ft respectively as a mixture of offices, material testing areas and R&D space
- An electric battery cell test facility of 25,000 sq ft which would need an ancillary distribution/dispatch function
- A navigation software and hardware business seeking a 50:50 office/design and clean production building of 20,000 sq ft

It is interesting to note that four of these requirements are from existing Cherwell based occupiers who are now looking forward to significant business expansion. The others are from Oxford where there are limited options available.

Each of the above requires a hybrid building combining office accommodation, research and development, lab testing etc. with clean production areas and product dispatch. The ratio of the individual uses varies for each occupier but as a guide, the 100,000 sq ft requirement for electric vehicles requires approximately 30%/40% offices and staff areas and 40% clean production, R&D and distribution areas.

6.0 Review of Proposed Masterplan

We have been provided with a draft masterplan and considered development parameters by Albion Land (Cornish drawing no 18022-SK-025) which shows the subject sites developed with approximately 290,000 sq ft of hybrid buildings alongside a David Lloyd health and racquets club of around 4.5 acres. We understand the layout and design of the commercial buildings is indicative only at this stage as appropriate for an outline application. We would make the following observations:

Envisaged

- The buildings each have a 25% office content at first floor. This enables the 'undercroft' area to be readily fitted out if required as offices or technical areas bringing the ratio to 50%, quickly and cost effectively.
- Parking is at a ratio of 1 space per 35 sq m which is adequate for the market where staff numbers are likely to be in the order of between 1 per 30-40 sq m.
- Small yards are to be provided to serve loading doors on the rear of each unit. These facilities will be essential for product dispatch and deliveries and are appropriate for the type of occupier envisaged. Commercial vehicle traffic movements are likely to be modest in comparison with a traditional B2 or B8 development and will be a mix of vans, rigid trucks and a few articulated HGV's.
- The individual units range in size from circa 9,000 to 31,000 sq ft (840 to 2,875 sq m) which would be appropriate for a large section of the market. However, we also anticipate larger requirements of up to circa 100,000 sq ft which we understand could be dealt with at a Reserved Matters application stage.

- The proposed development is low density with extensive green landscaping, some of which will be available for recreational use by occupier staff. This reflects the type of environment that the technology market now requires, and we believe the space planning will prove attractive to prospective occupiers.

6.0 Conclusions

It is VSL and Partners' view that the development of a traditional office business park at the subject sites is not a viable proposition. Whilst the demand for offices in Bicester is limited, consented or pending office schemes should provide adequate office supply for the foreseeable future. Furthermore, the physical characteristics of the subject sites are not appropriate for office development.

In recent years we have experienced a rapid growth in the market for B1 hybrid buildings due to the increased importance of the technology and knowledge industry sectors. These buildings provide dense levels of employment and high value jobs. The demand for such buildings in the Oxford area is particularly strong but there is no supply built and very little further supply planned. Bicester is well placed to attract occupiers in these markets due to excellent communications, the availability of housing, proximity to Oxford and the town's excellent amenities. A development alongside David Lloyd's proposed facility and the new Holiday Inn would be given a real boost by having neighboring facilities for occupying companies and their staff.

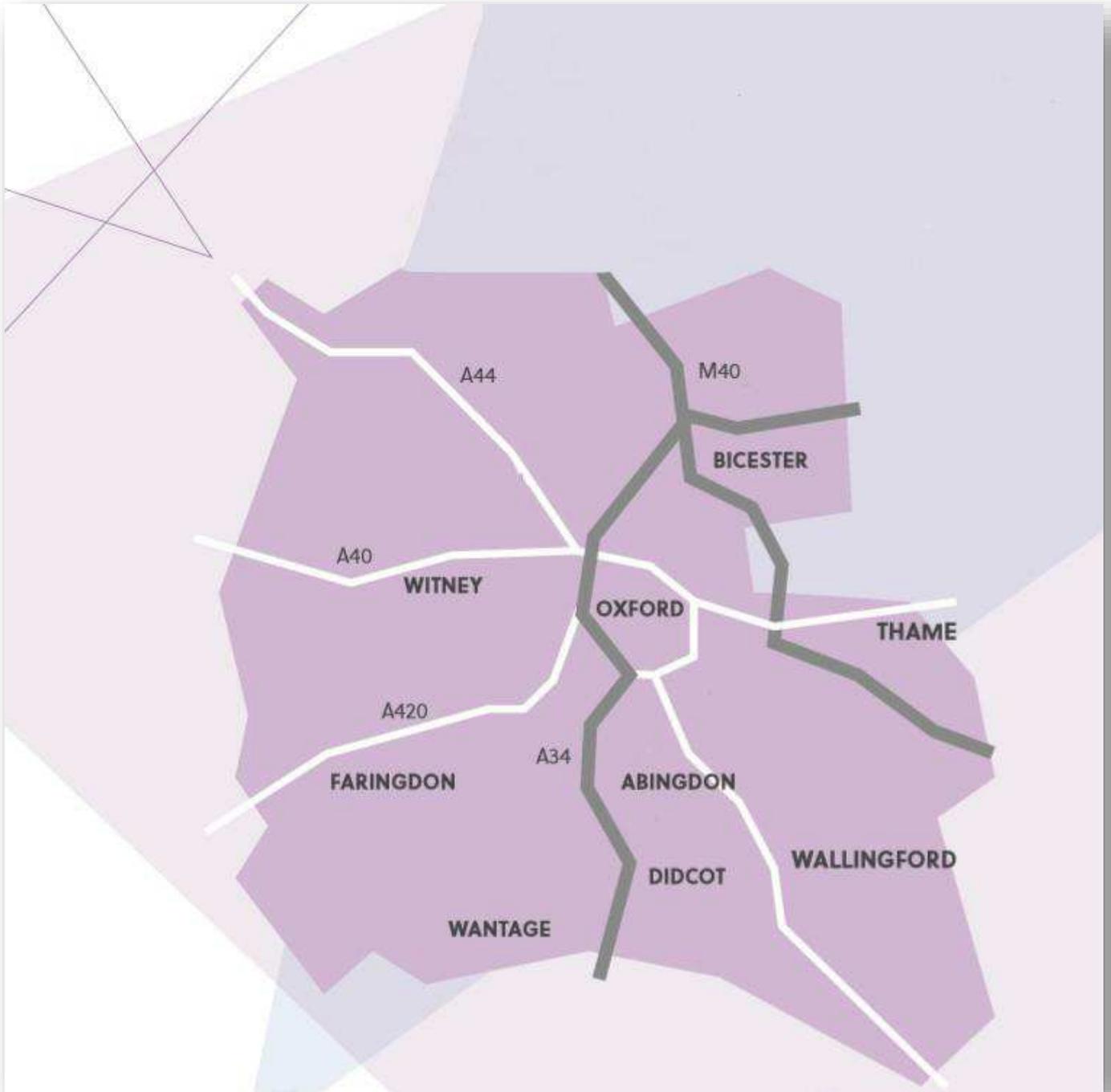
Hybrid buildings need to be flexible to allow a mix of office, research production and ancillary distribution uses. The exact mix will be driven by occupier requirements and may change during the period of occupation. As a guide the buildings will be used for R&D, science, management product design, clean and high value manufacturing/production and some distribution/dispatch purposes. We believe these uses satisfy the requirements of the Local Plan to create high grade Knowledge Economy Employment.

The proposed Draft Masterplan demonstrates a considered understanding of hybrid occupier requirements and is, in our view, the best way of delivering high grade employment for Bicester within the Local Plan period.

APPENDICES

Appendix 1	Local Market Area Map
Appendix 2	Case Studies
Appendix 3	Milton Park Amenities Map
Appendix 4	Oxford Industrial Park : Site & Location Plan

APPENDIX 1
Local Market Area Map



APPENDIX 2

Case Studies

Knowledge Economy Occupiers within Cherwell District

As each hybrid occupier is likely to have unique aspects to the occupation of buildings we have set out two specific examples of building and occupier requirements. These companies have each relocated to their current premises over the last 5 years. We asked each occupier a list standard questions in order to add some specific occupier input into these company's property requirements.

Case Study 1 : Arrival Ltd - Unit 9 Oxford Industrial Park, Yarnton - 13,000 sq ft

Arrival Ltd is one of the fastest growing businesses in the Cherwell/Oxfordshire region. The company is a technology disruptor specialising within the electric vehicle market, particularly the van and public transport sector. The key product is a new ground-up electric vehicle for the van marketplace, with other ground-breaking products in development.

Whilst the office headquarters is in London, primarily to be close to existing and potential future investors, most of the research and development and technical functions are based either at Oxford or Banbury. The company's first unit was at Oxford Industrial Park in Yarnton and comprises some 13,000 sq ft of office, R&D and technical assembly space. Further production space (110,000 sq ft) was subsequently procured in Banbury in 2016, but the firm's innovation hub remains based at Yarnton.



We asked specific questions of Glenn Saint, the Chief of Commercial Vehicles at Arrival Ltd.

1. Why did you decide to relocate to the Oxford area?

"There are a number of reasons for this, but primarily due to the reputation of Oxford and Oxfordshire for innovation and expertise. We aimed to employ high value staff many of whom would need existing engineering, product development and IT expertise. Key target workers were from the F1 and motorsport and niche engineering sectors. Yarnton sits well within this geographic target area".

2. How hard did you find it to acquire a suitable building?

"In reality we had very little choice of suitable options in the area. We looked at existing property around Abingdon, Bicester and Didcot but there was nothing that provided the image the business needed to portray".

3. How do you utilise your building?

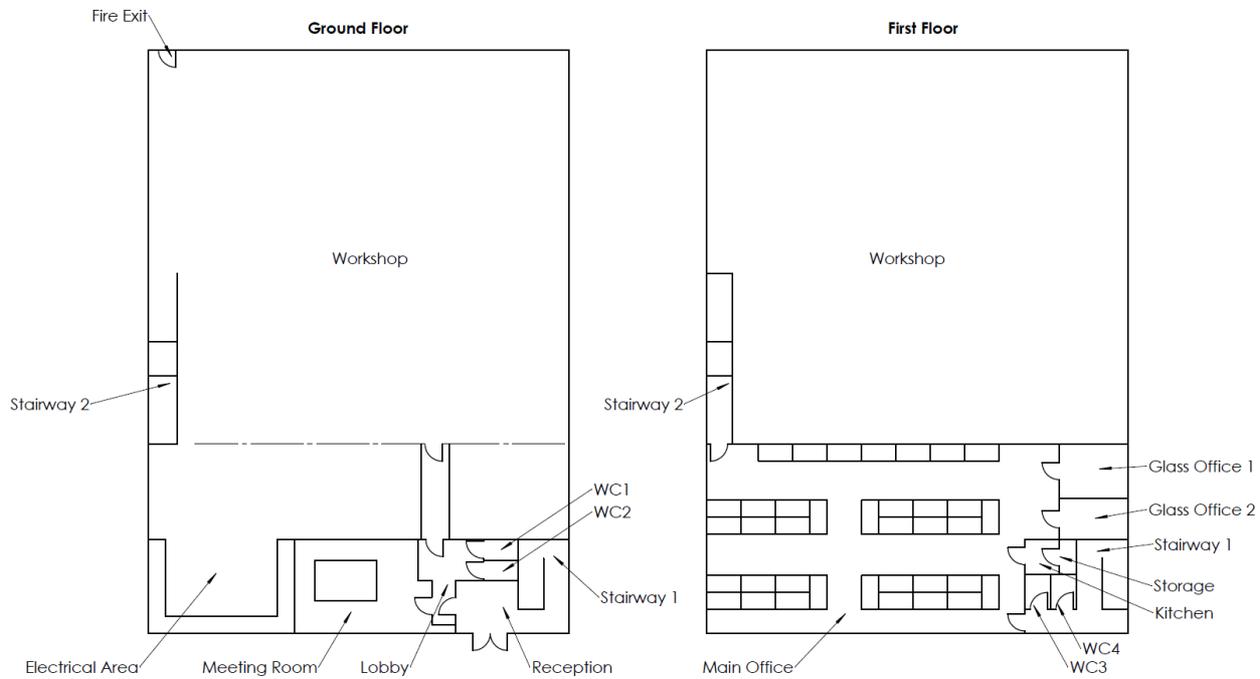
"Oxford is the key site for R&D and is really the ideas hub of the business. Product development and improvement is a continuous process for us, and we need offices for CAD and design works as well as clean and clear height space to bring these ideas to reality. Much of the space is used to assemble prototypes that may or may not make it to full production".

4. How many employees do you have at the site?

“It varies depending upon the nature of the projects, but we typically may have between 30 and 40 people on site and have had 50 at peak”.

5. How important is access to an employment base and staff welfare?

“It is all-important to our business. Our staff are expensive and the knowledge is very valuable to the business. We invest heavily in staff training and welfare to ensure we retain as many people as possible. The one disadvantage of our current location (Oxford Industrial Park) is the lack of on-site amenities”.



Note: These photographs show the business’ Banbury premises.

A plan of unit 9 Oxford Industrial Park is listed above.

The key components of the utilisation of the building are:

- Office/Design Accommodation – 40% of building area
- Testing area – 20% of building area
- Assembly and prototype – 40% of building area

This is clearly a dense utilisation of the building with high value employment uses. Assuming an average of 40 employees this equates to 1 person per 325 sq ft of accommodation which is well above traditional industrial levels which are typically 1 person per 1,000 sq ft.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

APPENDIX 3 Milton Park Amenities Map



Key:				
1 MOT centre	7 Beautician	13 Meeting Room Hire	1 Marshall Volkswagen South Oxford	Bike Loan
2 Swimming Pool	8 Free ATM	14 Conference Facilities	2 Costa	Pedestrian & Cycle Footpath
3 Health & Fitness Club	9 Pharmacy	15 Urban Gardens	3 Bellinger Vauxhall	Electric Vehicle Charging
4 Post Office	10 Cafe	16 Path to Milton Gate Amenities	4 Harvester	Convenience Store
5 Business Support Centre	11 Brasserie	17 Nursery	5 Marshall Jaguar Landrover	
6 Hairdresser	12 Business Lounge	18 Outdoor Gym	6 Marriott Courtyard Hotel	

APPENDIX 4
Oxford Industrial Park : Site & Location Plan

