

Our Ref: ES/RKR/720.3313A

Your Ref: AF

Toronto Square
Toronto Street
Leeds LS1 2HJ

T / 0113 243 0101
F / 0113 247 1776
E / property@eddisons.com

eddisons.com

Mr Alistair Flatman
ID Planning
Atlas House
31 King Street
Leeds
LS1 2HL

29 July 2013

Dear Sirs

Economic Statement

Hanson Garden Centre, Whalley Road, Barrow, Clitheroe, BB7 9BA ("the property")

1.0 Background

- 1.1 We refer to our on-going discussions and your instructions to provide you with an economic review of the property market in the Ribble Valley with specific reference to the above named site. We understand you require additional advice in relation the current use of the property and likely future demand.

2.0 Description

- 2.1 The property is situated on the outskirts of the village of Barrow approximately two miles to the south of Clitheroe within the Ribble Valley.
- 2.2 The property is an established garden centre and extends to approximately 1.93 hectares (4.78 acres). The entrance to the site is to the east, leading directly from Whalley Road, which in turn provides access to Barrow.
- 2.3 The property comprises a garden centre and nursery in the main, however there is also an area of storage land to the rear of the site and concession areas for the sale of conservatories and sheds.
- 2.4 The surrounding locality is predominantly undeveloped. Clitheroe Golf Course neighbours the property to the north, with residential development opposite. The village of Barrow and Barrow Brook Office Park are a short distance away. Extensive areas of hard standing to the front of the site provide areas for car parking.

3.0 Demographics

- 3.1 Barrow is a village lying within the Ribble Valley and being part of the Ribble Valley Borough Council in the County of Lancashire. According to the Office of National Statistics the Ribble Valley had a population of 57,360 in 2011.
- 3.2 According to the Office of National Statistics between April 2012 and March 2013 there were 32,600 people in the Ribble Valley area who were economically active and 30,900 people in employment. In June 2013 there were only 389 people claiming job seekers allowance. This equates to an unemployment rate of 5.21%. In comparison to the national average rate of unemployment (7.8% in June 2013) there is a much lower rate of unemployment in this area. These demographics evidence that the current employment demands in this area are currently being met.

4.0 Market Commentary

Existing use of the Site

- 4.1 Our recent experience of the Garden Centre market indicates a declining trend driven by wider economic conditions, poor seasonal weather and increasing competition from larger national retailers and online retailers. This is particularly evident where businesses have restricted catchment areas.
- 4.2 Within the surrounding area, there are a number of competing Garden Centres, most notably Shackletons at Chatburn, which is situated approximately four miles from the subject property. Shackletons focus towards garden furniture sales, as opposed to plants/nursery sales; however they appear to have developed a significant share of the market.

Office Use

- 4.3 There has generally been a downturn in demand for offices with the service sector contracting substantially, particularly in the North of England.
- 4.4 Investors have seen void rates increase significantly as a result of increased tenant default and reduced demand which has resulted in an increase in the supply of office space.
- 4.5 Increasing void rates have coincided with empty property rates, and insurance premiums have also increased significantly, as have the value of incentives required to encourage tenants to occupy leasehold properties. All these factors have increased the cost of holding commercial property as investments, which has affected yields and consequently prices.
- 4.6 There is a significant over supply of office accommodation in the Ribble Valley Area. The following business parks are located in and around the site in question and are currently serving the existing employment demand;

- Within 1 miles there is a site available at Barrow Brook Business Village, Clitheroe. The land extends to 2.47 acres. The site is suitable for a variety of commercial uses. We have discussed interest in this site with the agent and they have advised that the site has been on the market for sale for three years with limited interest. This demonstrates that there is limited demand for such sites as these types of schemes are deemed unviable by developers.
- Within 1 mile there is another development site at Barrow Brook Office Park extending to approximately 13.3 acres. We are informed by the agent that the site has planning for the construction of office accommodation from 1,000 to 22,000 sq ft. The site has been available for sale since 2008.
- Within 1 mile there is The Printworks, Walley Road, which was constructed in 2000, comprising a two storey building with office accommodation extending to 16,177 sq ft. There is currently office accommodation available to let at The Printworks, which has been available for approximately 3 years.
- Within 1.7 miles there is The Stables, Back King Street which comprises a recently constructed office building extending to 6,221 sq ft. The property has been available to let since March 2013.
- Within 2.5 miles there is De Lacy Business Centre, Station Road which comprises office accommodation. There is currently a suite available extending to 2,871 sq ft and the quoting rent is £7.84 per sq ft. The accommodation has been available for almost two years.
- Within 2.5 miles there is Enterprise Works, Salthill Road which comprises office accommodation. There are currently two office suites available to let.
- Within 8.4 miles there is Gisburn Business Park which comprises office units. This site is located in outer Clitheroe with reasonable access from the A59). This site has rarely been fully occupied.

Industrial Use

- 4.7 Demand for industrial property within the UK also remains depressed and interest for such properties is particularly weak.
- 4.8 The increase in void rates has also coincided with changes in legislation governing Empty Property Rates. In May 2007 the Government removed the exemption on Empty Property Rates payable for industrial properties for all but the smallest of units. With marketing periods extending and the average now being in excess of 6 months, many landlords are faced with on-going costs for Empty Property Rates which adds to the holding costs.
- 4.9 Insurance premiums for empty buildings have also increased significantly as has the value of incentives required to encourage tenants to occupy leasehold properties. All these

factors have increased the costs of holding industrial investments, thus worsening the ratio between gross and net rents which has put downward pressure on prices.

4.10 The following industrial accommodation is currently available in the Ribble Valley Area:

- Within 1.8 miles there are two units available on Hall Street in Clitheroe extending to 1,425 sq ft and 1,457 sq ft. These units have been available to let for over one year.
- Within 2.5 miles there is 5,702 sq ft of industrial accommodation available at Hawthorne Industrial Park, Lincoln Way.
- Within 2.8 miles there is 6,508 sq ft of industrial space available at Lincoln Way in Clitheroe.
- Within 3.4 miles there is Link 59 Business Park (Predominantly Industrial Units, Fairly large scale – very central and clearly built with HGV access in mind)
- Within 5.9 miles is Time Technology Business Park (Large Industrial Units, with some office at Roadside – Located in Padiham, there is good access from the Blackburn Road onto the M65, again very suitable for HGV use.)
- Within 12.1 miles is ELM Street Business Park (Majority is Industrial/ Warehousing Units – (Again located close to the M65 but this time on the Clitheroe side of Burley, mainly industrial).
- Within 16.2 miles there is Lomeshaye Industrial Estate (Largely Industrial space with some showroom type properties – Located in Nelson this has excellent access off the M65 for all vehicles including HGV's)

4.11 Demand for industrial premises in the Ribble Valley is limited due to Clitheroe not being connected particularly well to the national motorway network. As evidenced above, most of the available industrial accommodation is within 2 to 3 miles of the subject site. The nearest junction is junction 7 of the M65 motorway, which lies approximately 7 miles away from the subject site. Existing and new manufacturing businesses will therefore not be interested in industrial accommodation in this area and would prefer accommodation nearer to the M65.

4.12 In addition a development of industrial units on the subject site would result in greater harm to the visual amenity in the surrounding area and there would be an increase in HGV vehicles which would be unsuitable for this road and would cause highway issues.

5.0 Viability

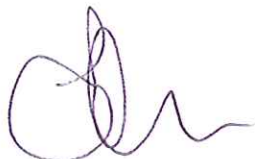
- 5.1 Having considered the subject site within this context and the surrounding of local business requirements, it is our opinion that the site is unsuitable for an alternative employment use.
- 5.2 As evidenced above within the surrounding area there is currently a significant supply of commercial properties available, including retail, office, industrial and leisure uses.
- 5.3 There are also various other small business parks in the area which further add to the competition.
- 5.4 The nature and quality of available properties is varied, with suitable accommodation available for a wide range of business users at different levels. As with the wider commercial sector, incentives are available to prospective tenants.
- 5.5 Having considered sales and lettings over the preceding 12 to 18 months on sites with varying standards of access and frontage, it is evident that there is a relatively slow up take of accommodation, supporting the view that supply outweighs demand.
- 5.6 There is existing employment land available at Barrow Brook within one mile of the subject property which accounts for 60% of the council's requirement for new employment land. This land is currently available, quoting values of £300,000 per acre. We are not aware of any recent land sales in this regard; however we would anticipate from our experience, that transactions are likely to reflect a reduced rate.
- 5.7 Any employment needs are likely to be met through the development of this and other existing sites, combined with the availability of current stock and it would not be feasible or sustainable to provide a further two hectares of employment land at the subject site.
- 5.8 In addition, the lack of demand for employment sites within this area was evidenced in the appeal decision for residential development at Barrow Brook. This site with an extant office approval was extensively marketed without any firm interest and as such the inspector allowed residential development. If this site is not attractive to employers then it is unlikely that the subject site would be given its inferior location.

6.0 Conclusion

- 6.1 Taking the above into account it is logical that a further increase in availability will only serve to depress employment land values within the area making future developments uneconomical.
- 6.2 The value attributable to the current site, assuming an alternative employment use, is unlikely to be in excess of the sites 'existing use' value.
- 6.3 As a result we feel there are strong economic reasons why a development of the site for a commercial use in this location would be inappropriate and unviable.

I trust the above comments are satisfactory for your current purposes although should you require clarification on any aspect, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in purple ink, appearing to be "Edwin Shaw", written in a cursive style.

Edwin Shaw MRICS
Eddisons