

Essex Biodiversity Net Gain Viability Assessment

Property Market Report

Essex County Council



SQW

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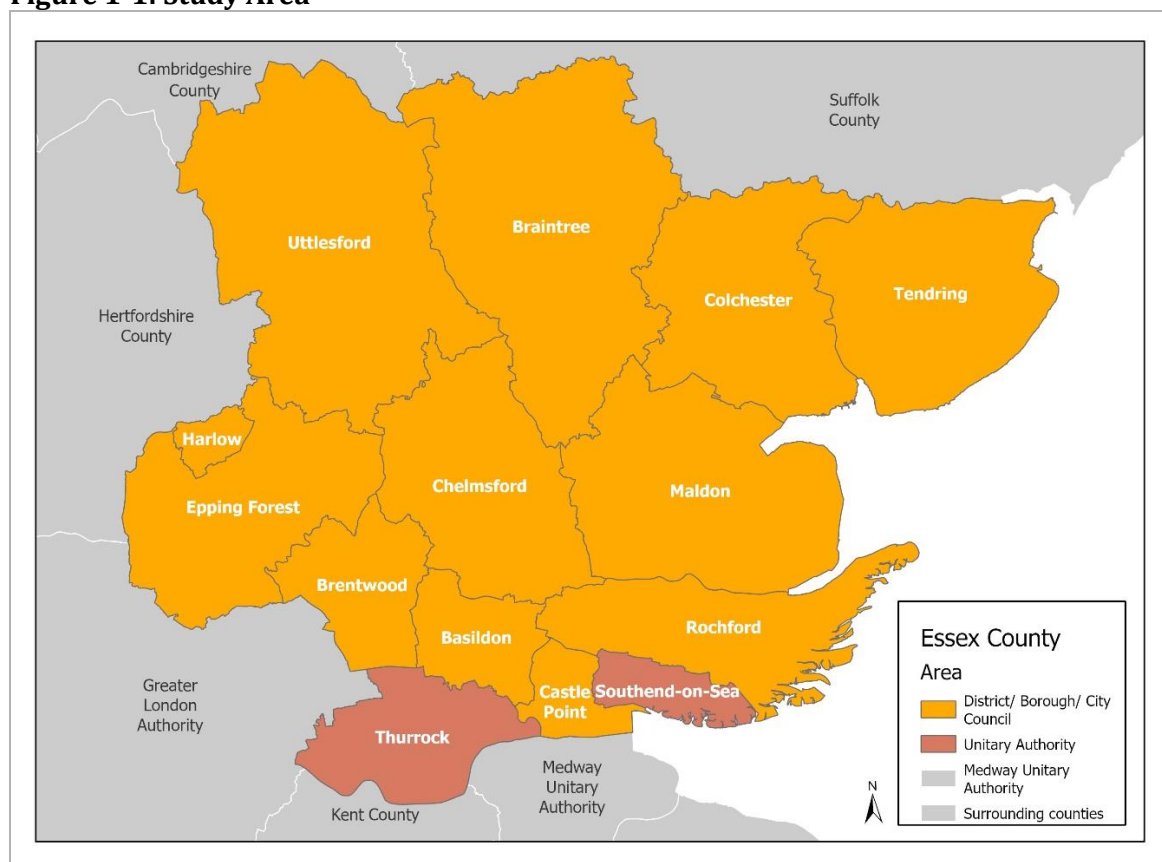
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1. Introduction

- 1.1** This market report has been used to inform SQW's viability assessment of potentially enhanced biodiversity net gain (BNG) policy in Essex. We consider 14 Local Councils and Authorities within Essex County Council's borders, including; Basildon, Braintree, Brentwood, Castle Point, Chelmsford, Colchester, Epping Forest, Harlow, Maldon, Rochford, Southend-on-Sea, Tendring, Thurrock, Uttlesford. The data used in this market report will be from a variety of different property site databases and recognised platforms including REalyse for the residential market data, and Costar and EGi for the commercial and industrial space transactions. All data has been recorded from January 2020-2024.
- 1.2** All of our research has focused on Essex. We have looked at as wide a range as possible across the county to understand the variety of values being achieved for each use. For certain property types (i.e. commercial and industrial) there is less data available and we have not been able to look at recent examples in every LA area. Because of the high level nature of the viability assessment we have not assumed a fixed value input for each use, instead the conclusions of this report provide a starting point and potential range for our viability testing.
- 1.3** This market assessment considers residential, office and industrial markets for new build properties. Figure 1-1 illustrates the study area which includes all 14 LA's in Essex.

Figure 1-1: Study Area



Source: SQW, 2024

2. Residential market

- 2.1** We have considered a series of elements in this section to allow us to arrive at our conclusions on value inputs. Firstly, we consider the general market conditions on a national basis and compare this to Essex. We have then considered the range, and average prices of new build sale transactional evidence in each Local Authority area. This average price data has been considered spatially through GIS mapping. These methods provide us with a reasonable estimation of what values residential development in Essex is likely to achieve.

National context

- 2.2** In October 2023, approximately 82,910 sales were completed in the UK, which was 2.5% below the month prior, and 20.5% below October 2022¹. Reduced sales numbers were said to be leading to increased stock levels, causing concerns that house prices would continue falling in 2024². However, despite challenges, both Knight Frank³ and CBRE conveyed a more positive outlook for the market in 2024. CBRE anticipated a marginal fall in house prices, and that transaction volumes would be relatively equal to in 2023⁴.
- 2.3** Built Space's market commentary for February 2024 discusses favourable reports of the UK's residential market so far this year⁵. Mortgage rates have begun to fall to relatively more affordable levels, and both Rightmove and Nationwide have reported a decline in the rate of house prices decrease. Listing portals have also reported an increase in buyer demand and agreed sales, when compared with January 2023. However, caution is advised that the availability of low-cost mortgage rates details may be temporary. The future of the market is said to be heavily dependent on how mortgage rates stabilise in the medium term.
- 2.4** Despite construction market challenges, data released on 2022-2023 Net Additions and Affordable Housing shows that in 2023 both net additions (234,400 homes) and new build completions (212,570 homes) were similar to the previous year. Such findings have correlated with Council tax record data, which indicates that delivery is at around 230,000 homes per year⁶. Notwithstanding this, previous low sales rates in 2022 have led to concern as to whether new build properties will sell if falling interest rates do not translate into stronger buyer demand⁷.
- 2.5** Figure 2-1 shows that from January 2020 to September 2022, on average values in the UK rose from £231,940 to £291,716, equating to a rise of 26%; average values in the East of

¹ Cushman and Wakefield.2023. Residential Market Commentary, December 2023. Available [here](#)

² Built Place, 2023. Market commentary November 2023. Available [here](#)

³ Knight Frank. 2023. More evidence of a UK residential market turning point. Available [here](#)

⁴CBRE, 2023. UK Real Estate Market Outlook 2024. Available [here](#)

⁵ Built Space, 2024. Market commentary January 2024. Available [here](#)

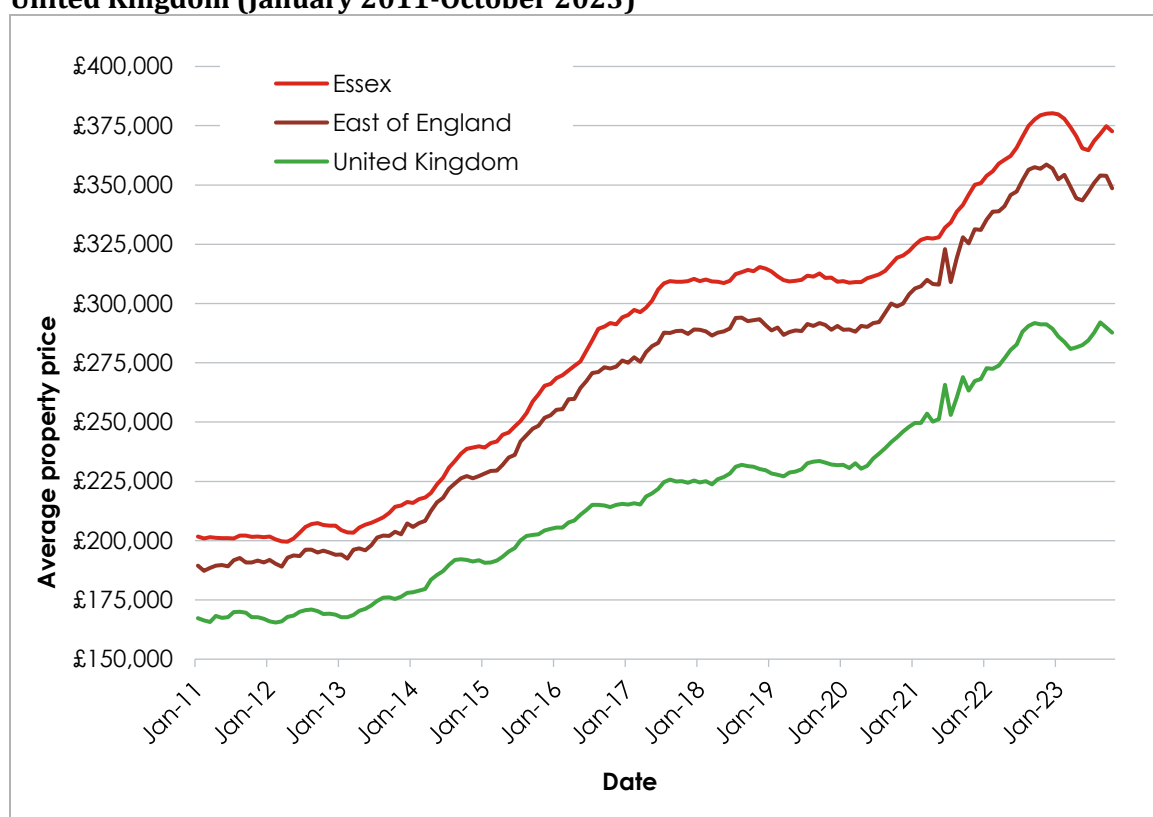
⁶ Built Place, 2023. Market commentary November 2023. Available [here](#)

⁷ Built Place, 2023. Market commentary November 2023. Available [here](#)

England rose from £288,877 to £357,549, equating to a rise of 24%; and average values in Essex rose from £309,475 to £377,628 equating to a rise of 22%. Despite strong historical growth, prices in the UK, East of England, and Essex have all experienced a fall in values since the end of 2022. Subsequently, prices started to recover from the summer of 2023 but continue to fluctuate.

- 2.6** Overall, Essex has followed similar trends in property price growth and decline to the UK and East of England, but values remain consistently higher on average. It is important to note that this analysis includes both new build and second hand property and does not disaggregate different housing types.

Figure 2-1: Average all residential property prices in Essex, East of England and United Kingdom (January 2011-October 2023)



Source: Land Registry, 2024

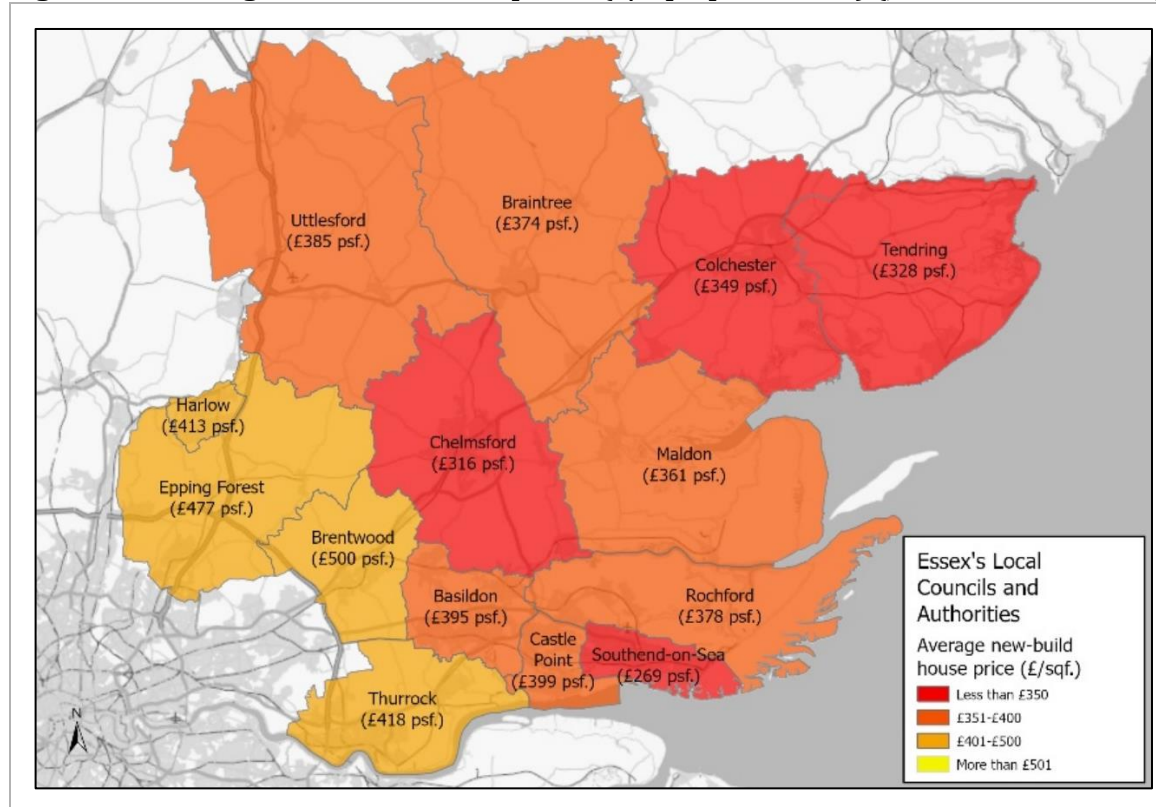
- 2.7** Despite challenges, residential market forecasts are optimistic over the next 5 years, with prices expected to rise 18.6% for areas within a one-hour commute to London, and 19.1% for the wider South of the UK⁸.

⁸ Savills, 2024. Residential Property Market Forecasts. Available [here](#). Please note forecasts do not apply to new-build units.

Local market

- 2.8** Figure 2-2 shows a heat map of average new build house prices in Essex divided by its 14 Local Councils and Authorities. We have relied on average new build property prices between January 2020 and December 2023. The analysis conducted on the raw data from the REalyse database on residential transactions between 2020-2023 in Essex deducted 1.5% of the lowest and highest transactions so as not to extrapolate any outliers in transactional data that were not particularly reflective or generic of the Essex market as a whole.

Figure 2-2: Average new-build house prices (£/sqft. per annum) (Jan. 2020-Dec. 2023)

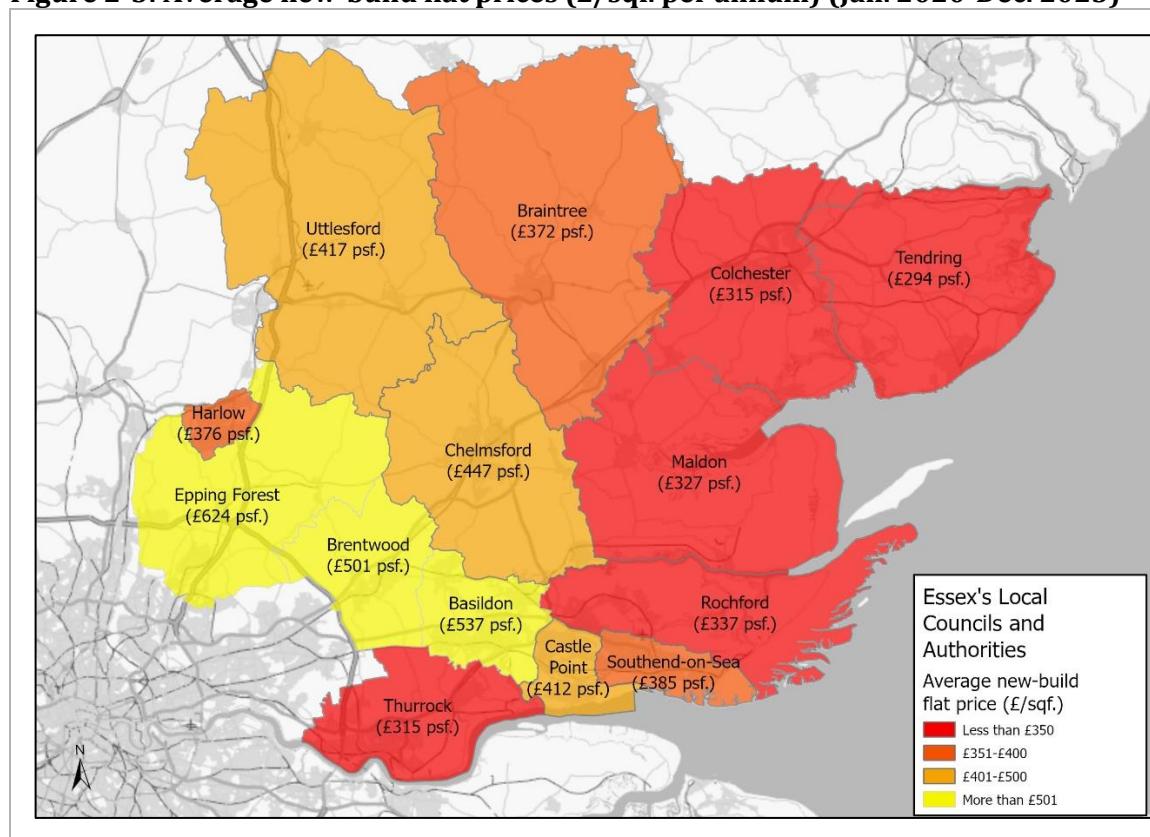


Source: SQW, 2024

- 2.9** Figure 2-2 shows that average new build values vary significantly throughout the county. Higher average values of between £401-£500 per sqft. have been achieved to the south-west, in closer proximity to London. The central areas of the county tend to average at between £351-£400 per sqft., with the exceptions of Chelmsford and Southend-on-Sea. Tendring and Colchester to the north-east fall into the lower average price bracket of less than £350 per sqft.
- 2.10** Figure 2-3 shows that average new build flat prices are higher than average house prices in several areas. Notably, Epping Forest, Brentwood and Basildon to the south-west of the County are achieving flat prices of over £501 per sqft. Average new-build flat prices are also notably higher than average house prices in Southend-on-Sea.

- 2.11** In areas to the east of the County, such as Tendring, Colchester, Maldon and Rochford, average flat prices are lower than house prices.

Figure 2-3: Average new-build flat prices (£/sqf. per annum) (Jan. 2020-Dec. 2023)



Source: SQW, 2024

- 2.12** Table 2-1 shows the same average price data included in Figure 2-2 above. Alongside the average values we have also shown the maximum and minimum achieved prices on a psf. to provide a range. It is clear that prices are wide ranging in Essex with the lowest achieved £173psf. and the highest £710 psf (excluding the top and bottom 1.5% outliers).

Table 2-1: New build houses average min and max prices £psf – Jan. 2020-Dec. 2023

Local Council/ Authority	Minimum Price	Average Price	Maximum Price
Basildon	£279	£395	£465
Braintree	£295	£374	£475
Brentwood	£322	£500	£710
Castle Point	£314	£399	£625
Chelmsford	£226	£316	£381
Colchester	£248	£349	£548

Local Council/ Authority	Minimum Price	Average Price	Maximum Price
Epping Forest	£352	£477	£607
Harlow	£331	£413	£541
Maldon	£254	£361	£490
Rochford	£267	£378	£491
Southend-on-Sea	£236	£269	£312
Tendring	£223	£328	£428
Thurrock	£342	£418	£529
Uttlesford	£173	£385	£529
Essex	£173	£370	£710

Source: REalyse 2024

2.13 Table 2-2 shows the same average, maximum and minimum transactional data but for flats. Flats are even more wide ranging than houses in Essex with the minimum achieved of £106 psf. and a maximum of £990 psf (excluding the top and bottom 1.5% outliers).

Table 2-2: New build flats average min and max prices £psf – Jan. 2020-Dec. 2023

Local Council/ Authority	Minimum Price	Average Price	Maximum Price
Basildon	£134	£529	£796
Braintree	£111	£372	£624
Brentwood	£150	£501	£639
Castle Point	£268	£412	£544
Chelmsford	£206	£447	£697
Colchester	£186	£315	£420
Epping Forest	£258	£624	£908
Harlow	£152	£376	£550
Maldon	£106	£327	£465
Rochford	£146	£337	£455
Southend-on-Sea	£200	£385	£743

£796

Local Council/ Authority	Minimum Price	Average Price	Maximum Price
Tendring	£133	£294	£514
Thurrock	£129	£315	£440
Uttlesford	£150	£417	£613
Essex	£106	£400	£990

Source: REalyse, 2023

Conclusions

2.14 Our analysis has shown that Essex has a wide range of values for both houses and flats. There is a geographical spread of values, with higher valued areas towards the western parts of the county. The purpose of this market report is to provide a starting point for the viability testing and to provide a range of values to test within. The analysis has shown that while average prices for flats and houses are relatively similar, flats have a larger range of prices in most areas. Noting this variation, we have assumed different minimum and maximum values for flats and houses for scenario testing. Based on the above analysis we have assumed the following:

- Houses
 - Central assumption = £400 / sqft.
 - Minimum = £250 / sqft.
 - Maximum = £550 / sqft.
- Flats
 - Central assumption = £400 / sqft.
 - Minimum = £150 / sqft.
 - Maximum = £600 / sqft.

3. Office market

- 3.1** This section considers the office market both nationally and in Essex. Firstly, we provide a national contextual overview followed by consideration of local market dynamics, including analysis of rental and yield evidence.

National context

- 3.2** The office market in the UK has been focused in key urban areas in recent years with London and other regional centres such as Manchester seeing the most growth. These are the areas where development has been viable, driven by strong demand and high-quality tenants willing to take on long term lease obligations.
- 3.3** Take-up in Q3 2023 across the 'Big Six' cities (Birmingham, Bristol, Edinburgh, Leeds and Manchester and London) amounted to 3.4m sqft. of space, constituting a 32% increase in take-up on Q2, and 6% above the five-year quarterly average⁹. Grade A leasing accounted for 70% of the total volume, indicating a continued demand from occupiers for high-quality space¹⁰. Notwithstanding this, higher capital and build costs have weakened investor confidence in the sector in 2023.
- 3.4** The bulk of office growth since the 2009 recession has come from occupiers in the professional services, and technology, media and telecommunications (TMT) sectors. In addition, areas such as London and other major cities have seen huge amount of demand from flexible office providers. This demand has started to move out of the major cities and flexible office space is being seen in different forms throughout the country.
- 3.5** Outside core city centre locations some secondary towns/cities have faced increased pressure on office stock through offices being converted to residential through permitted development rights. In some areas this has decreased supply significantly but has not increased rents to a level where development is viable. This means that some areas both have a lack of office supply and increasing poor quality residential development. This trend is expected to continue as upgrading secondary office buildings to accommodate modern occupier requirements remains capital intensive¹¹.

Local market

- 3.6** Take-up in Essex in 2023 was limited, due to a lack of both supply and demand¹². The County lacks sufficient grade A space to meet occupier demands. There have been few transactions

⁹ Cushman and Wakefield. 2023. UK Market beat Reports 2023. Available [here](#)

¹⁰ Cushman and Wakefield. 2023. UK Market beat Reports 2023. Available [here](#)

¹¹ Savills, 2023. Market in Minutes: UK Regional Office Investment Market Watch. Available [here](#)

¹² Glenny, 2024. Essex office market summary Q3 2023. Available [here](#)

for larger units, with local occupiers increasingly downsizing offices. Prime rental values did increase in the latter half of 2023 in Basildon, reaching £22.50 psf., while rents remained stable in all other locations across the County.

- 3.7** Transaction data from industry-standard databases CoStar and Radius Data Exchange (EGi) has been combined (with duplicates removed) so as to include as much market activity as possible in this analysis. It is recognised, however, that these databases have significant limitations when analysing markets that are not well-established commercial centres. They rely on transactions reported by commercial agents. Many transactions involving small business space may not be included as such space transacts generally on a more informal, flexible basis, as well as often involving direct lettings between the owners and managers of buildings and tenants. That said, it is nevertheless useful to consider the commercial property market data from these sources as it gives some insight into market trends and values.
- 3.8** On CoStar, the search filtered for properties rated 4 or 5-star, however, noting EGi does not have a property rating system, we manually filtered for properties which new-build or recently renovated.
- 3.9** Over the last 4 years, Essex has recorded approximately 70 transactions of high-quality office units. These have been predominantly for smaller and mid-sized units, up to 10,000 sqft. Only 4 transactions were identified for high-quality units exceeding 10,000 sqft.
- 3.10** Table 3-1 shows a range of new build comparable evidence with achieved rental information available. Rents are wide ranging with the larger units generally achieving less on a £psf basis. Overall the rents in Table 3-1 range between £12.99- £60psf.

Table 3-1: Comparable office rental transactions by Local Council/ Authority.

***All rents are either achieved or effective.**

Address	No. of transactions	Transaction lease date	Total sqft. leased	£/sqft. per annum	Source
Basildon					
Phoenix House, Christopher Martin Road, Basildon, Essex, SS14	2	04/02/2021- 29/08/2023	1,100- 4,542	£20.00- £23.00	CoStar and EGi
Brentwood					
London Road, Brentwood, CM14 4QP	2	01/08/2020- 21/08/2020	16,977- 21,571	£16.26- £27.00-	CoStar and EGi
Chelmsford					

Address	No. of transactions	Transaction lease date	Total sqft. leased	£/sqft. per annum	Source
117 Watson Heights, Chelmsford, Essex	1	06/04/2021	1,847	£12.99	EGi
The Aquarium, 101 Lower Anchor Street, Chelmsford, CM2 0AU	7	30/11/2020-30/03/2023	445-1,332	£20.86-£20.98 (Only two transactions with rent data)	EGi
Colchester					
The Octagon, Middleborough, Colchester, Essex	10	07/07/2020 - 13/02/2023	1,184-10,192	£15.70-£29.60	EGi
Evolve, Old Ipswich Road, Ardleigh, Colchester, Essex, C07 7QR	16	28/11/2022-18/12/2023	395-1,018	£19.94-£32.50	EGi
Pappus House, Tollgate Business Park, Tollgate West, Stanway, Colchester, Essex, Co3	2	11/10/2021-01/06/2023	277-321	£36	EGi
The Nexus, Systematic Business Park, Old Ipswich Road, Ardleigh, Essex, C07 7QL	2	10/05/2022-30/11/2023	95-145	£56.84-£60.00	EGi
Elmstead					
Broomfield House, Lanswood Park, Broomfield Road, Elmstead, Essex, Co7	1	18/01/2021	452	£22.11	EGi
Harlow					
Kao Park, London Road, Harlow, CM17 0DE	2	08/02/2021-03/03/2021-	4,950-10,024	£19.82-£20.00	EGi and CoStar
Nexus Building, Harlow Innovation Park, Harlow, CM17 9TX	2	10/03/2021-01/11/2022	2,246-10,192	£19.95-£20.00	

Source: CoStar and EGi lease comparables data, 2024

- 3.11** To determine an appropriate starting point for yields for our testing we have considered the Knight Frank investment yield guide published December 2023. Figure 3-1 shows that yields in South East Towns range from between 7.25-8.25% and in South East Business Parks from 8-10.5%.

Figure 3-1 Knight Frank yield guide Dec 2023 offices

City Prime (10 years)	5.25% - 5.50%
West End: Prime Core (Mayfair & St James's)	4.00%
West End: Non-core (Soho & Fitzrovia)	4.75%
Major Regional Cities (10 years)	6.50%
Major Regional Cities (5 years)	7.50%
Secondary Regional Cities	11.00% +
South East Towns (10 years)	7.25%
South East Towns (5 years)	8.25%
Secondary South East Towns	11.50% +
South East Business Parks (10 years)	8.00% +
South East Business Parks (5 years)	10.50% +
Secondary South East Business Parks	12.50% +
Life Sciences (Oxford, Cambridge)	4.50% - 4.75%

Source: Knight Frank 2023

Conclusions

- 3.12** Based on the above analysis we have adopted the following value inputs for office uses in our testing:

- Central assumption = £22/ 8% yield
- Minimum = £16/ sqft.
- Maximum = £28/ sqft.

4. Industrial market

- 4.1** This section considers the industrial market both nationally and in Essex. Firstly, we provide a national contextual overview followed by consideration of local market dynamics, including analysis of rental and yield evidence.

National context

- 4.2** The UK's industrial and logistics market saw exceptional growth during 2020-2022, driven by the pandemic and changes in global supply chains. This year, take-up amounted to 29.5m sqft., representing a 40% reduction compared with 2022, and a return to a level more aligned with the long-term annual average of 30.3m sqft.¹³.
- 4.3** There has been a fall in big shed transactions, partially as a result of Amazon scaling back its requirements in some locations. This has contributed to a reduction in the overall take-up of space. Take-up has also become increasingly location-specific, with it boosted in areas benefitting from High Speed 2 and Sizewell C power station, and constrained in areas with a low labour supply¹⁴.
- 4.4** Looking ahead, e-commerce is anticipated to grow next year, with Savills anticipating this to result in an additional logistics requirement of up to 48m sqft. Savills anticipate greater bifurcation in the market between prime and secondary space¹⁵. This is noting that prime rents this year have increased by 5.8%, compared with 0.3% for secondary space. Take-up of secondary stock also amounted to only 22% of take-up in 2022, constituting the lowest figure ever recorded.

Local market

- 4.5** The completion of several new large-scale developments across Essex in recent years contributed to total floor supply exceeding 3m sqft. in 2023 for the first time since 2016. The majority of these developments were for Grade A developments, which now comprise the most significant portion of market supply, at 61% of available stock. The majority of Grade A space in the County is made up by six big-box units which are located in Thurrock and Brentwood. The availability of Grade A space in other areas of the market is constrained. Across all size categories, there was strong demand for properties in the lead up to Q3 2023, with a notable upsurge in requirements in the mid-box (50,000-99,000 sq. ft.) sector. Demand for big-box units (over 100,000 sq. ft.) remains consistently strong.

¹³ Savills 2023. Industrial Overview Autumn 2023. Available [here](#)

¹⁴ Carter Jonas. 2023. Industrial Overview Autumn 2023. Available [here](#)

¹⁵ Savills 2023. Industrial Overview Autumn 2023. Available [here](#)

¹⁶ Paragraph based on Glenny, 2024. Essex industrial market summary Q3 2023. Available [here](#)

- 4.6** We have analysed industrial transactions recorded on CoStar and EGi between January 2020-December 2023 in Essex. These filtered for those with data on the achieved or effective rent per sqft. A total of 828 transactions were identified for secondary and new-build units, ranging widely from £1 to £ £39.78 psf. per annum.
- 4.7** Table 4-2 provides several examples of secondary developments which have achieved high rents per sqft. In some areas these rents are comparable to the prices achieved for new-build developments in the area.
- 4.8** In Thurrock, several secondary properties at Thurrock Commercial Centre and Acorn Trading Centre have reached ceiling rents in the County, at £34.20 psf and £33.92 psf respectively. These exceed those achieved for new-build properties in Thurrock.
- 4.9** Table 4- shows a range of comparable new-build industrial rental transactions across Essex. Prices vary heavily depending on unit size and the Local Council/ Authority area. For example, on the Trade City development in Chelmsford, an 800 sqft. unit let for £17.96 psf., whilst a 5,619 sqft. unit let for £11.51 psf.
- 4.10** Overall, smaller units, under 10,000 sqft. are achieving around £12 psf. Larger more logistics style units are achieving less at around £10 psf.

Table 4-1 Comparable industrial rental transactions. All rents are achieved or effective.

Effective:

Address	No. of transactions	Transaction lease date	Total sqft. leased	£/sqft. per annum	Source
Basildon					
Christopher Martin Road, SS14 3ES (Built 2019)	2	06/10/2020	117,000	£8.56	CoStar
		13/05/2021	64,004	£8.59	
Braintree					
Bradbury Drive, Springwood Industrial Estate, Braintree (Built 2021)	14	01/05/2020-26/05/2022	7,342-64,251	£7.89-£10.50 (Larger units have lower £/sqft.)	Costar and EGi
Great Notley Road, Braintree, CM77 7FS (Built 2023)	6	03/08/2023-25/09/2023	21,372-130,000	£12.50-£13.00 (Larger units have	CoStar

Address	No. of transactions	Transaction lease date	Total sqft. leased	£/sqft. per annum	Source
				lower £/sqft.)	
Brentwood					
Brentwood Commercial Park, CM13 3LS (Built 2023)	1	13/04/2021	55,000	£11.00	CoStar
Hubert Road, Brentwood, CM14 4JY (Newly refurbished)	2	12/03/2020 -31/03/2023	13,328- 16,092	£9.00- £13.75	EGi
Castle Point					
Kings Close, SS8 0QZ (Built 2020)	1	01/11/2021	1,371	£6.60	CoStar
Chelmsford					
Trade City, Montrose Road, Chelmsford, CM2 6TX (Built 2019)	13	04/06/2020- 10/06/2020	800- 6,202	£11.51- £17.96 (smallest unit)	CoStar and EGi
Harlow					
Icon Harlow, Third Avenue, CM19 5AW (Built 2019)	2	27/11/2020 11/02/2022	69,295 113,414	£9.75 £11.22	EGi CoStar
Modus, Harlow Innovation Park, London Road, Harlow, Essex, CM17 9LX (Built 2021)	2	25.10.2021 15/08/2023	12,346 6,555	£12.50 £13.50	CoStar EGi
East Place, East Road, Harlow, Essex CM20 2TG	4	12/03/2020- 02/07/2023	4,133- 5,999	£10.00- £13.07	CoStar and EGi

Address	No. of transactions	Transaction lease date	Total sqft. leased	£/sqft. per annum	Source
(Built 2019)					
Maldon					
Maldon Trade Park, The Causeway, Maldon, Essex CM9 4LJ	2	28/01/2020	10,023	£6.53	EGi
(Renovated 2021)		13/01/2022	4,844	£8.88	EGi
Rochford					
Arterial Park, Chelmsford Road, Rayleigh, SS6 7FY (Built 2021)	7	21/12/2021- 11/05/2023	7,318- 22,993	£9.86- £12.50	EGi and CoStar
Thurrock					
London Gateway, The Manorway, SS17 9PD (Built 2023, BREEAM)	2	25/06/2020 30/06/2023	316,561 119,050	£8.50 £12.50	CoStar CoStar
Botany Way, RM19 1SR (Built 2022)	3	20/06/2020	2,180	£8.49-	CoStar
		14/09/2021	5,380	£11.35	
		01/05/2023	4,870	£16.75	
Uttlesford					
Unit 27-28 Stansted Distribution Centre, Start Hill, Bishop's Stortford, CM22 7DG (New-build, date unknown)	1	16/01/2023	8,011	£12.00	EGi

Source: Costar and EGi lease comps analysis, 2021

4.11 Table 4-2 provides several examples of secondary developments which have achieved high rents per sqft. In some areas these rents are comparable to the prices achieved for new-build developments in the area.

- 4.12** In Thurrock, several secondary properties at Thurrock Commercial Centre and Acorn Trading Centre have reached ceiling rents in the County, at £34.20 psf and £33.92 psf respectively. These exceed those achieved for new-build properties in Thurrock.

Table 4-2 Secondary industrial units achieving high £/sqft. All rents are achieved or effective.

Address	No. of transactions	Transaction lease date	Total sqft. leased	£/sqft. per annum	Source
Basildon					
Yardley Business Park, Miles Gray Road, Basildon, SS14 3GN	4	28/01/2020-01/08/2023	2,771-5,158	£13.64-£19.00	Costar and EGi
Braintree					
Springwood Industrial Estate, Finch Drive, Braintree	12	01/05/2020-07/03/2023	1,221-61,987	£8.50-£22.12 Price heavily dependent on unit size.	EGi
Colchester					
The Colchester Business & Seedbed Centre, Wyncolls Road, Colchester, Essex, CO4	14	29/09/2021-01/12/2023	1,100-2,215	£13.52 (largest units)-£15.00 (smallest units)	EGi
Thurrock					
Unit 10, Acorn Trading Centre, Gumley Road, Grays, RM20 4XB	1	06/03/2020	1,061	£33.92	EGi

Source: Costar and EGi lease comps analysis, 2021

- 4.13** To determine an appropriate starting point for yields for our testing we have considered the Knight Frank investment yield guide published December 2023. Figure 4-1 shows that yields in warehouse and industrial space for good South East Estates and Good Modern Rest of UK Estates are 5.25% and 5.5% respectively.

Figure 4-1 Knight Frank yield guide Dec 2023 industrial

Prime Distribution / Warehousing (20 years [NIY], higher OMV/index)	4.75% - 5.00%
Prime Distribution / Warehousing (15 years, OMRRs)	5.25% - 5.50%
Secondary Distribution (10 years, OMRRs)	5.75% - 6.00%
South East Estates (excluding London & Heathrow)	5.25%
Good Modern Rest of UK Estates	5.50%
Good Secondary Estates	6.75% - 7.25%

Source: Knight Frank 2023

Conclusions

4.14 Based on the above analysis we have adopted the following value inputs for industrial uses in our testing:

- Small industrial
 - Central assumption = £12/ 5.25% yield
 - Minimum = £8 psf.
 - Maximum = £16 psf.
- Larger logistics
 - Central assumption = £10 psf. / 5.25% yield
 - Minimum = £8 psf.
 - Maximum = £16 psf.



Contact

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About us

SQW Group

SQW and Oxford Innovation are part of SQW Group.

www.sqwgroup.com

SQW

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning.

www.sqw.co.uk

Oxford Innovation

Oxford Innovation is a leading operator of business and innovation centres that provide office and laboratory space to companies throughout the UK. The company also provides innovation services to entrepreneurs, including business planning advice, coaching and mentoring. Oxford Innovation also manages investment networks that link investors with entrepreneurs seeking funding from £20,000 to £2m.

www.oxin.co.uk