

Land to the north of Cambridge North Station, Milton Avenue, Cambridge
Brookgate Land Limited
Rebuttal Proof of Evidence – Need for Employment Land
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Expert Area: Office & Lab Agency
APP/W0530/W/23/3315611



REBUTTAL PROOF OF EVIDENCE NEED FOR EMPLOYMENT LAND

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1.0 Introduction

- 1.1 This rebuttal has been prepared by Max Bryan in respect of the need for office & laboratory space. In this rebuttal, I respond to Matthew Kinghan’s proof of evidence, which was prepared on behalf of the Local Planning Authority (LPA).
- 1.2 References to paragraph numbers are to those used in Mr Kinghan’s proof (CD9.08) unless otherwise stated. This rebuttal will focus on section 3 – “Review of Labs and Offices Demand & Supply”.
- 1.3 The rebuttal focuses on the following areas:
- Need for space over the development programme of Cambridge North;
 - Methodology applied to identify the need for new space;
 - Updates and corrections to information in relation to potential sites that could deliver floorspace within the development programme of Cambridge North;
 - The importance and need for quality connected spaces.

2.0 Rebuttal Comments

2.1 Paragraph 3.5: There have been two updated market reports released since the Office and Laboratory Occupational Market Update June 2022 (CD1.59). The most recent report is provided at CD8.34. The reports are updated at half-yearly intervals and prove the forecast to be correct of falling availability.

2.2 Paragraph 3.6: As referred to above, there have been 2 updated market reports released since this information was published. The reports are updated at half yearly intervals and have shown the forecast demand surpassing 2022 to be correct. Office & Lab demand at the end of Q1 2023 was 2.1m sq ft. Mr Kinghan comments:

“..Although I accept there is very low lab availability as of 2021 / 2022, I consider that significant improvements in supply are anticipate both the short term (2025) and medium term (2025-2030),..”

The low availability is persisting and has been worsening in the short term and in the medium-term supply is not expect to meet increasing demand during the development period that Cambridge North can be delivered.

2.3 Paragraph 3.9 relays data from June 2022, which I have updated below to accurately reflect start dates of developments and the letting of buildings that have started on site:

- Under Construction (U/C) - One Cambridge Square, Cambridge North, CB4 94,564 sq ft NIA Office Available from June 2023. The building is already 1/3 let, 1/3 under offer with interest in all remaining spaces prior to Practical Completion (PC).
- U/C - B1 & B2 Brooklands, Clarendon Road, CB2 66,984 sq ft NIA Office. B1 Available from Q1 2024 and B2 from Q4 2024. The buildings are already c. 40% pre let more than 12 months out from PC.
- U/C - Buildings A1, A2 & B, Unity Campus, CB22 c. 80,000 sq ft NIA Lab enabled space in a village location. Available from Q4 2024. Building A2 is under offer and there is interest in all remaining spaces prior to PC.

- U/C - 1000 Discovery Drive c. 102,000 sq ft NIA Lab. Available from Q4 2023. All the space is under offer before PC.
- U/C - 10 Station Road c. 50,444 sq ft NIA Office. Available from May 2024.
- U/C – One Granta, Granta Park, CB24 c. 108,000 sq ft NIA Lab. Available from Q4 2024 and part of the space under offer already.

The figures in paragraph 3.12 are therefore overstated by **c. 135,000 sq ft.**

2.4 Consistent themes to note throughout CD9.08. Firstly building areas are overstated as sometimes in GIA or GEA. For consistency, in my proof (CD8.33) these are recorded in Net Internal Area (NIA) as this is how take up and demand are recorded and subsequently supply is measured on the same basis; there is therefore over reporting of some supply in CD8.33. The supply to meet demand should also be measured in NIA. Secondly timing of delivery has not been updated to align to current delivery dates and this includes buildings U/C. Of the buildings U/C and on site many have space pre let, under offer or advanced tenant interest in advance of PC. I have provided an updated supply table in CD8.33 Section 4.4.

2.5 Paragraph 3.11 lists other significant schemes but has not been updated to reflect the latest delivery dates (updates are provided below):

- Dirac Building, St Johns Scheme at St Johns Innovation Park, CB4 will deliver 85,000 sq ft NIA. Construction has not started on site and the owner seeks a pre let of part prior to commencement. The earliest expected building delivery would be 2026 (CD8.33 Section 4.4). The timeline for the 2nd building is not within the short or medium term.
- 102-104 Hills Road, CB1. This received consent at appeal for 300,000 sq ft in March 2022, detailed design is being worked up and it is expected to start on site in early 2024. Completion of the whole scheme is expected to be 2027.
- West Cambridge only has a resolution to grant, with a signed s106 and in the near future will not provide any commercial supply. If development were to progress, it will likely be for University use.

The figures in paragraph 3.12 are therefore overstated by c. 65,000 sq ft.

2.6 Paragraph 3.16 states office and lab demand at 1.8m sq ft. There have been two updated market reports released subsequently (the most recent report CD8.34). Demand as of Q1 2023 had increased to 2.1m sq ft.

2.7 Paragraph 3.18. Mr Kinghan suggests that the new supply of 0.9m sqm Office / Laboratories is required 2020-41 versus 1.465m sqm if extrapolating Bidwells' demand data. Even if using the lower 0.9m sqm figure, this would still equate to just over c.460k sq ft (c.43k sqm) required each year 2020-41. In 2022 only 155k sq ft was delivered and it is forecast 2023 will deliver 319k sq ft, so there is already a deficit with not enough supply coming forward compared to need.

2.8 At paragraph 3.21, Mr Kinghan writes:

“office market [availability] is not significantly out of balance although there may be mismatches within market segments. The labs provision is clearly undersupplied.”

The mismatches on the offices is in locations such as Cambridge North, within the City boundary and with connectivity to public transport. As noted earlier there have been two updated market report released (the most recent report CB8.34) which show office availability has further reduced since the datasets quoted.

2.9 Paragraph 3.24 suggests limited weight should be provided to near time supply. Near time supply in both 2022 and 2023 is not meeting demand which will further increase pent up demand with the lack of space. I have provided an update in forecasted combined supply of offices and laboratories (CD8.33 Section 4.4) in 2024 and 2025 of 261k and 357k sq ft respectively (average of 309k sq ft pa in 2024 and 2025). This supply level although higher than in recent years is still below the average annual supply level that Mr Kinghan states is required.

2.10 Paragraph 3.25 overstates the supply that will be delivered for the period 2023-25. This has been previously set out above (CD8.33 Section 4.4). Mr Kinghan also writes:

“..However the historic average of 700,000 sqft covers all unit sizes, so if one third of demand (or 230,000 sqft of 700,000 sqft) is for large units as reported by CD1.59 (see para 3.8 above), then the current pipeline is considered to be reasonable “

I disagree with this statement as the new supply on large buildings should not only be the preserve of larger occupiers. Although the severe lack of options for larger occupiers does lead to new supply often being let to a few larger occupiers, some are leased to a broader range of occupier sizes on a multilet basis. In my view it is important that smaller

businesses also have access to the new supply in modern buildings. Cambridge North has been designed with multilet buildings to accommodate a broad range of occupier sizes. Overall, forthcoming supply in the near term is weak (see 2.7).

2.11 I provide some clarifications to Paragraph 3.28, Table 3.1 where information differs from my view of forecast deliverable supply. I have highlighted where there are material inaccuracies:

- Sawston Trade Park (Known as Unity Campus): The areas referenced are GIA; for consistency as I have reported take up, availability generally in NIA, I have also listed Unity Campus supply in likely NIA. The GIA sizes are therefore an over representation of the space coming forward.
- 20 Station Road completed in 2022 and was pre let.
- Phase 2 Land, Granta Park. The forecast of delivery from 2024+ is premature and I have suggested delivery of the 3 buildings, one each year from 2025-27. The areas referenced in CDP.08 are GIA; for consistency as we have report take up, availability generally in NIA. The GIA sizes are therefore an over representation of the space coming forward.
- St Johns: The only building that is expected to be deliverable within the timeframe of Cambridge North is the Dirac building of 85,000 sq ft NIA. Construction will only start subject to a prelet of part. Expected delivery is 2026 (CD8.33 Section 4.4). The 2nd building would be delivered post the delivery of Cambridge North.
- Fulbourn Road East (known as CITP)– This is Cambridge International Technology Park. Allowed at appeal in November 2022. No conditions have yet been submitted for approval and it is expected to be adapted for lab focus. I have included a first building CITP delivery within the forecast of deliverable new supply in 2028 (CD8.33 Section 4.4)
- Fulbourn Road West (also known as Peterhouse Tech Park). Planning permission was granted in August 2022 (Planning application reference 20/05040/FUL). A section 73 application to vary the plans to facilitate changes to the design of the building as well as to make changes to landscaping and to introduce an additional plant enclosure was granted in April 2023. I have included delivery within the forecast of deliverable new supply in 2025 (CD8.33 Section 4.4).
- 104 -112 Hills Road: The NIA of the 2 buildings (not 4) is c.300,000 sq ft not 500,000sq ft as stated in the table – this might be a typo as they do reference the

correct size elsewhere in CD9.08. Construction will commence in 2024 with completion of the entire scheme expected in 2027 (CD8.33, Section 4.4).

- AstraZeneca, Cambridge Biomedical Campus: This building was granted planning permission in June 2021 (planning application reference 20/05027/REM). This building has already been reported in earlier years take up when AstraZeneca committed to build out on the Biomedical Campus. It will add no availability to the market as will be owner occupied.
- Cambridge Research Park: The expected new development on this site will be Mid tech/ industrial space and meeting a different occupier demand to the office and Lab space that Cambridge North is delivering, therefore it is correctly not listed in CD1.59.
- Bourn Quarter: Buildings delivered and largely let. The site provides Mid tech/ industrial space and meeting a different occupier demand to the office and Lab space that Cambridge North is delivering, therefore it is correctly not listed in CB1.59.
- Northstowe (Phase 1 & 3a): This is not a comparable product to office and lab uses that are being delivered at Cambridge North. The stated areas include local centre and B8 space, therefore it is correctly not listed in CD1.59 as it will not be solely focussed on providing office and lab space demand. Paragraph 3.29 (4th bullet) accepts that industrial/ Mid tech units at Bourn Quarter and Cambridge Research Park are not office and laboratory buildings. There is additional demand for this type of space above and beyond the office and lab demand that Cambridge North is catering for. The schemes to be delivered within the medium term will not be offices and should not be included in supply for office and labs.

2.12 Paragraph 3.29 (5th bullet): There is not agreement on the next 2 years of supply. The CD9.08 Proof of Evidence overstates supply as it has not been updated with the latest market data or activity on site. Between submission of the Icen Report (CD5.10) and Mr Kinghan's proof of evidence at CD9.08, the latest market data has not been updated to reflect accurately the status of schemes and expected delivery dates.

2.13 Paragraph 3.31 reviews medium term supply 2025-2029. The programme for delivery of the 5 buildings at Cambridge North is by 2028, so a year less. I provide some clarifications to Paragraph 3.33, Table 3.2 where information differs from my forecast of deliverable sites or includes schemes that will not deliver commercial office and lab floorspace within the timeframe of Cambridge North:

- West Cambridge: this space will not be brought forward speculatively or during the medium timeframe. It is not therefore relevant to alleviating the supply demand imbalance.
- Wellcome: Currently no detailed building consents progressed and significant infrastructure programme required to open up the site. It is not expected to deliver commercial space prior to Cambridge North buildings being completed and no buildings have yet been worked up with no detailed design application submitted. The 1.1M sq ft would be delivered then over a number of subsequent years. Currently a greenfield site and significant infrastructure programme is needed to open up the site.
- Fulbourn Road East (known as CITP): We have projected one building will be delivered in this scheme within the timeframe of Cambridge North. It is greenfield and requires a significant infrastructure programme to open up the site, as previously referenced in rebuttal 2.11.
- Former Spicers Site: Owned by Huawei who are not progressing development for their own occupation.
- Eddington: Focus is currently on delivery of residential units. Commercial space will not be delivered within the timeframe of Cambridge North buildings being completed.
- Cambridge Biomedical Campus: Detailed planning applications not yet submitted for next speculative lab buildings to be delivered after 1000 Discovery Drive which is on site and fully under offer.

We agree the sites marked by an * were uncertain and should not be included. The explanation given in the above bullet points mean further sites added to the list of sites that are uncertain and should be removed. The analysis of supply to be delivered within larger schemes does not give consideration of phasing on how much might be delivered within the medium term. In CD8.33 Section 4.4 due consideration has been provided to phasing.

- 2.14 I disagree with the assertion in CB9.08 Paragraph 3.33 that 3,200,000 sq ft floor space will be delivered between the period of 2024-30. This figure has little context to market reality, phasing of buildings within schemes and the position of wider infrastructure and design detail that all has to be undertaken.

- 2.15 The assumption made in paragraph 3.34 is that an average of 640,000 sq ft being delivered annually during this period. This is a significant overstatement of new space that will be delivered annually during the medium term and the timeframe during which Cambridge North buildings would be delivered.
- 2.16 I refer to my Proof of Evidence at CD8.33 Section 4.4 which is based on schemes that are either (a) on site, (b) are +40k sq ft and have secured detailed planning consent or (c) are +40k and are the subject of an application for a detailed planning consent and have clarity of being able to secure Vacant Possession, with power reserved, to enable development to progress (subject to funding).
- 2.17 CD8.33 Section 4.4 provides my forecasts of deliverable office and lab space for the period 2025-2028 and shows 2,045,000 sq ft NIA, or an average c.511,000 sq ft per annum, being delivered but this is including all of the proposed scheme at Cambridge North. If the 5 buildings at Cambridge North are not included the supply drops to 1,496,000 sq ft NIA, or an average of c. 374,000 sq ft per annum.
- 2.18 Utilising Mr Kinghan’s requirement for new supply of an average of 460,000 sq ft per annum (2.7) the statement in Paragraph 3.34 is inaccurate. The delivery of Cambridge North is needed within the timeframe to get supply close to where Mr Kinghan suggests new supply needs to be delivered. This is following a number of years of much lower supply that has increased pent up demand.
- 2.19 Paragraph 3.34 states:
- “...there will be considerably more smaller schemes underway to cater for smaller / other units. If only around a third of demand is for larger units, as stated, then the future medium supply, the period within which the proposed development will be delivered, can be considered wholly adequate to meet the most recent average annual take up ...*
- The assertion that there are considerably more smaller schemes underway is in my view wrong and is not based on any evidence of how the market has grown over the past decade. Where smaller schemes are on site I have listed them within the 2023-24 supply pipeline as can be seen with project such as Old Swiss, Babraham, and Foxton (all included in CB8.33, Section 4.4). Smaller schemes of sub 40k sq ft are very limited in number and have added a very limited supply of sqft when compared to the growth of stock which has and will in the future be deliver by larger schemes of +40k sq ft.
- 2.20 Paragraph 3.35 lists a number of schemes that have live applications for commercial office and lab space under consideration. With the exception of Cambridge Innovation Park, I have given consideration to all of the schemes listed and they form an important part of

the medium term supply I have forecast in CD8.33 Section 4.4. It is important to note these schemes already form an important part of the deliverable supply pipeline and average annual supply projections I have provided. These schemes do not therefore bring additional future supply; they have already been included within my analysis. To provide clarity when cross referencing schemes I have used the names schemes are marketed as:

- Foxton (Known as The Press): Phase 1 & 2 now have received consent and are included in deliverable supply pipeline.
- Phase 2, Granta Park: 3 buildings (H, F &G) are included within the deliverable supply pipeline delivering. I have shown the supply of estimated NIA with one building each year from 2025-2027.
- Taylor Vinters (Known as Merlin Place) is included within the deliverable supply with estimated NIA delivering in 2027.
- Vitrum Building is included within the deliverable supply with estimated NIA delivering in 2027.

I have taken into account schemes that are in a similar position to Cambridge North with detailed building application under consideration and included them in my deliverable pipeline analysis.

- 2.21 Paragraph 3.36 / 3.37 Mr Kinghan refers to CD 5.10 Greater Cambridge Employment and Housing Evidence Update. I refer to Mr Derbyshire's evidence where he refers to this document, which comprises part of the evidence base for the emerging Local Plan. Mr. Derbyshire attaches very limited weight to it. I disagree with Mr Kinghan's assumption that the appeal scheme is not critical to meeting demand.
- 2.22 Paragraph 3.38 summary is based on inaccurate data and lack of market context of schemes phasing and delivery as has been outlined in this rebuttal. Without Cambridge North there is little prospect of medium-term supply needs being met through to 2028.
- 2.23 One Cambridge Square at Cambridge North, will be the largest office building delivered in the Cambridge between 2022 and 2025. This shows the limited number of buildings of scale coming forward or on site. Cambridge North is therefore already assisting in part with the much-needed supply and is of vital importance. One Cambridge Square is proving popular with occupiers ahead of practical completion and demonstrates the desire of occupiers for new high-quality buildings in connected locations. The delivery of the next

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phase of Cambridge North is vital for the Cambridge economy to meets is full potential and the supply demand imbalance to start to be addressed over the medium term.