



LOGISTICS MARKET ASSESSMENT AND LAND AVAILABILITY REPORT

Land at J10, M40, Baynards Green, Oxfordshire

On behalf of **Albion Land**

September 2021



ALBION LAND

CBRE

CONTENTS

1. Executive Summary	2
2. Introduction.....	3
3. Location.....	4
4. Site Description.....	5
5. The Local and Regional Employment Analytics.....	6
6. Baynards Green – Suitability of the site for Logistics use.....	7
Is Baynards Green an appropriate logistics location?	
What is the capacity of the site and size of buildings?	
7. Logistics Requirements – SE and EM Regions.....	11
8. Conclusion.....	14

Appendix 1 – The Logistics Market

Appendix 2 – Logistics Schemes on the M40 Corridor

Appendix 3 – Potential Competition to the Site

Appendix 4 – The Logistics Labour Market

1. Executive Summary

The Site offers an outstanding opportunity to develop a much needed large prime logistics scheme benefiting from excellent road connectivity. The Site has the potential to deliver around 3M sq ft of logistics warehousing with the flexibility of delivering a mix of unit sizes that would be attractive to international, national and regional occupiers. Demand for logistics space is at record levels and the Site represents a rare opportunity to provide the largest of warehouses that few other sites are capable of accommodating. The logistics market is currently at a tipping point where additional supply is needed to address the acute demand/supply imbalance that exists.

Location:	<ul style="list-style-type: none">• Excellent transportation links adjacent to J10 of M40 motorway.• Equidistant to London and Birmingham (45 minutes drive-time).• Banbury, Bicester and Oxford within 20 minutes drive-time.
The Site	<ul style="list-style-type: none">• Two sites, each capable of delivering warehouses in excess of 1M sq ft, setting the Site apart from most of the potential competition.• Site offers flexibility on unit size, layout and specification.• Well configured, generally flat site – limited ground works required.
The Logistics Market:	<ul style="list-style-type: none">• Take-up demand is at record high levels.• Online retail dominates take-up with 40%+ in the first half (H1) 2021.• Availability of logistics space at record low levels of around 2%.• The level of 'under offer' space is at record high levels at 15M sq ft.• Speculative development being built is inadequate to meet demand.
Occupier Requirements:	<ul style="list-style-type: none">• CBRE were aware of 164 SE requirements for warehousing in Jan 2021.• Current availability only 2.45M sq ft in the South East.• Demand evidence by the pre-sale of two prospective units on the Western Site to a leading Third Party Logistics distributor.
Labour:	<ul style="list-style-type: none">• Logistics is changing: the growth of online retailers, the advancement of robotics and automation, combined with sustainable buildings located on parks that promote well-being for workers has created the need for a diverse workforce, many of whom are highly skilled.• The high skilled roles within a warehouse are frequently interchangeable with other sectors including the retail and office sectors.• The design of the Site and the buildings provided will be appealing to prospective employees.
Sustainability:	<ul style="list-style-type: none">• Sustainability at the core of the design of new warehouse buildings.• The buildings to be constructed on the Site will need to have very strong sustainability credentials with an emphasis of reducing carbon levels.
Competition:	<ul style="list-style-type: none">• Few competing schemes in the immediate and wider geographical area.• Many schemes granted consent by Cherwell District Council over the past decade are either now built out and occupied or comprise mixed use with a high element of residential units.• The Site offers a bespoke logistics opportunity that will be unrivalled on the M40 corridor. If this site doesn't come forward then occupiers will look at sites outside of Cherwell District Council's jurisdiction.

2. Introduction

This Logistics Market Assessment and Land Availability Report has been prepared by CBRE Limited on behalf of Albion Land (the 'Applicant') in support of two outline planning applications submitted to Cherwell District Council (CDC) for the redevelopment of the Land at J10, M40 (the 'Site'). This report has had regard to the Economic Statement prepared by Quod dated September 2021.

The Site comprises two parcels of agricultural land referred to as the 'Eastern Site' and 'Western Site' separated by the A43.

The proposals for the Site comprise up to 270,000 square metres (sq m) Gross Internal Area (GIA) of logistics (Use Class B8) and ancillary office (Use Class E(g)(i)) floorspace (the 'Development'). The Eastern Site is capable of accommodating up to 100,000 sqm GIA of floorspace and the Western Site up to 170,000 sqm GIA.

This Logistics Market Assessment and Land Availability Report considers market forces and demand for large scale logistics buildings and then critically examines the suitability of the site for such development. It includes:

- Analysis of the local and sub-regional economy and related employment data.
- Analysis of the existing commercial / industrial market (nationally, regionally and locally).
- Demand and occupancy rates locally and sub-regionally.
- Strengths, opportunities and weaknesses of the site in meeting any identified sector demand.
- Recommended use class mix / typology based on the data above and in the context of the site configuration.
- Potential likely occupier(s).

3. Location

The Site is located immediately to the east and adjacent to J10 of the M40 motorway. Junction 10 is the intersection with the A43 that provides fast access to Northampton and the M1 corridor. Approximately 5 miles to the south at J9 is the intersection with the A34 dual carriage that links with the central south coast including the deep water port of Southampton.

The site is approximately midway between London and Birmingham. As such, HGV access to either the M25 or M42 motorways can be achieved in around 45 minutes. The towns of Banbury and Bicester are around 5 miles to the north and south respectively. Banbury is a manufacturing market town that is most famous for being home to the world's largest coffee-processing facility, Jacobs Douwe Egberts. The town has seen a significant amount of industrial and logistics development over the past five years, particularly fronting the M40.

Bicester is one of the fastest growing towns in Oxfordshire with significant ongoing residential development. The town is most famous for 'Bicester Village' outlet shopping with the majority of stores being for luxury goods and designer clothes. A number of logistics schemes have been built on the ring road of the town, three of which are highlighted in this report. However, although providing high quality warehousing, they do not directly compete with the Site due to the smaller unit sizes. Demand in the region for logistics space is significant (as demonstrated within this report).

Baynards Green can be accessed from both northbound and southbound directions from the M40. Cherwell Valley Services, which provides services and amenities to road users is located immediately off the motorway at J10 with the eastern plot of the subject site situated immediately behind. Both sites are bounded by the B4100 to the north, which extends in an east/west direction and meets the A43 at Baynards Green.

4. Site Description

The Site comprises two distinct areas: the Western Site extends to 43.9 hectares whilst the Eastern Site is some 24.2 hectares. Together, they extend to 68.1 hectares.

Outline planning permission (with all matters reserved except for access) is sought for both the Western and Eastern sites.

The scale, layout, landscaping and appearance of the Site will therefore be determined at reserved matters stage.

The Masterplan opposite provides an indicative layout of buildings to demonstrate the nature of scheme that could be accommodated.



The Western Site

The western plot comprises a 'shoe' shaped site. It has 610 metres of frontage onto the B4100 on the northern boundary and a mid-point depth of around 560 metres. The frontage onto the M40 and the southbound slip road is around 925 metres in length. The site is generally level although undulates gently. To the north east are a cluster of private dwellings that are accessed from the B4100. These do not form part of the site.

The land is currently agricultural use and is separated into five fields by hedgerows. In the middle of the site is a single storey agricultural building. In the north western corner of the plot is a line of electricity lines on timber poles. (No.3).

On the western boundary is a private lane that extends across the M40 via a vehicular bridge with the lane extending south to the hamlet of Fewcott.

The Eastern Site

The Eastern plot lies to the east of the A43. The site is triangular in shape and slopes gently down from the rear (northern boundary) to the front. The site has a frontage onto the B4100 of 260 metres and a depth to the southern boundary of around 700 metres. The plot is currently arranged as three fields defined by hedgerows. Immediately to the south of the site is Cherwell Valley Services.

5. Local and Regional Employment Analytics

We have viewed the latest Nomis official labour market statistics produced by the Office for National Statistics (ONS) dated September 2020. Set out below are the salient criteria that is relevant to the logistics sector. We have highlighted Cherwell District Council and the seven local authorities that immediately surround it, plus the wider South East and East Midlands regions:

	Cherwell	Oxford	Vale of White House	West Oxfordshire	Stratford-on-Avon	Northampton	Aylesbury Vale	South Oxfordshire	South East	East Midlands
Economically Active	80,600	78,400	76,500	56,200	64,600	125,200	103,200	76,400	4,607,000	3,007,000
In Employment	79,400	74,400	74,600	54,500	62,600	119,100	99,300	74,300	4,433,000	2,394,000
Unemployed	2,500	3,900	2,000	1,900	2,000	5,100	3,900	2,300	174,000	2,279,000

Jobs

Transportation & Storage	3,250	3,000	2,500	1,750	3,000	11,000	2,250	1,500	252,800	148,400
Manufacturing	9,000	4,500	3,500	5,000	13,000	10,000	7,000	3,500	370,800	308,700

A key requirement for a successful logistics park is the availability of labour. With the United Kingdom no longer part of the European Union there are concerns that the labour market will diminish, particularly for unskilled work. However, the past 18 months has seen the economy suffer as a result of Covid-19 with many firms placing their staff on furlough. Going forward, once the furlough provisions come to an end it is likely that the unemployment rate will increase across all sectors. Whilst the current unemployment data shows high levels of employment, there is a real prospect that in the future, and to coincide with the completion of a development at the subject property, that a greater labour pool will be available.

The Economic Statement prepared by Quod (Sept 2021) is submitted to support the outline planning applications for both sites. The Economic Statement considers the economic context for new warehousing at J10 of the M40, highlighting the economic benefits that would be generated by the scheme. The benefits are substantial and include the need for nearly 400 construction jobs, the creation of over 3,000 permanent new jobs who will inject around £10M into the economy annually and an increase in GDV of around £200M from the production of goods and services. The scheme will also generate in excess of £8M of business rates per annum.

6. Suitability of the Site for Logistics use

The Site comprises two large plots on either side of the dual carriageway A43 immediately adjacent to Junction 10 of the M40 motorway. The larger plot to the western side of the A43 extends to 43.9 hectares (Western Site), whilst the eastern plot is 24.2 hectares (Eastern Site). At present, the site comprises agricultural land.

In assessing the site for its suitability as a logistics location, two key questions arise:

- Is Baynards Green an appropriate logistics location?, and
- What is the capacity of the site and what size of buildings could be accommodated?

Is Baynards Green an appropriate logistics location?

Baynards Green sits at Junction 10 of the M40 motorway mid-way between London and Birmingham. The motorway provides fast access to the M25 to the south east and the M42 to the north west, both around 45 minutes distant by HGV. J10 of the M10 is at the intersection with the A43 that heads north east to Northampton (25 miles) and Milton Keynes to the east via the A2421 (23 miles). Both of these towns are situated in prime logistics positions next to the M1 motorway. Around 5 miles to the south of Baynards Green at J9 of the M40 is the intersection with the A34 that provides dual carriageway access to the south coast and the deep container port of Southampton.

The landscape in the immediate area is predominantly rural with the city of Oxford some 16 miles to the south and Banbury 10 miles to the north. The market town of Bicester is situated around 4 miles to the south east. Probably best known for its designer outlet centre, Bicester is one of the fastest growing towns in Oxfordshire with significant new residential development being delivered through a 6,000 home Eco-Town. In 2015 a new railway station 'Bicester Village Railway Station' opened that will be part of the East West Rail Project that will link Oxford and Cambridge with the aim of promoting economic growth through the wider region.

Baynards Green is not a built up area. However, the Site is located adjacent to the junction of the A43 and B4100 and close to an Esso petrol filling station, a McDonalds drive-thru restaurant and a collection of small industrial units occupied by Egertons Recovery Group. Immediately to the south of the eastern plot is Cherwell Valley Services that provides a number of services and amenities for motorists using the M40. To the west of the M40 at J10 is the village of Ardley and immediately beyond that is the disused Upper Heyford Airfield that was formerly an RAF bomber base during WWII and more recently a US Air Force base. The airfield is now slowly being redeveloped, primarily to residential use.

Summary - Having regard to the position of the site adjacent to J10 of the M40 motorway and the excellent road links, both motorway and significant 'A' roads the Site is ideally suited for a prime logistics park. Buildings would geographically be able to serve national, regional and local demand. There are very few sites nationally that have such favourable road links. To demonstrate the attractiveness of the Site to prospective occupiers a pre-sale has been secured to an international Third Party Logistics distributor on two buildings to be constructed on the Western plot.

What is the capacity of the site and what size of buildings could be accommodated?

The western plot extends in total to 43.9 hectares whilst the eastern plot is some 24.2 hectares. Both these sites are capable of accommodating large buildings. By adopting the rule of thumb ratio of 40% building to site ratio the land could accommodate buildings with a footprint of 2.867M sq ft. However, this excludes first floor office accommodation which will add around 2.5% resulting in an overall floor area in excess of 3M sq ft. It also discounts the potential for multi-level warehouses where structural mezzanines used for robotics and automation are rentalised. A multi-level fulfilment centre would typically comprise a ground and three upper floors, thus a building with a footprint of 600,000 sq ft could extend in total to over 2M sq ft.

Planning consent is sought for up to 170,000 sq m on the Western Site and up to 100,000 sq m on the Eastern Site. The indicative masterplan is not definitive but is a representation of the extent of development that could be accommodated on both sites in accordance with the proposed parameter plans.

The 40% ratio is a moderate site cover for a single side loaded unit where the ratio can reasonably be circa 45%. Conversely, a cross-docked warehouse will have a lower site cover of around 35% to 40% as it will be served from both flanks thus requiring yard space and loading areas on each side of the building. As the subject site will be suitable for buildings with a mix of loading options we have adopted the mid-point of 40%.

The location, size and configuration of the plots lends itself to flexibility of accommodation ranging from large fulfilment centres in excess of 1M sq ft to 'smaller' units, of over 100,000 sq ft. However, to address the site specific aspects at Baynards Green we have split the site into the following component parts:

- 1) The Western Site that extends to 43.9 hectares.

The Western Site fronts onto the M40 motorway on its southern side, to the B4100 along its northern boundary, to the A43 on its eastern side and a private farm track on its western side. On the north eastern corner are a few private residences that are not part of the site. Traversing across the north western section is a line of electricity cables that will be 'sunk' as part of future development.

Based on a building to site ratio at 40% the Western Site could accommodate logistics buildings aggregating to some 1.9M sq ft. Planning consent is being sought for up to 170,000 sq m (1.829M sq ft). The site is capable of accommodating this. Due to the excellent road communication links allowing fast access to the national motorway network we would envisage that an occupier serving in a regional or national capacity would be attracted. It is likely that an occupier seeking a building in excess of 500,000 sq ft would do so on a build-to-suit basis allowing the occupier input into the design of the building to meet their specific needs.

From a developer's perspective it would be favourable to secure a pre-letting of a large building as this would 'de-risk' the scheme and ensure a secure rental income stream for a lengthy period of time. Ideally, it would be advantageous to secure a pre-letting in excess of 1M sq ft although

Logistics Market Assessment and Land Availability

two 'smaller' build-to-suit units could be provided. As such, we would anticipate that an area of land would be promoted for BTS to allow for a letting of this size.

The remaining land area could be utilised for a mixture of speculative and build-to-suit units. This section of the site would have a capacity of around 850,000 sq ft. In the current market, demand is such that a build-to-suit should be achieved relatively quickly and the need to build a speculative unit to 'promote' the site is unnecessary. However, a built, speculative unit will be attractive to occupiers, particularly as the current options of available buildings are scarce. A landlord will be able to drive rental levels for a speculative unit as opposed to a build-to-suit where the balance of negotiating power sometimes shifts to the tenant.

2) The 'eastern' side of the western plot.

We understand that the applicant has already secured a pre-sale to international Third Party Logistics distributor on two units on the western side of the plot. Interest from such a strong covenant at this incubator stage of the scheme demonstrates the undoubted strength of the occupational market and the need for more warehousing provision in the region.

The eastern side of the western plot would be large enough to accommodate a very large building in excess of 1M sq ft. The applicant could look to secure an exceptionally large pre-letting or seek to attract two or three build-to-suit lettings. The site offers flexibility. If outline planning consent is secured it would be surprising if significant interest was not expressed by potential occupiers on a build-to-suit basis. However, should the applicant decide to build speculatively we would anticipate a blend of units of up to circa 350,000 sq ft would be considered.

3) The plot to the eastern side of the A43 that extends to 24.2 hectares.

This plot is highly attractive to a single occupier looking to take a significant unit of around 1M sq ft. With separate, dedicated access from the B4100 it allows an occupier to benefit from exclusivity and not be concerned about vehicle movements from other occupiers on the Park.

At the other extreme, the plot at 24.2 hectares would also be ideal for a purely speculative scheme of smaller units. We would not anticipate small or mid box units of less than 100,000 sq ft as the attributes of the location promote fulfilment occupation rather than 'last mile' delivery. The site could accommodate in excess of 1M sq ft allowing for a 40% building footprint to site ratio and 2.5% for upper floor office space. This would allow complete flexibility as to the mix of units provided, being able to meet a wide range of occupier demand. The Masterplan includes two units of 700,693 sq ft and 351,972 sq ft respectively which is in line with institutionally acceptable building-to-site ratios.

Nonetheless, although a speculative scheme would be attractive to occupiers and there would be opportunities for the landlord to drive rental levels it is likely that a national or international occupier of undoubted covenant strength would likely be forthcoming to take a building on a build-to-suit

Logistics Market Assessment and Land Availability

basis. The M40 market does not have opportunities for buildings of 1M sq ft plus and this scheme, with its excellent links to the M40, A43 and A34 would be unrivalled in the M40 corridor.

Summary – The Site has the benefit of being flexible to meet occupiers needs. The configuration of the plots allow for buildings of all sizes, including buildings that exceed 1M sq ft. It is important that a planning consent allows for the flexibility of unit size and height to meet the requirements of prospective occupiers. Based on current market conditions it is likely that the whole site would be quickly pre-let should planning consent be obtained.

7. Logistics Requirements – South East and East Midlands Regions

CBRE has the largest network of agents and brokers of any property advisory firm in the UK. Through our network of offices in all regions we are immersed in the market and act for developers, occupiers and investors alike. One of the key elements is understanding the level and nature of requirements at any point in time. 2020 was a 'record' year in the UK logistics market surpassing the previous best year of 2018 by 35%. Enquiries were fuelled by drivers such as online retail and 3PLs but more recently by the implications of Brexit and potential stockpiling. Over the past 12 months Covid-19 has significantly impacted on the wider macro economy but has been a catalyst for phenomenal demand for warehouse space led firstly by short term requirements associated with NHS shortages but it also resulted in additional demands from online retailers as lockdown prevented consumers visiting physical stores for around four months of 2020 and the first three months of 2021.

Turning specifically to the South East we are aware that at the turn of the year there were around 12.86M sq ft of requirements from a wide variety of sources. We set these out in the table below:

Sector	Requirements (Sq ft)	No. of Requirements	Largest Requirement (Sq ft)
3PL and Distribution	3,935,000	39	410,000
Food Industry	197,000	9	50,000
Motor Industry	135,000	3	115,000
Manufacturing	480,000	11	100,000
Post & Parcels	325,000	9	105,000
R&D	75,000	6	35,000
Retail (Food)	2,600,000	19	1,000,000
Retail (Online)	2,490,000	13	1,500,000
Retail (Other)	1,435,000	12	450,000
Telecommunications	36,000	5	11,500
Trade	148,500	12	32,500
Other	1,005,000	26	300,000
TOTAL	12,861,500	164	

CBRE were aware of 164 requirements as at January 2021 totalling 12.86M sq ft with an average size of 78,400 sq ft. We are currently assessing the requirements as at the end of H1 2021 but from initial research we are aware that the number of requirements has increased with the space required in excess of 15M sq ft. Viewed in the context of current availability of 2.45M sq ft in the South East it is evident that there is a significant under-supply of logistics accommodation in the market. This situation is likely to become more acute as the demand, particularly for online retail warehouses increases as the lagging effect from the £35Bn addition online spend in 2020 filters through.

Potential Likely Occupiers

Since Q1 2016 CBRE has been closely tracking demand and availability of ‘big box’ warehouses. We have built up a comprehensive national picture of the identity of occupiers over that period that have let space in excess of 100,000 sq ft. The table below splits the occupiers into two bands; 100,000 sq ft to 300,000 sq ft and 500,000 sq ft plus deals. The choice of size bands reflects the nature of units likely to be accommodated at the Site:

Size Band	Occupiers
100,000 – 300,000 sq ft Potential Occupiers	Amazon, Amco, Amethyst Group, AMG Group, Anixster Ltd, AO.com, Apec Braking, Arena Flowers, Arrival Automotive Ltd, Ascott Transport, ASOS, Aston Martin, Avarto, B Taylor & Sons, Ball Corp, Barts Spices, Beavertown Brewery, Beeswift, BEKO, Berkeley Group, Berryworld, Bibby Distribution, Biffa, Bleckmann, Boden, Bond International, Booker Wholesale, Brakes Group, Brewdog, BTM Travel, Bunzl, Butternut Box, Buy it Direct, CAE, Card Factory, CEVA Logistics, Charge Automotive, Clipper Logistics, CM Downton, CML Distribution, CoFresh, Conexus Ltd, Coopervision, Cormar Carpets, Croda, CSM Bakery Solutions, Cygnia, Dachser Transport, Davies Turner, DB Schenker, Denholm, Designer Habitat, DFS, DHL, Dnata, DO & CO, Domino Uk Ltd, Domino Pizza, Dreams, DSV, DX Network Services, E Leather, Eddie Stobart, Equinix, EV Cargo, F&P, Fanuc, Farmfoods, Fellowes, Ferdinand Bilstein, Filshill, Fitzsimon Transport Ltd, Food Parcels, FTS Hatswell Ltd, GA Pet Food Partners, Games Workshop, GE Aviation, Gefco, Geodis, Gist, Gousto, Gradus, Greencore, G-Tem, Gyron, HBO, Hello Fresh, Hermes, Hilti UK, HMRC, Homebase, Honeywell, Howard Tenens, HPH, HW Coates, IAC, Iceland, Import Services, Internet Fusion, Iron Mountain, ITM Power Ltd, ITS, Jaguar Land Rover, James & James, JB Global, JD Sports, Jenkins Shipping, John G Russel, JungHenrich, K&N, Kalvec, Kammac, Kimal Plc, Kingsley Benerages, Kitchencraft, Kohler Mira, Kramp, L3 Technologies, Law Distribution, LDG, Lidl, Linney Group, London City Bond, M&S, Made.com, Mardix Group, Marston Books, Martin Brower Ltd, Matches Fashion, Mattel, Mawdsleys, MBDA, MBS Equipment Ltd, MDA, Medline, Menzies, MH Star, Michelin Tyres, ML Accessories, Moog, Moran Logistics, Movianto, Neovia, Noatum, NWF, Oak Furnitureland, Oakland Foods, Ocado, Optima Logistics, P&O, Palletforce, Panic Transport, Panther Logistics, Parts Alliance Group Ltd, Pets at Home, Pinewood Studios, Plastic Bottle Suppliers Ltd, Polar Speed, Power Towers, Pricecheck Toiletries, Primaflow, Prodrive, Puma, Rajapak, Refresco, Rich Products, Rico Logistics, RM Educational Resources, Roca Bathrooms, Royal Mail, Samworth Builders, SH Pratt Group, SIG, Simplehuman, Sky, Soak.com, Solidor, Solocup, Specsavers, Stanford Logistics, Stanley Black & Decker, Sulzer, Super Smart Services Limited, Surviteo Group, Swan Housing, Symphony Group, TAIT Technologies, TBS Engineering, TES, Tetrosul, The Co-operative, The Delivery Group, The Hut Group, The

Logistics Market Assessment and Land Availability

	Location Collective, The Lockwood Group Ltd, The Pallet Network, The Works Retail Ltd, Tiger Trailers, Tile Giant, TNT, Toolbank Express, Toolstation Ltd, TopHat Industries Ltd, Tor Coatings, Torque Logistics, Toughglaze, Treet plc, UK Mail, UKi Express Transport Ltd, Unipart, Uniserve, United Biscuits, Verona Tiles, Virtus Data Centres, Vtbiotics, Waitrose, Warehouse One, Warner Brothers, West Midlands Police, WH Malcolm Logistics, Whistl, Whyte & McKay, Wincanton, World Courier, World of Buzz, XPO Logistics, Y International, Yodel, Yorkshire Copper Tube, Yours Clothing, Zooplus.
500,000 sq ft plus Potential Occupiers	Aldi, Amazon, Argos, B&M Retail, BHS Home Appliances, BTM, Clipper Logistics, DHL, Eddie Stobart, Europa Worldwide Group, Gestamp, H&M, Hermes, Home Bargains, Howdens, Jaguar Land Rover, JD Sports, Kelloggs, Kingfisher Screwfix, L&G Homes, Lidl, MEG, Nestle, Newcold, Next, Pets at Home, Royal Mail, Shop Direct, The Co-operative, The Range, VF Northern Europe Limited, Wayfair, Weerts Group, Wren Kitchens, XPO Logistics,

Based on the level of requirements and the number of deals that have taken place over the past five years it is evident that there is a wide range of occupiers seeking to take warehouse space in the UK. The South East and East Midlands are the strongest performing regions with the majority of those occupiers highlighted in the table being either currently represented in the South East and East Midlands or actively seeking accommodation.

8. Conclusion

The Site comprises an outstanding opportunity to develop a much needed prime logistics park. Situated adjacent to J10 of the M40 the Site benefits from excellent road connectivity being broadly equidistant from London and Birmingham. The location has the additional advantage of lying on the A43 junction that links directly with Northampton and the M1 corridor. Five miles to the south at J9 is the dual carriageway A34 that accesses the M4, M3 and M27 motorways.

The Site comprises two plots, each of which has the capacity to accommodate warehouses in excess of 1M sq ft. Each site is a few hundred metres from the motorway junction allowing ease of access for heavy goods vehicles. The plots could be split to provide a mixture of build-to-suit and speculative development opportunities and of varying size. The topography is generally flat with the wide and deep plots allowing flexibility in the size and configuration of building options. This will be attractive to prospective occupiers.

The UK logistics market is exceptionally strong at the current time with record levels of occupational demand in Q2 2021 at 15.3M sq ft. Supply is at an all-time low with available built warehouses at only 2.08% representing around 5 months stock. The level of units 'under offer' at the end of Q2 2021 stood in excess of 15M sq ft in 43 buildings. Online retailers and 3PL distributors are the most active occupiers in the market. With online spending likely to continue to increase as shopping habits have veered towards online platforms it is expected that occupier demand for online logistics will remain strong. The physical High Street is effectively shifting itself to prime logistics parks.

The proposed buildings at the Site will undoubtedly be attractive to a range of occupiers. That is evident by the pre-letting to an international Third Party Logistics distributor who wish to take a lease on two buildings.

The scheme would provide significant investment into the region through the creation of employment during the construction phase and the occupation and future operation of the buildings. It is estimated that around 3,000 permanent jobs will be created who will generate some £200M in Gross Value Added. Government and local government will benefit from the business rates generated, estimated to be over £8M per annum.

The proposed scheme is acutely needed but would only partially address the requirement for greater logistics availability in the region. The lack of supply on the M40 corridor allows for a number of schemes to be brought forward, as identified in this report without over-supplying the market.

Appendix 1 – The Logistics Market

The Logistics Market

National Picture

The logistics sector has performed strongly over the past five years. It is of no coincidence that this has been at a time where online retail has been growing. The UK spends the most online, per capita of any country in Europe. This is because the UK is a small island with a dense and affluent population. The population are generally IT literate, have access to internet connected devices and are not afraid to use 'plastic' to purchase goods. The road network is good, albeit sometimes congested, enabling fast shipment of goods throughout the UK with 'next day delivery' becoming normal. This has led to the pure online retailers and the omnichannel retailers looking to ramp up their operations and a natural consequence of that is the requirement for more warehouse space. A number of Third Party Logistics (3PLs) distributors have entered into contracts with the online retailers which has led to a significant increase of demand from them too. It is therefore of no surprise that in 2020, 31% of take-up was from online retailers with the 3PLs close behind at 29%. In H1 2021, the online share increased to 42% and 3PLs stabilising at 28%.

The outbreak of Covid-19 during 2020 resulted in a lockdown for many months throughout 2020 and for the first quarter of 2021. Physical non-essential retail units were not permitted to open to the public which inevitably attracted consumers towards online platforms to acquire goods. In 2019 around 19% of all retail sales were online. In 2020 that figure grew significantly to an average of 28% with a peak in November at 36.3%. This equated to an additional £35Bn spent online in 2020 as compared to 2019. For the first three months of 2021 online spending remained above 30% with the latest figures from the Office of National Statistics for May 2021, when all the shops had reopened, show a limited fall to 27.3%.

We expect online spending to remain above 25% as the population is now comfortable shopping online and the retailers themselves have improved the efficiency of their operations, being able to offer the lowest prices on goods whilst meeting customers expectations on deliveries. The food retailers in particular have escalated their online home delivery and click-and-collect operations over the past year. In 2019 some 6% of food sales was via an online platform but this increased to 16% during 2020. We anticipate that this trend will continue, albeit at a reduced growth rate.

Take-up

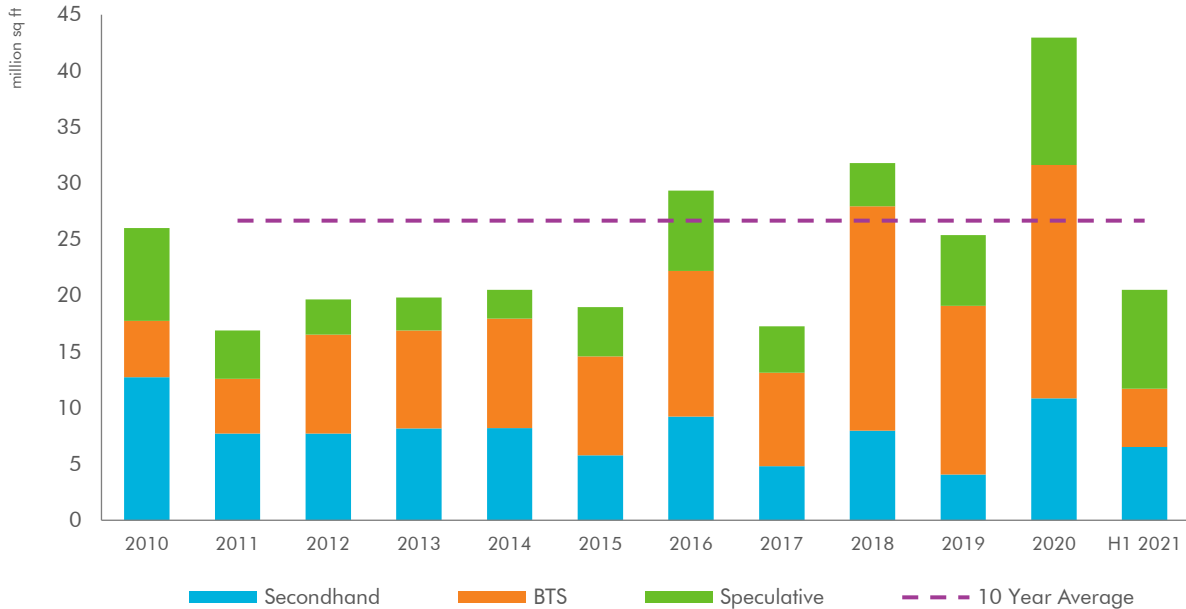
The bar graph below shows logistics take-up in England and Scotland from 2010 to H1 2021. The X axis shows each calendar year whilst the Y axis highlights the amount of space taken-up in sq ft.

- The bright blue segments of the bar graph are second-hand warehouses. These can be of high quality but are buildings that have been previously occupied.
- The orange sections are the build-to-suit (BTS) units. These are buildings that are pre-let or pre-sold to occupiers prior to being constructed. They provide certainty to developers and 'de-risk' the letting uncertainty. The largest units in the UK are almost exclusively BTS units.

Logistics Market Assessment and Land Availability

- The bright green colouring shows brand new speculatively built warehouses. These are units that a developer constructs without the certainty of a letting and hopes to attract an occupier either during the course of construction or once practical completion has been reached.

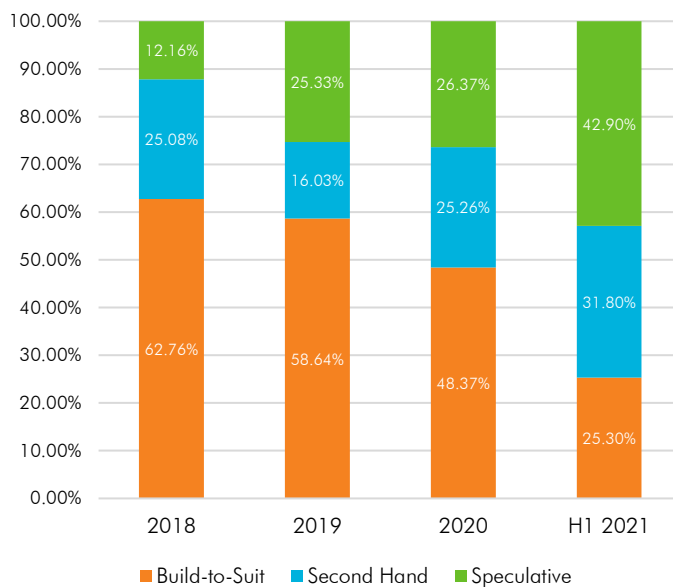
UK LOGISTICS TAKE-UP TO H1 2021



The unprecedented level of take-up has directly impacted the availability of warehousing. This is visually shown on the bar graph above. The most striking aspect of this graph is the dominance of 2020 and the continuation through the first half of 2021. Total take-up in 2020 at 42.97M sq ft was around 35% higher than the previous ‘record’ year of 2018. In Q2 2021, take-up at 15.6M sq ft is the highest on record marking the third record-breaking quarter in the past 18 months.

An interesting development over the past 18 months has been the level of take-up of second hand buildings and built speculative units. In H1 2021 this accounted for around 74% which is the highest percentage since 2011 (Bar graph to right). This suggests that occupiers are favouring units that are immediately available for occupation over the longer lead-in time for built-to-suit developments.

SHARE OF TAKE-UP: BTS, SPECULATIVE AND SECOND HAND

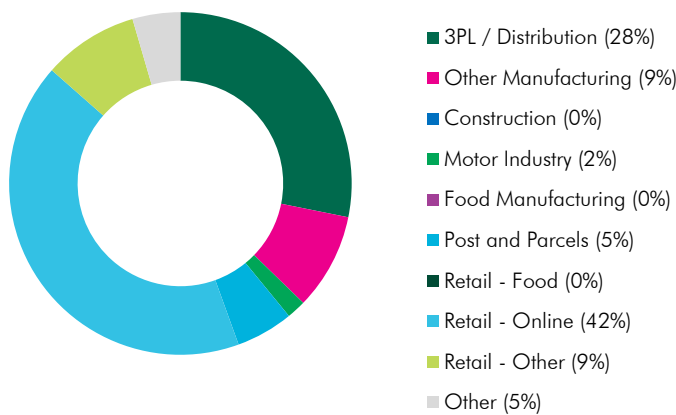


Logistics Market Assessment and Land Availability

The total take-up of 20.612M sq ft in H1 2021 comprised 80 deals with an average building size of 257,655 sq ft. This represented a 19.65% decrease in average floor area size from 2020 (clearly showing the greater number of built units let rather than the larger BTS) but a 19.40% increase (pro-rata) in the number of deals. When focussing in on the type of deal in H1 2021 there were:

- 15 BTS transactions aggregating at 6.02M sq ft with an average building size of 401,548 sq ft,
- 18.07M sq ft of speculative take-up in 37 deals with an average size of 218,112 sq ft, and
- 28 deals of second-hand existing units of 6.52M sq ft equated to 232,823 sq ft on average.

UK LOGISTICS TAKE-UP BY SECTOR (H1 2021)

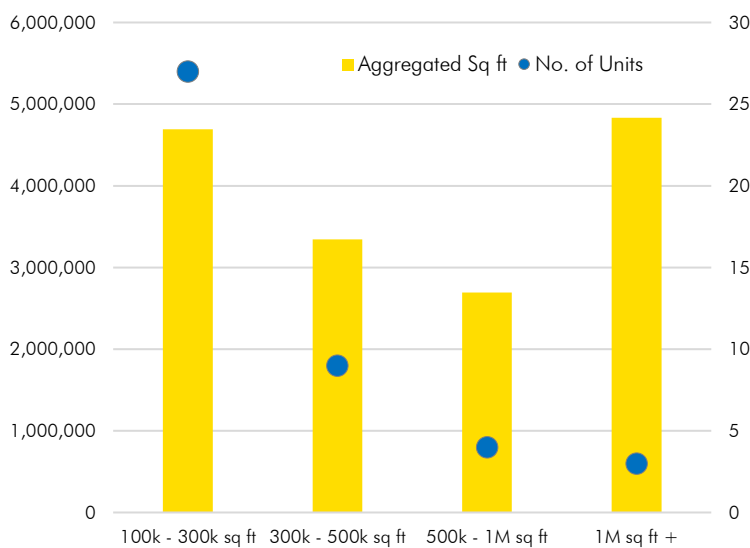


Source: CBRE

As can be seen in the pie-chart opposite, online retail accounted for 42% of take-up in during the first half of 2021. 3PL distributors accounted for 28%, and this figure includes some contracts that are directly attributable to online retail. The other sectors actively seeking space were manufacturing, retail (other) and post and parcels. 2021 shows a clear shift towards online take-up that is reflective of the significant increases seen in online

spending over the past couple of years.

WAREHOUSES 'UNDER OFFER' AT END OF H1 2021



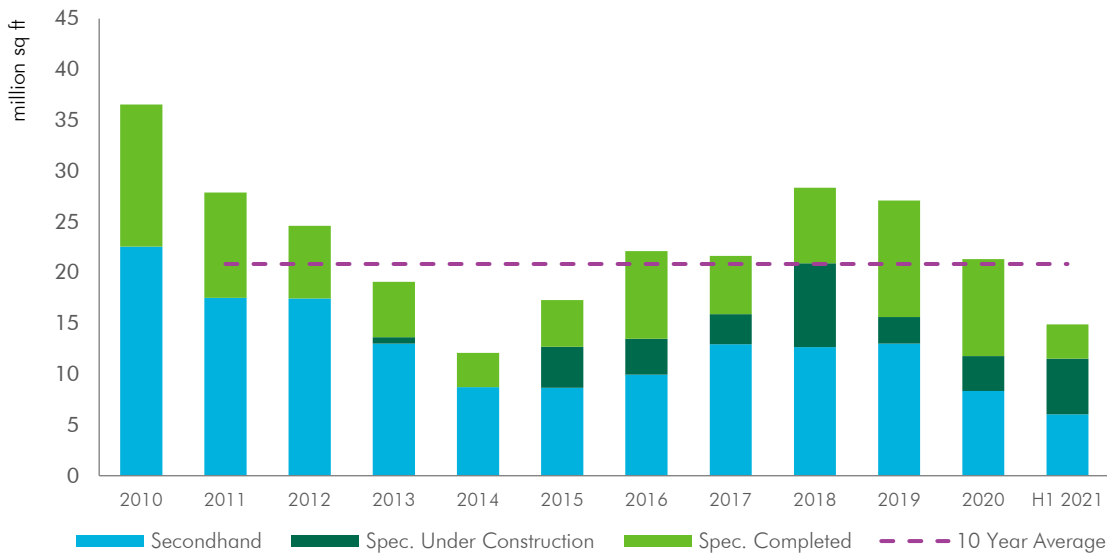
As at the end of H1 2021 there were 43 warehouses under offer with an aggregate floor area of 15.56M sq ft. The bar graph to the shows the apportionment of units by size band and number. However, by type there were 6 BTS pre-lets accounting for 6.43M sq ft (41.3%), 13 second hand buildings at 3.16M sq ft (20.3%) and 24 speculative units at 6.06M sq ft reflecting 38.3%. Of the 24 speculative units under offer, some 11 (2.92M sq ft) are under construction.

Logistics Market Assessment and Land Availability

Availability

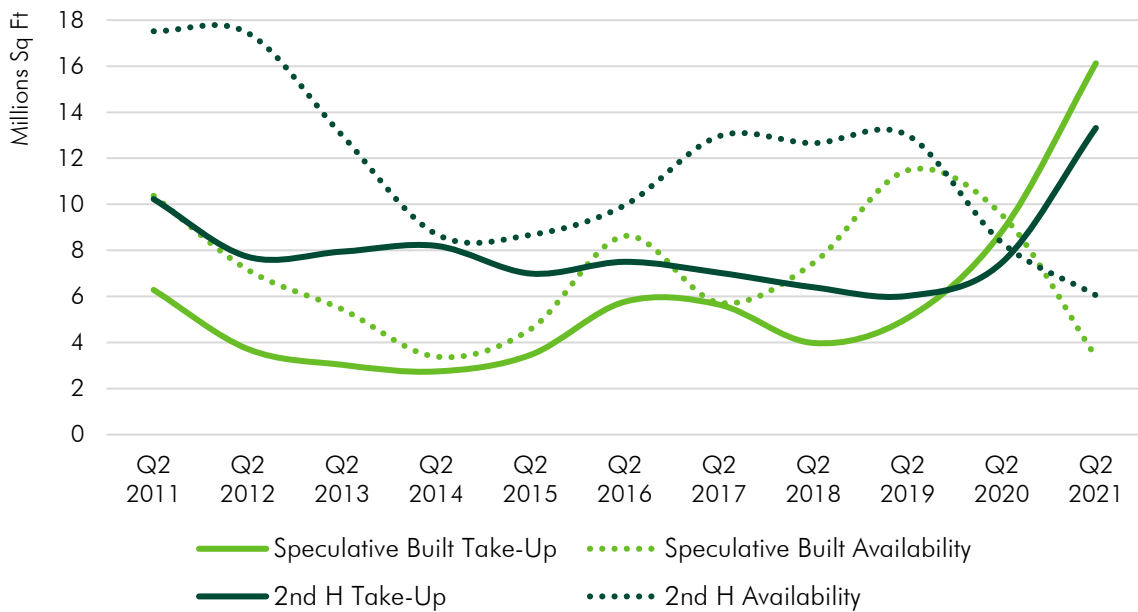
Since 2018, availability has been falling steadily but there has been a noticeable acceleration over the past 18 months. As at the end of H1 2021 total availability stood at 14.89M sq ft, a fall of 30.2% from the end of 2020. More pertinently, built stock now stands at only 9.43M sq ft, a fall of 47.3% over the six month period. Availability of built stock is now at a record low, even exceeding the 2014 level where extremely low levels of new speculative development (only 651,000 sq ft) had been constructed in the five years following the global financial crash.

UK LOGISTICS - CURRENT AVAILABILITY



Source: CBRE

BUILT SPECULATIVE TAKE-UP AND AVAILABILITY SINCE Q2 2011



NB: Take-up based on rolling 12 month period to end of Q2 for each year
 Availability based on actual figure at end of Q2 for each year

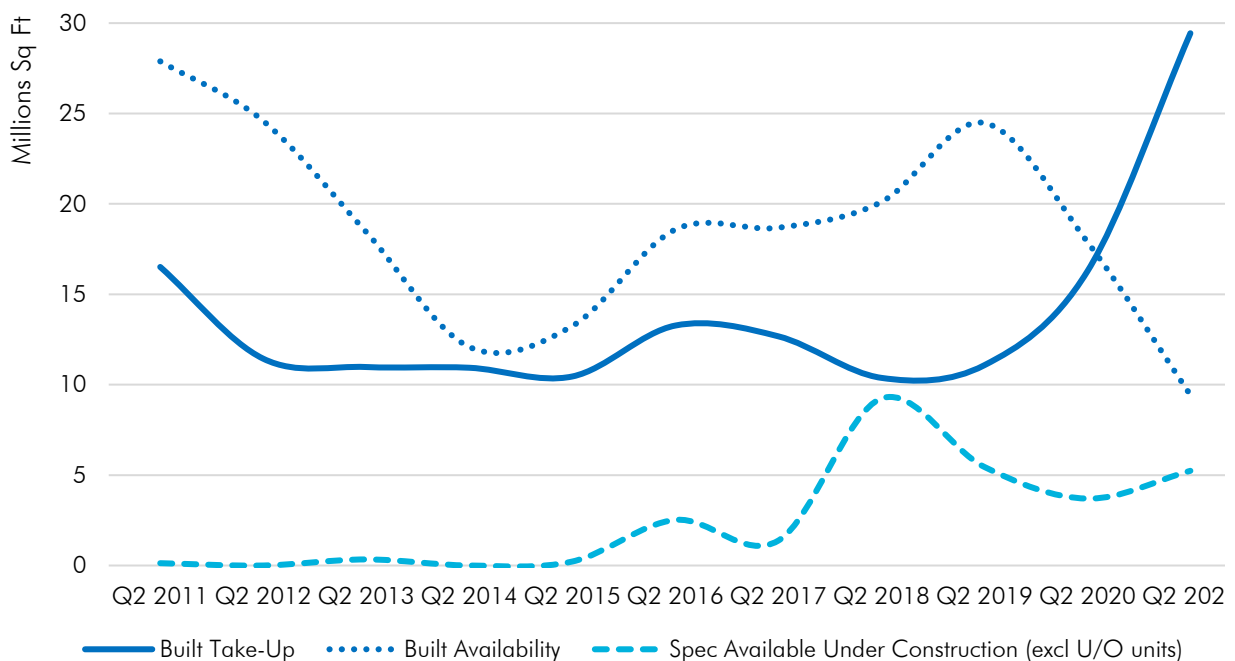
Logistics Market Assessment and Land Availability

The line graph above shows the relationship between availability of existing buildings: both built speculative and second-hand units. The solid lines are take-up and the dotted lines availability. Take-up is based on a 12 month rolling period and availability at a snapshot in time.

In respect of speculative warehouses, the supply levels fell considerably from 2010 through to 2014 following the global financial crash. Supply levels in 2010 stood at around 14M sq ft with supply significantly exceeding demand at that time. There was little incentive to build new warehouses as banks were simply not lending on speculative development and for any built, vacant warehouse stock would be subject to empty rates liability. However, with the arrival of online retail as a key driver of demand confidence returned to the market and more speculative development began to take place with an initial peak in 2016 at around 8.5M sq ft.

The key point is that for the past decade availability has always exceeded demand, therefore representing more than 12 months supply. However, in 2020 the position fundamentally changed where demand exceeded supply for both speculative and second-hand warehouses. Over the past six months the imbalance has increased and at the end of H1 2021 overall supply reflected only 3.8 months demand. Speculative supply is in acute shortage with only 2.5 months supply (19 buildings) with second-hand available units at 5.5 months in 31 units. For the market to be balanced and where the tenant and landlord are able to negotiate in an arm's length fashion the supply level needs to be around 12 to 18 months. At the moment it is a landlord's market with prospective occupiers seeking warehouses in a reducing pool of stock. With online retail likely to continue to be the key occupational driver in the future it is expected that demand will continue to outweigh supply for a number of years to come. This imbalance has to be addressed and the proposed development will make a significant contribution to achieving this.

COMBINED BUILT SPECULATIVE TAKE-UP AND AVAILABILITY SINCE Q2 2011



Logistics Market Assessment and Land Availability

NB: Take-up based on rolling 12 month period to end of Q2 for each year
Availability based on actual figure at end of Q2 for each year

The line graph above shows the blended demand and supply lines for both speculative and second-hand units. The additional element on this graph is the plotted 'dashed' line that shows speculative buildings under construction. At 5.24M sq ft and comprising 28 buildings (excluding those buildings under offer) the level of development is clearly insufficient to meet demand.

A Key Logistics Driver – The Growth of Online Retail

Over the past decade the UK has embraced shopping online. We spend the most, per capita of any country in Europe. Covid-19 has considerably accelerated this trend with online penetration in 2020 being 27.99%, compared to 19.2% in 2019.

The line graph below shows online penetration levels in the UK according to the ONS. Online spending increased steadily between 2007 to 2019 but due to lockdown in 2020 increased significantly, peaking at 36.3% in both November 2020 and January 2021. It has subsequently settled down to around 27% which is likely to be the level going forward in the short to medium term with anticipated increases to above 30% in November due to Black Friday and Cyber Monday promotions and in December with Christmas and Boxing Day online sales. The shops are now fully open and thus consumers have options as to where they buy goods and services.

INTERNET SALES AS A PERCENTAGE OF TOTAL RETAIL SALES



Source: ONS

Strong online retail sales translates into strong demand for logistics space. In addition, to compound the position, an online retail warehouse requires around three times as much space as a traditional warehouse. This is due to a number of reasons:

Logistics Market Assessment and Land Availability

An online retailer frequently uses robotics and automation such as Amazon's Kiva robots or Ocado's Hive technology. As an online retailer is picking single items to be delivered as individual items to letter boxes and door steps the items need to be stored separately in the warehouse. In an online warehouse the items are stored individually and scattered, in an organised fashion, throughout. This increases the efficiency of a picking robot that knows the location of every single item. This varies to a traditional warehouse where goods are stored in bulk on pallets on racking and where a forklift truck will load whole pallets into awaiting HGV trailers. Naturally, a greater amount of space is required when the goods are stored individually. In addition, within an online warehouse, the individual items are often transported around the facility on conveyors to waiting packers. The volumes in an automated warehouse are greater meaning a higher number of personnel needed on site from the transportation employees to the warehouse workers, the admin/office staff and skilled workers associated with maintaining the HGVs, the building and the robotics and automation equipment.

Regional Picture – The South East and East Midlands

Baynards Green is located at J10 of the M40 on the border of the South East and the East Midlands, the two powerhouses in the UK logistics market that combined, regularly contribute to some 50% of the UK's take-up. The M40 is an important road link between London and Birmingham and has grown in prominence as a favourable logistics location, not least at Banbury a few miles to the north of the site. Nonetheless, the M40 is under supplied with high quality logistics warehouses and demand for units on the site would be strong should the scheme be delivered.

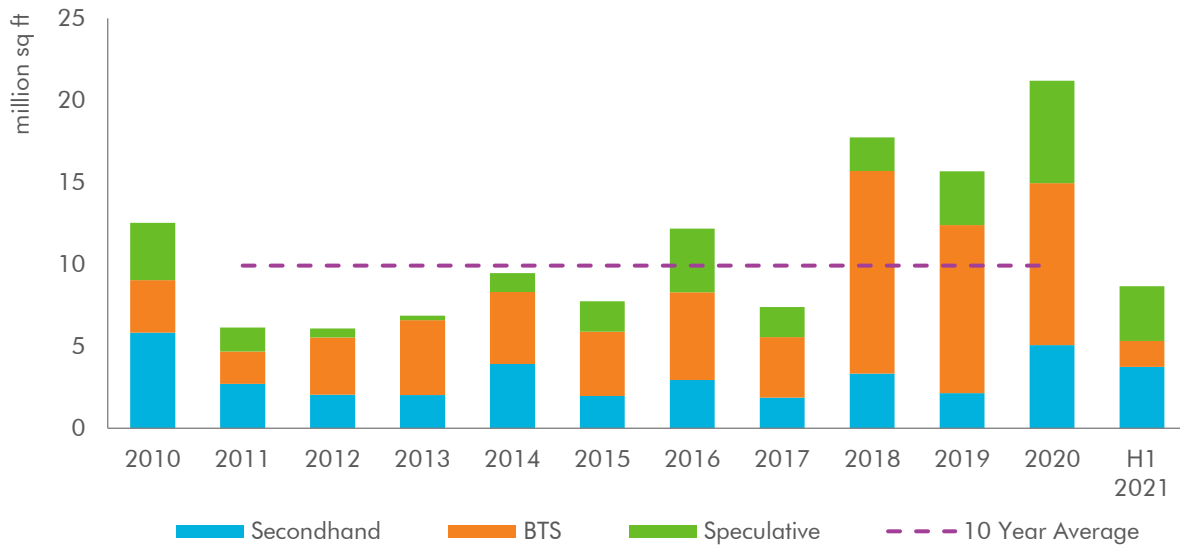
Demand for logistics and distribution space in the South East and East Midlands regions was exceptionally strong during 2020 and has accelerated in 2021. This has been in an environment of economic uncertainty surrounding the potential impact on trading caused by Brexit and Covid-19. Although a deep recession hit many countries as lockdown took hold in Q2 2020, the logistics industry benefitted as customers were forced to shop online (except for essential products such as food). This led to a sharp rise in demand for space from the pure online retailers, the 3PLs, post & parcel operators and home food delivery companies, to name a few. Similarly, at the same time, demand was strong for short term space largely driven by NHS requirements to be prepared to stockpile medical equipment and other resources that would be needed to deal with the pandemic. Nonetheless, the NHS requirements was very small (sub 10% of demand) as the market was driven principally by online retail.

This section provides a market view of the combined South East and East Midlands regions. The scale and nature of buildings that are appropriate for the site would appeal to a national and regional market. The units are unlikely to be let to local occupiers.

The two bar charts below, representing the take-up and availability for the combined South East and East Midlands regions, echo the national picture of a significant demand/supply imbalance.

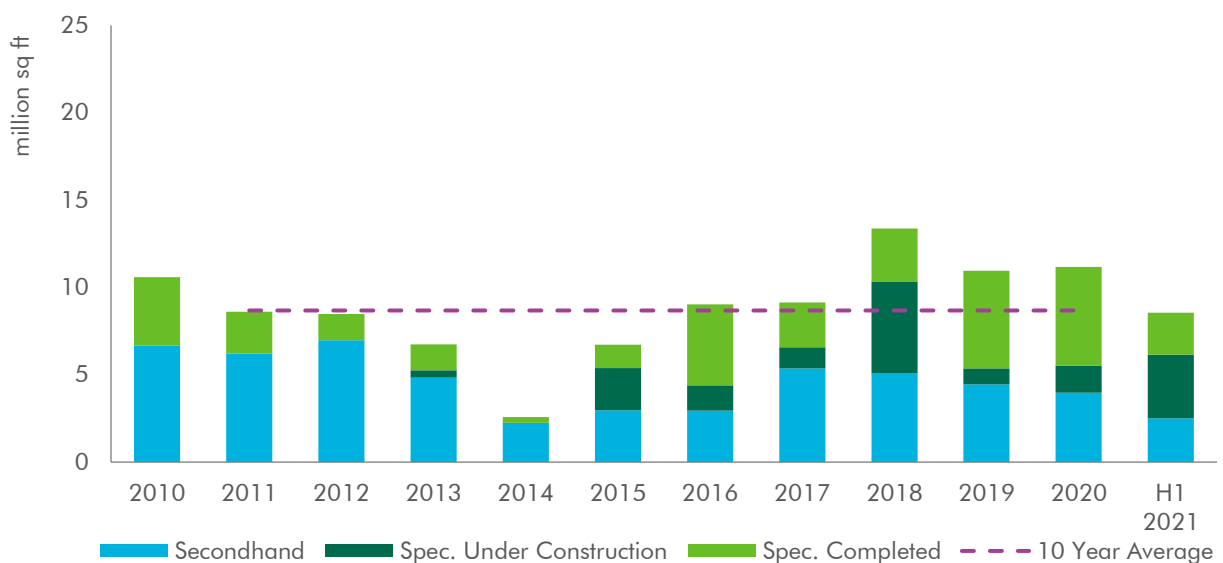
Logistics Market Assessment and Land Availability

SOUTH EAST & EAST MIDLANDS TAKE-UP



Take-up for the combined regions in H1 2021 has been 8.66M sq ft which equates to some 41.3% of the total 2020 take-up for the two regions. The South East take-up represents 29.0% of that achieved in 2020 whilst the East Midlands is 50.9%. Similar to the national picture, built speculative and second hand buildings were most in demand with 38.3% and 43.1% share respectively. During H1 2021 some 5 BTS warehouse deals exchanged, compared to 16 speculative and 15 second hand buildings. Of significant pertinence to future take-up in H2 there are currently 29 buildings under offer with an aggregate floor area of 8.71M sq ft. Of these, 19 are in the South East (5.70M sq ft) and 10 in the East Midlands (3.01M sq ft). In terms of sector, 13 of the buildings are sought by online retailers (4.48M sq ft) accounting for 51.4% of floor space currently under offer.

SOUTH EAST & EAST MIDLANDS AVAILABILITY



Logistics Market Assessment and Land Availability

Similar to the national picture, availability has fallen over the past four years with a significant drop over the past six months. At the end of H1 availability of built stock comprised 26 buildings extending to 4.90M sq ft. The split is 15 second hand buildings extending to 2.51M sq ft and 11 speculative units of 2.39M sq ft. Although the demand/supply imbalance is not as acute as the national picture, it is still most concerning. With regard to built speculative warehousing there is currently only 4 months supply (based on the past 12 months of speculative take-up in the combined SE/EM regions) and 5 months of second hand stock. With regard to the very largest of units in excess of 500,000 sq ft there is only one building available. It is this size of unit that the Site at Baynards Green is ideally suited to accommodate.

In terms of availability by size band the unit mix comprises:

- 100,000 sq ft to 200,000 sq ft: 18 units extending to 2.33M sq ft
- 200,000 sq ft to 300,000 sq ft: 5 units extending to 1.14M sq ft
- 300,000 sq ft to 400,000 sq ft: 1 unit extending to 0.38M sq ft
- 400,000 sq ft to 500,000 sq ft: 1 unit extending to 0.43M sq ft
- 500,000 sq ft to 700,000 sq ft: 1 unit extending to 0.62M sq ft

The SE/EM regional markets are under supplied to meet the needs of current strong levels of demand. However, the question arises as to whether the build programme of speculative warehouses will address the imbalance. The answer is simple; it will not.

There are currently 25 buildings under construction in the combined region extending to 5.76M sq ft. However, of these, 2.11M sq ft (8 buildings) are 'under offer'. The remaining 17 units extend to 3.65M sq ft, of which 12 are in the South East and 5 in the East Midlands. Should all these buildings reach practical completion and still be 'available' it would only provide around 6 months supply. Combined with the existing stock this equates to only 10 months supply. However, it is likely that much of the existing available stock will be taken over the next few months and that many of the speculative units being built will be let prior to practical completion. That is evidenced with 32% of those units under construction already under offer and we are aware of a number of requirements in the region for space.

The proposed development is much needed to help provide available space to occupiers. Although capable of accommodating warehouses of the very largest size the scheme will only go a very small way towards addressing the significant demand/supply imbalance in the UK logistics market.

Market Commentary Conclusions

2020 was a record year for take-up in all corners of the UK with the South East and East Midlands the key locations. H1 2021 has followed suit with Q2 2021 being the highest record quarter for take-up. The demand supply imbalance is acute with insufficient construction taking place to replenish stock levels.

In 2020, online spending reached record levels: an increase of £35Bn was spent online as compared to 2019. This will inevitably cause a lagging effect on demand where we can expect to see significant additional demand for warehousing to cope with the additional spending levels but also further demand from retailers who are seeking to shift trade away from physical stores by creating a multi-

Logistics Market Assessment and Land Availability

channel offering for customers. Covid-19 has fundamentally changed the way we shop with consumers now spending significantly more online than ever before. Looking forward, robust demand for logistics units in prime South East and East Midlands locations is expected to continue in line with the regions being the two logistics 'powerhouses' in the UK.

Off the back of the increased demand from the pure online retailers there has been a significant increase from the 3PLs, many of whom service online contracts. This is also likely to continue. We estimate that in 2020 and into 2021 around 55% of warehouse space was taken in relation to an online requirement, whether that be the pure online retailers, the 3PLs or other retailers looking to diversify their selling platforms.

Looking on a narrower geographical scale to the M40, the schemes that have been brought forward to date have been sought after by occupiers. The majority of deals have been in the 200,000 sq ft to 400,000 sq ft size band but this is more of a function of the speculative development that has taken place. The subject site is capable of accommodating the very biggest of buildings, which is unusual for the M40 corridor and based on the current level of requirements in the market, combined with the excellent locational characteristics it is likely to attract such occupiers.

Appendix 2 – Logistics Schemes on the M40 Corridor

Logistics Schemes on the M40 Corridor

The M40 corridor between Bicester and Banbury (Junctions 9-11) has seen a rise of logistics development over the past five years. Highlighted below are the principal schemes, many of which are now fully occupied. Although the construction of these new developments has been strong, it is significantly inferior to the level of residential development taking place in the sub-region. Residents need logistics schemes to serve their requirements and to provide employment. The key difference of the schemes outlined below and that of the subject Site is the ability to provide XXL warehouses (units in excess of 500,000 sq ft). The subject Site offers flexibility of unit size, configuration and specification, all of which will appeal to a wide range of occupiers whose requirement may exceed 1M sq ft.

Symmetry Park, Bicester

Situated 6 miles to the south east of Baynards Green, Symmetry Park, Bicester extends to a total of 53 acres and has the capacity to deliver up to 755,000 sq ft of logistics accommodation. The scheme is situated on the southern side of the Town around 4 miles from J9 of the M40 motorway with access via the A34/A41. The location is considered to be inferior compared to Baynards Green as it does not have direct motorway access.



Unit A1 that extends to 88,000 sq ft was pre-sold to Bentley Designs Ltd with Unit A2 that is 110,000 sq ft developed speculatively and sold to Medline Services Ltd. Unit B, extending to 163,664 sq ft was also developed speculatively and was let to Ocado Retail Ltd in December 2020 at £7.00 per sq ft. Unit D that extends to 60,000 sq ft was pre-let to DPD Group UK Ltd and reached practical completion in May 2021.

In July 2021, Cherwell District Council granted planning consent to the final plots of the first phase. Two planning consents were obtained, the first for a single building of 268,765 sq ft. However, to provide flexibility an alternative consent was granted for a two-unit scheme of 172,180 sq ft and 90,298 sq ft.

Logistics Market Assessment and Land Availability

Link 9, Bicester

Link 9 was previously in the ownership of Albion Land and now owned by RDI REIT. The scheme sits on a site of 36 acres on the northern eastern side of Bicester and been developed out to provide around 520,000 sq ft in 11 buildings. J9 of the M40 is 5 miles to the south west with the route to the scheme via a number of roundabouts on the A4421 & A4095 circular road that wraps around Bicester. The location is considered to be inferior compared to Baynards Green as it does not have direct motorway access.



The two largest units on the southern side of the Park were speculatively built with practical completion in April 2019. They extend to 120,599 sq ft and 168,058 sq ft respectively. The units were let in June 2020 to Arrival Automotive Limited (electric van manufacturers) on 15 year terms at a rent of £8.00 per sq ft on the smaller unit and £7.75 per sq ft for the larger building.

Axis 9, Bicester

Axis 9 is a scheme being developed by Albion Land situated on the western edge of Bicester around 3.5 miles from J9 of the M40. The location is strong but considered to be inferior compared to Baynards Green as it does not have direct motorway access.

Two of the three phases have now completed with Phase III due to reach practical completion later this year.

Phase I and II extend to circa 230,000 sq ft. Phase III comprises two larger speculative units: Unit 6 that extends to 90,000 sq ft will reach PC in December 2021 (the steel framed building in the foreground of the photo) whilst the larger Unit 7 at 160,005 sq ft will be completed in October 2021 (the clad unit in the background).



Both buildings will be constructed to a high quality with 12 metre eaves clearance and both will be sustainable warehouses with an EPC banding of 'A' and a BREEAM rating of 'very good'.

Logistics Market Assessment and Land Availability

Central M40, Banbury

Central M40 is a linear logistics scheme constructed by Tritax Symmetry with high visual prominence from the M40. HGV access is a little convoluted through a built-up area with half a dozen roundabouts to be negotiated before reaching the scheme. Motorway access is inferior to Baynards Green.

Central M40 is the most prominent logistics scheme on the M40 motorway. It is now almost fully let so does not provide competition to the subject site.

Central M40 extends to around 70 acres and comprises 10 warehouses ranging from 78,117 sq ft to 334,760 sq ft built in four phases. The scheme in total is around 1.25M sq ft constructed as a mixture of speculative units and pre-lettings, such as the recent deal to Warburtons on Unit 9 (in photo opposite).

The last two speculative units on the Park are due to reach practical completion later this year. Unit 6 (in upper photograph) is now let to Arrival Automotive Limited at £6.25 per sq ft whilst Unit 10 is available but showing interest to a number of prospective occupiers (unit next to Warburtons). We anticipate that it will be let prior to PC in Q4 2021.



Unit 6 – Nearing completion and now let



Warburtons and Unit 10, Central

Central M40 demonstrates the current demand from occupiers for logistics space on the M40, even for sites that a little compromised with inefficient access from the motorway. The buildings are of the size bands that could be constructed speculatively at Baynards Green. Central M40 is of a configuration that did not lend itself to providing a significant build-to-suit opportunity in excess of 1M sq ft as the scheme is linear and relatively narrow. Phase I of the scheme was also developed a few years ago when the M40 logistics market was more immature. If the scheme was promoted from scratch today we would anticipate that the type of buildings on the Park would be different with potential use of multi-level structural mezzanines with high levels of robotics and automation. We would certainly anticipate that online retailers would be attracted.

Logistics Market Assessment and Land Availability

Banbury Cross, Banbury

Banbury Cross is a three-warehouse speculative scheme of 516,000 sq ft built by First Industrial (now Panattoni) in 2015. The scheme lies on the northern side of Banbury around 1.5 miles from J11 of the M40. The buildings are of similar specification with 12 metres eaves and a loading door ratio of around 1 door per 10,000 sq ft.

The largest unit (Unit 1) of 235,000 sq ft was let to The Entertainer and was the first successful letting on the Park. Unit 2 at 170,000 was let to Amazon in 2016 and Unit 3 at 111,560 sq ft was let to Charge Automotive in early 2017 at £6.25 per sq ft.



These buildings demonstrate the appetite for speculative units that could be built at Baynards Green when lettings were secured at a time when the market was stable but not as strong as today and the influx of online retail demand occupation was at an early stage. Access to Banbury Cross is inferior to Baynards Green due to the distance from the motorway junction.

FP210, Frontier Park, Banbury

FP210 is a speculatively built warehouse currently being constructed. The building benefits from excellent motorway access situated immediately to the east of the M40 adjacent to J11. The building is due to reach practical completion in Q3 2021. The wider scheme, 'Frontier Park' will eventually comprise two additional warehouses of 142,000 sq ft and 165,000 sq ft respectively although there is potential on flexibility of sizes.



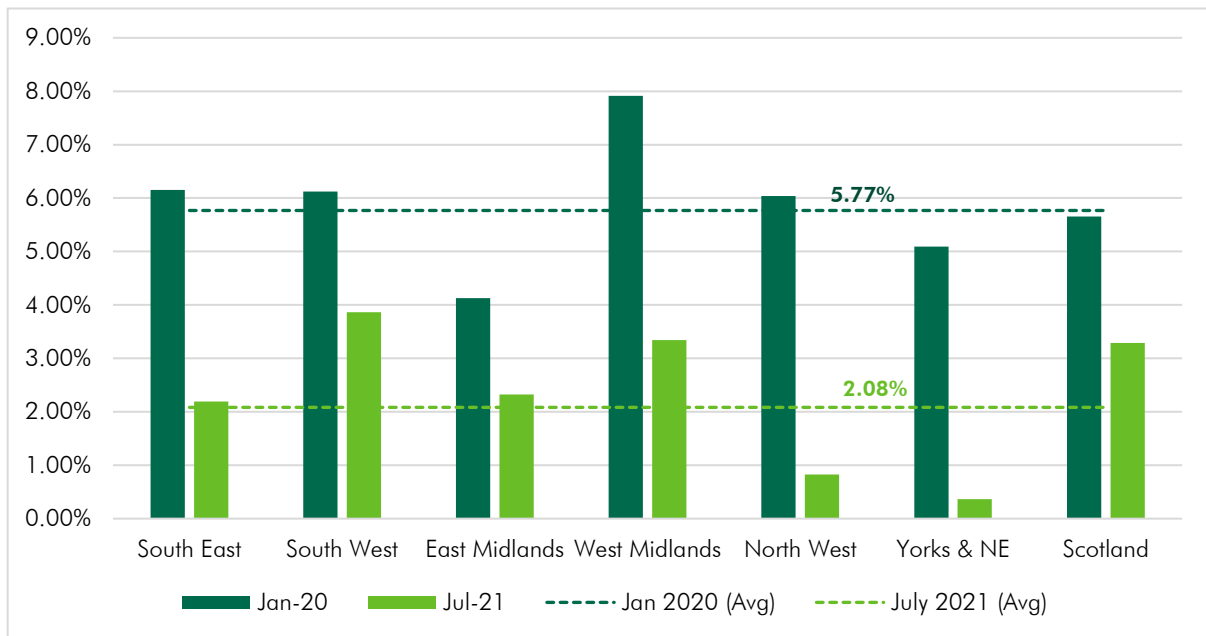
The warehouse is now 'under offer' (July 2021) to an occupier related to the automotive industry. The building has 15 metre eaves clearance, 20 dock and 2 level access doors, a yard depth of 50 metres and a floor loading of 50kN/M². Office content is 4.76% and the building is due to have a BREEAM rating of 'Very Good'. Compared to Baynards Green, Frontier Park has similar excellent road communication links to the M40 and is superior to Central M40 and the three schemes we have highlighted in Bicester.

Does the market have capacity to accommodate a scheme of this nature even if other schemes in the region achieve planning and brought forward?

The logistics market in the UK is imbalanced. The market has performed exceptionally strongly over the past 18 months where around 63M sq ft has been taken-up across the UK by occupiers looking to gain a footing in a market where stock levels are evaporating quickly. 2020 was a record year for take-up and Q2 2021 has been a record quarter (the third record quarter over the past 18 months). Led by the charge from the online retailers with the 3PL distributors close behind, availability of built stock in some of the regions is now scarce.

The graph below shows how the levels of built stock available in the various UK regions has changed over the past 18 months. It highlights how record levels of demand affect a market. In January 2020 there was 24.06M sq ft of available built space (both second hand and speculative) reflecting a vacancy rate of 5.77%. 18 months later and that figure has fallen to 9.43M sq ft and 2.08%. This equates to 5 months supply based on 12 months rolling take-up (excluding build-to-suit).

Regional Vacancy Levels for Built Stock (Jan 2020 to July 2021)



In some regions the vacancy levels have fallen to less than 1%. This decline is simply not sustainable with the realistic solution being the construction of more space. There is only 5.46M sq ft of speculative development currently under construction nationally (excluding those units already under offer) which will only satisfy a further 3 months of demand.

The level of units currently under offer at 15.6M sq ft in 43 prospective deals is testament to the strength of demand. An interesting trend over the past year has been the switch of demand from BTS opportunities to available and physically existing buildings. Although build-to-suit opportunities play a very important role for occupiers looking to take long term space and continue to do so, the increased number of deals for existing space has been striking. There have been 162 such deals over the past 18 months at an average of 108 per annum. Compared to an average of 55 per annum

Logistics Market Assessment and Land Availability

over the previous four years. It is therefore not surprising that built available space is disappearing, and fast.

At the end of H1 availability of built stock in the combined South East and East Midlands regions comprised 26 buildings extending to 4.90M sq ft. The split provides 15 second hand buildings extending to 2.51M sq ft and 11 speculative units of 2.39M sq ft. Although the demand/supply imbalance is not as acute as the national picture, it is still most concerning. With regard to built speculative warehousing there is currently only 4 months supply (based on the past 12 months of speculative take-up in the combined SE/EM regions) and 5 months of second hand stock.

In an ideal market around 18 months supply would create an equilibrium where neither landlord nor tenant has the upper hand in negotiations. The tenant would have options as to where to locate to best meet the efficiencies needed for their business and the landlord can be assured that there would be ample demand from tenants to prevent unwanted and lengthy marketing voids. Based on the past five years take-up, the point of equilibrium would be circa 25M sq ft of availability in the South East and East Midlands regions. With 4.90M sq ft currently built and available and a further 3.65M sq ft under construction that represents 8.55M sq ft of 'available' stock, a shortfall of 16.45M sq ft. These are regional figures but how does the M40 fare on when consideration is made at a local level.

The M40 is seen as a location that is favourable for logistics due to fast road transport links to the South East and Midlands markets. The subject site at Baynards Green is 'prime' in the context of the M40. Immediately to the north of the property is another site owned by Tritax Symmetry.



Known as Symmetry Park, Ardley the site extends to 101 acres with Tritax Symmetry indicating that it is capable to accommodating up to 1.9M sq ft. The site is being promoted through Cherwell District Council's Local Plan. The site plan drawn up on the developer's web-site provides for five warehouses of between 315,000 sq ft and 485,000 sq ft. All the buildings are shown as single side loaded.

In the event that the subject site at Baynards Green and the Tritax Symmetry scheme obtain planning consent and are developed co-terminously, the total supply level will be around 4.9M sq ft. Although this may appear to be a significant quantity it is wholly insufficient to meet the current high level of demand. Demand for larger buildings has accelerated significantly over the past three years. Requirements for buildings in excess of 1M sq ft is strong and as such, schemes that are capable of providing two or three million sq ft can be quickly pre-let. There are other smaller sites along the M40 corridor, save Huscote Farm that are being promoted for logistics use, but unlike the subject site, most are incapable to accommodating a building in excess of 1M sq ft. The market at present is of such strength that it can accommodate a number of large schemes that will be fully let within normal marketing timescales.

Logistics Market Assessment and Land Availability

Other schemes in the region include two IM Properties' sites at Towcester and Stratford, Ivanhoe Cambridge/PLP's consented scheme at Milton Keynes and a site immediately to the east of J11 of the M40 that is subject currently to land promotion known as Huscote Farm, Banbury:

- IM Properties, Towcester: In January 2021 IM Properties secured planning consent for a 1.1M sq ft scheme at Towcester, on a site at Tiffield Lane some 5 miles to the south west of Northampton and 17 miles north east of Baynards Green. As part of the Masterplan, IM properties identified a need for an eaves height of up to 23.5 metres. On the indicative plan, the scheme comprises five warehouses of between 48,000 sq ft to 307,270 sq ft.
- IM Properties, Stratford 46: Situated in Stratford-upon-Avon, some 7 miles to the south west of J15 of the M40, Stratford 46 will be a mixed use scheme developed by IM Properties. The industrial element will comprise an aggregate of around 325,000 sq ft in up to four buildings. The buildings will have up to 15m clear internal height and have self-contained yards. We do not consider that this scheme will directly compete with Baynards Green.
- Ivanhoe Cambridge/PLP, Milton Keynes: PLP Milton Keynes has outline consent for 2.2M sq ft with commencement of construction due in Q4 2021. The scheme is immediately to the south of Milton Keynes in the Caldecotte area with access to J13 of the M1 some 7 miles distant. Although a large scheme that would compete in the same sphere as Baynards Green for unit size, we are of the opinion that PLP Milton Keynes will not be direct competition for three reasons: Firstly, PLP Milton Keynes will be delivered before Baynards Green, secondly Milton Keynes is more focussed on the southern M1 market and thirdly, the units at Baynards Green will be targeted more at build-to-suit opportunities with speculative development of lesser prominence, albeit PLP Milton Keynes' indicative masterplan has a 1.15M sq ft unit with the next largest at 308,000 sq ft. Baynards Green has undoubted superior motorway access.
- Site at Huscote Farm, Banbury: Huscote Farm is situated immediately to the east of J11 of the M40. The site extends to around 134 acres, although only around 85 acres is developable. The site is being promoted through Cherwell District Council. The site lies immediately to the east of Frontier Park being flanked on its western boundary by the A361 and to the south by the A422. In addition is a parcel of land to the south of the A422 that is being brought forward at the same time. It is believed that the site will ultimately be of similar size to that of Baynards Green and if consented, will be direct competition.
- Notwithstanding the competition, the market at present is of such strength that two schemes of a similar size to Baynards Green can be accommodated within the M40 market and let within normal marketing timescales.

Summary – Demand for UK logistics by occupiers is at an all-time high. Availability is at a record low. Construction of new schemes is not taking place, caused principally by difficulty and delay in obtaining planning consents. The market is in much need for more schemes to be delivered. The subject site would only satisfy a limited number of active requirements. The development pipeline in the region is insufficient to meet demand and even if all the schemes were to come forward there would be strong interest in the subject site due to its strong location characteristics and flexibility of potential building sizes. The market undoubtedly does have capacity to accommodate a scheme of this nature even if other schemes in the region achieve planning and are brought forward.

Appendix 3 – Potential Competition to the Site

Potential Competition to the Site

The table below highlights the pertinent schemes that have been granted planning consent over the past decade and provide potential competition to the proposed development at Baynards Green. Some of the sites have now been built-out and are occupied and do not present competition. The others are mixed use applications with significant residential allocations and a variety of employment uses.

None of the sites present direct competition to the Site. They are neither dedicated logistics parks, do not benefit from the excellent road connectivity or are of sufficient size to accommodate the largest 1M sq ft plus buildings that the Site is able to. The unrivalled motorway connectivity of the Site in the regional context combined with the ability to facilitate occupiers demands for XXL buildings makes the site unique along the M40 corridor.

Cherwell Local Plan Site Allocations	Details	Comments
North-West Bicester Eco-Town	<p>The Site Allocation states that a new zero carbon mixed use development including 6,000 homes will be developed on land identified at North West Bicester.</p> <p>Whilst at least 3,000 jobs are expected to be provided on the site during the plan period, the site allocation states that the employment use classes will be B1 with limited B2 and B8 uses.</p> <p>The allocation anticipates that the business park at the south east corner of the allocation site will generate between 700 and 1,000 jobs in use classes B1, B2 and B8 early in the plan period.</p> <p>The Development area is 390 hectares</p>	<p>Albion Land's Axis 9 site. Phases 1 & 2 complete and Phase 3 nearing completion of construction. Not competition for the subject Site.</p>
Graven Hill (Bicester)	<p>The Site allocation states that this predominately brownfield site to the south of Bicester is proposed for a mixed use development of 2,100 dwellings, significant employment land, associated services, facilities and other infrastructure.</p> <p>Approximately 2,000 jobs to be created on site including a mix of B1, B2 and B8 uses.</p> <p>The Development Area is 241 hectares</p>	<p>Planning consent granted in November 2014. The site has consent for 66,960 sq m of B8 use and a fulfilment centre. The location is inferior to the Site being 6km from Junction 9 of the M40 and in a mixed use area with a significant number of residential dwellings.</p>
Employment Land at North East Bicester	<p>Allocated for employment development (use classes B1, B2 and B8). Approximately 1,000 jobs expected to be</p>	<p>Not competition. The site has been built out and known as Link 9 Bicester.</p>

Logistics Market Assessment and Land Availability

	<p>delivered albeit site constraints may reduce numbers slightly. Development area is 15 hectares</p>	
South East Bicester	<p>Allocated for a mixed use employment and residential development.</p> <p>Employment uses to comprise primarily B8 uses along with B1 and B2.</p> <p>3,000 jobs and 1,500 homes expected to be delivered on the site. Development area is 155 hectares</p>	<p>Known as Symmetry Park Bicester. Largely built out although final phase for 24,969 sq m now achieved consent. Not competition as timing of subject Site will be later. In addition, the location is inferior to the Site as 7km from J9 of the M40.</p>
Employment Land West of M40 – Banbury	<p>Allocated for mixed employment generating development – including B1 (Office), B2 (General Industrial) and B8 (Logistics)</p> <p>Expected to provide approximately 2,500 jobs.</p> <p>Development area is 35 hectares</p>	<p>Planning consent obtained and the buildings now in final stages of construction. Not competition for the subject Site.</p>
Employment Land North East of Junction 11 - Banbury	<p>Allocated for mixed employment generating development including B1 (Office), B2 (General Industrial) and B8 (Logistics)</p> <p>Expected to create approximately 1,000 jobs</p> <p>Development Area is 13 hectares</p>	<p>Planning consent obtained and the building now being constructed. Not competition for the subject Site.</p>
RAF Upper Heyford	<p>Allocated for a new settlement of approx. 1,600 dwellings and supporting infrastructure and residential employment opportunities.</p> <p>Employment to include 1,500 new jobs on land area of 120,000 sq.m. Permitted use classes include B1, B2 and B8.</p>	<p>Geographically close to the Site although a mixed use development with employment across B1, B2 and B8 uses aimed at creating residential employment opportunities. Not a dedicated logistics park and located around 7km from J10 of the M40. An inferior location.</p>

Appendix 4 – The Logistics Labour Market

The Logistics Labour Market

The logistics labour market is very different from that of thirty years ago. The UK led the way in the past as an industrial powerhouse based on strong manufacturing output and hence much of the older stock is now of poor quality and not suitable for modern warehousing. Today, the UK is a net importer, so much of the demand is for logistics rather than manufacturing. This has been exacerbated by the strong impetus over the past decade created through online demand and the need to accommodate warehouses near motorway junctions to allow fast movement around the road network but also in urban areas with the ability to deliver quickly to doorsteps and letterboxes.

The buildings themselves and the parks they are frequently located on are now built on the foundation of sustainability and wellness in mind. The warehouses are attractive places to work with a mix of high and low skilled workers. The roles now found in a warehouse vary markedly with those with high levels of automation and robotics needing skilled technicians. Employment for a logistics occupier is now a career choice for many white collar workers, many of whom are highly qualified.

Online warehouses are now competing and performing more strongly than the High Street. This ignores the impact of Covid-19 that has polarised the position. However, many of the roles taken in the High Street and indeed, office workers are interchangeable with those in a modern warehouse. It is evident that talent now flows freely between logistics and other sectors.

The logistics sector has historically had a poor reputation for employment. Jobs are assumed to be low skilled and therefore new logistics locations are not seen as attractive by local authorities.

The reality is different. Even in a non-automated warehouse around 10% of the headcount will be employed in a supervisory, specialist or managerial capacity. These roles include tiers of management across areas such as operations, facilities and health and safety. There are also administrative support and HR/recruitment functions.

Labour availability is one of the biggest challenges facing the logistics sector. So companies have to provide competitive salaries, terms and conditions and benefits to attract sufficient talent. Recent interviews conducted by CBRE with recruitment companies specialising in logistics show that employees are attracted to positions that offer training and opportunities to develop their careers within the sector.

The increasing move to online retail increases the need for higher skilled roles, as more automation is introduced. The lockdown during the COVID-19 pandemic meant logistics were considered key workers, raising awareness of the key role the sector plays.

Obtaining labour data from companies is difficult as it is not released publicly and often drives competitive advantage. Below are some of the key aspects from a recent report produced by CBRE's Talent & Location Advisory team that uses data from recruitment companies and social media to highlight the number of skilled logistics roles in the UK.

Logistics Market Assessment and Land Availability

- A warehouse typically employs one person for every 1,000 sq ft. Therefore, a 200,000 sq ft building would employ around 200 people. However, some distribution units have a regional office function with a high office content. The quality of specification of the offices in the best distribution units are now comparable with those found in a bespoke Business Park or in a city location.
- The logistics and supply chain companies highlighted including Royal Mail, DHL, Wincanton, XPO Logistics, DPD, UPS, CEVA, Yodel, Eddie Stobart, Clipper Logistics, Gist etc have a low employment attrition rate. For example, Royal Mail has an attrition rate of only 4% meaning that only 4% of their workforce will leave the business annually. CBRE would expect that for other contact centres it would typically be around 20%. It is worth noting that these occupiers are known as third party logistics operators who distribute goods rather than be the producers such as retailers, pharmaceutical or automotive occupiers.
- With regard to the job titles, the key aspect is that they show the white collar workers that could also be employed by other sectors. In addition to the standard support roles around finance, operations and HR it is important to point out the sales roles, which are often based within a region rather than in the HQ and the engineering and software roles. Roles include Account Managers, Administrators, Business Development Managers, Engineers, Finance Managers, Human Resources, Technicians, Business Analysts and Sales Managers etc.
- Of pertinent interest is that the sector does not exist in isolation and talent flows between companies in other sectors benefitting the local economy. It also shows that net inflows are not all from sectors that would typically be seen or perceived as low skilled. Examples of net flows include Retail, Aviation, Electric Manufacturing, Hospitality, IT, Computer Software, Pharmaceuticals, Cosmetics, Apparel & Fashion, Marketing & Advertising etc. Outflows include Packaging, Construction, Automotive, Law Enforcement, Biotechnology, Hospital & Health Care etc.