

# Plan:MK Examination

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**Our ref** 12491/02/MS/MT  
**Date** June 2018  
**On behalf of** Berkeley

## Matter 4: The overall need and requirement for jobs and the strategy and land supply to meet the requirement

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### 1.0 Issue 1 - Employment Development Strategy (Policy DS3)

#### **Q4.1 Does the Plan set out a clear and positively prepared economic vision and strategy for the area (NPPF paragraph 21) consistent with the 2017 MK Economic Development Strategy (MK/EMP/005)?**

- 1.1 It is not disputed that Plan:MK sets out a clear economic vision that encourages sustainable economic growth to 2031. This is consistent with the 2017 MK Economic Development Strategy ('EDS') which sets out the Council's vision for a thriving and dynamic Borough.
- 1.2 However, past trends in employment growth in Milton Keynes have been higher than the forecasts underpinning the approach of the Plan to employment land, and with the potential for further growth associated with the Cambridge-Milton Keynes-Oxford arc. As such, these employment growth forecasts should be regarded as a minimum position, with a possibility that future job growth could be significantly higher.
- 1.3 Moreover, the Plan is not *proactive* in its approach to its vision, especially relating to logistics/warehousing provision. The 2017 MK EDS recognises the important role that the warehousing sector plays within the Borough's economy (para 1.13, p5). In this context, the allocation of only one additional employment site does not effectively respond to evidence that the highest job growth will be experienced within the Land Transport, Storage and Post sector to 2031 (MK/EMP/003 Table 2.1). Consequently, there is a risk that the growth needs of the logistics sector will not be fully or effectively provided for, notwithstanding that it also constitutes one of the SEMLEP's four 'showcase sectors', in which the region exhibits the capability for growth (SEMLEP SEP para 3.2.1.6).
- 1.4 Research undertaken by Savills (cited in the SEMLEP SEP) reports that demand for warehousing already outstrips supply across the South East Midlands, especially along the M1 corridor. As highlighted in the letter from CBRE appended to this Matter Statement, this lack of supply is anticipated to continue over the medium term (CBRE letter p4). Despite this, Plan:MK relies upon a small number of larger sites for the delivery of large-scale development suitable for logistics activities, with only one being of significant scale and located within the M1 corridor (Land at Eagle Farm North). This also demonstrates a lack of consistency with the EDS, which asserts that the Council will support economic growth (MK/EMP/005 para 1.1), including through attracting occupiers into the Borough (MK/EMP/005). If the Borough is to remain competitive as a location for logistics investment, land of an appropriate scale must be made available within the M1 corridor.

1.5 While Plan:MK identifies sufficient land to meet quantitative need, it does not provide the flexibility to accommodate additional need not anticipated by the plan. Neither does it allow the Borough to respond to shifting economic circumstances (NPPF para 21). This also demonstrates a lack of consistency with the EDS, which seeks to ensure a strong resilient economy (MK/EMP/005 para 1.2). The Council’s own evidence recognises that the projected shortfall of 47.5 ha may be higher due to the scale and location of sites limiting their ability to support warehousing (EMP/TOP/001 para 49). Again, this demonstrates that high logistics growth is not reflected within Plan:MK’s approach to employment land.

1.6 Therefore, allocation of MKE is critical to the provision of choice and flexibility (see CBRE letter p6), in line with the Council’s vision to develop a thriving and resilient economy (MK/EMP/005). MKE offers a large-scale, strategically located site that would enable the Borough to draw upon increasing (and presently unmet) demand for warehousing floorspace (CBRE letter p2).

**Q4.2 Is the Plan sufficiently clear in Policy DS3 on the number of jobs being planned for? In particular:**

**i) Should Policy DS3 contain a net jobs target for the plan period? Are the monitoring targets in Appendix F satisfactory in assessing the performance of the Plan?**

1.7 This is considered a matter for the Council to comment.

**ii) Should Policy DS3 contain a target for the provision of employment land?**

1.8 This is considered a matter for the Council to comment.

**iii) Is Policy DS3 clear on those key and strategic sites for local and inward investment which will meet anticipated employment needs over the plan period?**

1.9 See response to other questions regarding the need for further land.

**Q4.3 Is there appropriate consistency between Plan:MK, the Council’s employment land evidence and the SEMLEPs Strategic Economic Plan on the approach to key future job sectors and key employment sites in the Borough?**

1.10 No. There is a clear recognition from both the Council and SEMLEP of the important role logistics plays within Milton Keynes and the wider South East Midlands economies. However – and notwithstanding NPPF para 160 which requires local planning authorities to work with Local Enterprise Partnerships to understand existing business needs and likely changes in the market – Plan:MK fails to effectively respond to this within its employment land strategy, allocating only one additional employment site (Land South of Milton Keynes, South Caldecotte) to support growth of this sector to 2031.

1.11 The SEMLEP Strategic Economic Plan (SEP) identifies logistics as one of four ‘showcase sectors’ (SEMLEP SEP para 3.2.1.6). Analysis by Savills cited by the SEMLEP SEP has identified a low supply of suitable floorspace relative to increasing demand across the Cambridge-Milton Keynes-Oxford Growth Corridor. Demand is projected to outstrip supply across the next three to eight years, especially along the M1 and M11 corridors where growth in demand has been

strongest (SEMLEP SEP 3.3.2.6). This is reflected within the Council’s employment land evidence, which highlights the need for additional employment allocations suitable for logistics-related activities in close proximity to the M1 (MK/EMP/002 para 6.5).

1.12 Plan:MK recognises the clear role of logistics within the Borough’s economy, and resultant need for additional warehousing provision (MK/SUB/001 para 4.31). However, it does not effectively respond to this through sufficient and appropriate employment allocations.

1.13 The identification of only one additional employment site does not provide the scale and flexibility required to meet projected future demand. While the 56.8 ha allocated at Land South of Milton Keynes, South Caldecotte alone exceeds the 47.5 ha shortfall of land for warehousing to be met by Plan:MK (MP/TOP/001 para 7.1), the net developable area of the site for warehousing floorspace is likely to be lower, with a range of factors limiting the scale of B8 uses that could be accommodated:

- 1 **Green infrastructure** – Policy SD16 includes creation of a green open space linking into Caldecotte Lake to the north whilst enabling a future link to the park to the south/east (MK/SUB/001 Policy SD16).
- 2 **Transport infrastructure** – creation of access and onsite transport infrastructure.
- 3 **Other employment uses** – the site is allocated for B2/B8 uses alongside ancillary B1 uses, meaning that a proportion of the floorspace could comprise non-B8 uses (MK/SUB/001 Policy SD16).

1.14 Given projected growth of logistics activities in Milton Keynes, allocation of land for warehousing that is deliverable and attractive to occupiers is vital. A key deliverability issue affecting Land South of Milton Keynes, South Caldecotte is construction of the Oxford to Cambridge Expressway. One of the proposed routes runs directly to the south of the site. While the Council’s evidence asserts that the Expressway is unlikely to be a hindrance given that delivery of the site should be possible early in the plan period (MK/TOP/001 para 7.1), construction of the western (Oxford to Bedford) section of the corridor is anticipated for completion by 2022 to 2024 (SEMLEP SEP paragraph 5.2.2.1). Given that the Expressway’s construction may lead to uncertainty of timescales for the delivery of Land South of Milton Keynes, South Caldecotte, it is vital that additional land is available to support demand for warehousing floorspace. At present, Plan:MK fails to respond effectively to this demand and risks encouraging occupiers to locate elsewhere within the M1 corridor.

1.15 Allocation of land at Milton Keynes East (MKE) would therefore provide a scale of employment land that could successfully respond to increasing demand. This would develop consistency between the Council’s employment land evidence, the SEMLEP SEP and the Council’s approach to employment land provision in Plan:MK. In so doing, this would provide Milton Keynes with an alternative, complementary and well-located site closer to strategic routes that would enable the Borough to exploit future growth of the logistics sector across the South East Midlands, and provide flexibility and market choice.

**2.0 Issue 2 – Demand/Suitability of Employment Land Supply**

**Q4.4 How does the amount of employment land relate to overall jobs growth estimates and are there any factors in MK which may inhibit the economic potential of the area which Plan:MK needs to be alert to (NPPF paragraph 160)?**

2.1 Plan:MK fails to allocate a sufficient quantity and choice of employment land that reflects projected job growth, especially in relation to warehousing provision. As outlined in the ELS (2017), greatest employment growth to 2031 is projected to be within the Land Transport, Storage and Post sector (MK/EMP/003 Table 2.1). As a result, an additional requirement for 104 ha of land for warehousing uses is identified to 2031, with a residual need for 47.5ha once taking vacant land on existing and proposed allocations into account (EMP/TOP/001). However, as outlined above (see para 1.2), past trends in employment growth in Milton Keynes have been higher than the forecasts underpinning the ELS and therefore the Plan’s approach to employment land requirements. There is potential for even further growth if the economic potential of the Cambridge-Milton Keynes-Oxford arc is realised. As such, the employment growth forecasts underpinning the Plan should be considered as a minimum position.

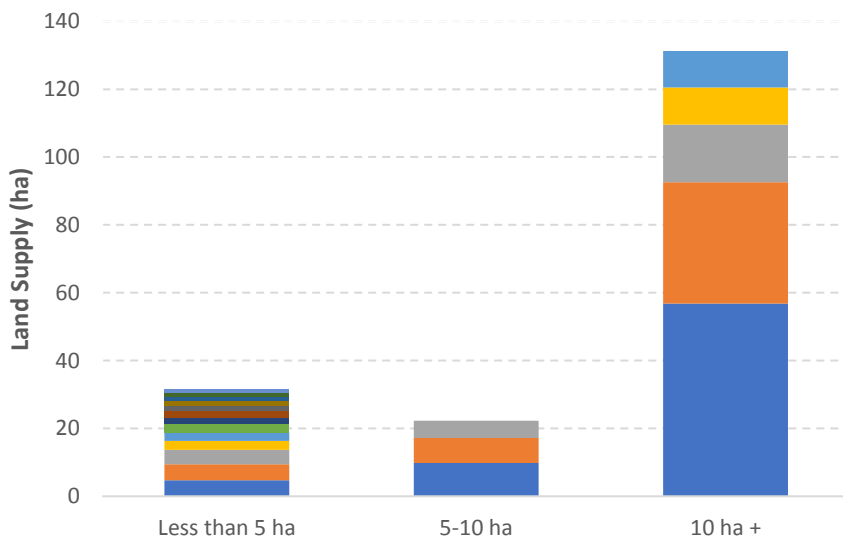
2.2 In light of these projections, the deficiency of Plan:MK’s approach to employment land can be demonstrated via two interlinking strands:

- 1 the pipeline employment land supply for warehousing uses; and
- 2 allocation of only one additional site for warehousing uses.

**Pipeline employment land supply**

2.3 Quantitatively, the employment land allocated by Plan:MK is sufficient to meet additional demand for 104 ha of warehousing floorspace it identifies. However, the Council’s evidence base identifies key qualitative issues related to this supply, namely regarding the limited scale of many sites (MK/TOP/001 para 4.10).

Figure 1 Vacant Employment Land including B8 uses



Source: Milton Keynes Council (MK/SUB/001 Table 6.1)

2.4 As identified in Plan:MK, 185.1 ha of the vacant land which has some allocation for B8 uses (i.e. as part of mixed B1/B2/B8 allocations), there are only five sites which are greater than 10ha in size. In total, these comprise 131.3 ha as follows:

- **Land South of Milton Keynes, South Caldecotte (56.8 ha)** is not considered of sufficient scale to effectively respond to future demand and has potential deliverability constraints for the reasons stated at para 1.12 above.
- **Land at Eagle Farm North (35.8 ha)** is located adjacent to the M1, but is not considered sufficient to provide the flexibility and critical mass to respond to high demand associated with the needs of the corridor.
- **Western Expansion Area (17 ha)** is not considered suitable for large-scale logistics activities given its location away from the M1.
- **Land at Shenley Wood (10.8 ha)** is not considered suitable for large-scale logistics activities given its scale.
- **Land at Pineham (10.9 ha)** is not considered suitable for large-scale logistics activities given its scale.

2.5 This provides a lack of flexibility and reliance upon a small number of larger sites to accommodate logistics growth to 2031. In addition, none of the sites with vacant land are allocated exclusively for B8 uses, meaning the actual level of warehousing floorspace capacity is likely to be lower (MK/SUB/001 Table 6.1).

2.6 Only 9.8 ha of land remains vacant at Magna Park, a location that has previously supported large-scale warehousing development (MK/SUB/001 Table 6.1). Over the past ten years, ten warehouse units have been delivered at this 150 ha site, with the final phase awaiting planning approval. The pipeline supply of vacant land identified in Plan:MK includes no strategically located sites of sufficient scale to continue this level of development. While 35.8 ha is proposed at Land at Eagle Farm North, directly to the east of Magna Park and in close proximity to the M1, this scale of land alone cannot maintain historic levels of development. This is evidenced by the 150 ha Magna Park having been almost completely built out in just ten years.

2.7 With Magna Park reaching capacity and no proposed employment sites of a similar scale, allocation of MKE for delivery within the plan period would provide Milton Keynes with a sufficient supply of land to continue the rate of warehousing delivery achieved over the last 10 years. This is vital given the projected growth of the logistics sector within both the Borough and wider South East Midlands. While development at Eagle Farm North would capture some demand created by this, failing to provide a strategically located large-scale site that can accommodate similar levels of growth to Magna Park would be a missed opportunity for the Borough. This is compounded by the fact that the highest levels of current unmet demand are within the M1 corridor.

### **Land South of Milton Keynes, South Caldecotte**

2.8 Whilst there may be a role for Land South of Milton Keynes, South Caldecotte to play in supporting warehousing demand, it cannot provide the scale and flexibility required to respond to future growth within the logistics sector. Despite exceeding the residual requirement for warehousing provision over the plan period, the net developable area available for employment

floorspace would be lower (See Q4.3 para 1.12). It is not considered to be a genuine alternative to MKE as a location for strategic logistics occupiers (see CBRE letter p5)

- 2.9 The creation of the Oxford to Cambridge Expressway may also impact the timescales of delivery for Land South of Milton Keynes, South Caldecotte in the short term given its likely proximity to the transport corridor. As such, reliance upon this site to support the high level of projected job growth in the logistics sector is insufficient, and does not offer choice to the market.
- 2.10 Allocation of land at MKE would therefore contribute towards a suitable scale of employment land and provide the flexibility needed to respond to increased demand for warehousing provision over the plan period (see CBRE letter p6). Development at MKE would allow the Borough to respond to market demand for warehousing units across a range of typologies and scales, and is especially well placed to provide larger scale warehousing units. In so doing, MKE would enable Milton Keynes to exploit the site's strategic location in responding to unmet demand from occupiers seeking large-scale accommodation for logistics activities along the M1 corridor.

**Q4.5 Does the evidence, including the Employment Land Topic Paper (MK/TOP/001) robustly demonstrate the need to release additional employment land during the Plan period?**

- 2.11 Yes, there is compelling evidence pointing towards a need to release additional employment land during the Plan period, especially land suitable for warehousing provision. The 2018 Employment Land Topic Paper indicates that the pipeline supply of vacant land suitable for warehousing provision is more conservative than that identified by the 2017 Economic Growth and Employment Land Study Supply & Demand - Partial Update (MK/TOP/001 para 4.10).
- 2.12 This conclusion is based upon recognition that many sites identified as having potential for warehousing floorspace are of a scale and location that limits their ability to deliver significant warehousing development (EMP/TOP/001 para 4.10). As such, the pipeline supply is recognised as being *up to* 56.5 ha, producing a shortfall of *at least* 47.5 ha to be met to 2031 (EMP/TOP/001 para 4.9).
- 2.13 The Council's evidence (alongside the CBRE letter) demonstrates that vacant land at Magna Park equates to only 9.8 ha, meaning that one of the Borough's key warehousing locations has limited remaining capacity (EMP/SUB/001 Table 6.1). Ten warehousing units have been delivered at this site over the past ten years across an area of 150 ha. The pipeline supply of vacant land identified in Plan:MK suggests that the Borough does not have any sites of sufficient scale to continue this level of floorspace creation (EMP/SUB/001 Table 6.1). As such, additional land must be provided if Milton Keynes is to meet future demand associated with projected job growth within logistics sectors.
- 2.14 For reasons of choice and flexibility, the allocation of MKE is critical to support this growth, with a scale and location that can provide attractive warehousing provision (see CBRE letter p6). MKE would provide employment land of a scale currently unavailable elsewhere across the Borough, allowing the high development rates experienced at Magna Park to be continued and for Milton Keynes to draw upon increasing demand for warehousing floorspace at the Borough and wider South East Midlands levels.



**Q4.6 Is Plan:MK (Policies DS3, ER1 and ER2) consistent with national policy in avoiding the long term protection of employment sites where there is no reasonable prospect of a site being used for that purpose?**

2.15 This is considered a matter for the Council to comment.

**3.0 Issue 3 – Strategic Employment Sites**

**Q4.7 Is the approach to the allocation of South Caldecotte as the principal strategic employment allocation based on a clear, robust process of site assessment (including the Employment Land Review and Economic Growth Study Phase 2 Delivery Strategy) and informed by sustainability appraisal? Were any reasonable alternative employment sites to South Caldecotte considered when preparing Plan:MK?**

3.1 No. The identification of the site is not robust because it has not adequately addressed how far the site is sufficient to meet the identified needs for logistics and infrastructure space given its underlying location and constraints.

**Q4.8 Is deliverability of the South Caldecotte site likely to be affected by any final route options of either the Expressway and/or EWR?**

3.2 Yes, see answer to Question 4.3.

**Q4.9 What will be the impact on the landscape character of the Greensand Ridge, the special interests of Bow Brickhill church and Danesborough Iron Age Fort, on-site priority habitat (lowland meadow) and the settlement identity and living conditions of residents at Bow Brickhill? Can any potentially adverse impacts be satisfactorily addressed?**

3.3 This is considered a matter for the Council to comment.

**Q4.10 Given the site is primarily intended for warehouse and distribution uses is it reasonably related to the strategic road network and wider accessibility via the M1? Is the site reasonably connected by transport modes other than the car for employees? Are there any local highway factors (for example proximity of level crossings) which would lead to a conclusion that the transport impacts would be severe?**

3.4 A weakness of the potential allocation is its location 15km from the M1 corridor, which makes it less attractive for strategic logistics of the type that has been successfully built out at Magna Park and for which MKE provides the next logical location (see CBRE letter p5). The site does not fulfil the strategic accessibility factors required for efficient warehousing and distribution uses.

**Q4.11 Would the allocation be effective? (would it be delivered?) Is there market demand for the intended uses at this location?**

3.5 The allocation would not be effective in meeting demand for large-scale logistics/warehousing uses for the locational and site-specific reasons identified above.

**Q4.12 The Council has prepared a Consultation Draft Development Framework SPD for the proposed allocation dated February 2018. With regard to NPPF paragraph 153 what is the inter-relationship between the SPD and the content of Policy SD16? Should Policy SD16 and/or its supporting text cross-reference the SPD?**

3.6 This is considered a matter for the Council to comment.

**Q4.13 What role, if any, would strategic employment land supply at MKE (Policy SD14) make during the plan period?**

3.7 MKE has a clear role to play in providing employment land that responds to the requirement for additional warehousing provision across Milton Keynes to 2031.

3.8 The employment land evidence demonstrates that Plan:MK provides, in quantitative terms, a sufficient level of employment land to meet the projected shortfall of 47.5 ha for warehousing floorspace to 2031. However, qualitative assessment of vacant land within the Borough suggests a lower level of available land exists due to the small scale and unsuitable location of many allocated sites for B8 uses (EMP/TOP/001 para 4.10).

3.9 While Land South of Milton Keynes, South Caldecotte does have a contribution to make towards the Borough's employment land supply, the net developable area for industrial uses is likely be lower once open space, transport infrastructure and other employment uses have been incorporated. As such, the site is unsuitable for large-scale provision. It is also less well located relative to the strategic road network (see CBRE letter p5).

3.10 Whilst Land at Eagle Farm North can accommodate some warehousing development over the plan period, at 35.8 ha, its scale is insufficient to provide flexibility and critical mass to respond effectively to warehousing market needs.

3.11 MKE provides an alternative, complementary and well-located site for warehousing that is deliverable within the plan period, with a range of factors driving its important role:

- 1 **Location** - the strategic location of MKE immediately north-east of Junction 14 of the M1 is a key strength of the site (see CBRE letter p5), and would enable the Borough to exploit the strongest levels of warehousing demand experienced along the motorway corridor (SEMLEP SEP para 3.3.2.6).
- 2 **Scale** - the scale of MKE, which includes approximately 100 ha of employment land, means that the net developable area will be significantly greater than that at other allocated employment sites within the Borough.

3.12 The increased flexibility afforded by MKE would enable the Borough to respond to demand for a range of floorspace typologies and scales, including large-scale strategic warehousing. Sufficient provision of land for warehousing uses is vital if Milton Keynes is to effectively respond to high projected growth within logistics activities across the wider South East Midlands. Large-scale sites strategically located along the M1 corridor are especially well placed to attract latent demand into Milton Keynes. As such, Plan:MK should exploit the strategic location of MKE to draw upon increasing demand for warehousing provision across the wider South East Midlands and M1 corridor.



**4.0 Issue 4 – Policies for managing Employment Development (Policies ER1-9)****Q4.14 Are the proposed policies for employment development effective, justified and consistent with national policy?**

4.1 This is considered a matter for the Council to comment.

**Q4.15 Do Policies ER1 and ER2 (as the principal policies) provide clear, justified and effective guidance for assessing proposals for employment land and premises?**

4.2 This is considered a matter for the Council to comment.

**Q4.16 Does Policy ER9 provide appropriate guidance for proposals related to the rural economy?**

4.3 This is considered a matter for the Council to comment.

**Q4.17 Taken together with other policies in the Plan, do the policies for the Economy provide a sound basis for sustaining and promoting economic growth in the Borough?**

4.4 This is considered a matter for the Council to comment.



**Annex 1 – Letter from CBRE on market for logistics space in MK**

20<sup>th</sup> June 2018

Mr Ashley Spearing  
Development Director  
St William Homes LLP  
Berkeley House  
15b St George Wharf  
London SW8 2LE

Dear Mr Spearing,

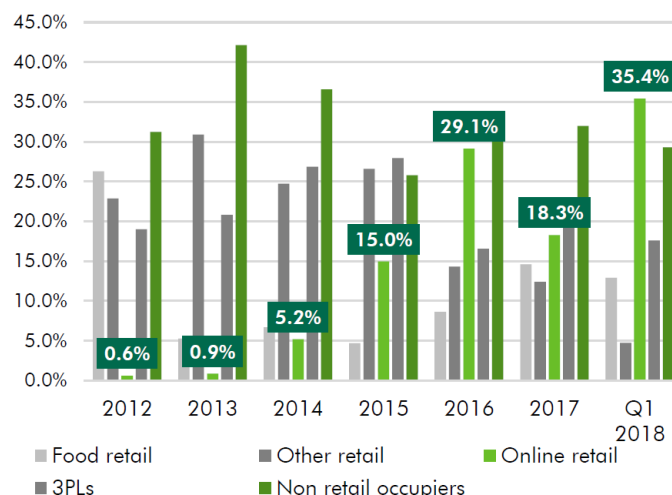
## LOGISTICS EMPLOYMENT SPACE – MILTON KEYNES

I refer to our email correspondence dated 12th June requesting an overview of demand for logistics employment space in and around Milton Keynes. This letter covers the local MK / Southern M1 corridor logistics market and places this in context with the wider UK logistics market.

### Logistics Occupational Drivers

We are experiencing a shift in the UK logistics sector with dramatic growth in key areas, mainly e-commerce, parcel delivery and third-party logistics providers (3PLs). As of May 2018, online retail continues to take a larger share of the retail market and accounted for 18% of overall retail sales. Over the past 12 months, e-commerce accounted for 35.4% of all UK logistics take up. However, we consider this percentage to be even higher (closer to 50%) given the growing number of retailers that are expanding online, those that can offer multi-channel sales platforms and e-commerce retailers outsourcing logistics contracts to 3PLs.

The Rise of Online Retail; Total UK Logistics Take Up: 2012-2018 % by Sector:



The UK's grocery sector is also one of the key sub groups of logistics occupiers, across the country. They are particularly dominant in units of over 500,000 sq ft. The sector is currently witnessing a significant level of competition with established national chains including Tesco and Morrisons losing out at the top end to Waitrose and at the budget end from the rapid growth of Aldi and Lidl. Together these two German chains are the fastest growing grocery businesses in the UK. They also have a store network to rival many, in numbers, of their mid-market competitors such as Asda. Both Aldi and Lidl are currently actively expanding their distribution network albeit their preferred acquisition route is to purchase freehold sites of circa 30 acres and above and self-build.

### **The UK Logistics Market**

After a record year of take-up in 2016, when 29.3 million sq ft of logistics warehouse space was acquired by occupiers across the UK, take-up in 2017 stabilised just below the 10-year average of 20 million sq ft at 17.26 million. However, so far in 2018 to the end of Q1, take up for logistics space was 10.6 million sq ft which is the strongest performing quarter on record. Within the last 12 months, the South East has been the strongest performing region, accounting for 43% (10.032m sq ft) of the UK logistics market. Across the Midlands and South East, there are a number of large pre-let negotiations ongoing which bodes well for a strong Q2 and Q3 this year.

A core focus for occupiers over the last 3 years has been for Grade A distribution space. Retailers and logistics companies are rationalising their logistics offering and in-doing so are specifically targeting larger modern / newly constructed units which allows them to maximise the operational efficiency of the site. Last year, 80% of all take up has been for Grade A warehousing. This occupier 'flight to prime' is a trend we are forecasting to continue and there is likely to be continued demand for this type of space in well connected locations such as Milton Keynes.

Overall logistics supply in the UK stands at 26.23 million sq ft and this availability is split roughly 60/40% between Grade A and second hand space. There is currently 14.96 million sq ft of Grade A supply; based on average Grade A take up over the last five years this equates to 13 months' supply. However, if we base this on the last 12 months take up, this equates to only 9 months which in effect means, that if no speculative development come down the pipeline within the next 9 months we will enter a purely design and build market. Given the current levels of take up, a landowner with a prominent site such as MK East would be well advised to speculatively develop to meet market demand.

### **Milton Keynes Logistics Market**

Milton Keynes is arguably the premier South East distribution location as evidenced by the continued success of Gazeley's Magna Park and Prologis Park Marston Gate. This is owed to its central geographic positioning and proximity to major infrastructure, particularly the M1 corridor.

Occupational demand has consequently remained very strong with a number of retailers and logistics companies choosing to base their regional and national distribution operations in and around the town. Amazon, John Lewis, DHL, River Island and DFS all have large scale distribution centres located in Milton Keynes. Amazon's facility at Prologis Park Marston Gate was the first distribution centre acquired for their UK logistics network.

The vast majority of new warehousing in the area has come in the way of design and build schemes, resulting in a number of existing occupier requirements being unsatisfied. The first major design and build deals of particular note in the region were John Lewis' acquisition of two >600,000 sq ft units and Waitrose' 940,000 sq ft National Distribution Centre at Magna Park. More recently, Gazeley secured a pre-let to H&M for 780,000 sq ft at their latest and final phase of Magna Park. This follows on from XPO leasing the final speculative unit of 275,000 sq ft at Prologis Park Marston Gate last year to service their Adidas e-commerce contract.

Prime rents in Milton Keynes now stand at £7.25 per sq ft whilst rents for larger scale warehousing (>500,000 sq ft) are at £6.50 per sq ft. This is a significant increase from rents first agreed on the John Lewis buildings at Magna Park which were historically at £5.00 per sq ft.

The below table highlights large scale transactions that have taken place along the Southern M1 corridor within the last 12 months. These transactions give evidence that the Southern M1 is one of the UK's leading logistics locations of which Milton Keynes sits at the heart of. Given current market trends, we forecast this level of demand to continue for the foreseeable future.

Address	Date	Grade	Size sq ft	Rent	Term	Tenant
Houghton Regis North One, Junction 11A	Jan 18	Grade A Plot sale in for planning	1,000,000	£1.5m / acre sale	-	LIDL
Building A, G Park Bedford	Dec 17	Grade A Pre-let design and build	233,657	£6.50	10 years	Whistl
Site 520 & 530, Magna Park Milton Keynes	Sept 17	Grade A Pre-let design and build	786,332	£6.50	20 years Break at 15	H&M
DC4 Prologis Park Marston Gate, Milton Keynes	Sept 17	Grade A Speculative build	278,331	£7.25	10 years	XPO Logistics (Adidas)
Wixhams, Bedford	Sept 17	Grade A Plot sale in for planning	1,000,000	£700,000 / acre	-	B&M
Apex Business Park, Bedford	Sept 17	Grade A Speculative	103,969	£6.25	20 years	F&P Wholesale
Wixhams, Bedford	July 17	Grade A Plot sale in for planning	950,000	Undisclosed Subject to planning	-	ALDI
Site 340, Magna Park, Milton Keynes	Jun 17	Grade A Pre-let design and build	101,817	£7.10	10 years	UK Mail

Supply has remained constrained with limited recent speculative development forcing occupiers to look at the design and build route. However, Gazeley has recently completed the speculative development of a 575,000 sq ft unit, Altitude, in March 2018 adjacent to the H&M pre-let plot. This is the largest available speculatively warehouse in the UK and was built in response to large scale occupier demand and pre-let activity in the area.

The table below highlights current supply of existing and speculative buildings along the Southern M1 corridor. Linked to last year's take up for the region, the Grade A availability represents just 6 months' supply. Some of these units are of second hand quality and so we would anticipate all the supply listed below letting up within the next 12-18 months. The lack of supply in the medium term therefore presents a positive case for MK East.

Scheme	Size (Sq Ft)	Status/ Grade	Quoting Rent (Per sq ft)	Specification / Comments
Altitude, Site 510, Magna Park, Milton Keynes	574,258	Grade A (PC Mar 18)	£6.95	21m eaves 56 docks, 4 level access 55m yard depth
Bedford 405, Plot 6, Bedford Commercial Park, Bedford	405,000	Grade A (PC Q4 2018)	£6.25	15m eaves 60 docks, 8 level access 55m yard depth
MK360, 1 Pendeen Crescent, Tattenhoe, Milton Keynes	360,214	Second Hand	£6.75	12m eaves 25 docks, 1 level access 55m yard
Building A, Baytree Dunstable, Thorn Turn, Dunstable	266,947	Grade A (On site)	£7.95	15m eaves 26 docks, 3 level access 50m yard depth
MK203, Valor Park, Milton Keynes	203,592	Second Hand	£6.95	12.5m eaves 19 docks, 2 level access 61.5m yard depth
Latitude 186, Building 330 Magna Park, Milton Keynes	186,443	Grade A	£7.25	12.5m eaves 17 docks, 4 level access 50m yard depth

#### Competing Land Availability:

With regards to competing land, we are aware of a selection of sites that are currently being marketed and being promoted for logistics employment use. The table below highlights consented and unconsented land availability in Milton Keynes and the surrounding area:

Scheme	Size (Sq Ft)	Status/ Grade	Quoting Rent (Per sq ft)	Specification / Comments
CONSENTED				
Magnitude 312, Magna Park, Milton Keynes	22.3 acres	Consented	£7.25	<b>Gazeley</b> Build to suit plot, final phase of Magna Park MK



<b>Bedford Commercial Park, Bedford</b>	45 acres	Consented	-	<b>Goodman</b> Mixed use Spec'ing 405,000 sq ft PC Q4 2018
<b>Bedford Link Logistics Park, Bedford</b>	44 acres	Consented	£8.50	<b>Graftongate / London Metric</b> Currently spec'ing a 3 unit scheme PC Q4 2018
UNCONSENTED				
<b>Plan:MK, South Caldecotte, Milton Keynes</b>	48 acres	Unconsented	-	<b>Roxhill</b> Has draft allocation in the MK local plan
<b>Prologis Park, Marston Gate (Phase 2) Brogborough</b>	100 acres	Unconsented	-	<b>Prologis</b> Prologis has recently optioned up the land
<b>East Hemel, Junction 8 M1, Hemel Hempstead</b>	135 acres	Unconsented	-	<b>The Crown Estate</b> Knight Frank appointed

In all cases where there are competing sites, it is imperative that the land owner secures planning and puts in place the necessary infrastructure in order for the site to accommodate occupier requirements within a 12-month delivery period.

In the case of Magna Park, Gazeley have a fourth and final phase to deliver; Site 410 currently being marketed as a build-to-suit plot, 'Magnitude 312', and this can deliver the last unit of 312,700 sq ft on the park. London Metric are also marketing a consented 44 acre build to suit plot at 'Bedford Link' on the A421, whilst Goodman are offering 45 acres at Bedford Commercial Park. However, Bedford is not traditionally considered a core logistics location. Bedford has only recently come under the spotlight for logistics sites given the lack of available sites coming forward in Milton Keynes.

The remainder of the competition is currently unconsented land. In the case of Hemel East, Milton Keynes is at a significant discount given the proximity of Hemel Hempstead to London. Therefore logistics occupiers in search of units in excess of 200,000 sq ft would favour cheaper locations further north along the M1 corridor.

The only competing site therefore in our view is Marston Gate Phase 2 as the Roxhill Caldecotte site is in a significantly inferior location compared to MK East and Marston Gate. Prologis' option on Marston Gate is 100 acres which net developable will deliver a maximum of 2 million sq ft of logistics warehousing. Given current levels of take up this should only satisfy 6-9 months' worth of demand.

## Conclusion

Underpinned by the structural shift in retailing and the dramatic growth in e-commerce, we forecast high levels of ongoing demand within the logistics sector; both across the UK and in core locations such as Milton Keynes. There is limited supply in the medium term to cater for this demand both in term of Grade A speculative buildings and pipeline logistics employment land coming forward.

MK East is unrivalled in terms of location due to its close proximity to the M1 corridor (Junction 14) and so is ideal to serve this market. On the premise MK East is granted consent, this will provide

much needed additional supply and choice in the market to meet demand and provide flexible opportunities for occupiers.

I trust that this provides you with the information you require. However, if you have any queries please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul M Farrow', with a long horizontal flourish extending to the right.

Paul M Farrow BSc MRICS  
Executive Director