

**ENERGY RECOVERY FACILITY, NORTH QUAY, NEWHAVEN
ASSESSMENT OF POTENTIAL IMPACTS ON INVESTMENT AND PROPERTY VALUES;
STUDY OF THREE ENERGY RECOVERY FACILITIES IN HAMPSHIRE**

1.0 INTRODUCTION

Cluttons

1.1 Cluttons was founded in 1765 and is a limited liability partnership of Chartered Surveyors, offering specialist property advice to clients in the commercial, residential and rural sectors.

1.2 The firm now has a staff of over 600 in 25 offices nationally as well as 5 in the Middle East and additional representation in South Africa and Europe. In the south east of England Cluttons have offices in London, Brighton, Maidstone, Canterbury, Arundel, Haywards Heath, Winchester and Romsey. We provide a comprehensive service to our clients, utilising our extensive in-house expertise:

- Agency – sales, lettings and acquisitions in all property sectors for occupation and investment
- Development – sales and acquisitions of commercial and residential development sites, development agreements and options, consultancy, valuations and feasibility studies
- Professional – property management, valuations, Landlord & Tenant, project and building consultancy, town planning
- Research – forecasting, market analysis and market commentary

1.3 Our clients range from major institutions and local authorities to land and estate owners, as well of occupiers of all types of property. The latter can be private individuals up to multi-national companies. Clients include The Crown Estate, The Church Commissioners, Duchy of Cornwall, Brighton & Hove City Council, West Sussex County Council, East Sussex District Council, Mid Sussex District Council, Wealden District Council and SEEDA.

Scope of Study

1.4 Cluttons has been commissioned by Onyx South Downs Ltd to carry out an impact assessment study on the likely effects on the property market in Newhaven as a result of an Energy Recovery Facility (ERF) being developed at North Quay, Newhaven. This study provides supporting information for the environmental impact assessment (EIA) that will be submitted in support of the planning application for the development on issues identified by the EIA scoping process, specifically the potential impacts of the ERF proposals on inward investment and property values within the Newhaven community.

1.5 The social and economic aspects of the proposals to allocate an ERF plant at North Quay in the East Sussex and Brighton & Hove Waste Local Plan were examined at the Waste Local Plan Inquiry in 2003. A study of the impact of an ERF on the Newhaven economy was undertaken for the East Sussex and Brighton & Hove Councils by DTZ Pieda in 2002 to examine the impact the ERF might have on investment in the town and particularly the regeneration efforts and impacts on property prices. This included an analysis of planning appeals for modern ERF

facilities similar in nature to that proposed for Newhaven and recent research, and consultations with local people and businesses about the proposals. This concluded there was no evidence to suggest that modern ERFs blight investment in and around the plant's site. The Newhaven study suggested that the North Quay proposals had not affected existing businesses adversely or forced them to relocate, and had not deterred business from moving to the area. DTZ also found that there was no evidence that the presence of an ERF had had any negative impact on house prices. This and other evidence submitted to the Inquiry by other parties were considered by the Inquiry Inspector, who concluded in his report (published July 2004), that the North Quay proposals would not have an adverse effect on either social deprivation or regeneration prospects in the town or cause house prices to be lower. An appraisal of the DTZ study and other evidence prepared for the Public Inquiry into the Waste Local Plan, and the Inspectors comments on these issues is presented in Chapter 13 of the Environmental Statement.

- 1.6 Our study examines the likely impact on demand for, and values of residential and commercial properties in the short to longer term and on future inward investment to the Newhaven area resulting from the North Quay ERF proposals. This has included a review of data on property values and demand from the area around Newhaven since the ERF proposals were first introduced. A review of data on the actual impact on the areas around three similar ERFs recently developed by Onyx in Hampshire has also been undertaken to provide evidence of the impacts of these developments both before and after construction. These examples are considered to be representative of the effects likely to be experienced from this type of development as they include recently developed plants which utilise similar technology to that proposed at Newhaven, and are sited in industrial areas set either within larger conurbations or more rural settings which provide a useful comparison to the proposed ERF site at North Quay. There are also only limited examples of similar recent developments elsewhere in the south east of England where data is available for before; during and after an ERF development has been developed.
- 1.7 We have therefore considered empirical evidence of residential and commercial property values in those areas of Newhaven closest to the location of the proposed facility. For the purposes of this report we have looked at the areas within the BN9 9** and BN9 0** Postcodes, which effectively cover the majority of the town. We have tried to tie in this evidence with key dates in the planning process for the proposed facility starting at the date of publication of the First Draft of East Sussex and Brighton & Hove Waste Local Plan (WLP) in November 2000.
- 1.8 In order to assess the likely impact on the property market in Newhaven and future inward investment if planning consent is granted and the proposed facility is subsequently constructed, the evidence from the Hampshire study has been applied to the Newhaven proposals. Empirical evidence from three locations in Hampshire (Chineham, Marchwood and Portsmouth) where similar projects have already been developed; has been reviewed and where possible related to key dates in the planning process for each site from publication of the relevant WLP to the facility being commissioned and becoming operational.
- 1.9 In order to obtain details of current and historic property values, visits were made to Newhaven and the three sites in Hampshire and discussions were held with local agents and developers. We have also used in-house records and databases and obtained additional information from such sources as Focus, Estates Gazette and the

Land Registry. Key dates and basic details of each of the three Hampshire facilities have been provided by Onyx.

2.0 BACKGROUND

- 2.1 Onyx South Downs Ltd (OSD) propose to build as part of its Integrated Waste Management contract with East Sussex County Council and Brighton & Hove City Council, an Energy Recovery Facility (ERF) rated at 210,000 tonnes per annum of municipal waste generated in the East Sussex/Brighton & Hove area. The facility will be housed within a modern architect designed structure and incorporate proven technology capable of meeting stringent standards for waste management facilities and environmental control. The facility will generate some 19MW of electricity of which 16.5MW will be exported to the grid. The facility will also be capable of exporting heat to suitable local end users as part of a commercial arrangement should this prove practical. OSD propose that this facility be sited at North Quay, Newhaven on land identified within the Development Plan as potentially suitable for the purpose.
- 2.2 Newhaven is located on the coast of East Sussex approximately 61 miles to the south of London, 9 miles to the east of Brighton and 12 miles to the west of Eastbourne. The town is situated at the junction of the A259 and the A26. The A27 is some 5 miles to the north giving access to the A23 at Brighton, which gives dual carriageway links to the M23 and Gatwick Airport to the north. To the west, the A27 links with the A22 at Eastbourne. To the north, the A26 gives access to Lewes and Uckfield.
- 2.3 Newhaven town centre is about 0.5 miles to the south of the subject site. Newhaven Town railway station (journey time to London Victoria approximately 83 minutes), Car Ferry Terminal on East Quay and Marina on West Quay are all some 0.7 miles to the south east. A location plan is at Appendix 1.
- 2.4 This location benefits from good communications. The site for the proposed ERF is situated at the north end of North Quay Road, approximately 600 yards from its junction with North Way, North Way then forms a junction with Drove Road (A259), south of the A259 flyover, approximately 150 yards to the west of the junction of the A259 Drove Road and New Road (A26), giving access to the A27 at Beddingham some 5 miles to the north.
- 2.5 North Quay is an industrial area in the North Harbour benefiting from a 460 m wharf frontage to the River Ouse and is occupied predominantly as open storage by such users as minerals/aggregates, road stone coating plant, concrete batching plant, scrap metal dealers, together with a number of transit sheds and warehouses. Occupiers include Colas, Tarmac Topmix, Newhaven Roadstone, RMC, Hanson Aggregates and Thomsetts Transport.
- 2.6 The main industrial area in Newhaven is known as the Avis Way Industrial Estate and is situated close to the subject site in the area bounded by New Road, Avis Road (B2109) and Drove Road. Occupiers in this area include BOC Edwards, Concord Lighting, Nuglas and Travis Perkins.
- 2.7 To the west of the subject site is Denton Island, which is approached by a bridge across the River Ouse from North Way. This houses a variety of commercial users

including showrooms for Fludes Carpets and Vokins, Peter Leonard Marine boatyard and chandlers, a large industrial unit occupied by Denton Indoor Bowls Club and a number of smaller industrial properties. In addition there are modern buildings occupied by Sussex Downs Training and Enterprise Centre and a children's day nursery.

- 2.8 Further industrial sites are situated to the south of Drove Road, adjacent to the East Quay area of Newhaven Harbour, off Railway Road and Beach Road where such companies as Parker Pen, Main Systems and Bevan Funnell are located. In this area there are also pockets of Victorian terraced housing mixed in with the commercial uses.
- 2.9 To the north east of Avis Road and separated from the subject site by the Avis Way Industrial Estate, are the residential areas of South Heighton, Denton and Mount Pleasant. These comprise predominantly a mix of private and public sector 1960s and 1970s estate type housing. The Guinness Trust owns a large housing estate here, off Iveagh Crescent.
- 2.10 The other main residential areas in the town are situated to the west of the River Ouse adjacent to West Quay and to the north and south of Brighton Road (A259). The majority of these areas are separated from the subject site by Denton Island and the pedestrianised shopping areas of Newhaven Square and High Street. The housing in this area predominantly comprises older Victorian and Edwardian terraced and semi-detached properties. A number of new housing developments have taken place around the edges of the existing built up area, generally to the south of Brighton Road.
- 2.11 Newhaven Harbour comprises the East Quay, West Quay and North Harbour areas. East Quay is occupied predominantly by Transmanche, who operate a regular car and freight ferry service to Dieppe. Newhaven Marina is situated on the West Quay and is used predominantly by pleasure craft and a few fishing boats. North Harbour is approached via a swing bridge and is used predominantly for the importation of sea dredged aggregates and scrap metal.

3.0 PLANNING HISTORY FOR NEWHAVEN ERF SCHEME

3.1 Key dates

- November 2000 – First Draft of East Sussex and Brighton & Hove Waste Local Plan
- April 2002 – Second Deposit Draft
- May/October 2003 – Public Inquiry
- June 2004 – Inspector's Report published
- November/December 2004 – Agreed responses to report from ESCC and BHCC
- February/March 2005 – Consultation on responses
- Late 2005/early 2006 – Anticipated adoption of WLP

- 3.2 The above framework, has to date confirmed the North Quay area of Newhaven as an Area of Search for the location of an Energy Recovery Facility. Evidence on the potential effects of such a development on the economy of Newhaven was presented at the Waste Local Plan Inquiry both by the Waste Planning Authority in support of

the allocation and by the District Council in opposition. The Waste Local Plan Inspector considered that on the balance of information before him that the allocation of land for this purpose was appropriate. This additional study aims to provide an assessment based on empirical data of the likely effects of such a development on the town's economy, having regard to recent examples of ERF developments in the south east and Cluttons' own professional knowledge and experience of the local area and property/investment markets.

4.0 HISTORICAL ANALYSIS OF PROPERTY VALUES IN NEWHAVEN

4.1 We have looked at values of residential and commercial property in the area surrounding the proposed facility in the period from November 2000 (when the First Draft of the WLP was published) to the present day. We have concentrated our analysis on the BN9 0** and BN9 9** Postcode areas, which cover the majority of Newhaven, including the area immediately around the facility. Details of historic residential property prices have been obtained from the Land Registry and are based upon average prices achieved from actual sales of different house types. Details of historic commercial rents and prices have been obtained from the Estates Gazette and Focus and are from actual transactions.

Residential

4.2 The tables below set out details of average house prices based on actual sales for different house types in Newhaven. As can be seen, residential property prices have risen significantly since Q4 1998. The WLP was published in November 2000 and prices have continued to rise throughout the planning process despite a long running and vociferous local campaign against the proposal.

4.3 Residential Property Prices – Newhaven (BN9 0** Postcode Area)

Year	Detached	Semi-Detached	Terraced	Flat/Maisonette
Oct/Dec 1998	£96,350	£63,707	£57,096	No sales
Oct/Dec 1999	£124,990	£88,350	£65,200	£47,550
Oct/Dec 2000	No sales	£101,600	£72,749	£62,625
Oct/Dec 2001	£126,500	£129,716	£93,178	No sales
Oct/Dec 2002	£173,756	£151,118	£120,772	No sales
Oct/Dec 2003	£198,900	£182,166	£123,650	No sales
Oct/Dec 2004	No sales	£208,987	£144,919	No sales
Increase	N/A	3.280	2.538	N/A

4.4 Residential Property Prices – Newhaven (BN9 9** Postcode Area)

Year	Detached	Semi-Detached	Terraced	Flat/Maisonette
Oct/Dec 1998	£83,333	£68,891	£56,799	£33,956
Oct/Dec 1999	£115,961	£72,599	£65,642	£44,791
Oct/Dec 2000	£136,250	£85,623	£81,506	£51,018
Oct/Dec 2001	£173,596	£110,730	£114,588	£59,452
Oct/Dec 2002	£169,044	£128,312	£137,418	£87,686
Oct/Dec 2003	£180,323	£158,279	£143,723	£85,500
Oct/Dec 2004	£267,491	£169,743	£157,250	£148,491
Increase	3.210	2.464	2.769	4.373

4.5 By way of comparison, the table below sets out the same type of data collected over the same period for the South East region as a whole. As can be seen, house prices in Newhaven have remained below the average for the region for each type over this period. However, the rate of increase in average house prices in Newhaven over this period is greater for all house types than for the South East region as a whole, despite the long running proposals for an ERF at North Quay Road. This is demonstrated by the "Increase" entry on each table, which shows the ratio of uplift in house values over the period covered by the table.

4.6 Residential Property Prices – South East Region

Year	Detached	Semi-Detached	Terraced	Flat/Maisonette
Oct/Dec 1998	£174,563	£95,386	£76,125	£59,646
Oct/Dec 1999	£197,885	£109,567	£87,850	£71,246
Oct/Dec 2000	£241,632	£128,677	£102,060	£83,873
Oct/Dec 2001	£258,492	£144,162	£116,469	£97,096
Oct/Dec 2002	£309,211	£177,548	£145,116	£120,927
Oct/Dec 2003	£329,774	£194,294	£160,926	£134,616
Oct/Dec 2004	£362,161	£212,783	£177,552	£148,980
Increase	2.075	2.231	2.332	2.498

- 4.7 From information provided by Lewes District Council, we understand that new residential developments have been completed at the following sites in Newhaven since the publication of the WLP.

Application Number	Site Address	No of Dwellings	Decision	Status
LW/98/0676F	67-89 Hill Crest Road	29	Approved 1998	Completed
LW/00/0642F	West Quay	14	Approved 2000	Completed
LW/98/1383L	Court Farm Road	41	Approved 2000	Completed
LW/99/1721F LW/02/0882	Harbour Heights	140	Approved 2000 Approved 2002	Completed
LW/99/1762F	Fort Road/Fort Rise	41	Approved 2003	Completed
LW/02/2119	Haulfryn Park	12	Approved 2003	Completed

- 4.8 As noted above, there have been a number of large residential developments carried out in Newhaven since the WLP was published in November 2000, the majority of these by major national volume house builders. All of the new dwellings in these schemes have subsequently been sold. From Property POD, we note that there were 68 sales of new build dwellings in Newhaven in 2001, 113 in 2002, 53 in 2003 and 39 in 2004 (total 273). These were in such locations as Court Farm Road, Harbour View, West Quay, Badgers Close, Hill Top, Mariner's Wharf and Haven Way.
- 4.9 In October 2005, Oakdene Homes Ltd announced that it had exchanged contracts to purchase a 19.7 acre site, comprising Newhaven Marina, West Quay and Railway Quay, from Sea Containers for £11.25 million. Part of this site, totalling around 1.5 acres, benefits from an existing planning consent for 120 apartments and 6 shops. The first phase of development is due to commence building in January 2006 and is scheduled to be available for occupation in early 2007. Oakdene advise that they intend to submit further planning applications in respect of the remaining land and expect that permission will be granted for up to 640 apartments and 30,000 sq.ft of leisure space. Oakdene anticipate that the gross development value for the site as a whole will be in excess of £150 million and believe that this will represent the largest development ever undertaken in Newhaven.
- 4.10 A plan is attached at Appendix 1, showing the location of the above sites in relation to that of the proposed ERF at North Quay.
- 4.11 It is apparent that to date the proposals have not had any noticeable or lasting adverse effect on residential property values in Newhaven. In addition, the proposals have not deterred the major volume house builders from carrying out new schemes in the area or occupiers from purchasing homes in those schemes. The recent significant land purchase by Oakdene Homes is clear evidence that the ERF proposals have not had an adverse impact on inward investment to the town.

Commercial

- 4.12 As stated above, the Avis Way Industrial Estate is the main industrial area in Newhaven, with further industry being located alongside East Quay in Railway Road and Beach Road.
- 4.13 Attached at Appendix 2 are Schedules giving brief details of lettings and freehold sales of industrial properties in Newhaven from 2000 to 2005, together with a further Schedule giving details of commercial investment sales in the town over the same period.
- 4.14 From these, it can be seen that average industrial rents in the town were in the region of £4.00 to £4.50 per sq.ft in 2000 and that they have subsequently risen steadily, with current average quoting rents being around £5.00 to £6.50 per sq.ft. It must be remembered that such factors as size, age, parking/loading facilities and specification will affect the level of rent achievable for any particular property. The majority of demand in this area has historically been for units under 5,000 sq.ft. As a consequence rents of £7.00 to £8.00 per sq.ft have recently been achieved for brand new units on the North Industrial Estate, Avis Way of around 1,000 to 1,500 sq.ft, whereas lower than average rents of £3.00 to £4.50 per sq.ft are currently being quoted for large older buildings (e.g. 20,786 sq.ft in Beach Road). An older building of 33,131 sq.ft in North Quay Road, formerly occupied by Vapogro Ltd was let in August 2005 to Scott & Sons Haulage Ltd at a rent of just over £3.00 per sq.ft.
- 4.15 There is much less evidence of freehold sales of industrial property in the area, as the majority of the main industrial areas are owned by pension funds and property companies who tend to prefer to rent out units to generate income for investment purposes. However, a number of new units on the North Industrial Estate, New Road were developed between 2001 and 2004, some of which have been sold freehold and others let off (see above). Prices achieved for small units of around 1,200 sq.ft ranged from £71.13 to £83.33 per sq.ft in 2001/2002 and rose to £112.10 per sq.ft in 2004. As stated above, there is less demand for older larger buildings and this is reflected in the lower rates per sq.ft achieved for this type of property. A recent sale in June 2005 was of a 5,567 sq.ft unit in Pine Close, Avis Way, which was acquired by Falcone's Bakery for £325,000. This unit is less than 0.25 miles from the subject site and it is interesting to note that the Waste Local Plan allocation for North Quay as a preferred area of search for an EFW facility has not deterred a local company in the food sector from making a sizeable long term investment in the area.
- 4.16 As stated above, the main industrial areas in the town are within 0.5 miles of the subject property, but to date, the emerging proposals to build an ERF at North Quay, do not appear to have had any detrimental effect on the local industrial market. Since the proposal was first put forward in the First Draft of the Waste Local Plan in November 2000, rents and prices achieved for industrial properties have subsequently risen significantly, despite strong vocal and high profile local opposition to the proposal throughout the local plan process.
- 4.17 Due in part to its relatively small size and proximity to such major centres as Brighton and Eastbourne, Newhaven has not historically been an investment target for many investors.

- 4.18 However, since 2000 there has been significant investment in the commercial sector in the town. In April 2001, Transmanche acquired East Quay from Sea Containers for around £15 million and became the new harbour authority. Transmanche have subsequently run a regular car and freight ferry service to Dieppe from Newhaven and have recently ordered two new ferries at a cost of £55m to replace the existing vessels on this route. These are due to come into service in 2006 and will cut the crossing time by around 1 hour.
- 4.19 In June 2004, the 21.7 acre site for the new Eastside Business Park was sold for a figure reported to be in the region of £2 million. This site has outline planning consent for office and industrial development and could accommodate up to 400,000 sq.ft of new buildings. As part of the existing outline planning consent, the developer must construct a new access road to serve the scheme and the port and also raise the level of the development land to avoid potential flooding problems. We understand that the site owners are currently carrying out background work prior to submission of a reserved matters planning application for the first phase of this development. An adjacent site with outline planning consent for around 95,000 sq.ft of industrial/warehouse units has recently been acquired by BL Trading Ltd, who are currently in discussions with Lewes District Council in respect of alternative layouts for the development.
- 4.20 In the town centre, a retail investment comprising a 9,170 sq.ft store let to FW Woolworth at £38,740 per annum was sold in December 2000 for £433,000. This investment was sold again in May 2003 for £615,000 and again in May 2005 for £630,000, despite the rental income remaining unchanged over this period.
- 4.21 A plan is attached at Appendix 1, showing the location of the above properties and sites in relation to that of the proposed ERF at North Quay.
- 4.22 Historically, Newhaven has been overshadowed by its more prosperous neighbours of Brighton, Lewes and Eastbourne. The economy of the town is heavily reliant on the manufacturing sector and port activity and whilst unemployment is lower than the national average, jobs in the town are relatively poorly paid and the workforce is relatively poorly qualified. As a consequence Selective Finance for Investment grants are available in all three wards in the town. In Regional Planning Guidance for the South East (RPG9) published in March 2001, Newhaven was recognised as a priority area for regeneration.
- 4.23 In the late 1990s/early 2000s the Newhaven Economic Partnership was responsible for overseeing regeneration in the town. This SRB programme aimed to improve the existing business areas of the town, improve education and training, improve tourist facilities and to bring forward new development. These included Phase 1 of the Port Access Road to open up land for the Eastside Business Park and the redevelopment/expansion of the port. In the longer term there are plans to redevelop the East Quay area, upgrade port facilities and construct a major new industrial estate. In addition, NEP was involved in the development of the new Training and Business Centre, which was built on Denton Island in 1999 at a cost of £1.8m, funded by SEEDA. Adjacent to this is a new nursery school developed by Newhaven Community Development Association.
- 4.24 In 2002, the Newhaven Strategic Network was set up to ensure the continuing regeneration of the town. As part of this initiative, SEEDA are to fund the

development of the Newhaven Enterprise Gateway on Denton Island. This will comprise a managed business centre of around 22,600 sq.ft providing 44 office and studio/workshop units aimed at small and start up businesses.

- 4.25 As is the case with the industrial market, it would appear that the proposal to develop an ERF at North Quay to date has not had any detrimental effect on the ability of the town to attract investors or developers. Nor do the proposals appear to have had any adverse impact on regeneration initiatives in the town.

5.0 COMPARISON WITH EXISTING ERF SITES

ERF, Whitmarsh Lane, Chineham, Basingstoke, Hants, RG24 8LL

Location

- 5.1 The facility is situated just off the A33 on the edge of the residential suburb of Chineham, approximately 3 miles to the north east of Basingstoke town centre. The A33 is the main route linking Basingstoke with Reading and gives access to the M4 (approximately 10 miles to the north) and the M3 (approximately 3 miles to the south). Access from the A33 to the facility is via Whitmarsh Lane. This is a rural location with the facility being partially screened by mature trees on several sides and surrounded by fields, although the ERF site lies adjacent to a large wastewater treatment works. One of the main vehicular access points into Chineham off the A33 is about 0.5 miles to the south of its junction with Whitmarsh Lane. A similar distance to the north is Sherfield Park, a new residential neighbourhood currently under construction. A location plan is at Appendix 3.

Description

- 5.2 The ERF has a throughput capacity of 90,000 tpa. The facility, which forms part of an Integrated Waste Management Strategy (IWMS) became operational in September 2003. It exports in excess of 7 MW of electricity to the local grid.

5.3 Key Dates

- September 1992 – First Draft of Hampshire, Portsmouth and Southampton Minerals and Waste Local Plan
- December 1996 – Inspector's Report published
- December 1998 – Waste Local Plan adopted
- January 2000 – Planning consent granted
- January 2003 – Facility commissioned

Historical Analysis of Property Values in Chineham

- 5.4 We have looked at values of residential and commercial property in the area surrounding the facility in the period from December 1998 (when the WLP was adopted) to the present day. We concentrated our analysis on the RG24 8** Postcode area, which is the area immediately around the facility. Details of historic residential property prices have been obtained from the Land Registry and are based upon average prices achieved from actual sales of different house types. Details of

historic commercial rents and prices have been obtained from the Estates Gazette and Focus and are from actual transactions.

Residential

5.5 The table below sets out details of average house prices based on actual sales for different house types in the area of Chineham surrounding the facility. As can be seen, residential property prices have risen significantly since Q4 1998 when the WLP was adopted and during the planning application and construction phase of the development. Values have continued to rise since the facility was commissioned in January 2003. A comparison is included in the table of the ratio of increase for Chineham, compared with the South East region as a whole

5.6 Residential Property Prices – Chineham (RG24 8** Postcode Area)

Year	Detached	Semi-Detached	Terraced	Flat/Maisonette
Oct/Dec 1998	£151,634	£90,983	£77,718	£55,194
Oct/Dec 1999	£184,187	£104,655	£89,651	£55,022
Oct/Dec 2000	£184,056	£110,754	£104,104	£67,442
Oct/Dec 2001	£241,256	£162,318	£111,863	£76,988
Oct/Dec 2002	£277,226	£164,903	£145,608	£91,327
Oct/Dec 2003	£256,355	£192,081	£144,541	£129,130
Oct/Dec 2004	£265,255	£196,025	£176,591	£142,543
Increase	1.749	2.155	2.272	2.583
Increase S.E	2.057	2.231	2.332	2.498

5.7 Whilst the rate of increase is lower than for the south east as a whole, apart from in respect of flats and maisonettes, the difference is relatively marginal, and possibly due to other local factors.

5.8 As stated above, a new residential neighbourhood development by Croudace Homes is under phased construction at Sherfield Park, approximately 0.5 miles to the north of the junction of the A33 and Whitworth Lane. The chimney of the facility is clearly visible from this development. This scheme will ultimately provide around 800 homes, a school, a medical centre and local shops. There will be a mix of different house types and quoting prices for the current phase range from £229,000 to £465,000.

5.9 Elsewhere within the RG24 8** Postcode area a number of other major national volume house builders have new schemes under construction. (e.g. Lodden Ridge – 108 dwellings by Gleeson Homes; Callava Gardens – 15 dwellings by Antler Homes; Sherbourne Grove – 22 dwellings by Westbury Homes; Bryant at Chineham – 40

dwellings by Bryant Homes). These new developments are all within 0.5 to 1.0 mile of the ERF.

- 5.10 A plan is attached at Appendix 3, showing the location of the above sites in relation to that of the ERF at Whitworth Lane.
- 5.11 It is clear from the above that the development of the facility has not had any noticeable or lasting detrimental effect on residential property prices in the area during the planning process, during construction or since commissioning. Neither does it appear to have deterred subsequent investment in the area by the major national house builders. Since the facility became operational a number of major residential schemes have gone ahead.

Commercial

- 5.12 Within the RG24 8** Postcode area are a number of industrial estates and business parks, situated around Crockford Lane immediately to the west of the residential areas of Chineham, approximately 1.0 mile from the junction of Whitworth Lane and the A33. The largest of these is Chineham Business Park which was acquired by MEPC in 1997 and provides over 750,000 sq.ft of high quality business space, with land available for future expansion. There are currently over 40 companies based here including Amex, BT, Ericsson and Tyco. Many of the occupiers here are multinational companies in the telecommunications, high tech and pharmaceutical sectors. MEPC acquired this property after the Inspector's Report on the WLP was published and has subsequently continued to invest in the park with further improvements to landscaping, infrastructure and facilities. In February 2005, Audi UK acquired a 1.73 acre site at the entrance of the park for £1.65 million to develop a new dealership showroom. In April 2005, Motorola acquired 115,000 sq.ft of offices on the park, with an option to take a further 60,400 sq.ft on an adjacent site.
- 5.13 Attached at Appendix 4 is a Schedule of Commercial Investment Sales in the RG24 8** Postcode area. A number of significant transactions took place in 2000 after planning consent was granted for the facility and further sales have taken place in the intervening period. Also attached at Appendix 4 is a Schedules of Commercial Sales, which paints a similar picture, with a number of sales of large buildings and development sites over this period.
- 5.14 From the above, it is clear that the proposals for the facility and its subsequent construction and commissioning have not deterred investors or occupiers from the area.
- 5.15 Like many other centres in the Thames Valley, Basingstoke suffered from an over development of offices in the late 1990s, which coincided with a downturn in the computer and telecommunications sectors. It was estimated that around 1,000,000 sq.ft of offices were available in 2001/2002. As a consequence, rental levels dropped in the area as a whole, but there is no evidence that the facility had any further adverse effects. In fact, rents at Chineham Business Park (close to the facility) have remained consistently higher than those in other areas of the town, including the town centre. However, local agents report that so far there has been a take-up of around 210,000 sq.ft of offices in the town during 2005, which is already double that for the whole of 2004. Attached at Appendix 4 is a Schedule of Commercial Lettings in the area around the facility. In the industrial sector, rents for

new high specification units have remained steady over the last 5 years in the range of £6.00 to £8.50 per sq.ft. Brixton plc own the Kingsland Business Park, Wade Road and have built a number of large new high specification industrial and high tech units since 2003 (when the facility was commissioned), which have been let to such companies as Voller Energy Group plc, United Drug (UK) Holdings Ltd, STO Ltd, Emtec Ltd, Markwins International. This industrial estate is just over 1.0 mile from the junction of Whitworth Lane and the A33.

- 5.16 A plan is attached at Appendix 3, showing the location of the above properties and sites in relation to that of the ERF at Whitworth Lane.

ERF, Normandy Way, Marchwood Industrial Park, Marchwood, Hants, SO40 4ZB

Location

- 5.17 The small village of Marchwood is regarded as a suburb of Southampton and is situated on the edge of the New Forest, in a predominantly rural area. The facility is situated in a predominantly industrial area immediately to the north of the village centre, on the southern bank of Southampton Water / River Test, overlooking the luxury cruise liner terminal in Southampton's Western Docks. The facility is situated approximately 1.5 miles to the north of the Marchwood Bypass (A326), some 3.5 miles to the west of its junction with the A35 which gives access to Southampton city centre and the M27. A location plan is at Appendix 5.
- 5.18 Marchwood Industrial Park generally comprises older industrial buildings and large secure open storage sites. The facility is close to a large Le Farge aggregate batching plant and a Euromix concrete batching plant, together with a container storage depot for Trans America Leasing and storage sites for portacabins and new cars and commercial vehicles. There is also a large military base close to the facility on Cracknore Hard Lane.

Description

- 5.19 The ERF has a throughput capacity of 165,000 tpa. The facility, which is also part of an IWMS is currently being commissioned and is due to become operational in October/November 2005. It will export in excess of 14 MW of electricity to the local grid.

5.20 Key Dates

- September 1992 – First Draft of Hampshire, Portsmouth and Southampton Minerals and Waste Local Plan
- December 1996 – Inspector's Report published
- December 1998 – Waste Local Plan adopted
- July 2001 – Planning consent granted
- July 2005 – Facility in process of being commissioned

Historical Analysis of Property Values in Marchwood

- 5.21 We have looked at values of residential and commercial property in the area surrounding the facility in the period from December 1998 (when the WLP was

adopted) to the present day. We concentrated our analysis on the SO40 4** Postcode area, which is the area immediately around the facility. Details of historic residential property prices have been obtained from the Land Registry and are based upon average prices achieved from actual sales of different house types. Details of historic commercial rents and prices have been obtained from the Estates Gazette and Focus and are from actual transactions.

Residential

5.22 The table below sets out details of average house prices based on actual sales for different house types in the area of Marchwood surrounding the facility. As can be seen, residential property prices in the area have risen significantly since Q4 1998 when the WLP was adopted and during the planning application and construction phase of the development.

5.23 Residential Property Prices – Marchwood (SO40 4** Postcode Area)

Year	Detached	Semi-Detached	Terraced	Flat/Maisonette
Oct/Dec 1998	£142,395	£55,006	£61,373	No sales
Oct/Dec 1999	£132,885	£99,590	£71,076	£60,814
Oct/Dec 2000	£163,766	£100,983	£89,559	£56,737
Oct/Dec 2001	£162,077	£95,412	£119,025	£123,395
Oct/Dec 2002	£204,873	£154,293	£151,650	£101,408
Oct/Dec 2003	£231,160	£169,100	£169,590	£103,333
Oct/Dec 2004	£237,550	£168,981	£177,243	£156,990
Increase	1.668	3.072	2.888	2.581
Increase S.E.	2.075	2.231	2.332	2.498

5.24 The table demonstrates that house price rises over the period, with the exception of detached houses, have been greater than for the South East region as a whole.

5.25 Marchwood has a small residential centre and as a consequence has a limited stock of property. However Bellwinch Homes has recently completed a new development of 26 three and four bedroom houses at Mayflower Park, Hythe Road, Marchwood, approximately 1.0 mile from the ERF. To date, 21 houses have been sold and prices range from around £220,000 to £315,000. The on-site sales office report that whilst current market conditions have hindered sales, no applicants have expressed concern about the proximity of the facility and they do not believe that this has been an important factor. Planning consent was granted for this scheme after that for the facility and construction for both was carried out at the same time.

5.26 A plan is attached at Appendix 5, showing the location of the above site in relation to that of the ERF at Normandy Way.

Commercial

- 5.27 The industrial area of Marchwood is small in size and has grown up around its wharf frontage. Many of the occupiers on the Marchwood Industrial Park have located here specifically to take advantage of this facility. The whole of this estate is within 0.5 miles of the ERF. Much of the existing industrial stock for Southampton is situated to the north of the River Test and close to the M27.
- 5.28 Attached at Appendix 6 is a Schedule of Commercial Lettings in the Marchwood area (SO40 4** Postcode area). As would be expected due to the make-up of the Marchwood Industrial Park, most of the evidence relates to the lettings of open storage sites. Rents for such sites have remained constant at around £0.90 per sq.ft / £40,000 per acre since 2002 (after planning consent was granted for the ERF). Companies who have taken space during this period include Renault Trucks, Dawson Rentals, Gemini Travel and Autoplanet.
- 5.29 Rents for new/modern buildings on the estate are around £6.00 to £6.50 per sq.ft as evidenced by a letting of 8,089 sq.ft Unit 1B to Stanelco plc at £6.18 per sq.ft in June 2004. Unit B4.3 of 5,572 sq.ft is currently under offer at £6.52 per sq.ft. The latter unit forms part of a development completed in 2003, whilst the ERF was under construction. These rents compare favourably with those being achieved away from the ERF on the Hounslow Business Park at Totton. This is a new development situated close to the junction of the A326 and the A35 and current quoting rents are based upon £6.00 per sq.ft.
- 5.30 A new development is planned at Marchwood Industrial Park on a site of 1.6 acres to provide around 17,500 sq.ft of new industrial units, each with a large yard.
- 5.31 A plan is attached at Appendix 5, showing the location of the above properties and sites in relation to that of the ERF at Normandy Way.
- 5.32 As is the case for residential property in this area, the industrial stock in Marchwood is limited, in what is predominantly a rural area. However, it is clear that the development of the ERF has not had an adverse effect on industrial rental levels in this area, nor has it deterred companies from locating here. The owners of the estate have carried out new developments since planning consent was granted for the ERF and are planning further investment now that the ERF is operational.

ERF and MRF, Quartermaine Road, Hilsea, Portsmouth, Hants, PO3 5QH

Location

- 5.33 The ERF is situated in the Hilsea area of Portsmouth on the western side of Quartermaine Road and is adjacent to a materials recycling facility (MRF) and a waste transfer station (WTS). Portsmouth city centre and docks are approximately 2.5 miles to the south west. This location benefits from excellent communications. The A27/M27 is about 1.5 miles to the north via the dual carriageway Eastern Avenue (A2030) giving access to the A3(M) to the east and Southampton and the M3 to the west. A location plan is at Appendix 7.

- 5.34 There are a number of industrial estates within the PO3 5** Postcode area, situated in the area bounded by Port Creek to the north, the mainline railway line to the west, Burfields Road to the south and Eastern Avenue to the east. The ERF is situated in the centre of this area, directly opposite the Portsmouth Enterprise Centre, a modern industrial estate of starter units. Travis Perkins has a large modern depot close to the ERF, as do Hendy Vans & Trucks. At the junction of Dundas Lane and Burfields Road, is the Ocean Park Shopping Centre, a large modern out of town retail warehouse type development, whilst adjacent to this and on the approach road to the ERF is a large, modern senior school.
- 5.35 The main residential area of Hilsea is situated off Copnor Road (A288) (approximately 400 m distance from the ERF) and is separated from the industrial area by the mainline railway line into Portsmouth. The housing stock is predominantly made up of traditional Victorian and Edwardian terraced and semi detached houses. Modern housing developments are located to the west of the ERF.

Description

- 5.36 The ERF has a throughput capacity of 165,000 tpa, and is located on a shared site with a materials recovery facility (MRF). The facility, which also forms part of an IWMS has been commissioned and is now accepting waste, but has not yet been officially opened. It will export in excess of 14 MW of electricity to the local grid.
- 5.37 Key Dates
- September 1992 – First Draft of Hampshire, Portsmouth and Southampton Minerals and Waste Local Plan
 - December 1996 – Inspector’s Report published
 - December 1998 – Waste Local Plan adopted
 - October 2001 – Planning consent granted
 - July 2005 – Facility commissioned

Historical Analysis of Property Values in Portsmouth

- 5.38 We have looked at values of residential and commercial property in the area surrounding the facility in the period from December 1998 (when the WLP was adopted) to the present day. We concentrated our analysis on the PO3 5** Postcode area, which is the area immediately around the facility. Details of historic residential property prices have been obtained from the Land Registry and are based upon average prices achieved from actual sales of different house types. Details of historic commercial rents and prices have been obtained from the Estates Gazette and Focus and are from actual transactions.

Residential

- 5.39 The table below sets out details of average house prices based on actual sales for different house types in the Hilsea area of Portsmouth surrounding the facility. These residential areas are generally between 0.5 and 1.0 miles of the ERF and MRF. As can be seen, residential property prices have risen significantly since Q4 1998 when the WLP was adopted and during the planning application and construction phase of the development.

5.40 Residential Property Prices – Portsmouth (PO3 5** Postcode Area)

Year	Detached	Semi-Detached	Terraced	Flat/Maisonette
Oct/Dec 1998	£86,500	£67,649	£58,543	£49,973
Oct/Dec 1999	No Sales	£83,815	£66,463	£40,373
Oct/Dec 2000	£139,189	£78,180	£75,999	£47,200
Oct/Dec 2001	£116,623	£107,785	£92,183	£64,165
Oct/Dec 2002	£220,590	£127,803	£123,771	£80,300
Oct/Dec 2003	£243,330	£169,498	£132,868	£89,999
Oct/Dec 2004	No Sales	£155,811	£137,890	£107,583
Increase	2.813	2.303	2.355	2.152
Increase S.E.	2.075	2.231	2.332	2.498

- 5.41 The rate of increase in relation to the South East as a whole, is generally greater apart from in respect of flats and maisonettes.
- 5.42 A number of new housing developments have taken place in this area since the WLP was adopted in 1998, in Stubbington Road, Monkton Road and Larkhill Road. In October 2000, the Drum Housing Association bought the former Tivoli Autos site of 0.6 acres on Copnor Road for over £600,000 for residential development. A new leisure development fronting onto Copnor Road has recently been completed for Roco at Mayfield Road, which comprises a sports ground, health & fitness centre and bar.
- 5.43 Some 0.3 miles to the south of the ERF, at the junction of Quartermaine Road and Dundas Lane is the Admiral Lord Nelson School, which was built in 1995 and now caters for over 1,000 students. It was built on a greenfield site, backing on to the Langstone Harbour Site of Special Scientific Interest (SSSI), which is recognised as a wetland bird habitat of European and international importance. The school has continued to expand and a new community leisure complex known as The Exercise Deck has recently opened. This is also open to the general public and is sports lottery funded and comprises a full size astro turf pitch, sports hall, multi-use games area, dance studios and a bar area. Currently under construction is a new Business & Enterprise Centre at the school, partly funded by a community lottery bid.
- 5.44 A plan is attached at Appendix 7, showing the location of the above properties and sites in relation to that of the ERF at Quartermaine Road

Commercial

- 5.45 As stated above, the ERF is situated in the heart of an extensive area of large industrial estates and business parks. The majority of these estates are within 0.5 miles of the ERF. We attach at Appendix 8 a Schedule of Commercial Lettings in the PO3 5** Postcode areas. As can be seen, industrial rental levels have remained steady in the area since planning consent was granted for the ERF in October 2001 with rents of with rents generally in the range of £6.00 to £8.00 being achieved for modern or new units. Such rental levels are comparable with those being achieved in other areas of Portsmouth, away from the ERF.
- 5.46 At Quadra Point in Sharps Close, Kitson Insulation Products and Fraser Freight have taken units of 25,010 sq.ft and 30,030 sq.ft respectively. Focus Logistics have taken 55,842 sq.ft at Interchange Park, Robinson Way, which is a major development of around 200,000 sq.ft built in the late 1980s. Northern Tools have their UK headquarters on the site. Raymarine Group are also situated nearby in the Anchorage Park area and have recently taken a further 26,000 sq.ft of offices in addition to their existing production facility. Also nearby on Airport Service Road, McMurdo Marine took 40,500 sq.ft of office and high tech manufacturing space.
- 5.47 Almost directly opposite the ERF in Quartermaine Road is Amevia Point, a recently completed development of high specification office and industrial units, the majority of which is now let. Travis Perkins bought a 99 year ground lease of their site in Quartermaine Road from Royal Mail for around £1.37 million in May 2003.
- 5.48 To the rear of the ERF in Portfield Road, Slough Estates acquired 32.3 acres of land in April 2005 for commercial development. Slough Estates already have substantial holdings in the area owning the Airport Industrial Estate in Mitchell Way (also close to the ERF). This follows an earlier development of around 65,000 sq.ft by Parlison Highcross Developments, who acquired a 4.94 acre site in June 2000 in Portfield Road from British Gas. The latter was known as the Nelson Centre and the completed development was subsequently sold to LaSalle Investment Management in August 2002 when fully let for £5.325 million showing a net initial yield of 7.5%. The Nelson Centre was sold again in September 2005 to Friends Provident Assurance Ltd for £6.32 million, which showed a net initial yield of 6.17%.
- 5.49 A plan is attached at Appendix 7, showing the location of the above properties and sites in relation to that of the ERF at Quartermaine Road
- 5.50 In Burfield Road, Greene King acquired a 74 bed hotel for £8 million from SFI Group in October 2003, together with the Innlodge, Yatton.
- 5.51 The potential impact of the proposed ERF on the economic prospects of the Portsmouth area was examined at the Planning Inquiry into the proposals. It was claimed by various Third Parties that the ERF would cause considerable harm to the City's prospects for improvement. However, the Inspector took the view that the previous incinerator at the site did not prevent new commercial or industrial development in the area, and consequently he did not believe the new proposal would have any material effect on the location of businesses in Portsmouth either. From the above review, it is clear that the proposals for the facility and its subsequent

construction and commissioning have not deterred investors or occupiers from the area.

6.0 CONCLUSION

- 6.1 In the preparation of this study we have looked at empirical evidence from actual residential and commercial property transactions in Newhaven over the period from the date of publication of the First Draft of the East Sussex and Brighton & Hove Waste Local Plan in November 2000 until the present day. This covers virtually the whole of the consultation period of the WLP, which is expected to be adopted later this year. From the available evidence, we are of the opinion that the proposals for the ERF in North Quay to date have not had any adverse affect on either the residential or commercial property markets in the town. Prices and rents have risen over that period in line with other areas. It is also apparent that these proposals have not deterred investors from looking at projects in this area.
- 6.2 In order to consider the possible impact that may occur if planning consent is granted for the North Quay ERF and the facility becomes operational, we have looked at empirical evidence from actual residential and commercial property transactions in three locations in Hampshire (Chineham, Marchwood and Portsmouth), where similar ERF developments have recently been completed. From the available evidence from these locations, we are of the opinion that there has been no noticeable or lasting adverse affect on the property markets in those locations due to the presence of the ERFs. In all three locations values have continued to rise in line with other areas in their local markets. In addition, in all three cases there has been substantial investment / development in both the residential and commercial sectors in the areas around the ERFs in the periods following grant of planning consent and construction. This has continued once the ERFs have become operational. From these experiences, we believe that the same will be the case in Newhaven if the ERF development goes ahead in North Quay.
- 6.3 The results of this analysis of transaction based evidence from Newhaven and the Hampshire plants supports the results of the study undertaken by DTZ in 2002 on behalf of East Sussex County Council for the Waste Local Plan Inquiry and the Inspector's Report on the plan, which concluded that there is no substantive evidence that EfW plants have an adverse impact on the ability of an area to attract inward investment, the image and perception of an area as a business location or property values.
- 6.4 It must be remembered that other factors such as the general economy, the local economy, the size and location of the town will also have an affect on the property market in Newhaven. Historically, the town has been overshadowed by more prosperous neighbouring towns such as Brighton, Lewes and Eastbourne and lagged behind these, long before any proposals were aired for an ERF development in Newhaven. Selective Finance for Investment grants are available in all three wards in the town and SEEDA have funded a number of regeneration projects in Newhaven. It is not a valid argument to claim that the ERF proposals are the source of all of the town's problems as these are longstanding and well documented.

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Christopher Broome BSc MRICS
Senior Surveyor

For and on behalf of
CLUTTONS

Reviewed by

.....
William Shipley BSc FRICS
Partner