Land South of A507 and West of A10 in Buntingford – Employment Market Messaging Paper

Prepared on behalf of:

Hallam Land Management

FINAL PAPER

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Build Costs - We continue to see significant variation in tendered build costs and inflationary pressures across all sectors affecting the construction industry. As a result, the build cost assumptions that have been applied in this appraisal/assessment are susceptible to short term changes which could have a material bearing on viability and/or residual land values. Further, the build costs in the appraisal assume that appropriate cost allowances have been made to reflect all statutory and construction regulations including, but not limited to Planning, Building regulations and The Building Safety Act 2022.

Development Finance - Development finance costs have increased due to recent increases in interest rates, SONIA, swap rates and a tightening in lending by the banking sector. The high cost of development finance is impacting on viability and residual land values which could be exacerbated by any further increases in the cost of debt.

Development Programme - The development programme in the viability appraisal is indicative only and assumes that all regulatory approvals, including amongst others, Planning and Building Control and specifically the additional approvals required under the Building Safety Act 2022, will all be achieved within the assumed programme period. Any changes to the development programme could have a material impact on scheme viability and/or residual land values.

Sensitivity Analysis - As a matter of prudence, we recommend that where not already provided, sensitivity analyses should be carried out to test the effects of variations to key inputs including but not necessarily limited to Gross Development Value/Net Development Value, build costs, development finance and development programme to inform risk and decision making, prior to any investment commitments. Given the wider market volatility, it is also recommended that changes in costs, values and programme are closely monitored and the impacts on development viability are kept under frequent, ongoing review. .C&W is currently seeing significant variation in tendered build costs across all sectors driven by supply chain shortages affecting the construction industry. As a result, the build cost assumptions that have been applied in this appraisal/assessment are susceptible to short term changes. As a matter of prudence we recommend that where not already provided, sensitivities should be examined to test the effects of such variations and that further advice should be sought to market test such cost assumptions to inform decision making and prior to any investment commitments. It is also recommended that changes in build costs are closely monitored and the impacts on development viability kept under review.

1.0 Introduction

1.1 Hallam Land Management are the owners of Land South of A507 and West of A10 in Buntingford. An outline planning application for an employment focused scheme has been submitted to East Hertfordshire Council.

1.2 The proposed scheme includes the provision of 4.57 hectares of employment land on a plot south of Baldock Road with the capacity to accommodate c.27,420 sqm (300,000 sq ft) of floorspace suitable for a mix of employment uses (Use class B2, B8, E(c) and E(g)).

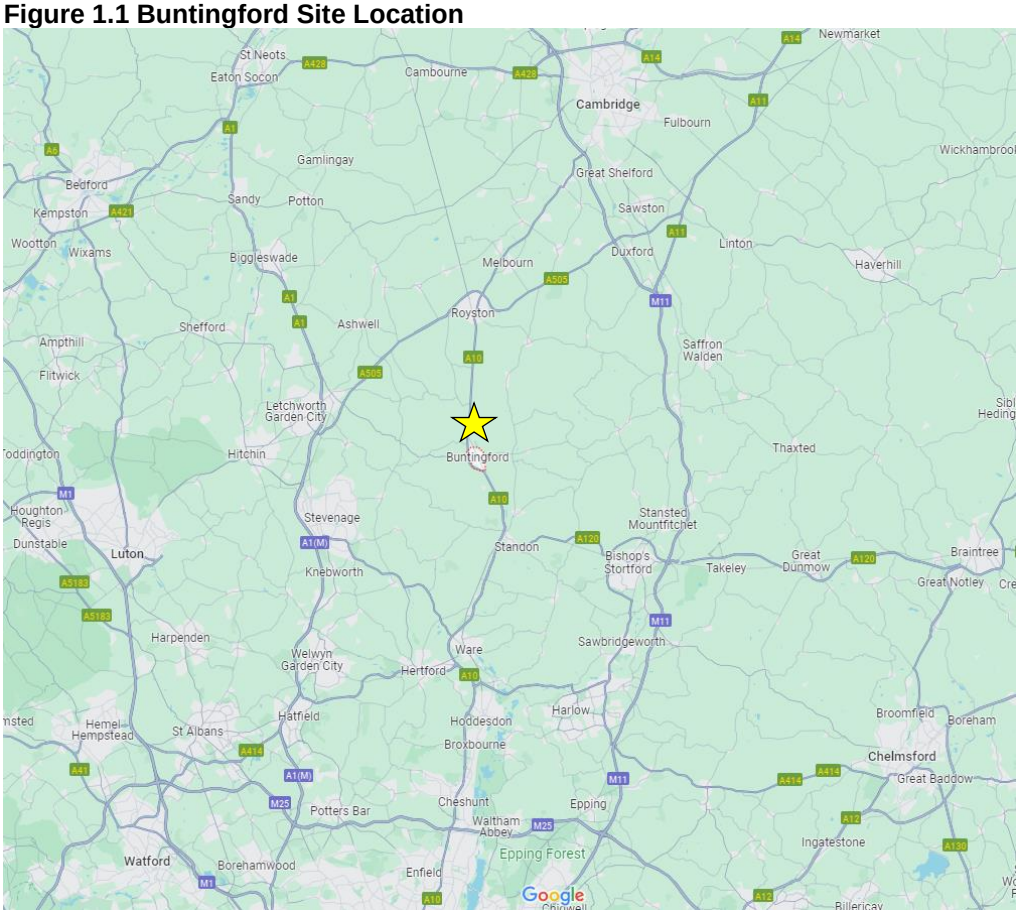
1.3 Marrons has undertaken an Employment Needs Assessment (December 2023) from a planning policy perspective to determine the extent of employment land needs within East Hertfordshire, and more specifically Buntingford, based upon current evidence. This paper, provides a high level market facing consideration of market demand for employment uses to inform the scheme and supplement the existing evidence base to support an application on this site.

The Buntingford Site

1.4 The Buntingford site is situated to the west of the A10. The A10 runs along the western edge of the town and connects to the nearest towns of Royston in the north and Ware in the south. Buntingford is a market town within East Hertfordshire District which as a total resident population of 7,879 people according to the 2021 Census.

1.5 In terms of strategic connectivity, the M11 and A1(M) motorways run parallel to the A10 to the east and west of the town with connection to J10 of the M11 15 miles north east and J9 of A1 (M) 10 miles west. East to west connections from Buntingford are limited to the A507.

Figure 1.1 Buntingford Site Location



Source: Google maps

Figure 1.2 Proposed Buntingford Employment Site



Source: Hallam Land Management

2.0 Market Messaging

Local Agent Discussions

2.1 Soft market testing and discussions with Cushman & Wakefield and local property agents active in the East Hertfordshire market has been undertaken to provide an overview of the local commercial market and a high level commentary of the future market potential of the Buntingford site for employment uses. The discussions can be summarised as follows:

- **Connectivity** – Whilst the A10 offers strong north-south connections between Royston to the north and Ware to the south, there are limited main roads to support east-west connectivity, particularly to the major north-south routes of the A1(M) and M11. Further, Buntingford does not have a railway station.

- **Local Buntingford Market** – As a market town with a population of c.8,000 people, Buntingford is considered to be a very local employment market with high levels of out-commuting from the resident population and a business base dominated by micro-traders (fewer than 5 employees). As such, the demand for employment space is likely to be of a local scale.

- **Competitor Locations** – Stakeholders consulted considered competitor locations to include:

  - Bishop's Stortford - 11 miles south east is considered to be a stronger employment location owing to opportunities linked to London Stansted Airport and proximity to the M11. New development is underway at "Spark" near Junction 8 where 7 of the 12 units ranging from 2,400 sq ft to 60,500 sq ft are already under offer, including 114,000 sq ft (3 units) to Delta Displays, representing one of the largest lettings in the south east in 2024 to date and accounting for 60% of the scheme. An additional 30,000 sq ft is reported to have been let to a FTSE 100 business on a 10 year lease. Rental values on these new build units are reported to be in the order of £15 per sq ft.

  - Royston - the nearest town north of Buntingford at 7 miles north, is also reported to receive reasonable market demand for employment space due to its position on both the A10 and A505 providing east-west connections to the strategic road network.

- **Type of Market Demand** - Demand for warehouse space across East Hertfordshire was significant during Covid however this was focused on accessible locations and is reported to have "seemingly trailed off". The manufacturing sector is significant in the south east, so generates notable demand. Some manufacturing firms are unwilling to pay the higher costs associated with prime logistics locations and so are looking to more rural locations. This could therefore provide an opportunity sector for Buntingford.

- **Scale of Development** - The Buntingford area has not seen new build development for a significant period of time and therefore new modern stock could prove to be popular to occupiers who are currently constrained to older units. However, demand for new space is likely to be from local occupiers and therefore small in scale. The focus of development at Buntingford should be on smaller light industrial units of c.2,000-20,000 sq ft and no more than 50,000 sq ft. Ideally, a range of unit sizes units would best appeal to as many potential occupiers as possible. Additionally, to be as flexible as possible units should be offered for freehold and leasehold. Development should also take into consideration power supply as many manufacturing companies would require sufficient power to support their operations.

- **Development Risk** – Demand for employment space in Buntingford is likely to be smaller scale. Smaller occupiers tend to be more opportunistic, taking built space that is available as and when required, rather than committing to future development via pre-lets. However, speculative development in any location presents a risk of voids and the viability challenges associated with this represents the main challenge to the delivery of employment space.

2.2 In addition to the above market messages, Hallam Land Management has previously received an approach, via an agent, from a kitchen manufacturer and fitter interested in the Buntingford site for a distribution centre. A pro-active approach from an established occupier, despite the site not yet being actively marketed for employment uses is a positive indicator of potential demand.

2.3 In summary, there are currently no options for occupiers looking for modern employment space within Buntingford, presenting an opportunity for the proposed scheme to meet a potentially unmet demand. Demand is likely to be local and as such, new development would need to include a mix of smaller to mid-size units, offered on flexible tenures and likely appealing to local occupiers, particularly within the manufacturing sector. Bishops Stortford and Royston will continue to be key competitor locations.

3.0 Market Supply and Demand Analysis

3.1 Drawing upon published and in-house property databases and Cushman & Wakefield's in-depth national and regional knowledge and expertise of our in-house property agents, this section provides a high level analysis of Buntingford's employment market supply and demand characteristics within the context of the East Hertfordshire district as a whole.

3.2 The focus of the analysis is on lighter industrial uses given the use class proposals for the scheme and that market forces and planning policy prioritises office development within existing town centre locations.

Supply Side Characteristics

Existing Stock

3.3 In terms of existing employment stock, as of March 2023 (latest available data), the Valuation Office Agency (VOA) indicated that there are 1,570 industrial properties across East Hertfordshire, with a built floorspace of 564,000 sqm (6.1 million sq ft), equating to an average unit size of 359 sqm (3,866 sq ft). This is smaller than the Hertfordshire and East of England average industrial property sizes at 576 sqm (6,205 sq ft) and 581 sqm (6,259 sq ft) respectively, indicating a focus on small scale industrial across East Hertfordshire.

3.4 East Hertfordshire's industrial properties account for 17.5% of all industrial properties within Hertfordshire and 11% of total floorspace (5.1 million sq ft). Accounting for almost a fifth of all industrial properties with the County positively shows the District as a relatively good market but relatively small scale in terms of floorspace distribution.

3.5 There are two broad employment locations in East Hertfordshire which would act as competition for any new employment development within Buntingford. These locations are aligned to the larger towns of the District and are able to accommodate larger scale industrial estates with occupiers who need access to larger settlements for employees and/or closer proximity to strategic road networks such as M11 and A1(M), namely:

- **Bishop's Stortford** – situated 12 miles south east of Buntingford, Bishop's Stortford is situated west of London Stansted Airport with the M11 running between the two. There are several industrial estates located in the east of the town benefitting from the strategic accessibility and offering a range of small-medium sized industrial units for mainly local businesses and some national such as Gű Desserts manufacturing site.
- **Hertford** – Located 13.5 miles south of Buntingford in the south of the District, Hertford is located 7 miles east of A1 (M) via the A414. Hertford Industrial Estate and Centrus Park are both in the east of the town offering small-medium sized industrial units and some offices in occupation by mainly local occupiers in the transportation and manufacturing sectors. The majority of supply is of lower grade quality.

3.6 Whilst outside of the East Hertfordshire boundary, Royston is a town 7.5 miles north of Buntingford along the A10 with east-west connectivity to the M11 and A1(M) via the A505. The town is a similar size to Buntingford and is served by a train station with direct connectivity to London's Kings Cross. A large industrial estate in the north west of the town offers a range of quality and mixed sized industrial and warehousing units, mainly occupied by local occupiers. It is also bordered by Royston Gateway Retail Park offering an Aldi, M&S Foodhall and Costa Coffee.

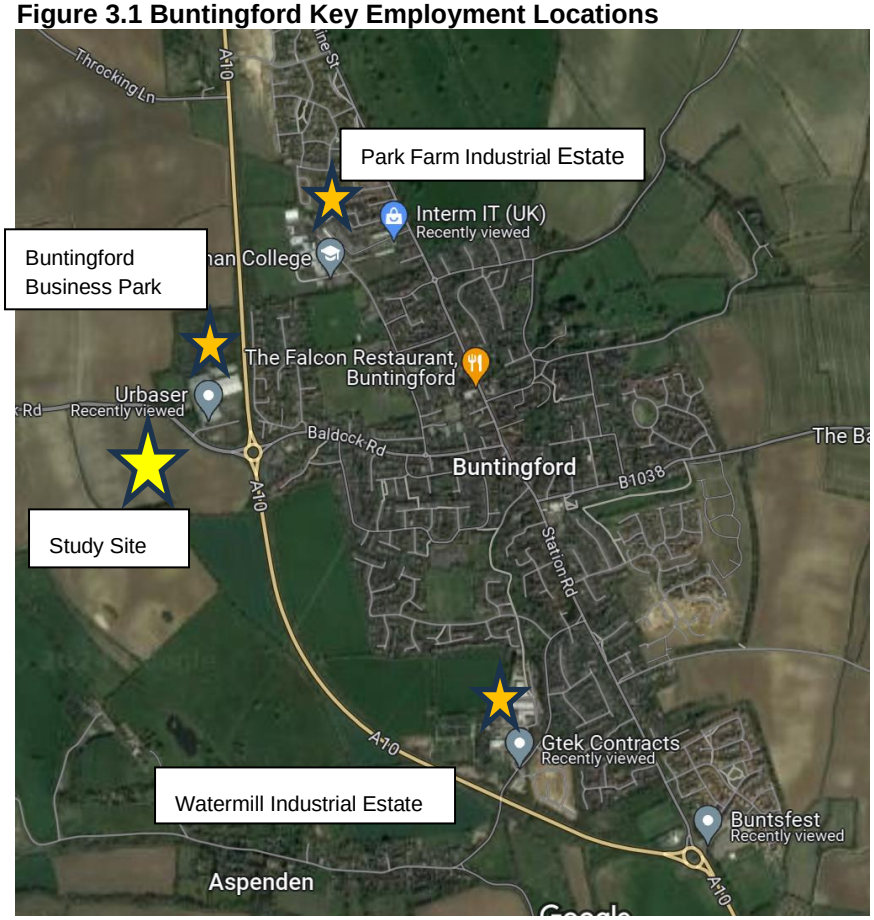
3.7 Within Buntingford itself, the employment market is local with some small, and generally dated, business premises dotted throughout the town. The location of these in relation to the proposed new development is illustrated in Figure 3.1 below and includes:

- **Buntingford Business Park** – On the northern side of Baldock Road, west of the A10 and adjacent to the subject site, is Buntingford Business Park. The estate contains 3 good quality industrial units comprising two industrial/workshop spaces and Milton House - a detached industrial warehouse with office space and concrete yard constructed in 2006 and totalling 36,257 sq ft occupied by a telecommunications installations provider. 3 hectares of land north of the business park is allocated in the Local Plan for future employment development.

- **Watermill Industrial Estate** – Situated 1 mile south east of the subject site and south of the main Buntingford settlement. The site does not benefit from direct access to the adjacent A10 but is connected 0.8 miles to the south via London Road. The estate is made up of industrial, workshop and trade counter units providing a mix of small-medium units of lower grade quality. The estate is home to a variety of local occupiers within the automotive, food and beverage, construction and engineering sectors. Additionally national fitness brand 'CrossFit' is located in one of the units.

- **Park Farm Industrial Estate** – Located to the north of Buntingford, surrounded by residential and Freman College to the west and is accessed via Ermine Street. The estate comprises several 1970's terraces of self-contained industrial units with some storage/office accommodation on first floors. The estate is made up of lower grade quality units occupied by local occupiers within the manufacturing, transportation, beauty and IT sectors.

Figure 3.1 Buntingford Key Employment Locations



Source: Google Maps, 2024

Available Supply

3.8 As most employment occupiers are opportunistic and will select existing and available premises which can meet their needs quickly and cost efficiently, the availability of built supply will be a key consideration for occupiers and the market potential of the Buntingford site. The availability of available supply also provides an understanding of the current market in terms of quality, pricing and competition to new stock.

3.9 Table 3.1 summarises the current availability of industrial premises within East Hertfordshire by broad location, together with units size and average asking rents where available. The figures represent all properties that are currently being marketed as available for sale or to let by agents online.

Table 3.1 Current Available Industrial Premises East Hertfordshire (June 2024)

Property	Size	Asking Price	Description
Bishop's Stortford			
Peek Business Centre 	1,224 sq ft	£14.30/ sq ft	Built in 2005 as part of a row of industrial units of good quality
Units B-D Woodside Industrial Estate 	Part Ground – 7,021 sq ft	£13.00/ sq ft	Modern warehouse unit on popular industrial estate with office space also available on 1st floor
Units 19-34 Twyford Business Centre 	Part Ground – 4,214 sq ft Part Ground – 3,018 sq ft	£10.00/ sq ft	Series of industrial/ warehouse units arranged over 2 floors
Halsmere Industrial Estate 	Part Ground – 2,869 sq ft	£15.00/ sq ft	Built in 1985, series of industrial/ warehouse units arranged over 2 floors
Units 10-12 Raynham Road Industrial Estate 	Part Ground – 2,360 sq ft	£14.50/ sq ft	Row of 3 good quality industrial units with ancillary office space on 1st floor
Units 15-16 Raynham Road Industrial Estate 	Part Ground – 2,214 sq ft	£11.70/ sq ft	Built in 1970's, industrial units with ancillary office space on 1st floor
Units 20-27 Raynham Road Industrial Estate	Part Ground – 1,641 sq ft	£13.00/ sq ft	Built in 1960's, industrial units with ancillary office space on 1st floor

Property	Size	Asking Price	Description
			
7-10 Southmill Trading Centre 	Part Ground – 1,280 sq ft 1st Floor – 1,170 sq ft	£9.00/ sq ft	Built in 1980's, light industrial units of lower quality
Sub-Total/ Average	**10 spaces – 27,011 sq ft (2,701 sq ft per unit)**	**£11.95/ sq ft**	
Hertford			
Unit 13, Caxton HI, Hertford Logistics Hub 	23,829 sq ft	£10.00/ sq ft	Built in December 2023, Grade A industrial space of 16 units
Unit 4, Fountain Drive 	7,922 sq ft	£12.60/ sq ft	2 storey industrial unit built in 1990, part of Centrus in north east of town
Unit 14, Centrus 	13,687 sq ft	£15.00/ sq ft	Part of a row of 5 business units in total providing 39,036 sq ft of floorspace
12-18 Mimram Road 	Part Ground – 1,475 sq ft Part Ground – 1,181 sq ft Part Ground – 1,163 sq ft Part 1st – 743 sq ft Part 1st – 455 sq ft	£14.00/ sq ft	Built in 1975, a road of lower quality industrial units with some ancillary office space
Priory Wharf, Priory Street 	Part Ground – 488 sq ft Part 1st – 488 sq ft	£16.40/ sq ft	Multi tenanted building totalling 2,800 sq ft situated over 2 floors. Built in 2000
Sub-Total/ Average	**10 spaces – 51,431 sq ft (5,143 sq ft per unit)**	**£14.00/ sq ft**	
Other Areas			
Units 1-5 Warrenwood Industrial Estate, Stapleford 	864 sq ft	£12.75/ sq ft	Rural industrial location with several units situated alongside A119 of lower quality

Property	Size	Asking Price	Description
Pound Farm, Datchworth 	4,601 sq ft	£8.50/ sq ft	Rural industrial location with a range of light industrial units/ storage units
Sub-Total/ Average	**2 spaces – 5,465 sq ft (2,732 sq ft per unit)**	**£10.65/ sq ft**	
Total/ Average	**22 spaces – 83,907 sq ft (3,813 sq ft per unit)**	**£12.75/ sq ft**	

Source: Co-Star & Cushman & Wakefield

3.10 As of June 2024, there were 22 industrial spaces available to let across East Hertfordshire totalling 83,907 sq ft. There are no marketed units available for purchase at this time which could present a constraint for any occupier wishing to own their own business premises, which is not unusual for smaller occupiers. A lack of purchase options could result in some occupiers having to look outside of the district or remain within rented accommodation.

3.11 All but two of the marketed units are situated within Bishop's Stortford or Hertford. This is unsurprising given these are the two main towns within the district with the best connectivity to major roads and motorways. There are currently no industrial premises available to let or purchase within Buntingford, nor within a 6.5 mile radius, which could be constraining new occupiers looking for space or existing businesses looking to expand within the area.

3.12 The vast majority of East Hertfordshire's available supply is small in nature at under 5,000 sq ft and averaging 3,813 sq ft per unit. This is reflective of the relatively rural location and small occupier make-up of the local market. Just one unit exceeds 15,000 sq ft - Unit 13 totalling 23,829 sq ft at Hertford Logistics Hub. This new-build estate provides high quality, modern industrial space across 16 units, some of which are under construction and discussed further in the pipeline supply section below. This unit is being marketed for £10.00/ sq ft.

3.13 Overall the average marketed rent across East Hertfordshire is averaging £12.75 per sq ft, which given the majority of stock is older lower quality units is more reflective of the very small nature of many of the units rather than the strength of local demand.

Pipeline Supply

3.14 Employment land supply in Buntingford as allocated in the East Hertfordshire District Plan includes 3 hectares of land north of Buntingford Business Park (adjacent to the subject site) and the former Sainsbury's Distribution Depot on the London Road/A10 roundabout. However, since the District Plan was adopted in 2018, the former Sainsbury's Depot has been redeveloped into a First School meaning a significant loss of allocated employment land in the town. In response, Buntingford's Neighbourhood Plan highlights a need for a multi-site approach for office and industrial space to address the extent of employment land shortfall within the town and encourage a cluster of businesses to form a 'hub'.

3.15 Cushman & Wakefield are not aware of any new employment developments under construction or marketed within Buntingford, nor of any new build schemes likely to come forward in the near future given the aforementioned very limited employment land supply available to facilitate further delivery.

3.16 This presents a constraint to established businesses wishing to expand in this location and to new businesses seeking premises within the Town, limiting Buntingford economic and employment potential and forcing potential occupiers to look at other locations to meet their requirements. Delivery of employment space at the Buntingford site could help to overcome some of this constraint through the provision of new high quality employment space.

3.17 Further afield, industrial development is under way within the Districts two larger employment locations:

- **Hertford Logistics Hub** - located to the east of the town centre currently has a further two phases of development under construction. Phase 2 comprises 7 units totalling 152,416 sq ft of industrial floorspace. 4 of these units are under 10,000 sq ft and 3 are over 38,000 sq ft meaning a range of sizes for a range of occupiers. Phase 3 will then be providing 4 units totalling 31,411 sq ft. All of these are listed as under construction.
- **Spark Business Park** - Situated on St James Way linking to the A120 and the new J7a of the M11, Spark Business Park is a future development located 1.5 miles south of Bishops Stortford town centre. The scheme is under construction and due to complete in August 2024 offering 12 units ranging from 2,422 sq ft to 60,473 sq ft. As of June 2024 it was reported that 85% of the scheme has already been pre-let.

Demand Side Characteristics

Occupier Take Up

3.18 Occupier take up rates ('deals' or 'transactions') provide a useful indication of the strength of occupier demand, particularly when considered in the context of existing supply. It is important to note that occupier take up relies upon suitable space being available in the right location and at an appropriate price point specific to each occupier and their operational requirements at a specific point in time. As such, it does not take into account latent demand from occupiers seeking to invest, expand or relocate but unable to find suitable available accommodation.

3.19 Table 3.2 summarises the industrial lettings and sales (excluding lease renewals and investment sales) recorded by CoStar in East Hertfordshire over the last 5 years (since the start of 2019). This timeframe takes in the period pre and post the Covid-19 pandemic. There has been a reduction in take-up since the Covid-19 pandemic, although that may be due to a lag in data being recorded.

Table 3.2 – Industrial Occupier Take-Up (Sq ft) in East Hertfordshire (2019-2024 to date)

Year	Hertford	Bishops Stortford	Other	Total
2019	99,377 (7)	15,300 (2)	~	114,677 (9)
2020	21,261 (6)	14,081 (5)	17,223 (2)	52,565 (13)
2021	56,067 (8)	79,166 (18)	2,608 (1)	137,841 (27)
2022	16,388 (3)	38,720 (8)	6,488 (2)	61,596 (13)
2023	25,335 (5)	28,482 (6)	1,000 (1)	54,817 (13)
Total	**218,428 (29)**	**175,749 (39)**	**27,319 (6)**	**421,496 (75)**
5 Year Average	**43,685 (5.8)**	**36,150 (7.8)**	**5,463 (1.2)**	**84,299 (15)**
2024 to Date (for Info)	0 (0)	4,778 (2)	0 (0)	4,778 (2)

Source: CoStar, 2024

3.20 Over the last 5 complete years (2019-2023) a total of 421,496 sq ft of industrial floorspace has been taken up within East Hertfordshire in 75 transactions. Of which, only 4 transactions were occupier sales, meaning the vast majority (94.8%) of transactions were lettings, a total of 73. Occupier take up represents a 5 year average of 84,299 sq ft per annum.

3.21 The greatest number (27) and volume (137,841 sq ft) of transactions occurred during 2021, which is unsurprising as demand for industrial and logistics space grew significantly during the Covid-19 pandemic driven by the large shift to e-commerce.

3.22 The majority of take up remains within the District's two main towns of Hertford (52% of sq ft take up) and Bishops Stortford (42%), which together account for 93.5% of the total industrial floorspace taken up. The remaining occupier demand was spread throughout the district in various locations – but not Buntingford where there has been no lettings or sales of industrial units in the last 5 years. This is likely to be due to a lack of available supply.

3.23 The average letting size was 5,620 sq ft and the largest transaction during this period was on Mead Lane in Hertford where 19,279 sq ft was let for an undisclosed rental value in April 2019. Again, these figures demonstrate the smaller scale of this local market.

Bringing Supply and Demand Together

3.24 Bringing together the current supply and demand analysis can provide an indicative 'year's supply' figure at a single point of time in the market, but does not take into account churn and the potential for additional space to come into the market.

3.25 Based on the annual average industrial take up rates across East Hertfordshire over the last five years (2019-2023) of 84,299 sq ft and the scale of industrial premises currently identified as available and marketed (Table 3.1 of 83,907 sq ft), there is currently in the order of just 1 years supply of built industrial employment space.

3.26 The above figure suggests a concerning shortfall in available and pipeline supply of employment space across East Hertfordshire based on recent (5 year) occupier take up rates, suggesting that some existing and new occupiers seeking new or expansion space in this locality may be limited to poorer quality space, be unable to expand, or have to consider other locations and/or tenures.

3.27 This is particularly so for Buntingford which does not have any current available and marketed units, nor any take up in the last 5 years. This lack of churn may be due to no units being built or being vacated for new occupiers to move into or current occupiers to expand into, which could indicate latent demand. However, latent demand, by its very nature is hard to evidence.

4.0 Conclusions and Recommendations

4.1 This Employment Market Messaging Paper has sought to determine the type and scale of demand potential for new employment space at the Buntingford site in the context of supply and demand characteristics and local market messaging. The subject site is less suitable as an office location and such uses should be focused within the town centre. The key messages from this review are therefore aligned to more industrial development and can be summarised as follows:

4.2 A relative lack of strategic connectivity, particularly in terms of east-west connections, distance to the M11 and A1(M) and lack of rail station limits the market attractiveness of the site to some occupiers who seek to locate close to customers, suppliers and staff. This means that Buntingford will continue to compete with the larger town locations of Bishops Stortford and Hertford.

4.3 Within Buntingford itself, there are three small employment locations – Buntingford Business Park, Watermill Industrial Estate and Park Farm Industrial Estate. All are small sites, occupied by local businesses across a mix of sectors. The majority of space is dated, with the exception of some more modern (2006) units on Buntingford Business Park.

4.4 Bringing quantitative supply and demand characteristics together indicates just a 1 year supply of available and marketed built industrial space across East Hertfordshire based on 5 year take up rates. In Buntingford, there has been no industrial occupier take up in the last 5 years and there is currently no space marketed as available to buy or let within the town, nor are there any known proposals for further employment development. Aligned to the lack of pipeline supply, this is a concerning position.

4.5 The lack of industrial voids could suggest a latent demand for space that could be constraining the market with occupiers unable to move into the area or expand. As a result, some may have to consider alternative business locations or remain in dated or unsuitable accommodation.

4.6 A new employment allocation and subsequent development at the Buntingford site would help to overcome this severe constraint and meet a currently unmet demand for space. It would positively enable the retention, attraction and growth of businesses in East Hertfordshire, thus contributing to economic growth aligned to strategic and policy aspirations. For example, local agents reported that the manufacturing sector is significant across the region and some occupiers are unwilling or able to pay the higher costs associated with more prime logistics locations and so are considering more rural sites, which could present an opportunity for Buntingford.

4.7 Given the nature of the local market and the business base, which is dominated by micro-traders (fewer than 5 staff), occupier demand for employment space in Buntingford is likely to be smaller scale and low volume. This can be evidenced by the scale of available properties currently across the district, the vast majority of which are under 5,000 sq ft.

4.8 Therefore, the focus of any employment development at Buntingford should be on smaller scale units of c.2,000-20,000 sq ft, with sufficient power and digital connectivity. A scheme design, such as terraced units, which allows for a mix of unit sizes and flexibility to respond to changes in market demand should be considered in order to appeal to as many occupiers as possible. Options for freehold purchase as well as leasehold should also be considered.

4.9 The key challenge to delivering employment space at Buntingford will be developer risk. As with any speculative employment development, demand is not guaranteed. Smaller occupiers tend to be more opportunistic, taking built space that is available as and when required, rather than committing to future development via pre-lets. They also have the disadvantage of weaker covenant strength. As such, speculative development presents a risk of voids and viability challenges associated with this. This represents the key challenge to the deliverability of employment space in any location, including at Buntingford.

4.10 The proposed scheme includes the provision of 4.57 hectares of employment land with the capacity to accommodate in the order of 27,420 sqm (300,000 sq ft) of employment floorspace. The subject site is adjacent to Buntingford Business Park where 3 hectares of employment land remains but is yet to be brought forward for development by the market. Development of employment space at Buntingford could replace the employment land allocation lost by the redevelopment of the former Sainsbury's Depot site for housing, whilst supporting the Neighbourhood Plan's need to address the shortfall in land supply and encourage a cluster of business activity in this locality.