



Chorley Market Update 2022

Chorley Borough Council

Final Report

August 2022

CONTENTS

1.0	INTRODUCTION.....	3
2.0	THE QUANTITATIVE NEED FOR AND SUPPLY OF EMPLOYMENT LAND IN CHORLEY	4
3.0	THE INDUSTRIAL MARKET IN CHORLEY.....	6
4.0	THE OFFICE MARKET IN CHORLEY.....	12
5.0	CONCLUSIONS.....	19

1.0 INTRODUCTION

- 1.1 This report provides an updated picture of the need and demand for employment land and premises in Chorley Borough – industrial, warehouse and office. It aims to demonstrate the strength of these markets in the Borough as of 2022, the prospects for further market growth in an economy recovering from the impacts of the Covid-19 Pandemic and the importance of protecting and enhancing the local supply of land and premises to meet that demand. It was carried out on behalf of Chorley Borough Council (the Council).
- 1.2 BE Group, Warrington-based economic development and property consultants, compiled this report during July 2022.
- 1.3 The report builds upon the need and demand research completed, by BE Group, in the Central Lancashire Employment Land Study Update over August 2021-February 2022. It updates that research, where needed, particularly for the office market which has changed significantly since the last restrictions on working from the office, associated with the Covid-19 Pandemic were lifted in January 2022.
- 1.4 Research methods used in this Study included consultations with property agents active in Chorley’s commercial property market. Also, analysis of data on property transactions and property supply derived from EG Radius.

2.0 THE QUANTITATIVE NEED FOR AND SUPPLY OF EMPLOYMENT LAND IN CHORLEY

Introduction

- 2.1 A primary function of the Central Lancashire Employment Land Study Update 2022 was to assess employment land needs in Central Lancashire for the Local Plan period 2021-2038. This need can then be compared to the realistic supply of employment land to identify any surplus or undersupply of land to 2038. This section considers the need and supply outputs for Chorley Borough, and the significance of those findings for Chorley.

Employment Land Needs

- 2.2 The needs scenario judged to be the most realistic measure was local land take-up, over the last 30 years, and then project the average rate of take up onwards to 2038. Chorley has recorded 103.97 ha of industrial, warehouse and office take up over 1991-2021. This equates to 3.47 ha/year on average. Projected forward to 2038, Chorley requires 58.99 ha of employment land.
- 2.3 Chorley Borough should also have a buffer in supply to reflect a choice of sites by size, quality and location and to provide a continuum of supply beyond the end of the 2038 period. This also makes some allowance for the loss of further employment land to non E(g)/B-Class uses over the period to 2038. There is no set guidance on how long this buffer should be, however, in the many employment land studies completed by BE Group over the last decade, a buffer of five years has usually been applied. This has been identified as an acceptable margin in Local Plan Examination's in Public, in which BE Group's employment needs assessments have been appraised.
- 2.4 Applying an extra five years take up, at 3.47 ha/year, gives a final need figure of **76.34 ha**

Employment Land Supply

- 2.5 Central Lancashire Employment Land Study Update 2022 identified that, as of late 2021 Chorley had 56.28 ha of realistically available employment land to meet its future growth needs. This primarily comprised 12 Policy EP1 – 'Employment Site Allocations' of the Adopted Chorley Local Plan 2012 – 2026, which remained undeveloped.
- 2.6 Comparing need (76.34 ha) to supply (56.28 ha) shows that Chorley has an

undersupply of 20.06 ha against its needs to 2038. Thus, to meet its Objectively Assessed Employment Needs, Chorley needs to protect its existing supply of E(g)/B-Class land and identify another 20 ha of new employment land elsewhere.

Need/Supply Split by Use Class

- 2.7 Whilst overall need is important, further analysis can evaluate what the potential needs will be in the different use classes. The Central Lancashire Employment Land Study Update 2022 split the take-up by the main employment use classes (E(g) (i, ii, iii), B2, B8) and used that as a guide to the proportions of land required, for each use class, under the forecasts of need.
- 2.8 Table 1 shows the anticipated need for the different use classes compared to the realistic employment land supply, also split by Use Class.

Table 1 – Full Need, Split by Use Class – Chorley

Period	Use Class (Percentage Split, percent)						Total (ha)
	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8	Mixed	
Percentage	14.8	0.0	4.7	13.0	32.6	34.9	100.00
Local Take Up Trend	11.30	-	3.59	9.92	24.89	26.64	76.34
2021 Realistic Supply	3.68	-	20.86*		3.86*	27.88	56.28
Further Needs	7.62	-		-7.35	21.03	-1.24	20.06

Source: CBC/BE Group, 2021

*Indicative split only, in practice larger industrial sites will normally suit both B2 and B8 uses

- 2.9 As Table 1 shows, by this measure the strongest need in Chorley Borough is for B8 warehouse options. However, some 7.62 ha of primarily office land is also required, while the Borough has sufficient land for smaller light industrial/industrial options.

Summary

- 2.10 The Central Lancashire Employment Land Study Update 2022 identified employment land needs of **76.34 ha** to 2038. Against that need Chorley Borough has a realistic employment land supply of 56.28 ha, mostly comprising allocations in the Adopted Local Plan. This shows that Chorley has an undersupply of 20.06 ha against its needs to 2038. **Thus, to meet its Objectively Assessed Employment Needs, Chorley needs to protect its existing supply of E(g)/B-Class land and identify another 20 ha of new employment land elsewhere.**

3.0 THE INDUSTRIAL MARKET IN CHORLEY

Introduction

- 3.1 This section considers the market for industrial premises in Chorley Borough, it discusses demand for different types and sizes of premises, against supply, to identify supply gaps and emphasise the strength of demand. It includes consideration of commercial property transactions conducted within Chorley, currently marketed commercial property and discussions with locally active property agents. It first provides some brief comments on national and regional market trends which will impact on the local demand for land and premises.

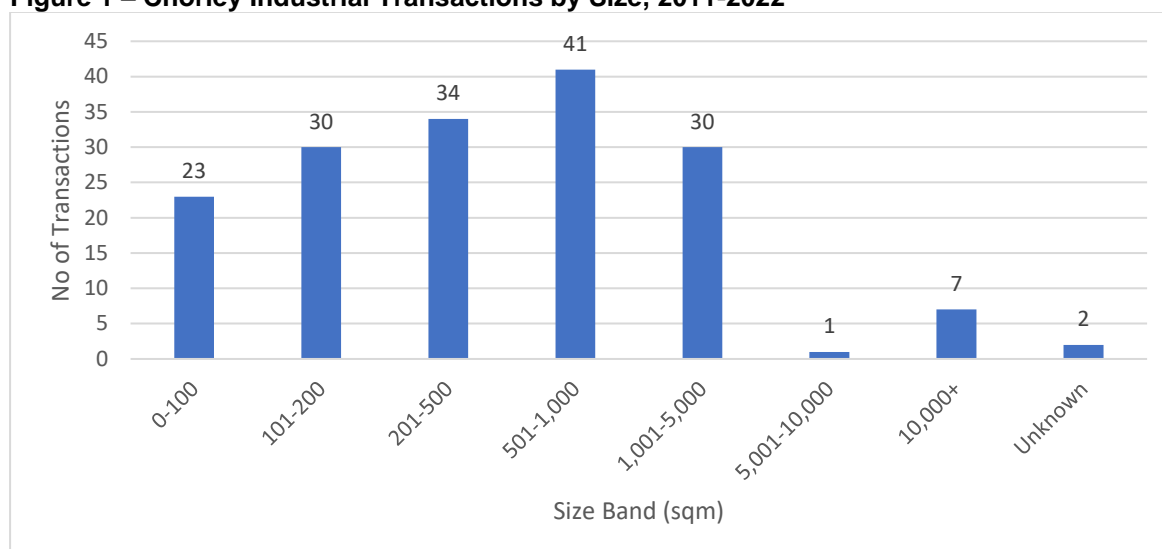
National and Regional Property Markets

- 3.2 Nationally the industrial and warehouse markets grew massively over 2020-2021, boosted by the vital role logistics played during the Covid-19 Pandemic. This blunted the impacts of Brexit during that period. In Q4 2020, industrial volume surged to a record high of £3.4 billion, smashing the previous high of £2.3 billion set in Q2 2018.
- 3.3 The total value of North West large scale industrial transactions during 2020 stood at £695 million (62 deals), a 37 percent increase (by value) on the £508 million (61 deals) transacted in 2019. In warehouse sectors, e-commerce continues to drive demand. Against this growing demand, supply has been and remains restricted.
- 3.4 With supply constraints, particularly for larger units, stakeholders anticipate continued rental growth with rent for big box in core markets set to reach £7+/sqft (£75+/sqm). Also, with diminishing stock levels and occupiers' preference for Grade A units, stakeholders expect Design and Build to become more prevalent.

Transactions

- 3.5 Within the last ten years 168 industrial transactions have been recorded in Chorley, totalling 239,394 sqm of floorspace. This equates to a take up rates of 17 units/year or 23,939 sqm/year.
- 3.6 From Figure 1 it can be seen that the 501-1000 sqm size band has been the most popular in Chorley with the 41 deals taking place, accounting for 24 percent of the decade's total. However, there was reasonable market activity for all premises sizes up to 5,000 sqm.

Figure 1 – Chorley Industrial Transactions by Size, 2011-2022



Source: EGi 2022

- 3.7 Across the decade recorded, 2016 was the best performing year with 26 deals occurring, representing a peak of market recovery from the national recession which ended in 2013. The following year the number of deals dropped to only 13, indicating that most of the pent up demand from that national recession had by then been satisfied. Since then, the deals rate has reached a mid-point between the two of 18 deals/year by 2020-2021.
- 3.8 Over the decade market activity has focused on Buckshaw Village and adjoining areas of Euxton Lane. Of the 168 transactions recorded across the Borough, 46 or 27.4 percent, occurred in this area. Another 36 transactions, or 21.4 percent of the total, were recorded in the Common Bank/Ackhurst Park area of Chorley.

Rents/Sales

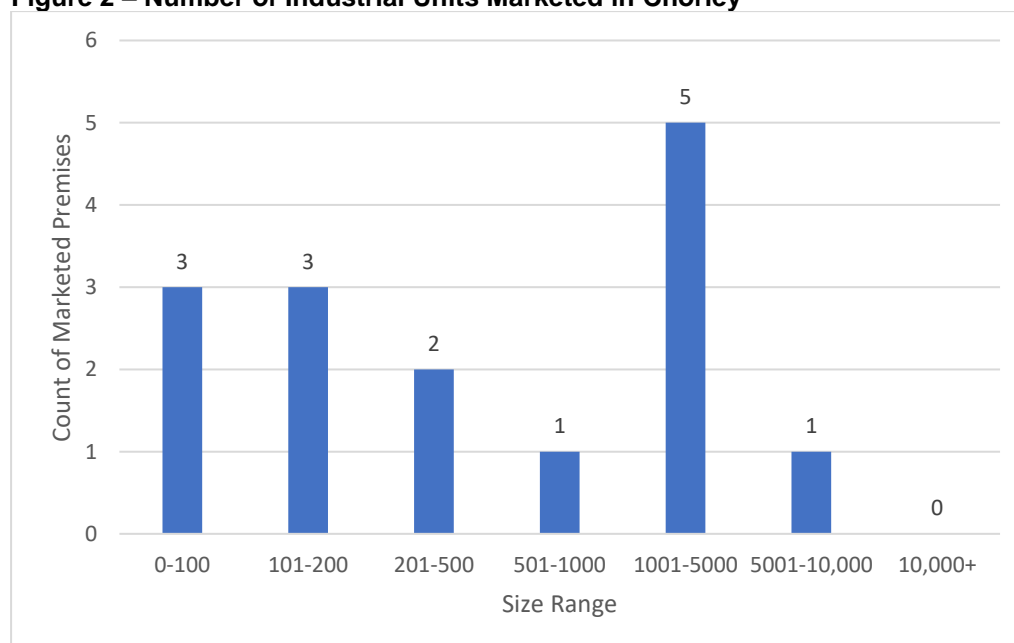
- 3.9 Of the 168 deals taking place in Chorley, 134 were leasehold, 79 percent of the decade total. 43 of these deals stated the level of rent achieved with an average rent reaching £5.35/sqft (£57.57/sqm). The highest rent achieved per annum of the decade was found on Buckshaw Avenue in Revolution Park when a 17,223 sqm unit was rented for £1,009,290 per annum by GA Pet Food Partners Limited in 2016. 35 of Chorley's deals were freehold, representing 21 percent of the decade total. 17 transactions stated the price achieved with the average price reaching £367,882.

Industrial Supply

3.10 There were 15 available units on the market, at the time of the Central Lancashire Employment Land Study Update, in Chorley, totalling 18,581 sqm.

3.11 As Figure 2 shows, while there was a modest supply of industrial units in all sizes up to 5,000 sqm, supply was broadly focused in the 1,000-5,000 sqm range. By comparison there was only one available unit of 501-1,000 sqm which, as noted above, has been the size range which has seen the most market activity when measured by the number of transactions. The availability of 201-500 sqm units also seems limited when compared to the number of transactions of this size range which occur.

Figure 2 – Number of Industrial Units Marketed in Chorley



Source: EGi 2022

3.12 Of 15 available premises, only two – units of 1,000 sqm and 2,500 sqm – were in the core market area of Buckshaw Village, plus one small 620 sqm unit on Euxton Lane. No available premises were recorded in Common Bank or Ackhurst Park. All but one of the 15 are only available on a leasehold basis, indicating a lack of freehold opportunities locally.

3.13 Most of the available units, six of the 10 which quoted a rent, seem to be of good quality in that their quoting rent was more than £5/sqft.

- 3.14 The 15 available industrial units comprising 18,581 sqm can be compared to the average of take up of 17 units/year or 23,939 sqm/year of floorspace transacted over the last decade. On this basis, Chorley Borough only has 10.7 months of forward industrial supply by units, 9.3 months by floorspace, assuming an average rate of premises take up per year.

Valuation Office Data – Industrial

- 3.15 According to the latest Valuation Office Agency (VOA) statistics (2020), there are 1,150 industrial hereditaments in the Borough totalling 600,000 sqm. Out of this space, there are only 15 marketed premises which total 18,581 sqm. This suggests an overall occupancy rate for the Borough of 98.6 percent by premises number and 96.9 percent by floorspace.
- 3.16 Low occupancy rates of below 90 percent can indicate levels of low demand for property and poor business growth. High occupancy rates (above 95 percent) may be an indicator of supply shortfall, and businesses potentially having difficulty in finding premises. By this measure Chorley clearly has a supply shortfall for industrial and warehouse premises at this time.

Property Market – Stakeholders

- 3.17 The above analysis of industrial property data has been supported by consultations with commercial property agents active in the Borough and manufacturing businesses contacted in the Central Lancashire Study. For the industrial market, stakeholders report seeing very high demand against supply for units of all sizes, particularly for sites close to the M61. Requirements have remained strong during the Covid-19 Pandemic, and grown in the case of logistics, with no noticeable reduction in market activity or change in the type of space required. The economic pressures of the last two years may have required some tenants to quit their tenancies, but vacant space has been reoccupied almost immediately, keeping occupancy rates high.
- 3.18 Related to this, the manufacturing businesses contacted had strong space needs. Their requirements came from a need to allow for physical aspects of the growth and diversification of their businesses e.g., to accommodate new or improved production equipment, bring in merged/partnered businesses and provide HGV access/more parking.

- 3.19 Demand is for units of all sizes although the best interest is for smaller premises of 50-80 sqm, which are achieving rents of £10-11.5/sqft (£108-124/sqm) for good quality space. The businesses contacted specifically needed expansion sites close to existing industrial estates, for freehold purchase.
- 3.20 All the new industrial and warehouse developments, completed in Central Lancashire since 2015 have been successful and let very quickly. However, the rising costs of construction are making further development increasingly challenging. For new build it is still possible to increase rents in line with costs, given high demand levels. However, it is making the refurbishment of second hand units more costly against the lower rents which can be charged for such properties, damaging viability.
- 3.21 As a result of this issue there remains a shortage of new build and refurbished premises in Chorley, with Buckshaw Village in particular needing new space. Older un-refurbished stock is still in good demand from local micro and small firms, but attracting inward investment requires new or refurbished options.
- 3.22 Average rents are:
- For a 100 sqm unit = £10-15/sqft (£108-161/sqm)
 - For 500 sqm unit = £8/sqft (£86/sqm)
 - For 1,000 sqm unit = £7/sqft (£75/sqm).

Business Demand Case Study – GA Pet Foods

A good example of a business seeking growth locally, despite national economic uncertainties, is GA Pet Foods. Starting as a local farming business some 30 years ago, GA now employs 850 directly and 136 indirectly in its Plocks Farm, Bretherton HQ and two facilities at Revolution Park, Buckshaw Village. To facilitate new production and distribution processes, and to reach a 'Zero Carbon' level by 2050, GA is proposing £450 million in capital expenditure over the next 15 years. This will increase local direct employment from 850 to 1,055 by 2031. GA's UK impact nationally will rise to 3,200 jobs, with 1,461 jobs being in the local area. This expenditure is generating the following property requirements within Chorley Borough:

- Plocks Farm – Existing facilities extend to 65,000 sqm with another 15,000 sqm proposed, and partly consented, to include a meat processing plant (8,000 sqm), additional warehouse space, office space, multistorey car park and vehicle maintenance building
- Energy Park – Proposed on 40 ha of land to the north of Plocks Farm, close to Sollom, A joint scheme with Energy Local, this would comprise a wind and solar energy park which will meet 70-80 percent of the business energy needs at Plocks Farm. It will also provide energy for nearby Bretherton.
- Extension of Revolution Park – Here GA has requirements for 30,000 sqm of warehouse space and 10,000 sqm of office space. In the absence of any large remaining employment sites on Revolution Park, current proposals are for the redevelopment of the 8 ha Euxton Park Golf Range, Euxton Lane, which is owned by GA, to address this requirement. GA are proposing to use an existing bridge across the railway to link its existing facility with the new site, subject to agreement with Network Rail. GA is currently considering site levelling and water storage on the Golf Range and is in discussions with the leaseholder. Approaches have also been made to the owners of infill land at Revolution Park, but these have not yielded any results to date.

GA note that if they were unable to develop fully in Chorley Borough, the next nearest appropriate sites would be in Bolton, requiring a considerable divergence of its operations and reducing the economic benefits for Chorley.

Summary

3.23 Some key points to note are that:

- Booming national and regional markets, particularly for larger warehousing, post the Covid-19 Pandemic
- Past transaction rates indicate that units of 501-1000 sqm are most frequently traded, but there was reasonable market activity for all premises sizes up to 5,000 sqm
- Over the last decade market activity has focused on Buckshaw Village and adjoining areas of Euxton Lane, with the Common Bank/Ackhurst Park area a secondary focus
- Chorley only had 15 available industrial units on the market, earlier in 2022. In particular there seems to be a lack of available 501-1000 sqm units which, as noted above, are most frequently transacted. There is little available in Buckshaw Village, something also noted by stakeholders. There is also a lack of freehold availability against a demand for freehold units from businesses
- In terms of overall supply, the 15 available industrial units comprising 18,581 sqm can be compared to the average take up rate of 17 units/year or 23,939 sqm/year of floorspace transacted over the last decade. Comparing the two, Chorley Borough only has some 9-11 months of available premises supply to meet its needs
- There are 1,150 hereditaments in the Borough totalling 600,000 sqm. Out of this space, there are only 15 marketed premises which total 18,581 sqm. This suggests an overall occupancy rate for the Borough of 98.6 percent by premises number and 96.9 percent by floorspace. High occupancy rates (above 95 percent) may be an indicator of supply shortfall, and businesses potentially having difficulty in finding premises
- Stakeholders highlight the continuing strength of demand for units of most sizes, post the Covid-19 Pandemic, fed by continuing business growth aspirations. Although Chorley has seen some new development in recent years, increasing construction costs are making viable new development, and particularly refurbishment, more challenging making it more important to protect existing stock, particularly in high demand locations
- GA Pet Foods provides an example of a major local business seeking growth with some 55,000 sqm of premises required over the next 15 years, expanding its facilities at Bretherton and Buckshaw Village onto nearby land, in the absence of available allocated employment sites locally.

4.0 THE OFFICE MARKET IN CHORLEY

Introduction

- 4.1 The section considers the market for office premises in Chorley Borough, it discusses demand for different types and sizes of premises, against supply to identify supply gaps and emphasise the strength of demand. It includes consideration of commercial property transactions conducted within Chorley, currently marketed commercial property and discussions with locally active property agents. It first provides some brief comments on national and regional market trends which will impact on the local demand for land and premises.

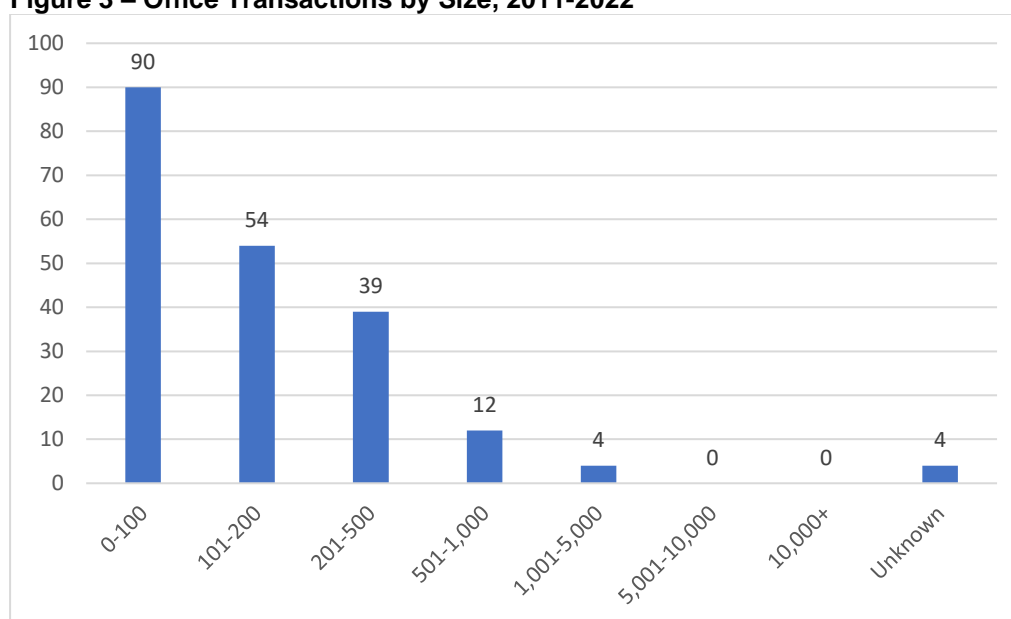
National and Regional Property Markets

- 4.2 Many occupiers are now giving thought to what their post-pandemic return to the office looks like, with a greater acceptance of remote-working and, in terms of premises, quantity increasingly exchanged for quality and flexibility in space options. Office investment rose in the final quarter of 2020 and on into 2021, signalling renewed confidence in the sector after fears over the worst effects of working from home on occupational demand where not realised.
- 4.3 Many businesses have now indicated that the office remains important despite changing working practices, and larger offices which can provide diverse space options are now popular. Conversely, some of the supply of serviced offices is not conducive in the current climate, with desks packed into tight spaces and shared environments. Refurbishment of such constrained spaces may be necessary to ensure they meet contemporary requirements.

Transactions

- 4.4 In the last ten years there have been 203 office transactions accounting for a total of 37,496 sqm. This equates to a take up rates of 20 units/year or 3,750 sqm/year.
- 4.5 Figure 3 shows that the 0-100 sqm size band was the most popular in Chorley over the past decade with 90 deals falling within this category or 44.3 percent of all transactions over the decade. However, it was the 201-500 sqm size band that saw the most floorspace taken up with a total of 12,294 sqm or a third of the decade's total.

Figure 3 – Office Transactions by Size, 2011-2022



Source: EGi 2022

- 4.6 Deals for more than 500 sqm of office space are rare in Chorley but do occur, including transactions for more than 1,000 sqm of premises. The largest recorded deal of the decade was for the sale of 2,339 sqm Sumner House, St. Thomas's Road, Chorley in 2017. Other big deals have included lettings for Endeavour House, Canal Mill, Chorley (1,951 sqm) and Utilihouse, East Terrace, Euxton Lane, Chorley (1,461 sqm) in 2013 and 2021 respectively.
- 4.7 2021 saw the most transactions occur in the decade with 29 deals, accounting for 14.3 percent of the decade total. This is somewhat surprising given the uncertainty the Covid-19 Pandemic created in the office market across the United Kingdom but demonstrates that the office market in Chorley remains strong despite recent challenges. Across the decade rates of 11-15 deals/year were more usual. Despite an artificially constrained market due to lockdowns associated with the Covid-19 Pandemic, 18 office deals still took place in 2020.
- 4.8 2013 was the year in which the greatest amount of floorspace was transacted, with 23 transactions accounting for 6,266 sqm of floorspace, 16.7 percent of the total. This was closely followed by 6,220 sqm of floorspace transacted across 22 transactions in 2017.
- 4.9 Over the decade market activity has focused on Ackhurst Business Park, Chorley (53 deals recorded, 26.1 percent of the total); Railway House, Railway Road, Chorley (44

deals recorded, 21.7 percent of the total) and East Terrace Business Park, Euxton Lane, Chorley (12 deals recorded, 5.9 percent of the total).

Rents/Sales

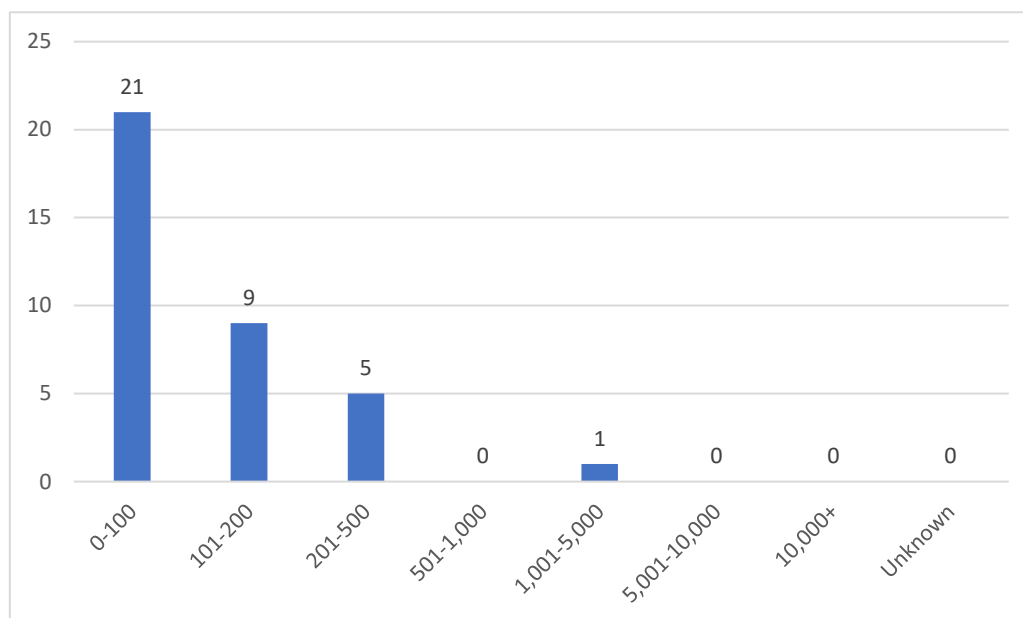
- 4.10 169 of Chorley's deals were leasehold, constituting 83.3 percent of the decade's deals. Of the 169 offices which let, 67 (39.6 percent) stated an achieved rent. Of these, 29 deals achieved rents of between £10.00-15.00/sqft (£108-161/sqm) and can be described as average quality, 43.3 percent of premises with pricing information. Eight achieved less than £10.00/sqft (£108/sqm) (11.9 percent) and are subsequently deemed to be of poor quality. The remaining 30 deals achieved over £15.00/sqft (£161/sqm) can be identified as good quality. This would therefore suggest that Chorley's offices are typically of an average-good quality.
- 4.11 The highest rent achieved was for Suite 17, 60 Railway Road, Chorley. The new, good quality premises achieved £23.20/sqft (£250/sqm) in 2021. Such a high rent per sqft was likely achievable due to the small size of the unit, 14 sqm. Average rent for the ten year period was £14.53/sqft (£156/sqm).
- 4.12 The 34 sales of office units recorded represented 16.7 percent of all deals and 27.6 percent of all floorspace transacted. Leonard Fairclough House, Church Street transacted for the greatest fee in the last ten years, £2,250,000, in 2017. The size of this premises is not stated.
- 4.13 The largest property with available sizing information to transact was Sumner House on St. Thomas's Road. The 2,339 sqm property was sold for £1,125,000 (£45/sqft or £481/sqm) in 2017 to Heaton Group Manchester. The average sale price for the ten year period was £464,085.

Availability

- 4.14 36 vacant offices were being marketed in Chorley as of July 2022 (see Figure 4), a significant reduction on the 55 available in June 2021, as recorded in the Central Lancashire ELS Update. These vacancies totalled 5,628 sqm.
- 4.15 Unsurprisingly the largest amount of marketed office space was found within the smaller size bands, and in particular units of under 100 sqm accounting for 58.3 percent of the marketed total. Overall, units of sub 500 sqm accounted for all but one

of the vacancies. This is in line with the demand seen from transactional data, with the vast majority of transactions in the last ten years also being for sub 500 sqm units.

Figure 4 – Number of Office Units Marketed in Chorley



Source: Source: EGi, Various Commercial Agent Websites, 2022

- 3.24 The 36 available premises included five suites (13.9 percent) in the active market area of Ackhurst Business Park; two at Railway House, Railway Road, Chorley and two at East Terrace Business Park, Euxton Lane, Chorley. All but two of the 36 are only available on a leasehold basis, indicating a lack of freehold opportunities locally.
- 4.16 14, Coppull Business Centre, Mill Lane was quoting the highest asking rent in Chorley, £26.54/sqft (£285.68/sqm). Such a high rent is likely to be quoted due to the size of the premises, 10 sqm. The average asking rent is £14.68/sqft (£158.02/sqm).
- 4.17 Fairclough, House, Church Street, Adlington, is the largest premises currently on the market. The 1,528 sqm premises is listed for an undisclosed fee.
- 4.18 The 36 available office suites comprising 5,628 sqm can be compared to the average of take up of 20 units/year or 3,750 sqm/year of floorspace transacted over the last decade. On this basis, Chorley Borough has 21 months of forward office supply by units, 18 months by floorspace, assuming an average rate of take up per year.

Valuation Office Data – Office

- 4.19 According to the latest Valuation Office Agency (VOA) statistics (2020), there are 650 hereditaments in the Borough totalling 91,000 sqm. Out of this space, there are only 36 marketed premises which total 5,628 sqm. This suggests an overall occupancy rate for the Borough of 94.3 percent by premises number and 93.8 percent by floorspace.
- 4.20 Low occupancy rates of below 90 percent can indicate levels of low demand for property and poor business growth. High occupancy rates (above 95 percent) may be an indicator of supply shortfall, and businesses potentially having difficulty in finding premises. By this measure Chorley has a reasonably healthy market for offices at this time, with enough premises to meet needs, but little scope to reduce its stock.

Property Market – Stakeholders

- 4.21 The above analysis of office property data has been supported by consultations with commercial property agents active in the Borough. Stakeholders report that, following a sharp drop in market activity in 2020-2021, demand from small offices is starting to pick up again in 2022. Post the Covid-19 Pandemic, the priority of businesses is to gain flexibility in their space i.e., to increase or decrease their space rapidly in line with staffing requirements to work from home or the office. This benefits flexible serviced and unserviced offices over less flexible options.
- 4.22 Many businesses wanted to change their space almost immediately following the lifting of the last Covid-19 restrictions in Jan/Feb 2022, but some have found themselves tied into lease agreements so are having to wait for them to pass. This has resulted in a steady trickle of demand from these occupiers through this year. Businesses are looking for leasehold and particularly freehold options.
- 4.23 Within this market, units of 20-50 sqm are most in demand, achieving rents of £14-16/sqft (£151-172/sqm) for good quality space. £15-20/sqft (£161-215/sqm) for serviced offices. Enquiries are almost never for more than 200 sqm of space.
- 4.24 Stakeholders feel that Chorley is better placed to benefit from this latest improvement in demand than Preston. Chorley has a strong stock of affordable serviced/unserviced small offices, in locations with parking/affordable parking. This is focused in out of centre locations like Ackhurst Park and Buckshaw Village.

4.25 Across Central Lancashire, there is enough supply to meet demand in the short term. However, with little new development in the pipeline, and the reoccupation of available stock in 2022, will increasingly lead to supply shortages in Chorley and Preston, particularly for serviced and high grade offices.

Summary

4.26 Some key points to note are that:

- The national and regional office markets are recovering from the Covid-19 Pandemic as most businesses plan a return to the office in 2022. Large flexible offices which can provide diverse space options are now popular
- Past transaction rates indicate that units of the 0-100 sqm are most frequently traded, but transactions for properties of up to 2,339 sqm do occur locally. 2021 saw the most deals occur this decade, 29, although 18 were recorded in 2020, suggesting a local office market which held up well during the Covid-19 Pandemic
- By transactions, the most active locations in the Borough are Ackhurst Business Park; Railway House and Euxton Lane
- 36 vacant offices were being marketed in Chorley as of July 2022, a significant reduction on the 55 available in June 2021. Most available suites were sub-100 sqm which matches past transactions. There is a lack of freehold availability
- The 36 available office suites comprising 5,628 sqm compares to the average take up of 20 units/year or 3,750 sqm/year of floorspace transacted over the last decade. Comparing the two, Chorley Borough has 18-21 months of available premises supply to meet its needs
- There are 650 hereditaments in the Borough totalling 91,000 sqm. Out of this space, there are only 36 marketed premises which total 5,628 sqm. This suggests an overall occupancy rate for the Borough of 94.3 percent by premises number and 93.8 percent by floorspace. Occupancy rates of 90-95 percent suggest that a Borough has a reasonably healthy market for offices, with enough premises to meet needs and no oversupply, but little scope to reduce its stock
- Stakeholders highlight a recovering office market in 2022. Post the Covid-19 Pandemic, the priority of businesses is to gain flexibility in their space i.e., to increase or decrease their space rapidly in line with staffing requirements. This favours flexible serviced offices with sufficient space to adapt. In this regard, Chorley benefits from its strong stock of affordable serviced/unserviced small offices, in locations with parking/affordable parking. There is enough supply to

meet demand in the short term. However, the lack of new development planned will increasingly lead to supply shortages.

5.0 CONCLUSIONS

Introduction

- 5.1 This study has provided an updated picture of the need and demand for employment land and premises in Chorley Borough – industrial, warehouse and office. The report builds upon the need and demand research completed, by BE Group, in the Central Lancashire Employment Land Study Update over August 2021-February 2022. This section draws together the main issues.

Employment Land Need Vs Supply

- 5.2 The Central Lancashire Employment Land Study Update 2022 identified employment land needs of 76.34 ha to 2038. Against that need Chorley Borough has a realistic employment land supply of 56.28 ha, mostly comprising allocations in the Adopted Local Plan. This shows that Chorley has an undersupply of 20.06 ha against its needs to 2038. **Thus, to meet its Objectively Assessed Employment Needs, Chorley needs to protect its existing supply of E(g)/B-Class land and identify another 20 ha of new employment land elsewhere.**

The Industrial Market in Chorley

- 5.3 Throughout the Covid-19 Pandemic, and on into 2022, national and regional markets have boomed in the face of growing manufacturing and logistics sectors. Chorley has been no exception with units of 501-1000 sqm most frequently traded. Although, in the last decade, there has been reasonable market activity for all premises sizes up to 5,000 sqm. Both stakeholders and transactional data agree that Buckshaw Village, extending to include Euxton Lane, has been a focus of market activity and interest. Indeed, it is of specific interest to major employer GA Pet Foods which is seeking to expand from Revolution Park onto land on Euxton Lane, delivering 40,000 sqm of new floorspace. This requirement reflects a lack of available expansion land within Buckshaw Village more directly.
- 5.4 Against this demand Chorley only had 15 available industrial units, comprising 18,581 sqm, on the market, earlier in 2022. Little of this supply was in the size range or locations most needed. Against the average premises take up rate of 17 units/year or 23,939 sqm/year the marketed premises only provide 9-10 months of available property supply to meet the Borough's needs. **A vacant supply of 15 units, comprising 18,581 sqm means that Chorley Borough's total industrial stock is**

98.6 percent occupied by premises number and 96.9 percent by floorspace. High occupancy rates (above 95 percent) may be an indicator of supply shortfall, and businesses having difficulty in finding premises.

- 5.5 Against this constrained supply, Chorley has seen some new development in recent years. Moving forward, increasing construction costs are making viable new development, and particularly refurbishment, more challenging making it more important to protect existing stock, particularly in high demand locations.

The Office Market in Chorley

- 5.6 Nationally and regionally office markets are recovering from the Covid-19 Pandemic as most businesses plan a return to the office in 2022. Post Pandemic, the priority of businesses is to gain flexibility in their space i.e., to increase or decrease their space rapidly in line with staffing requirements. This favours flexible serviced/unserviced offices with sufficient space to adapt. In this regard, Chorley benefits from its strong stock of affordable serviced/unserviced small offices, in locations with parking/affordable parking including Ackhurst Park and Buckshaw Village. Indeed, when measured by number of deals completed, Chorley saw some of its best market performance in 2020 and 2021. Demand in Chorley is for suites of 0-100 sqm with Ackhurst Business Park; Railway House and Euxton Lane being the most historically active locations.
- 5.7 Stakeholders report that there is enough supply to meet demand in the short term, but expect a growing supply shortage moving forward, particularly in key locations like Buckshaw Village. There were 36 vacant offices being marketed in Chorley as of July 2022, less than were available in 2021, but still representing 18-21 months of available premises supply to meet needs. The available units were of a size and in locations which reflect demand. **Occupancy rates for the Borough were 94.3 percent by premises number and 93.8 percent by floorspace. Occupancy rates of 90-95 percent suggest that a Borough has a reasonably healthy market for offices, with enough premises to meet needs and no oversupply, but little scope to reduce its stock. Stakeholders suggest that the lack of pipeline new office development in the Borough will eventually lead to shortages.**
- 5.8 For both the industrial and office stock there **is a lack of freehold supply** which could meet the needs of established businesses looking to invest in their own premises and allow some of the Borough's larger manufacturing companies to grow.