



Pant Industrial Park - Feasibility Study

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1.0 Executive Summary

- There is around 14 million sq.ft of industrial space located in the two Central Valleys submarkets (Merthyr Tydfil and Rhondda Cynon Taff).
- Central Valleys' vacancy rate fell from almost 23% in 2010 to just 2% at the end of 2017. Although vacancies have since increased, as larger units such as the 326,000- have become vacant, they remain below 4%.
- Speculative development has proved successful in the Central Valleys submarkets over the past couple of years. Seven of the 10 major developments that have completed since 2015 are fully leased.
- The County Borough has the highest unemployment rate in the Cardiff Capital Region.
- There is a reasonable desire for growth amongst the Borough's large businesses and, across the Welsh Valleys overall, good prospects for inwards investment, primarily from B2 uses. Against this need, stakeholders report a strong shortage of industrial and warehouse units of all sizes.
- Local micro firms require units up to 250 sqm, while larger B2/B8 options of up to 5,000 sqm each are needed to allow large company growth and encourage inward investment. Demand is for both leasehold and freehold options.
- Pant Industrial Estate should be protected under emerging LDP Policy EcW22 for B1/B2/B8 uses.
- As of 2016 within the County Borough, 15,601 sqm industrial floorspace had been delivered with another 56,500 sqm of floorspace required by 2021. It is unlikely this target will be met.
- The County Borough broadly follows the national pattern but with a slightly more pronounced proportion of small firms employing 10-49 people; 87.8 percent of businesses in Merthyr Tydfil employ less than ten people.
- General demand on the estate is high although there is a lack of modern units. Vacancy levels are historically low.
- Recent marketing of small units on the estate indicates that there are good levels of demand for units between 1,000 and 5,000 sq ft. Recently a marketing agent agreed a letting of Unit 7 & 8 Pant Industrial Estate, comprising 2,000 sq ft and received regular enquiries from independent businesses across a range of sectors.
- The development of the proposed Pant Industrial Park and operational use of the units will create local employment opportunities estimated between 100-150 permanent and part time positions.
- The proposed development is located within Pant Industrial Estate, Merthyr Tydfil. The area of approximately is an empty brownfield site that site was occupied by part of the ICI (Imperial Chemical Industries) Works.
- The development site is owned by MKR Property Limited.
- MKR Property Limited are proposing the site is developed to provide an exemplary, stand-out industrial park of light industrial units ranging in size from GIA 80m2 to 600m2 incorporating flexibility. The construction is to achieve BREEAM 'Very Good'.

- Several site layout appraisals have been considered; the proposed option considered to offer the best use of available development area, symmetry and aesthetic appearance.
- The proposal provides a GIA 2885m².
- Vacant land to the East of the development site is owned by Merthyr Tydfil County Borough Exercise. As part of the feasibility study process, the design team have considered how the area could be developed as a phase 02 strategy.
- The larger units will be constructed as a shell for tenant fit out, the start-up units will be fitted out ready to occupy (CAT A fit out).
- The industrial units will have a Portal frame 6m to haunch, with a typical material Palette and specification based upon precedent.
- All major services are available within the vicinity of the site. New connection applications for each service have been made and are covered in subsequent sections of this report.
- The topographical survey has identified several buried services which will require diversion as part of proposed works.
- An analysis has been carried out to determine the optimum building regulations compliance solution for the shell units under Part L2A 2014 (Wales). The analysis confirms that each unit will pass the carbon and energy reduction requirements of the building standards.
- Natural Resources Wales interactive flood maps indicates that there is no risk to river or coastal flooding from nearby watercourses.
- It has been identified that there is a high risk of pluvial flooding occurring within the site boundary. Detailed levels and drainage designs should remove all low points subject to surface water ponding.
- The SUDS proposal for this site involves conveying the surface water run-off from roofs and hardstanding through porous paving and filter strips to a gravity surface water drainage system within main access routes.
- SUDS proposals for this development have been designed in accordance with the SUDS Manual C753, utilising the Simple Index approach.
- The surface water system is proposed to run separately from the foul system for their entirety
- The foul network for development is proposed to be kept private and in the ownership of the developer and discharge into the nearby Combined sewer located on the access road to the north. However, please note that due to the level differences (circa 1.5-2.0m ground level difference) the foul drainage will be collected and fed into a private pumping station with 24-hour storage into a break pressure chamber at high level to allow a gravity connection into the foul network.
- A site investigation was previously undertaken August 2009; the investigation was incomplete, failing to capture necessary ground conditions.
- Harley Haddow have recommended that a new detailed site investigation is commissioned.

- It is proposed to make the units energy efficient to help support the businesses with their energy payments.
- The procurement methodology is expected to be one of the following:
 - a. Traditional contract with CDP items where appropriate.
 - b. Design and Build (conceptual designs and performance specification).
- The total development costs have been estimated at **£4,432,825** of which **£3,670.000** is attributable to construction costs.
- The feasibility design, scope and specification has been cost estimated by a South Wales contractor who has undertaken similar sized industrial park projects; the contractor estimating a construction cost of **£3,328,603.30**. **Note:** Owen Associated Limited included circa £120,000 fit out of starter units 7-13, this not accounted for within the contractor cost. For consistency, adding £120,000 to contractor cost will raise their estimate to **£3,444,270**.
- The BCIS programme calculator estimates construction duration from start on site to construction completion is 31-weeks with a 90% confidence interval of 28 to 33 weeks.
- The feasibility design, scope and specification has been programme estimated by a South Wales contractor who has undertaken similar sized industrial park projects; the contractor estimating a construction programme of 35-weeks.

2.0 The Team

- Client – MKR Property Limited.
- Architect – Powell Dobson.
- Structural/Civils/M&E – Harley Haddow.
- Project Management – Accord Professional Services Limited.
- Quantity Surveyor – Owen Associates Limited.
- BREEAM – Elma Sustainability Support Limited.

3.0 Feasibility Report Structure

The content of the feasibility report is presented in individual sections comprising of:

- Architectural Report.
- MEP Report.
- Structural Report.
- Civils & SUDS Report.
- Cost Plan.
- Construction Phase Programme.

Pagination of each report is specific to that document, the report also containing appendices to supplement the body of main work.

4.0 Background

MKR Property Limited have purchased an area of land at Pant Industrial Estate in Merthyr Tydfil.

Historically, the site was occupied by part of the ICI (Imperial Chemical Industries) Works, which came into operation by 1939, and closed in 1963. Following clearance of building's, the land has remained unused.

Given the geographical setting of the site any future development is likely to be commercial in nature.

Accord Professional Services were approached by the client to support them with RIBA Stages 1 & 2 Preparation and Concept (the undertaking of a feasibility study covered within these stages).

Across professional disciplines, several consultancies were approached to provide the following:

- Fee proposal RIBA stages 1-6.
- Scope of Service.
- Capability Statement.

Assessment of returns were based upon cost, capability and delivery experience of similar projects. The team selected listed within item 2.0.

5.0 Introduction

The former ICI (Imperial Chemical Industries) Works, Merthyr Tydfil has since the early 1970's, grown into a sprawling estate of industrial units known as Pant Industrial Estate supporting manufacturing, service supply and automotive business. Within the estate parcels of brown field land remain vacant.

The estate is a popular trade counter and industrial location with good accessibility to the A465; there are very few small units available for individual businesses. The estate also enjoys high occupancy rates and there are several national tenants represented as well as a good mix of local businesses (Source: Stuart Hogg Property Consultants 04th March 2019).

6.0 Market Appraisal

An Industrial Market Sub Report dated 14th February 2019 commissioned by Merthyr Tydfil County Borough Council provides an assessment of the industrial space market specific to the Central Valley region (Merthyr Tydfil and Rhondda, Cynon, Taff). Key note points are summarised as follows:

- The two Central Valleys submarkets (Merthyr Tydfil and Rhondda, Cynon, Taff) form the Central Valleys industrial market. The area includes towns such as Merthyr Tydfil, Pontypridd and Aberdare.
- There is around 14 million sq.ft of industrial space located in the two Central Valleys submarkets. Very little space has been added since 2016.
- Central Valleys' vacancy rate fell from almost 23% in 2010 to just 2% at the end of 2017. Although vacancies have since increased, as larger units such as the 326,000- have become vacant, they remain below 4%.
- Speculative development has proved successful in the Central Valleys submarkets over the past couple of years. Seven of the 10 major developments that have completed since 2015 are fully leased. However, landlords of larger proposed

schemes tend to seek tenants before committing, which is likely to keep vacancies at their current level in the near term.

A review of the Employment Land Review June 2018 commissioned by MTCBC, informs:

- Although the overall workforce is active, the County Borough has the highest unemployment rate in the Cardiff Capital Region.
- There is a reasonable desire for growth amongst the Borough's large businesses and, across the Welsh Valleys overall, good prospects for inwards investment, primarily from B2 uses. Against this need, stakeholders report a strong shortage of industrial and warehouse units of all sizes.
- Local micro firms require units up to 250 sqm, while larger B2/B8 options of up to 5,000 sqm each are needed to allow large company growth and encourage inward investment. Demand is for both leasehold and freehold options.
- Area 1: Pengarnddu and Area 2: Pant Industrial Estate and should be protected under emerging LDP Policy EcW22 for B1/B2/B8 uses.
- As of 2016, 15,601 sqm industrial floorspace has been delivered with another 56,500 sqm of floorspace required by 2021. At the present rate of take-up, it is unlikely this target will be met.
- Local Development Plan (2016-2031) Review Report – Merthyr Tydfil County Borough Council (2016). Whilst many aspects of the plan are being successfully carried out, the report finds MTCBC underperforming respective of:
 - i. The amount of employment floorspace built in the Primary Growth Area.
- Office National Statistics data identifies that on a national scale, 89.2 percent of businesses in Wales employ less than ten people (micro businesses), 98.4 percent of businesses are classified as small (up to 49 employed).
- The County Borough broadly follows the national pattern but with a slightly more pronounced proportion of small firms employing 10-49 people; 87.8 percent of businesses in Merthyr Tydfil employ less than ten people, while all those registered as small businesses total 98.5 percent.

Stuart Hogg Property Consultant has offered the following key market commentary specific to Pant Industrial Estate:

- Occupiers on estate include a mix of established national trade counter users, regional and local independent companies.
- General demand on the estate is high although there is a lack of modern units. Vacancy levels are historically low.
- Experience of marketing small units on the estate is that there are good levels of demand for units between 1,000 and 5,000 sq ft. We have recently agreed a letting

of Unit 7 & 8 Pant Industrial Estate, comprising 2,000 sq ft and received regular enquiries from independent businesses across a range of sectors.

- The development appraisal shows units ranging in size from 1,700 sq ft to 4,300 sq ft, which we consider to be appropriate for the market in this location.

6.1 Client Aspirations

The client proposal is to develop their site to provide a modern industrial park offering commercial / industrial units, varying in size and scale which will be suitable for a diverse sector business. The design proposal set out within the Powell Dobson report is based upon the following client requirements.

- Exemplary, stand-out development.
- Light industrial units from GIA 80m2 to 600m2 incorporating flexibility.
- Storage mezzanines • Two storey start-up units.
- Shell only units until tenants are known.
- Customer entrance/counter.
- Incorporate trees & green areas.
- BREEAM 'Very Good' compliance.

For demonstration purposes only, the architectural feasibility study presents how Merthyr Tydfil County Borough Council owned land to the East of the developer's site could be developed as a phase 02 strategy.

The construction of and operational use of these units creating local employment opportunities; the expectation being approximately 100-150 permanent full and part time positions. Data Source: Client review of employment numbers across existing units located on the Pant Industrial Estate.

The client has undertaken preliminary meetings with the Welsh Government and Merthyr Tydfil County Borough Council, the purpose being to set out their intentions. The output of the reports contained therein is to capture the current proposals and identify risks in order to inform further design, cost and marketing discussions for the development.

6.0 Project Milestones

- Appoint the team – June 2019.
- RIBA Stages 01 & 02 (Feasibility Study) Review Meetings – July/August 2019.
- Issue Feasibility Study – September 2019.
- Welsh Government Review/Feedback – October 2019.
- RIBA Stage 03 Developing Design (Planning) – Close Year End 2019.

- RIBA Stage 04 Technical Design (Procurement) – March 2020.
- RIBA Stage 05 Construction Phase – April 2020 for an estimated period of 31 weeks.
- RIBA Stage 06 Handover and Close Out – February 2021.
- Marketing Engagement – Throughout.

7.0 Next Steps

- Clarity on Funding Programme.
- Clarity of Process.
- Maintaining Project Progress to Achieve Milestone Targets.

8.0 Summary

The proposed development is located within Pant Industrial Estate, Merthyr Tydfil. The area of approximately is an empty brownfield site that site was occupied by part of the ICI (Imperial Chemical Industries) Works. The development site is owned by MKR Property Limited.

- The County Borough has the highest unemployment rate in the Cardiff Capital Region.
- There is a reasonable desire for growth amongst the Borough's large businesses and, across the Welsh Valley, primarily from B2 uses. Against this need, stakeholders report a strong shortage of industrial and warehouse units of all sizes.
- As of 2016 within the County Borough, 15,601 sqm industrial floorspace has been delivered with another 56,500 sqm of floorspace required by 2021. It is unlikely this target will be met.
- General demand on the estate is high although there is a lack of modern units. Vacancy levels are historically low.
- The construction of the proposed Pant Industrial Park and operational use of the units will create local employment opportunities estimated between 100-150 permanent and part time positions
- MKR Property Limited are proposing the site is developed to provide an exemplary, stand-out industrial park of light industrial units ranging in size from GIA 80m² to 600m² incorporating flexibility. The construction is to achieve BREEAM 'Very Good'.
- The proposal provides a NIFA 2885m².
- The total development costs have been estimated at £4,432,825 of which £3,670,000 is attributable to construction costs.
- The feasibility design, scope and specification has been cost estimated by a South Wales contractor who has undertaken similar sized industrial park projects; the contractor estimating a construction cost of £3,444,270.

- The BCIS programme calculator estimates construction duration from start on site to construction completion is 31 weeks with a 90% confidence interval of 28 to 33 weeks.
- A South Wales contractor who has undertaken similar sized industrial park projects has estimated a construction programme of 35-weeks.