

Andrews Land & New Homes

North Gloucester Urban Extension

REPORT

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1. PERSONAL BACKGROUND

- This is a report by Richard M K Styles, FNAEA CPEA, on the proposed North Gloucester Urban Extension.
- I have been working for Andrews Estate Agents since 1985. From 1986 until 1996, I managed the Stroud branch of the company, which was at the time the busiest office within our 50 branch network.
- Since 1996, I have been running the Land & New Homes Division in Gloucestershire, with responsibilities from recruiting, training, and managing sites sales staff, to appraising land for developers, as well as offering extensive advice on area quality, suitable mix, likely demand, anticipated prices etc.
- Since 1994, our Division has been involved in the staffing and/or marketing of a huge number of New Homes sites within the county, having worked on schemes for, amongst others, the Berkeley Group, Bryant, Redrow, Persimmon, Bovis, Crest, Miller, Newland, David Wilson, KingsOak, Charles Church, and Linden.

2. INTRODUCTION

- I have been asked to assess whether the implementation of the development at North Gloucester will in any way prejudice the realisation of the residential element at Gloucester Quays and other city centre schemes.
- Furthermore, I have been asked whether around 3,500 to 4,000 units at North Gloucester are comfortably deliverable by 2026, assuming a start date of around 2010, and allowing for 35% affordable units.
- I have also been asked to comment on the possible maximum number of houses deliverable at this location by 2026, assuming 35% affordable.

3. ANTICIPATED PURCHASER PROFILES

- In 2001, I was asked to provide some evidence for the Public Local Inquiry in relation to the proposed development of Eastchurch (now known as Kingsway) in Gloucester, as to, in a similar fashion, whether the development of Kingsway would in anyway prejudice residential schemes at the city centre. I concluded, in my Proof of Evidence dated August 2001, and additional evidence dated July 2002, that, due to the very dissimilar mix of the two schemes (ie, Gloucester Quays and Kingsway), and the distinct locations, they would attract very different purchaser profiles, and therefore the two schemes were likely to have very little natural overlap.
- This was an opinion agreed upon by the Planning Inspector at the time and later accepted by the Secretary of State in his final decision.

4. NORTH GLOUCESTER DEVELOPMENT

- I am of the same opinion as regards the potential development at North Gloucester, that is to say that it will have very little overlap, or prejudicial interaction with the Gloucester Quays redevelopment, and similar city centre schemes.
- I understand that the average density at North Gloucester is planned to be around 40 - 42 dph, whereas the Gloucester Quays scheme is likely to produce densities that are significantly higher, these higher densities spawning a different mix and therefore a different purchaser profile.
- We understand that planned densities for the residential element of the Gloucester Quays Scheme are planned to be within a range of 113 up to 167 dwellings per hectare, with an average density of 144 dwellings per hectare. Total number of units (at the moment) will be 931 one, two and three bedroom apartments. We would estimate that this density would produce an average height of around 5 to 6 storeys.
- As regards the residential element at the former Cattle Market site (St Oswald's), we believe that there will be 450 (private) residential units, of which around 75% will be apartments. I believe that the residential element will cover around 6 hectares, therefore densities of around 75 dph.
- The huge difference in densities between these two city centre schemes, and those proposed at the North Gloucester site will, of course, produce a very different type of property and mix in each case, and therefore different purchaser profiles, producing little or no overlap, as illustrated below.
- The very distinct locations (city centre v suburbs) will also naturally attract a distinct purchaser profile, thereby also reducing the risk of market overlap.

5. PURCHASER PROFILES - EXISTING SCHEMES

- **Apartment Developments**
- There are various apartment schemes being built out in the city centre at the moment and these include the following.
- **Redrow Homes - Collingwood Place, Horton Road**
- This development, which will contain 254 units, commenced marketing in November 2002.
- For the first couple of years of marketing, we have been informed by Redrow, that around 90% of buyers were investors, an appreciable number of which came from abroad. During this year, however, the proportion of investor buyers has reduced, though still stands we are told, at around 65%. Indeed, recently, a single investor has agreed to purchase a block of 26 apartments on the site.
- **Laing Homes - West Quay, Gloucester Docks**

- Andrews Land & New Homes have been marketing this scheme of 50 new build apartments, which commenced in January 2005.
- Purchaser profiles show around 65% buying for investment, with a balance owner/occupiers. Some have bought with a view to rent out for a few years and then move into upon retirement etc.

- **Crest Nicholson - Gloucester Docks**
- Crest Nicholson have ongoing conversion and new build elements at Gloucester Docks, having launched the first conversion in June 2002.
- Crest has informed us that they would estimate that around 80% to 85% of purchasers have been buying for investment purposes. Their average unit size is lower than that at Laing, and this reduction is likely to have been one of the reasons for the higher percentage of investment buyers.
- **Bryant Homes - The Courtyard, London Road, Gloucester**
- Andrews Land & New Homes staffed and marketed this scheme of 60 apartments in 2003.
- Purchaser profile showed around 70% to 75% buying for investment purposes.

6. NEW BUILD ACTIVITY OUTSIDE THE CITY CENTRE

- **Kingsway Village - Quedgeley**
- Andrews Land & New Homes have been marketing the Taylor Woodrow development at Kingsway Village since the end of 2005. We would estimate the purchaser profiles to date as follows.

Owner/Occupier trading up	around 43%
First time buyer/out of rented/split up	around 38%
Investment	around 19%

- We also spoke to Persimmon who, as Westbury Homes, commenced marketing in June 2005. They estimate that only around 10% of purchasers to date have been buying for investment, with the balance mainly local owner/occupiers trading up. A few have traded down, with others coming from Bristol, Cheltenham etc.

7. CONCLUSIONS

- Bearing in mind that the densities at Kingsway Village (around 40 - 42 dph), offer a similar comparison to those planned at the site North of Gloucester, we would expect similar purchaser profiles to be seen at the latter development. We can see from the above evidence that the type of buyer who is likely to buy at the North of Gloucester development, will be markedly different from those buying at the Gloucester Quays and other city centre schemes, thus the development North of Gloucester will have little or no negative impact upon the residential element of Gloucester Quays.

8. BUILD RATES

- I have also been asked to comment on likely build rates at the North of Gloucester development and to assess whether around 3,500 to 4,000 units are comfortably deliverable by 2026, assuming a start date of 2010/11, and allowing for 35% affordable units.
- Assuming 35% of affordable units, there are therefore likely to be up to around 2,600 "open market" units.
- Analysing, for example, build rates for south-west Gloucester parishes during the period 1980 to 1999, we can see that average rates during this period showed 210 units per annum. Annual build rates exceeded 300 per annum only 4 times during this 20 year period.
- I will not be including statistics from the Kingsway Village development in Quedgeley within this report, as this development is still in relative infancy, only having commenced appreciable marketing earlier this year.
- Bearing in mind that the redevelopment of the Brockworth Airfield site is likely to contain around 1,900 units, and allowing for cyclical market fluctuations, we would anticipate a sustainable build rate at North Gloucester of about 200 units per annum for open market houses. As can be seen in the build rate figures for south-west Gloucester parishes, it may be feasible to achieve around 300 units per annum during infrequent periods, though we would not anticipate that this rate will be sustainable throughout.
- Therefore, with up to around 2,600 market units to be built, we anticipate the total build period required to be around 13 years, thus the first units being completed in say 2010/11, with the last being completed in 2023/24.
- With regard to the question of the maximum possible achievable build rates in this location during the period to 2026, assuming a start date of 2010/11 and with 35% affordable, I tend to the view, that should a further site become available in this market area, which could be marketed as being a distinct development, then a further 60 - 80 market units a year could be sustained. With the affordable element this would gross up to a total of about 1,600 houses.

9. SUMMARY/CONCLUSION

- Given the above evidence, and given the markedly differing densities, it is my opinion that an urban extension North of Gloucester would have no detrimental impact upon the redevelopment at Gloucester Quays and other city centre schemes. These hugely differing densities will produce a very different housing offer and therefore different types of buyers. The distinct locational differences will reinforce this with purchasers either committed to living in the city centre for its special attractions or preferring a fringe location for its own characteristics.
- I would anticipate build rates for open market housing of about 200 units per annum, (310 per annum including affordable housing) to be capable of being sustained over the period 2010/11 to 2023/24

thereby delivering an urban extension of about 3,750 houses by 2026.

- Additionally, I would anticipate that a further scheme in this location could sustain about an additional 60 - 80 market houses per annum (110 per annum with affordable housing) on the basis it were marketed as a distinct scheme.

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