

**Newark Property Developments
Ltd (Representor 184)**

**Statement - Examination in
Public**

Newark and Sherwood Allocations and
Development Management DPD

Project Ref: 27844

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1 Introduction

This Statement is prepared on behalf of Newark Property Developments Ltd which is the owner and developer of the site of the former Warwick and Richardsons Brewery on North Gate, Newark on Trent. It follows our earlier representations made in respect of the Newark and Sherwood Allocations and Development Management DPD Options Report and Publication Draft.

In this Statement we summarise the representations made to date and comment on the Inspector's matters for examination at hearings. We specifically wish to set out Newark Property Developments (NPD) case in respect of Matter 4 'Retail/Employment/Mixed Use' and Matter 5 Site Specific Issues (Newark Area).

1.1 Background

The publication draft of the Allocations and Development Management DPD identifies NPD's site at North Gate as a site with outstanding planning consent for residential development (Ref: HoPP). The adjacent listed Brewery buildings have already been redeveloped for residential and commercial uses. For reasons set out within previous representations we have explained why new build residential development on the remainder of the site will not be viable within the foreseeable future.

NPD has submitted an outline planning application to the District Council for retail development at the North Gate site and this is currently the subject of an appeal against non-determination with a Public Inquiry due to be held on 22nd January 2013. The application proposes the development of 6,754 sq. m gross retail floorspace at the site, predominantly for the sale of bulky goods but also with an element of open A1 use.

The Publication Draft of the Allocations and Development Management DPD seeks to meet the requirement for additional retail floorspace within the district by allocating the NSK site for mixed use redevelopment including up to 10,000 sq. m of net retail floorspace to be delivered after 2019 (Policy NUA/MU/3). The District Council has resisted NPD's proposals at North Gate on the basis that it may prejudice the development proposed at the NSK site by the emerging DPD document.

2 Summary of Representations

NPD has made representations to the DPD process in October 2011 and August 2012 and we summarise below the issues raised in these representations.

2.1 Viability of Residential Development

The proposals for the North Gate site that already have planning permission were devised shortly prior to the peak of the residential development market in 2007 when house prices were high and rising relative to construction and land costs. A residential scheme comprising the conversion of the historic brewery and new-build on the adjacent cleared site was proposed and was viable in the prevailing market conditions of the time, and those that could have been foreseen at that point in time.

Since those approvals, the site's owner has undertaken the conversion of the Brewery to provide 49 new residential units and commercial units as a first phase of development. Given the historic nature of this building, the development costs were substantially higher than would ordinarily be the case for new-build development. As such the developer planned for a significantly lower margin being achieved on this phase on the basis that the value could be recovered through the new-build residential development of the remainder of the site.

Whilst this phase of development was taken forward on the basis of already exceptionally low margins, the development came to the market at the time when demand and values were very suppressed. This has meant that the sales values achieved were substantially below those projected prior to development, and the rate of sales was substantially slower than was expected, meaning that the finance costs of the development are significantly increased. Indeed, a substantial proportion of the properties remain to be disposed.

We have undertaken a high level viability assessment of the approved residential scheme for this site that applies this up-to-date market data on development values and sales rates. It also takes account the build cost implications of more recent changes to the building regulations to reflect aspirations in relation to the Code for Sustainable Homes level 4, as well as other costs such as finance, professional fees and the like. Our assessment shows that the likely developer's margin of less than 10% of cost. This level of return would not be adequate for either the developer or its bankers to be able to proceed with the scheme as currently proposed.

It is clear from our assessment that this site is not currently viable for residential development. Simply, values are too low to generate the margins required to meet the lending criteria of the banks or the returns required by the developer to recoup losses from the Brewery development. It is also not clear that there is a large enough market for a residential development of this scale at this point in the market cycle given the continued restrictions on mortgage availability.

There is, therefore, no realistic prospect of the North Gate site being redeveloped for housing in the foreseeable future. It cannot therefore be considered 'deliverable' as part of the projected housing supply for the district.

2.2 Potential of the North Gate site for Retail Development

The North Gate site is 240 metres to the north of the town centre boundary and 460 metres from the primary shopping frontage. There are a number of established retail developments adjacent to the site including an Aldi supermarket and the Northgate Retail Park whose occupiers include Dreams, Homebase, Currys, Pets at Home, TK Maxx, Next and Boots. The town centre Morrisons store is also in close proximity and given the nature of surrounding uses and direct pedestrian links from North Gate to the town centre, we believe that the site would function as if in an edge-of-centre location.

North Gate is the principal route into the centre of Newark from the north and north-east and is well used by motorists, cyclists and pedestrians and well served by public transport. It benefits from direct

access to the local bus network and is within ten minutes walk of both Newark's railway stations. The site is therefore very accessible and provides 70m of frontage on to North Gate which means that high volumes of passing trade will have visibility of the proposed retail units within the site.

It is clear from the rental values and covenant strength of existing retail developments nearby, in particular at Northgate Retail Park, that development of the North Gate site for retail development would be viable and deliverable, to meet the need for additional retail floorspace in the short to medium term. The Council's Core Strategy and retail evidence base identifies a quantitative need for additional retail floorspace and a qualitative need for bulky goods retail floorspace. The North Gate site is clearly capable of delivering this.

2.3 Potential of the NSK site for Retail Development

The Publication DPD allocates land at the NSK site for mixed use development to include retail uses (Ref: NUA/MU/3). The walking distance from the site to the town centre would be between 950 m and 1500 m. Unlike the North Gate site there is very limited capacity for linked trips with the town centre and other established retail destinations.

The site is located in the middle of Newark Industrial Estate and on the eastern side of the railway line. We understand that the Council has aspirations to construct a flyover over the railway line to reduce walking distance down to 750m, however it is unclear as to how this would be funded or how it might impact on the viability of the proposed development at the NSK site. The nearest main road is Beacon Hill Road, and any development would, it appears, have to be accessed via Northan Road, which is principally an access road into the industrial estate. The allocated site itself is located some 300m and around a bend from the junction of Northan Road with Beacon Hill Road.

The site therefore has a complete lack of visibility or profile and will not meet the requirements of most retail operators. If retail development were to take place on this site, it could only be expected to attract lower order retailers with weak covenants. Therefore the sustainability and viability of the development is questionable. There is no evidence as to how the proposed 10,000 sq m net of retail floorspace can be met at the NSK site. In this case, the fact that the development of this site will be subject to some additional/abnormal development costs, most notably extensive demolition and clearance, could render the site unviable, as well as commercially unattractive, for retail development.

2.4 Summary

In view of these points it is NPD's position that the North Gate site should be allocated for retail use to provide the necessary flexibility to deliver the additional retail floorspace required over the development plan period. The North Gate site is developable in the short term, is the more viable site for retail development and is well related to both the town centre and existing out-of-centre retail facilities within Newark.

3 Inspector's Matters and Issues for Examination

The representations summarised in the preceding section can be related to the matters and issues for examination at the DPD hearings identified by the Inspector. The following matters are of particular relevance.

3.1 Matter 4 – Retail/Employment/Mixed Use

14. Are the locations identified the most appropriate when considered against all reasonable alternatives?

NPD is strongly of the view that the North Gate site provides the most appropriate site for new retail development of the scale required by the Newark and Sherwood Core Strategy over the development plan period. The site is available and suitable for such development given its proximity to the town centre, its position on a main arterial route and its proximity to existing edge-of-centre and out-of-centre retail facilities. For these reasons the site is therefore more commercially attractive than the draft allocation at the NSK site and is the more sustainable alternative given its greater potential to generate linked trips both with the town centre and other established retail destinations within Newark. The North Gate site is clearly preferable to the NSK site on the basis of the advice contained at paragraphs 23 and 24 of the NPPF.

3.2 Matter 5 – Site Specific Issues (Newark Area)

17. The Plan relies on one site (NUA/MU/3) for most of its new retail floor space to be provided towards the latter part of the Plan period. What happens if it cannot be delivered – is the plan flexible enough to cope with this? Is this the best approach to deliver retail development in the area? Is the boundary of the site appropriate? Is there sufficient clarity to the wording of the policy to guide future development within the suggested timescale? Is there a better, more readily available site which would give greater certainty to the delivery of retail floor space?

The adopted Core Strategy identifies district-wide retail floorspace requirements of 6,707 sq.m for convenience goods and 18,459 sq. m for comparison goods over the development plan period to 2026. DPD draft Policy NUA/MU/3 provides for retail provision of up to 10,000 sq. m net at the NSK site in the period post 2019. We note that the wording of the policy does not identify whether this should comprise floorspace for convenience or comparison goods.

The reliance on the NSK site, which is only allocated to deliver less than half of the retail floorspace identified by the Core Strategy in the latter part of the development plan period, provides very limited flexibility. As has been described in previous representations, there are significant concerns over the viability and deliverability of NSK site for retail development on the scale envisaged by the draft allocation. We are not aware of any evidence that demonstrates how the proposed retail floorspace can be successfully accommodated on the site together with the proposed other uses.

We therefore also consider that there is a better, more readily available and deliverable site available for retail development at North Gate. This site is sequentially preferable to the NSK site under the terms of the NPPF and the advice contained within the extant PPS4 Practice Guidance. It would provide flexibility to the development plan and accord with paragraph 23 of the NPPF that seeks to ensure that needs for retail development and other main town centre uses are met in full and not compromised by limited site availability.

It is NPD's view that it would be more appropriate to also allocate the North Gate site for retail development to ensure the delivery of retail floorspace within Newark and prevent any increase in the leakage of retail expenditure and therefore less sustainable patterns of travel. This would provide a better approach to delivering retail development in the area.

3.3 Conclusion

We would respectfully request that the Inspector considers whether the retail component of draft allocation NUA/MU/3 provides the most appropriate location for such development and whether the reliance on this allocation for the delivery of additional retail floorspace over the development plan period is sound. For the reasons given above, and to be advanced at the forthcoming Examination in Public, we believe that the North Gate site should be allocated for retail development and that the wording of Policy NUA/MU/3 amended accordingly if considered appropriate.