



# Proof of Evidence of MATTHEW KINGHAN (for the Local Planning Authority) on NEED FOR EMPLOYMENT LAND and EMPLOYMENT BENEFIT

LOCAL PLANNING AUTHORITY – SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL  
REFERENCE 22/02771/OUT

PLANNING INSPECTORATE REFERENCE  
APP/W0530/W/23/3315611

RELATING TO: LAND TO THE NORTH OF  
CAMBRIDGE NORTH STATION, CAMBRIDGE

Iceni Projects Limited on behalf of South Cambridgeshire District Council, May 2023

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ICENI PROJECTS LIMITED  
ON BEHALF OF SOUTH  
CAMBRIDGESHIRE  
DISTRICT COUNCIL, MAY  
2023

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Appendix A1: Summary of Proof

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## 1. QUALIFICATIONS AND EXPERIENCE

- 1.1 I am Matthew Kinghan, BSc (Hons) MSc Assoc.MRTPI MIED, an associate member of the Royal Town Planning Institute and member of the Institute of Economic Development. I have a masters in Local Economic Development from the London School of Economics. I commenced working in the profession in 2004.
- 1.2 I have worked in planning and economic development since 2004. I have advised over 50 local authorities on employment land needs and a range of developers and occupiers. I have dealt with economic impact assessment matters on a range of projects including the delivery of HS2 and London Luton Airport Expansion.
- 1.3 I am a Director in the Icen Project's Economics Team which I joined in 2020. I was previously a Director of GL Hearn's Economic Team from 2016.
- 1.4 Examples of my work include:
- Greater Cambridge Employment Land and Economic Development Evidence Study 2020 and 2022 Update (South Cambridgeshire District Council) (CD5.09 & CD5.10)
  - Warehousing and Logistics in the South East Midlands (South East Midlands Local Economic Partnership) 2022
  - Uttlesford Employment Needs & Economic Development Evidence 2021 (Uttlesford District Council)
  - West Northamptonshire Housing and Economic Needs Assessment 2021 (West Northamptonshire Council)
  - Birmingham Housing and Economic Development Needs Assessment 2021 (Birmingham City Council)
  - Kensington & Chelsea Employment Land Study 2021 (Royal Borough of Kensington & Chelsea)

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- Liverpool City Region: Strategic Housing & Employment Land Market Assessment: Areas of Search Assessment (Liverpool City Region Combined Authority) 2019
  - Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change, (Leicester and Leicestershire Authorities) 2021
- 1.5 Recent Local Plan examinations where I have provided evidence include Liverpool City, Bassetlaw, Eastleigh, Blackburn with Darwen, Charnwood, Solihull and North Warwickshire.
- 1.6 I confirm that my Proof has drawn attention to all material facts which are relevant and have affected my professional opinion.
- 1.7 I confirm that I understand and have complied with my duty as an expert witness which overrides any duty to those instructing or paying me, that I have given my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 1.8 I confirm that I am not instructed under any conditional or other success-based fee arrangement.
- 1.9 I confirm that I have no conflicts of interest.
- 1.10 I confirm that I am aware of and have complied with the requirements of the rules, protocols and directions of the appeal.
- 1.11 I include my Summary Proof of Evidence as Appendix A1.

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## 2. INTRODUCTION

2.1 I am instructed by South Cambridgeshire District Council to provide expert witness evidence in relation to employment land need and economic impact evidence.

2.2 This Inquiry relates to the development of land to the Land to the north of Cambridge North Station as identified in planning application reference 22/02771/OUT.

2.3 The application is a hybrid planning application for:

*a) An outline application (all matters reserved apart from access and landscaping) for the construction of: three new residential blocks providing for up to 425 residential units and providing flexible Class E and Class F uses on the ground floor (excluding Class E (g) (iii)); and two commercial buildings for Use Classes E(g) i (offices), ii (research and development) providing flexible Class E and Class F uses on the ground floor (excluding Class E (g) (iii)), together with the construction of basements for parking and building services, car and cycle parking and infrastructure works.*

*b) A full application for the construction of three commercial buildings for Use Classes E(g) i (offices) ii (research and development), providing flexible Class E and Class F uses on the ground floor (excluding Class E (g) (iii)) with associated car and cycle parking, the construction of a multi storey car and cycle park building, together with the construction of basements for parking and building services, car and cycle parking and associated landscaping, infrastructure works and demolition of existing structures.*

2.4 This Proof considers:

- The appellant's evidence on market demand and supply which focuses on the period up to 2024 / 2025
- Wider evidence on market demand and supply in the medium term 2025 -2030
- The employment benefits of the scheme

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### **3. REVIEW OF LABS AND OFFICES DEMAND AND SUPPLY**

#### **Introduction**

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- 3.1 This section considers the demand and supply for offices and laboratories in the near term (2023-2025) and the medium term (2025-2030) based on the appellant's evidence and wider published information.

#### **Appellant's Market Update**

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- 3.2 This section considers the content of the 'Cambridge North: Cambridge office & laboratory occupational market update June 2022' (CD1.59). CD1.59 contends that provision of office and laboratory space has consistently not met the demand of both scaling-up local and large corporates seeking to grow their businesses within the Cambridge market and asserts that the delivery of new commercial office and laboratory space on the appeal site is required to provide much needed commercial space.
- 3.3 The overall emphasis of CD1.59 is the current shortage of office and laboratory supply in the Cambridge market area.
- 3.4 Key elements of the demand profile set out in CD1.59 are considered here.
- 3.5 CD1.59 reports a combined office and lab stock is 10.5m sqft at end 2021 (§3, p1), with 9.7m sqft of that space occupied. It notes that "available floor space within the past 3 years peaked at the end of 2020 during the pandemic but and has [sic] subsequently availability has been falling sharply and is forecast to move to historic low levels later in 2022 and 2023" (§1, p.2).
- 3.6 CD1.59 indicates that (presumably data to end 2021) there is 1.8m sqft of office and laboratory space being sought across Cambridge by domestic and global businesses, including almost a million sq ft of laboratory space (§1.3, p7). It forecasts total office and lab demand to surpass 2m sq ft towards the middle of 2022. It goes on to anticipate that "the return of larger requirements to the market will create particular challenges, with approaching one third of demand for

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buildings above 50,000 sq ft but with no buildings available at this scale today and [a] very constrained development pipeline (§1.3, p7).” Although I accept there is very low lab availability as of 2021 / 2022, I consider that significant improvements in supply are anticipate both the short term (2025) and medium term (2025-2030), as will be explored below.

- 3.7 The report goes on to indicate that the major shortages in supply in the office and laboratory market are at the larger end of the scale. Combined office and lab availability rate as at the end of December 2021 reportedly stood at 7.9% but are expected to drop to historic lows during 2022 (§1.4, p.10).
- 3.8 CD1.59 reports "we have seen a step change in average total take up to just over 700,000 sq ft [p.a.] since 2013" [equivalent to 65,000 sqm p.a.) (§1.6, p.11).
- 3.9 CD1.59 then turns to consider the pipeline supply. In terms of supply, CD1.59 focuses on supply over 50,000 sqft listed as set out at in the table at §1.5, p.10:
- U/C One Cambridge Square, Cambridge North, CB4 94,564 sq ft NIA Office From Q1 2023
  - U/C B1 & B2 Brooklands, Clarendon Road, CB2 66,984 sq ft NIA Office From H1 2024
  - U/C Buildings A, B & C, Unity Campus, CB22 c. 95,000 sq ft NIA Office / Lab From H1 2024
  - To start on site H2 2022 1000 Discovery Drive c. 102,000 sq ft NIA Lab From H1 2024
  - To start on site H2 2022 10 Station Road c. 50,000 sq ft NIA Office From H2 2024
  - To start on site H2 2022 Building H, F, G, Granta Park, CB24 c. 240,000 sq ft NIA Lab From 2024+
- 3.10 This is a total of 648,548 sqft - indicatively 260,000 sqft offices, 390,000 sqft labs.
- 3.11 Other significant schemes with consent expected to progress on site are listed at §1.5, pp.10-11:



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- St Johns Scheme at St Johns Innovation Park, CB4. Received a Resolution to grant for two buildings totalling 150,000 sq ft. Earliest expected building delivery 2025.
  - 102-104 Hills Road, CB1. Received consent at appeal for 300,000 sq ft and detailed design being worked up so expected start on site in early 2023. Earliest expected building delivery 2025 +.
  - West Cambridge Campus. The University has consent to deliver another phase of office building but has significant pre-let interest in this phase and it is unlikely that space will be built speculatively.

3.12 This is a total of 450,000 sqft – excluding West Cambridge Campus.

3.13 CD1.59 reports that the supply of laboratory floor space is acutely constrained (§1.4, p.9). With no new purpose-built lab supply [delivered] for 2+ years occupiers are being forced consider how they scale their businesses in the Cambridge cluster (§1.4, p.9). For labs, supply is reported as very limited at present (less than 100,000 sqft) and demand reaching to around 1m sqft (Table, 'Cambridge Laboratory Market Dynamics, §1.4, p.9).

3.14 For offices the demand is reported to be slightly above supply and from 2012 onwards demand has consistently exceeded supply, peaking at 4 times supply in 2014/15 but seeing closer to parity 2014-2021 (Table, 'Cambridge Office Market Dynamics', §1.4, p.8).

### **Review of demand**

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3.15 I acknowledge that Bidwells, the authors of CD1.59, will have a high quality of local data on demand profiles given their agency role in the Cambridge market. My commentary herein based upon the best available data obtained through local knowledge of having worked in Cambridge for 5 years, through CoStar database and through the Greater Cambridge Employment and Housing Evidence Update Employment Land, Economic Development and Relationship with Housing 2023 (CD5.10).

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- 3.16 CD1.59 indicates that there is 1.8m sqft of office and laboratory space being sought across Cambridge by domestic and global businesses, including almost a million sq ft of laboratory space (§1.3, p7). CD5.10 reports, based on engagement, a similar position (paras 2.79 and 2.84). There is therefore agreement on the current level of demand.
- 3.17 CD1.59 reports "we have seen a step change in average total take up to just over 700,000 sq ft [pa] since 2013" [equivalent to 65,000 sqm pa]. CD5.10 reports p86 that based on Bidwells data (provided to Icenl at the time) the gross average take up for last 5 years (2017-21) is 57,600 sqm (table 'Lease deal property requirement projections 2020-41' combining office and R&D figures). The datasets seem reasonable and comparable (note that CD1.59 chart on pg11 indicates 2015 as a particularly high year which is outside of the 2017-21 5-year analysis in CD5.10).
- 3.18 It is useful to extrapolate and compare the CD1.59 demand trends with that in CD5.10. The CD1.59 trend of 65,000 sqm pa over 21 years (i.e. 2020-41 Plan period) is a 1.465m sqm requirement ( $65,000 \times 21 = 1,465,000$ ). This is for all unit sizes, large and small. My interpretation is that this is gross data, not net (as the reference is 'total take up'. Gross requirements ignore the fact that over time some businesses will vacate their premises at lease breaks and release space onto the market. Taking into account these breaks we can describe a net absorption trend, rather than a gross absorption (the national property database CoStar readily provide different net and gross absorption datasets). This is relevant when considering total market requirements in the future in supply terms. CD5.10 reports (p7 table 'Range of Projected Employment Floorspace 2020-4) a demand of only 0.9m sqm office / labs combined is required 2020-41 compared with 1.465m sqm using Bidwells data from CD1.59. I consider this difference explicable because of the relationship between gross and net take up. A ratio of 63% net to gross has to be applied for the CD5.10 position to be comparable to CD1.59 (assuming indicatively that these past periods are representative of the total future Plan period). I reach the figure of 63% by dividing 1.465m by 0.9m being the difference between CD1.59 and CD5.10 full Local Plan position. I consider this 63% ratio as reasonable as based on CoStar data for the pre pandemic 2015-2019 period:

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- the office net to gross ratio was 53% in Greater Cambridge
  - the office net to gross ratio nationally was 21%
  - and in London the ratio was 14%

3.19 Lab specific data is not available through CoStar but is part captured in their office market data.

3.20 A higher than average figure is anticipated in Greater Cambridge than comparison areas given its growth drivers (including (i) being home to world class academic institutions (ii) being a recognised world class cluster of life sciences businesses and institutions as well as high tech manufacturing and professional services clusters (iii) being a relatively constrained urban area) which mean higher levels of demand and less lease breaks / churn. For Greater Cambridge this data will also include some lab space pushing up the ratio (isolating lab and office space is not readily possible in CoStar). For labs alone the ratio will be much higher than offices given the accepted supply side constraints. Clearly this ratio has important implications for the way that the overall assessment of need is considered.

3.21 CD1.59 combines the office and lab availability data for end 2021. CD5.10 reproduces Bidwells Summer 2022 Cambridgeshire databook (CD5.10 p.29 'Figure 2.11 Laboratories vs. office - take up, requirements and floorspace supply, Cambridgeshire') which indicates office availability at 9.9%, with supply marginally below requirements, but labs availability at 0.5%. This data suggests that the office market is not significantly out of balance although there may be mismatches within market segments. The labs provision is clearly undersupplied.

3.22 Overall I agree with the analysis of demand in CD1.59 and that there is a current (i.e. 2022 / 2023) shortfall in the availability of lab space.

### **Review of supply – near term to 2024-2025**

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3.23 CD1.59 has focused on the short-term supply with starts 2022/23 only considered and a more limited focus on 2024+.

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- 3.24 Whilst it is relevant to analyse the short-term supply here as put forward in CD1.59 and compare this to CD5.10 data, it is realistic that if the proposed development is permitted it will commence on site in 2024 and not be available for commercial occupation before 2025 at the earliest. This means that in my view limited weight should be given to the near time supply position of 2022-2025 as the proposed development will not support any near term demand and greater weight should be given to considering the 2025-2030 anticipated supply (in the proceeding section).
- 3.25 CD1.59 lists 5 schemes with large units reporting a total of c.650,000 sqft (available 2023/24) as per paragraph 3.10 above. This equates to c325,000 sqft per annum or around half of one year of total historic deals reported as 700,000 sqft. A further 450,000 sqft could be available 2025 as per para 3.12, excluding West Cambridge Campus. However the historic average of 700,000 sqft covers all unit sizes, so if one third of demand (or 230,000 sqft of 700,000 sqft) is for large units as reported by CD1.59 (see para 3.8 above), then the current pipeline is considered to be reasonable. This is notwithstanding year-on-year differences in demand profiles and demand that might have been suppressed, the latter being a notable issue. This suggests that the state of forthcoming supply should not be considered weak. The 700,000 sqft is also gross take up and it would be reasonable to expect sites to be released to the market, so an additional supply of 700,000 sqft is not needed each year.
- 3.26 What CD1.59 arguably does highlight is that the supply, for labs, has lagged against a rising demand over the 2020-2022 period. This is potentially due to a combination of COVID-19 suppressing market delivering supply space whilst equally driving up life sciences demand for labs, with an inevitable lag in space being brought forward. On the basis of CD1.59 pipeline information, the market though does appear to be starting to respond.
- 3.27 The availability table in CD5.10 (Appendix A8, Table A8.1, from p. 153) indicates floorspace availability forecast by type, size and period as defined by the authors (Iceni Projects) and Council officers.

3.28 In order to verify the near-term supply side analysis and statements in CD1.59 we can compare it to data in CD5.10 Appendix A8. This is provided in the table below (Table 3.1: Lab / Office Supply to 2024/5) which reports B1 / office / R&D floorspace up to 2024/25 for larger units (5,000 sqm+) as identified in CD5.10 Appendix A8 and compares with CD1.59 information (NB CD5.10 Appendix A8 excludes sites under construction but this is referenced p26/27 of CD5.10).

**Table 3.1 Lab / Office Supply to 2024/5**

Site Name	Size (sqm)	Size (sqft)	Description	Comments
<b>Under Construction (summer '22)</b>				
One Cambridge Square, CB4 1UN. Under Construction. Sourced: CD1.59	8,800 sqm	94,564 sq ft	Science and Innovation, research & development and office floorspace across 6 floors on average 15,642 sqft. Typical floor can be split between three occupiers with 6,985 sqft each.	Understood to be speculative space. Listed by CD1.59 and CD5.10 pg 26 for 8,700 sqm
Brooklands, Clarendon Road, CB2 8FH. Under Construction. Sourced: CD1.59	6,200 sqm	66,984 sqft	Also known as Lockton House, consists of two buildings of 59,352 sq ft and 8,192 sq ft.	Understood to be speculative space. Listed by CD1.59 and CD5.10 pg 26 for 5,500 sqm
Sawston Trade Park and adjacent vacant land, A1301/London Road, Pampisford (11,347 sqm) (phase 2 and 3). Sourced : CD5.10	8,800 sqm	c. 95,000 sq ft	Unity campus phase 2. Lab enabled space with potential for occupiers to input into design and purpose.  Building A1 – 32,603 sqft Building A2 – 24,467 sqft Building B – 30,935 sqft.	Understood to be speculative space. Listed by CD1.59 and CD5.10 with minor discrepancy in

Buildings A, B 7C, Unity Campus, CB22 3FT. Under construction, due to complete end 2023 <b>(just phase 2)</b> Sourced: CD1.59			Phase 3 has planning consent for 60,000 sqft of lab/office space by 2025 – made up of building C, D and E.	space forthcoming
20 Station Rd, CB1 2JD, Under Construction	6,000 sqm	65,000 sq. ft	Serviced Offices over 6 floors.	Understood to be speculative space. Likely to be series of smaller lets. <u>Not listed in CD1.59 only CD5.10 p26</u>
<b>Planning Permission (Dec '22)</b>				
Land South of Dame Mary Archer Way Cambridge Biomedical Campus Cambridge Cambridgeshire, CB2 0AG  /  Cambridge Biomedical Campus Dame Mary Archer Way - Phase 2  Sourced : CD5.10	11,800 sqm, 9800 sqm commercial advertised in early phases	105,000 sqft advertised	Overall development of 75,000 sqm of R&D and clinical space, sui generis and higher education uses with related supporting B1 activities.  Includes: 1000 Discovery Drive 11,880 sqm under construction - 5 storey multi-occupancy building providing office and lab space. Finished scheme will provide speculative wet or dry labs and office space with a 50:50 split. Minimum	Understood to be speculative space. Listed by CD1.59 and CD5.10. <u>Likely to be substantial additional space in due course.</u>

1000 Discovery Drive c. 102,000 NIA Lab From H1 2024 Sourced: CD1.59			unit size available is 5,000 sqft.	
10 Station Road, CB1 2JD Sourced : EHEU / Sourced: CD1.59	4,600 sqm (CD5.10 reports 3,200)	50,000 sq ft	5 storeys of office space finished to a high spec with sustainability credentials, each floor around 10,500 sqft..	Understood to be speculative space. Listed by CD1.59 and CD5.10 with minor discrepancy in space forthcoming
Phase 2 Land Zone 2, Granta Park, Great Abington, CB21 6AL Sourced : CD5.10  To start on site H2 2022 Building H, F, G, Granta Park,CB24 From 2024+ Sourced: CD1.59	32,490 sqm	350,000 sqft	Flexible lab/office space across 5 buildings of purpose-built accommodation designed around the needs of post-startup / incubator batch companies looking to scale operations.  Includes: Building H, F, G, Granta Park Unit F and G of 93,000 sqft and unit H 60,000 sqft (GIA).  Phase 2 also includes units A and B, both of 72,000 sqft.	Understood to be speculative space. Listed by CD1.59 and CD5.10 with discrepancy in space forthcoming (Units A&B assumed in CD5.10)
St Johns Scheme at St Johns Innovation Park, Cowley Road, CB4. Earliest	14,000sqm	150,000 sqft	B2 building – 85,000 sqft Dirac Building – 88,436 sqft	Understood to be speculative space.

<p>expected building delivery 2025. Sourced: CD1.59</p>				<p><u>Listed in CD1.59</u> <u>(not in CD5.10)</u></p>
<p>Fulbourn Road East.  As known as Technology Park, Fulbourn Road Sourced : CD5.10</p>	<p>11,802 sqm</p>	<p>127,000 sqft</p>	<p>56, 472 sqm of commercial space including office, R&amp;D and B8 with much phased later.</p>	<p><u>Focused on a single occupier</u></p>
<p>Fulbourn Road West 1 &amp; 2 . Land West of Arm 1 Peterhouse Technology Park, CB1 9PT Sourced : CD5.10</p>	<p>10,182</p>	<p>106,164 sq ft</p>	<p>Demolition of ARM2 and construction of a new building for B1 use.</p>	<p><u>Focused on a single occupier</u></p>
<p>104-112 Hills Road assumed delivery 2024 Sourced : CD5.10  Assume “102-104 Hills Road, CB1. Received consent at appeal for 300,000 sq ft and detailed design being worked up so expected start on site in early 2023. Earliest expected building delivery 2025 +.” Sourced: CD1.59</p>	<p>45,778 sqm</p>	<p>c. 500,000 sqft</p>	<p>New campus of 4 buildings, providing office space. Ground floor proposed to provide incubator space and co-working space and space above suitable for SMEs, as well as space for large companies to facilitate an ‘Ideas Factory’ vision where startups and established companies co-habit.</p>	<p>Understood to be speculative office space. Discrepancy in potential area and delivery timeline assessments.</p>



<p>Astrazeneca Uk Ltd Cambridge Biomedical Campus Francis Crick Avenue Cambridge Cambridgeshire CB2 0AA Sourced : CD5.10</p>	<p>13,502</p>	<p>145,000 sqft</p>	<p>Office space and R&amp;D centre currently under construction.</p>	<p><u>Focused on a single occupier.</u> <u>Listed by CD5.10,</u> <u>not in CD1.59</u></p>
<p>Land to West of Cambridge Research Park Beach Drive Landbeach CB25 9TL (mixed B, part, 8,400)</p>	<p>28,000 sqm (only part B1) but only 8,400 to come forward by 2024</p>	<p>(c.300,000 sqft)</p>	<p>Permission granted for second stage of development at Cambridge Research Park for up to 28,000 sqm of office, R&amp;D, light industrial, industrial and B8 use. Consists of 4 plots, with Costar showing plans for office units of 15,000 sqft and 18,000 sqft on plots 6200 and 6300 and vacant. It is unknown what will be on the two remaining plots 4000 and 5000.</p>	<p>Most likely to be phased later. Listed by CD5.10, not in CD1.59</p>
<p>Former Gestamp Factory Bourn Airfield, St Neots Road  Known as Bourn Quarter</p>	<p>26,652 sqm</p>	<p>c. 290,000 sq ft</p>	<p>R&amp;D, life sciences and warehousing business park with a flexible design that allows a range of occupiers to expand offices and create lab space. There are a range of building sizes to support start-ups and large businesses.</p>	<p>Potentially more industrially focused. Listed by CD5.10, not in CD1.59</p>

			Phase 1 consists of 10 units (6,054 sqm): ranging from 356 sqm to 2,523 sqm. Phase 2 consists of 7 units (10,829 sqm) ranging from 1,299 sqm to 3,263 sqm).	
Northstowe (phase 1)	12,740 sqm	135,000 sqft	Northstowe enterprise zone employment area providing B1, B2 and B8 space	May be focused on smaller units. Listed by CD5.10, not in CD1.59
Northstowe (phase 3a)	9,207 sqm	c. 100,000 sqft	Consists of a local centre workspace (5,882 sqm) with includes smaller scale office space, incubator units and 'move-on' space for start-ups	May be focused on smaller units. Listed by CD5.10, not in CD1.59

Source / CD5.10 / CD1.59 / scheme websites

### 3.29 Key matters from Table 3.1 above are:

- Assessing supply is complex given uncertainties in final mix and delivery timelines.
- Minor differences in floorplate assumptions are identified and are to be expected.
- CD5.10 includes provision for what are understood to be a number of large owner occupier (non-speculative) schemes such as Peterhouse Technology Park and AstraZeneca. Ignoring these schemes undervalues the significant growth in floorspace coming forward even if it is not for speculative occupation.
- CD5.10 identifies other schemes not reported in CD1.59 such as Cambridge Research Park, Bourn Quarter and Northstowe that may not be meeting the core market being targeted by the proposed development but nonetheless also contribute to the total floorspace to be delivered.

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- In terms of a focus on the large unit speculative space, overall there is considered to be broad alignment between CD5.10 and CD1.59 in terms of the next two years of supply. There the appellant's quantitative assessment of the specific market segment is correct albeit should be considered in the wider commercial floorspace delivery environment.

3.30 The key matters to be concluded from the review of short-term demand and supply are:

- That the scale of supply for the near term, for the speculative market large floorplates, at around c325,000 sqft per annum, is not 'low' in a historic context of 700,000 sqft per annum total take up of which potentially one third (or 230,000 sqft) is for large units, and some of the 700,000 sqft will achieve occupancy through the reletting of existing stock (potentially 35%, derived from the net absorption rate of 65%). However, it is acknowledged that current levels of demand are higher than the historic average and therefore supply needs to increase.
- That there are a number of schemes outside of the target market for large unit speculative occupiers which mean the total commercial floorspace across Greater Cambridge will continue to increase substantially.
- That the proposed development is expected to be delivered beyond this immediate period and therefore only limited consideration can be given to the near term market dynamics

### **Review of supply – medium term to 2025-2030**

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3.31 As above, the proposed development is unlikely to be ready for commercial occupation before 2025. CD1.59 makes limited comment about schemes 2025 and beyond covering:

- St Johns Scheme at St Johns Innovation Park, CB4. Two buildings totalling 150,000 sq ft. Earliest expected building delivery 2025

- 102-104 Hills Road, CB1. Received consent at appeal for 300,000 sq ft and - expected start on site in early 2023. Earliest expected building delivery 2025 +.
- West Cambridge Campus. The University has consent to deliver another phase of office building but has significant pre-let interest in this phase and it is unlikely that space will be built speculatively.

3.32 Total of the above is 450,000 sqft plus West Cambridge Campus.

3.33 CD5.10 Appendix A8 provides additional information on delivery of commercial space for large schemes in the 2025-2029 period as below (Table 3.2):

**Table 3.2 Lab / Office Supply 2024/5 to 2029/30**

Site Name	Size (sqm)	Size (sqft)	Description	Comments
West Cambridge Campus	56,700	630,000	The West Cambridge site is operated by the University of Cambridge. Outline planning permission approved in July 2021 <sup>1</sup> . Provides significant opportunities for academic and commercial research.	Not all spec commercial space but some will be.
Wellcome Genome Campus	100,000	1,111,100	Space is likely to be used by a range of research, not-for-profit and commercial occupiers in the genomics and bio-data sectors	Mix of speculative and non speculative space
Fulbourn Road East (edge of Cambridge)*	44,671	496,300	Owner occupier presumed	Potentially not for speculative occupation

<sup>1</sup> Decision noticed to be issued – resolution to grant agreed at Planning Committee

Former Spicers Site Sawston	49,863	554,000	Huawei Research and Development facility	Potential to be released back to the market from Huawei
Land Between Huntingdon Road, Madingley Road And M11 - North West Cambridge (Eddington)	31,200	346,700	Consent also includes up to 40,000m2 for commercial R&D	
Land South of Dame Mary Archer Way Cambridge Biomedical Campus Cambridge Cambridgeshire, CB2 0AG	75,000, c51,000 sqm remaining		Overall development of 75,000 sqm of R&D and clinical space, sui generis and higher education uses with related supporting B1 activities.	c24,000 already underway for near term, remaining for post 2025
Cambridge Biomedical Campus Phase 3*	9,025	100,300	Biomedical and biotechnology research and development within class B1(b) and related education and sui generis medical research institutes.	Potentially not for speculative occupation
Land to the West of Cambourne*	15,313	170,100	Three areas identified for employment development, for a mix of B1 type uses	Uncertain deliverability.
Land To The West Of Cambridge Research Park Beach Drive*	19,600	217,800	mixed B1 (a) B1 (b) B1 (c) B2 and B8 space first phase of 8,400m2 (GEA) more focused on Mid tech and Low tech buildings	Uncertain if dedicated / suitable for high end lab space.
Waterbeach New Town Site (Western Part)*	15,000	166,700		

Northstowe Phase 2*	14,465	160,700		
Cambridge Medipark Ltd, Cambridge Biomedical Campus*	14,193	157,700	biomedical and biotech research and development space for use by University of Cambridge	May not be available for speculative occupation
Total	430,000	4,700,000		
Total excluding * where uncertain	288,000	3,200,000		

Source: CD5.10

3.34 This suggests upwards of 430,000 sqm able to accommodate large individual units or 288,000 sqm for more certain opportunities for speculative investment. This latter figure equates to 58,000 sqm per annum or 640,000 sqft (double the short-term rate). This falls marginally short of the 700,000 sqft per annum (gross) take up reported in CD1.59 but only the larger schemes are listed above and there will be considerably more smaller schemes underway to cater for smaller / other units. If only around a third of demand is for larger units, as stated, then the future medium supply, the period within which the proposed development will be delivered, can be considered wholly adequate to meet the most recent average annual take up. Furthermore, 700,000 sqft is understood to be gross take up and over represents the full supply requirement as space gets released back into the market.

3.35 The Greater Cambridge Shared Planning service planning portal reports a further 70,900 sqm (790,000 sqft) of live applications for large scale commercial space under consideration, which whilst are not reflective of confirmed supply do indicate that additional supply is likely to be forthcoming. These are set out below and included in Appendix A2:

- Cambridge Innovation Park 20/05253/FUL 8,360sqm Hybrid application for the expansion of existing business park to create a sustainable campus comprising – (i) Full application for the erection of two office (Class E) buildings, together with landscaping, SuDS, earthworks and associated works, (ii)

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Outline application (matters of access and scale to be considered, all other matters reserved) for the erection of additional office (Class E) floorspace

- Foxton – Burlington Park, Station Road Foxton 22/03826/FUL 4,668 sqm Demolition of buildings and associated structures, erection of an office and research and development building for Use Class E(g)(i) and E(g)(ii) uses
- Phase 2 Land Zone 2, Granta Park, Great Abington, CB21 6AL 22/05549/OUT 32,490 sqm Flexible lab/office space across 5 buildings of purpose-built accommodation designed around the needs of post-start-up / incubator batch companies looking to scale operations.
- Taylor Vinters, Merlin Place 460 Milton Road Cambridge, 23/00835/FUL, 13,096 sqm Demolition of 2,730 sqm (GIA) office building (use class E(g)(i)) and erection of 13,096 sqm (GIA) of research and development accommodation (use class E(g)(ii))
- Vitrum Building, Cowley Rd, Milton, Cambridge, 23/01059/FUL, 12,301 sqm net Demolition of existing buildings and substructures and the erection of a Research and Development building (use Class E)

### **Overall Plan balance**

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- 3.36 CD5.10 indicates a total Plan period demand - supply position of balance for offices / labs (para 5.43 third bullet, p.95) taking into account all supply over the plan period to 2041. North East Cambridge sites (including the proposed development) are therefore considered as additional to the identified supply however it is recognised that inclusion of further supply is beneficial “given the range of assumption inputs (and potential fallacies) in the modelling, the strength of Cambridge economy and potential uncertainties of delivery relating to any given site” (para 5.54, p97). Furthermore, it is not expected that all the supply in the North East Cambridge area will come forward during the plan period.
- 3.37 CD5.10 therefore sets out that the proposed development is not critical to meeting total Plan period demand.

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## Summary of short and medium term demand / supply position

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3.38 Overall the evidence herein establishes:

- There is agreement between the Appellant and the LPA that there is an immediate (at 2022) and significant shortfall in lab space availability.
- In my view, however, the relevant data suggests that supply for 2023 – 2024 is forthcoming and will help to start to alleviate the agreed shortfall identified. The levels of supply are not low in historic terms – however given the current / recent undersupply there is likely to be suppressed demand moving occupier requirements above the historic average for the near term.
- In addition, the proposed development will be delivered in 2025 or beyond so the short term supply / demand issues are not central to the matter of need.
- In that context, and looking to 2025 and beyond to 2030, a greater volume of supply is already committed that can continue to cater for occupiers. This supply is expected on average to yield around double the short term anticipated supply volume position and furthermore at a rate that equals and exceeds historic levels of take up.
- Resultantly, the proposed development should not be considered to play a significant role in alleviating the recent or anticipated near term shortfall in commercial premises supply. .



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## 4. ECONOMIC IMPACT AND BENEFIT OF THE PROPOSAL

- 4.1 This section considers the economic impact of the proposed development.
- 4.2 The Environmental Statement Chapter 15 paragraph 15.79 states “it is estimated that there will be the equivalent of 202 full time construction jobs supported by the Proposed Development.” This equates to 40 construction jobs supported per year over the 5-year period.
- 4.3 Paragraph 15.84 states that “Overall therefore the Proposed Development is anticipated to support approximately 4,300 employees”.
- 4.4 The above figures are not disputed. These represent the gross benefits of the development. However the following government best practice guidance advises that the gross benefits of development do not reflect the true benefit to local economics and that it is necessary to consider the net additional benefit by taking into account the factors of displacement, leakage, multiplier effects and leakage.
- HM Treasury Guidance The Green Book (2022)<sup>2</sup>
  - Homes and Communities Agency Additionality Guide Fourth Edition 2014 <sup>3</sup>
- 4.5 These documents seek consideration of:
- Displacement – “the extent to which an increase in economic activity or other desired outcome is offset by reductions in economic activity or other desired

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<sup>2</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020> part 10.4

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/378177/additionality\\_guide\\_2014\\_full.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf)

outcome in the area under consideration or in areas close by.” (HM Treasury Green Book 2022 p92).

- Multipliers – “Further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases.” (HCA Additionality Guide 2014 pg 33). Multipliers are associated with the spend of wages or the supply chains of businesses.
- Leakage – “the number or proportion of outputs... that benefit those outside of the intervention’s target area or group should be deducted from the gross direct effects (HCA Additionality Guide 2014 pg 6).

4.6 The table below draws on the guidance to identify the rates of the factors above to be applied for the operational employment.

4.7 Additionality is not applied to the construction jobs. Supporting (not creating) 40 jobs per annum in an economy of 9,800 construction workers (based on 2020 employment count: Appendix A1 of CD5.10, p.122) is less than 1% and not considered material.

**Table 4.1 Additionality factors, operational jobs**

Factor	Area	Preferred rate	Source	Justification
Displacement	G.Cambridge	22%	HCA Guide Table 4.7 / 4.8	Uses sub regional / regional mean from HCA Guide table 4.7. These are ‘low’ rates (table 4.8) reflecting high levels of pent up demand.
	Region	30%		
Multiplier	G.Cambridge	1.25	HCA Guide Table 4.13	Uses sub regional / regional mean from HCA Guide table 4.13. These are considered medium level multipliers.
	Region	1.5		
Leakage	G,Cambridge	0.82	CD5.10 p110	Census based commuting data.

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	Region	0	N/A	Assumes limited in commuting from outside region.
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Source HCA Additionality Guide / HM Treasury Green Book

4.8 The application of the above is reported below.

**Table 4.2 Additionality, operational jobs**

Area	Gross jobs	Leakage applied	Displacement applied	Multipliers applied
G.Cambridge	4,300	3,526	2,750	3,438
East of England Region	4,300	4,300	3,010	4,515

4.9 For Greater Cambridge the net jobs growth is expected to be closer to 3,438 jobs. This represents 1.6% of the 213,600 workers in 2021 (Appendix A1 of CD5.10, p.123). This is a benefit but 20% less than the gross jobs.

4.10 For the region net jobs growth is expected to be closer to 4,515 jobs. This represents 0.1% of the 3.3m workers in 2022 in the East of England (ONS workforce jobs by industry). This is 5% higher than the gross jobs.

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## 5. DISCUSSION AND CONCLUSIONS

5.1 Overall the quantitative information from the applicant as set out in CD1.59 is considered reasonable in so far as the amount of market demand being identified and the short term amount of supply available. However the conclusion that the near term supply is wholly inadequate is disputed. Key points relating to short term demand are:

- Analysis in this proof leads me to agreement with the statement that current lab availability (as of 2022) is very low
- Analysis in this proof leads me to agreement with the position that large unit speculative supply is around 325,000 sqft per annum 2023 and 2024 and potentially 450,000 sqft for 2025
- It is agreed that in recent years gross take up has been around 700,000 sqft per annum. However this is for large and small occupiers / units. If large take up represents only one third of requirements (c230,000 sqft), then the short term unit supply for large occupiers / units appears quite reasonable – notwithstanding a potential backlog of occupiers due to recent low supply as well as above average levels of demand. In addition I note that gross take up data (700,000 sqft pa) is not the same as a supply requirement equivalent. This is because commercial space gets released back into the market (through lease breaks / exits) supporting around 35% of the take up on average.
- In addition to the speculative supply identified, there is a considerable additional short-term supply being brought forward for owner occupier schemes for AstraZeneca and Peterhouse Technology Park as well as other sites such as at Northstowe which mean total commercial space continues to grow

5.2 The focus of CD1.59 is on the 2023-2025 period. However the completion dates of the proposed development are considered to be late 2025 at the earliest (assuming a start on site in 2024). Therefore the delivery of the scheme is emerging outside of the short term period for which CD1.59 reports on. Therefore only limited weight can be placed on this near term market dynamic.

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- 5.3 As considered herein, when looking at the 2025-2030 period there is a considerable additional supply for large schemes already in the pipeline able to accommodate a wider range of commercial occupiers. This is estimated to be at around double the short-term supply rate. This amounts to 640,000 sqft per annum for larger schemes alone, with additional known smaller schemes not counted. There is also a further 790,000 sqft under consideration in submitted applications. Overall the 2025+ period is likely to see a much greater rate of commercial space available than the recent past and near term future. This is not to say there is no market for the proposed development, but rather to establish that it is not critical to meeting objectively identified economic needs.
- 5.4 In terms of economic benefit of employment, the Appellant's information is considered limited insofar as it deals with gross jobs accommodated and not the net benefit to the economy. Applying government best practice in assessing net additionality indicates that the net jobs benefit for Greater Cambridge is 3,438 jobs not 4,300 jobs. The net benefit remains material, but is 20% less than originally asserted. At the regional level, the net jobs benefits is estimated as 4,515 jobs.

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## A1. APPENDIX: SUMMARY OF PROOF

- This proof reviews and agrees with Appellant's position that there is a significant need for lab space in the Cambridge market and that availability (at 2022) is at almost zero.
- This proof reviews and agrees with the quantity of short term (up to 2025) supply in lab and office space with large footprints as set out by the Appellant.
- However the short term volume of supply is not considered wholly insufficient or inadequate in terms of recent historic rates of space taken up. Notwithstanding this, there is a need for an increase in supply to respond to the recent surge in demand and recent low availability.
- Regardless of the short-term position (up to 2025), when looking ahead to 2025-2030, there is a more substantial amount of supply forthcoming. This period is one within which the proposed development is expected to be delivered. This 2025-2030 supply rate is anticipated to exceed the market absorption rate of the recent historic period and therefore be sufficient to meet the market requirements. This negates the argument that the proposed development is critical in meeting in a shortfall and inadequacy in medium term supply.
- This proof considers the employment benefit of the development. The gross job benefit figures of the development are accepted, however the analysis in the Appellant's evidence is considered to fall short of best practice. Applying government guidance on assessing the net additional benefits of development, indicates that the net jobs benefit for Greater Cambridge is 3,438 jobs not 4,300 jobs. The net benefit remains material but is 20% less than originally asserted. At the regional level, the net jobs benefits is estimated as 4,515 jobs.
- Overall, the appellant's evidence on the importance of the role of the proposed development in alleviating a shortage of commercial supply should be largely disregarded, given that the proposed development, if permitted, will be delivered at a time when a considerable range of other known committed commercial

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development will be brought forward. As a result, by that time occupiers can expect to see considerable improvements in supply and premises availability.

## A2. NOTABLE LIVE COMMERCIAL APPLICATIONS ON PLANNING PORTAL

Table A2.1 Notable Live Commercial Applications, Greater Cambridge, April '23

Site Name	Address	Reference	Size (sqm)	Description
Cambridge Innovation Park	Denny End Road Waterbeach CB25 9PB	20/05253/FUL	8,360	Hybrid application for the expansion of existing business park to create a sustainable campus comprising – (i) Full application for the erection of two office (Class E) buildings, together with landscaping, SuDS, earthworks and associated works, (ii) Outline application (matters of access and scale to be considered, all other matters reserved) for the erection of additional office (Class E) floorspace
Foxton – Burlington Park	Station Road Foxton	22/03826/FUL	4,668	Demolition of buildings and associated structures, erection of an office and research and development building for Use Class E(g)(i) and E(g)(ii) uses
Granta Park	Phase 2	22/05549/OUT	32,490	Flexible lab/office space across 5 buildings of



	Land Zone 2, Granta Park, Great Abington, CB21 6AL			purpose-built accommodation designed around the needs of post-start-up / incubator batch companies looking to scale operations.
St John's Innovation Park and environs	Taylor Vinters, Merlin Place 460 Milton Road Cambridge	23/00835/FUL	13,096	Demolition of 2,730 sqm (GIA) office building (use class E(g)(i)) and erection of 13,096 sqm (GIA) of research and development accommodation (use class E(g)(ii))
Vitrium Building	Cowley Rd, Milton Cambridge CB4 0DS	23/01509/FUL	12,310 (net)	Demolition of existing buildings and substructures and the erection of a Research and Development building (use Class E)

5.5 Source: Greater Cambridge Planning Service – planning portal