



## **Date**

11<sup>th</sup> February 2011

## **Introduction**

In May 2009 Barnes Daniels and Partners produced a briefing paper on the market in Jersey for light industrial and warehousing premises. This report was informed by surveys undertaken by the Jersey Chamber of Commerce in December 2006 and May 2008 and from anecdotal evidence provided by Barnes Daniels & Partners (now BNP Paribas Real estate), Buckley & Co, Sarre & Co and CBRE. The findings of this report were incorporated in to the Island Plan Review process.

Given the amount of time that has elapsed since the provision of our previous report and the changing economic climate we have been asked to provide an update to inform the ongoing Island Plan review process.

Due to time constraints with the provision of this report it was agreed that there was not sufficient time to undertake a further Chamber of Commerce survey and that it would be based solely on anecdotal evidence from the Island's leading commercial property practices.

## **General Background**

In our previous report it was estimated that the total stock of light industrial / warehouse premises in the island was circa 1.5 million sq.ft (139,354 sq.m) which was situated in a diverse array of sites throughout the Island. The quality of the existing stock varied considerably from modern purpose built accommodation at La Collette to poor quality converted farm buildings. Rentals varied from circa £8.50 psf to £12.00 psf. We do not believe that the stock of accommodation has increased significantly since this time. There has been some additional provision such as at Southfork, Rue de Trot but this has not been significant and the planned scheme at Haut du Mont did not come to fruition as the site remained in an agricultural use.

It should be noted that the "Buncefield Restrictions" have potentially sterilised much of the La Collette Site and have restricted the use of the premises to their existing use or a very limited range of alternative uses which will limit their useful contribution to the stock of premises in this sector in the future.

At the time the previous report was published we were aware of unsatisfied requirements for up to some 125,000 sq.ft of light industrial / warehouse accommodation. At this time the bulk of the demand was for large premises in excess of 20,000 sq.ft and for smaller start-up units. The requirements for the larger premises were largely being driven by the growth of the local fulfilment sector

Based on an approximate floor space to site area coverage of 1:2 this equated to approximately 5.73 acres or 2.32 hectares of land. It was also highlighted in the 2002 Island Plan that to assist with the relocation of businesses from the Town Centre in order to release land for housing and other more appropriate uses, there may be a requirement for a further 17.4 acres or 7.04 hectares of land. This would have been in addition to the areas mentioned previously mentioned.

## **Current Position**

The changing economic conditions resulting from the "Credit Crunch" in late 2008 have caused the market to weaken and the level of requirements has fallen. We believe that there are currently unsatisfied requirements for approximately 50,000 sq.ft to 75,000 sq.ft of accommodation. The nature of the requirements has also changed and we believe that there is now less demand for larger premises in excess of 20,000 sq.ft.

In terms of current requirements there are only 2 or 3 in excess of 10,000 sq.ft with the majority being for smaller premises in the 2,000 to 5,000 sq.ft range.

It would appear that the fulfilment sector has consolidated over the past couple of years and the level of demand for premises that it was generating has fallen accordingly. There are, however, a number of possible new entrants to the market who would be seeking to benefit from the Low Value Consignment arrangements and also possibly exploit Jersey as a springboard to expand their businesses in to Europe. One party who recently visited the Island had also been considering Guernsey as a location for their business. They commented that in Guernsey you could get the premises but not the staff and in Jersey you could get the staff but not the premises.

We also believe that there is a significant "hidden demand" in the market. In other words businesses who are currently occupying sub-standard premises who would consider relocating if suitable alternative premises were available but are not actively searching because of the lack of accommodation on the market. The limitations of the existing stock are well demonstrated in Rue des Pres where access and car parking provisions is extremely poor.

Whilst the demand dynamic has changed somewhat, the premises criteria remain the same as previously reported. Briefly these are:

1. Ideally internal eaves height of up to 8 meters to achieve the best possible cubic capacity.
2. Premises should be of a clear span portal frame construction with, insulated external cladding and a floor slab capable of supporting a loading of 50 kn / sq.m or 1,000lb / sq.ft
3. Loading doors of approximately 4.8m x 4m.
4. Location close to St Helier and with good road access.
5. Good car parking, circulation and access for larger vehicles.

Rental level have remained reasonably static since our previous report which is more a consequence of the macro economic conditions but would also indicate that the supply of premises is broadly in line with demand.

## **Summary**

We believe that there remains a lack of good quality light industrial and warehousing accommodation on the Island albeit the under-supply of premises is less acute than when we previously reported. There would still appear to be a desire to diversify the Island's economy and therefore the supply of suitable premises would seem to be fundamental to this.

