



# THREE IS A MAGIC NUMBER

The region's largest logistics park is on the verge of gaining planning consent. Mark Simmons previews the likely impact on the market

**D**IRFT III sounds like a Hollywood film franchise. And if Prologis' 7.8m sq ft rail-served logistics park gets the green light this summer it will certainly be a blockbuster in the East Midlands' industrial market.

Around 4.8m sq ft has been built since Daventry International Rail Freight Terminal first opened its sidings in 1997 and a further 1m sq ft (a mega warehouse for Sainsbury's) is due to complete at DIRFT II early next year.

DIRFT has been a beneficiary of a nationwide movement towards rail freight as a way of reducing vehicle emissions, in response to concerns about climate change. But for the third phase, that doesn't mean planning consent is a foregone conclusion.

For Prologis it was the developer's first experience of taking a scheme through the national planning process. Because of its size, DIRFT III could not be considered by the local planning authority and was referred to the then Infrastructure Planning Commission. That quango no longer exists, so it will be the Planning Inspectorate that delivers the verdict on Daventry. A decision is expected by early July.

Robin Woodbridge, senior vice-president at Prologis, for whom the waiting at DIRFT is nearly over, admits that getting to grips with a different planning regime was a learning experience. "For a complex scheme such as ours, the new system is a time-saver," he believes. Tackling the difficult elements earlier on in the

process, he adds, is ultimately beneficial as it allows more time to devise a solution. This may be one of the reasons why there has been relatively little opposition to DIRFT. Almost the opposite in fact: Northamptonshire county council's strategy for the A5 arterial route, published just before Christmas and which seeks to maximise economic development along the route, appears to assume that DIRFT will expand from its current size.

"DIRFT III is entirely in accordance with National Planning Policy and is absolutely supported in the Local Plan," says Woodbridge. Assuming that the long-awaited consent arrives in the coming weeks (and local property professionals are working on the basis that it will), it will nevertheless be a



### EAST STACKS UP FOR BIG-BOX TENANTS

In the race to let big-box logistics space (units of 100,000 sq ft or more), the East Midlands triumphed by pipping the West Midlands to nab the most take-up last year: more than a fifth of the total 18m sq ft of mega buildings taken across the UK, according to research published earlier this year by JLL. Admittedly the home of the Golden Triangle wasn't far behind, netting 19% of floorspace.

Looking forwards, the East Midlands has the edge at present. Of the 16m sq ft of big-box space available throughout the UK at the start of this year, 16% was in the East Midlands. Once again, though, the West Midlands is nipping at its heels, able to offer 14% of the nationwide total.

Further supply in the East Midlands

could well be on the way. "Three or four big buildings are likely either to be on site or committed to starting by the end of this year at Markham Vale, near junction 29A of the M1," says James Keeton, associate director at JLL's Nottingham office.

A significant future growth area nationwide will, according to JLL, be demand for sites with easy-access intermodal and multimodal rail facilities – those that forward goods either to other parts of the UK or to UK ports for onward transit to and from global destinations. The East Midlands scores highly on this front. Not only is DIRFT III likely to start on site this year, but Roxhill's 6m sq ft East Midlands Gateway scheme is making its way through the planning process.

## SUMMARY OF DIRFT III

**7.8M**  
SQ FT OF RAIL-CONNECTED DISTRIBUTION SPACE LOCATED IN THE GOLDEN TRIANGLE

**32**  
TRAINS PER DAY CAPACITY TO HANDLE UP TO 32 FREIGHT TRAINS IN AND OUT PER DAY

**500,000**  
CONTAINERS NEW TERMINAL WILL HAVE THE CAPACITY TO HANDLE MORE THAN 500,000 FREIGHT CONTAINERS PER ANNUM

**£100M+**  
INFRA-STRUCTURE FUND INTENDED TO BE FUNDED FROM PROLOGIS IN-HOUSE RESOURCES

**M1**  
JUNCTION 18 IS IMMEDIATELY ADJACENT TO THE DEVELOPMENT AND IS ACCESSIBLE WITHIN THREE MINUTES

**4**  
MILES FROM THE M1 / M6 / A14 INTERCHANGE WITH FAST ACCESS TO THE NATIONAL MOTORWAY NETWORK

**£1BN**  
PROJECTED VALUE BUILDINGS DEVELOPED ARE INTENDED TO BE HELD BY PROLOGIS FUNDS

**2.7M**  
LABOUR POOL AVAILABLE WITHIN 45 MINUTES DRIVE TIME ACROSS DAVENTRY AND EAST MIDLANDS

**6,300**  
TEU'S NEW TERMINAL WILL HAVE CAPACITY TO STORE 6,300 20 FT EQUIVALENT UNITS (TEU)

**24**  
-HOUR SECURITY FULLY MANAGED ON SITE WITH MOBILE UNITS PATROLLING THE ENTIRE DEVELOPMENT

**9,000**  
PEOPLE ARE EXPECTED TO BE EMPLOYED IN THE COMPLETED DEVELOPMENT

**B8**  
WAREHOUSE/ DISTRIBUTION FACILITIES TOTTALING 7.8M SQ FT WITH TOTAL FLEXIBILITY AND CHOICE



## SPECULATIVE DEVELOPMENT RETURNS

The dark days of the recession are fading this spring. Talk no longer revolves around whether space will be speculatively developed, but rather how much will start coming out of the ground. JLL predicts that the nationwide total for big-box space (units of 100,000 sq ft and above) will be 2.5m sq ft this year.

A good share of that is likely to be in the East Midlands. Already Prologis has announced a speculative start on a 340,000 sq ft warehouse on land it acquired earlier this year from British Airways Pension Fund and Evander Properties next to two sheds already built by the developer at Grange Park, Northampton.

"There is steady growth from manufacturing companies, particularly those who supply the aviation or automotive sector," says Cushman and Wakefield's David Binks. This growth

will help suck up a lot of available buildings around the region.

Parcels operators are also likely to drive demand. For the moment, though, Binks believes that design and build will account for a large amount of take-up.

East Midlands industrial guru John Burbage, founder of Northampton-based Burbage Realty, is similarly cautious. "There will definitely be more speculative development, particularly if the early-mover developers are successful, but we're not likely to get back to a speculative boom in the near future." His advice on optimum size for developers tempted to build speculatively? There isn't one. "It's more important to get the optimal design for the plot you're considering putting a unit on. If it works best operationally with 250,000 sq ft, go with that and don't try to squeeze 275,000 sq ft instead."

while before the first of the third-generation supersheds appears. The rail connection to Sainsbury's' new warehouse will be extended next year, as part of the major earthworks needed.

expansion is a new, larger, railfreight terminal – where containers are transferred from HGVs to trains and vice versa. The existing terminal at DIRFT will then close – though at present this is unlikely to happen until

## "The question is whether the current railfreight flows between Daventry and destinations such as Scotland and Felixstowe will be disrupted"

Site infrastructure and the first buildings could follow in 2016 – Woodbridge estimates up to 2m sq ft could be ready for occupation by the end of that year. He believes most units will be built to suit, but doesn't rule out speculative development.

The land for DIRFT III, owned by BT and Aviva, will be drawn down by Prologis as required. A key aspect of the

around 2018. The first occupiers should be well-established by then – and they are likely to be large ones.

"Where DIRFT III stands out is its ability to provide big buildings," confirms Woodbridge. This will go down well in a market where demand for large sheds is only likely to increase (see box, page 103).

There are some clouds on the

Daventry skyline, however. Possibly the largest is the newly opened London Gateway port and container terminal, just 85 miles south east at Tilbury. Owner DP World could build up to 9m sq ft of rail-connected logistics space at the site.

"The question is whether the current railfreight flows between Daventry and destinations such as Scotland and Felixstowe will be disrupted," says David Tucker, of Midlands-based transport consultant DTA Associates. "Our view is that the effect of Gateway will mean the amount of traffic going to/from the Midlands will go down."

There is no requirement for occupiers of DIRFT III to use the rail facilities, however, and in a tight market the land at Daventry will hold wide appeal. "It will be *the* site at the bottom end of the M1 corridor," agrees Cushman & Wakefield industrial partner David Binks, who suggests there could then

be a ripple effect as the companies moving to DIRFT expand, releasing their existing space which, depending on location, could either be re-let straight away or redeveloped to cater for the considerable demand for smaller buildings (see box). As DIRFT III is a 15-year project, it may be premature to think about DIRFT IV. But, as they say in the movies, expect the unexpected.