Competitive Position

Prepared for: Guildford Borough Council

September 2022

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Introduction

JLL has been instructed by Guildford Borough Council (GBC) to provide an update to the strategic real estate advice to support the Shaping Guildford's Future (SGF) project formerly known as the Guildford Economic Regeneration Project (GERP).

This report provides a comprehensive update of the previous Competitive Positioning commission undertaken in Q4 2020.

The instruction is being led by Katie Kopec; International Director based in JLL's Head Office in London. The project is being supported by colleagues from across JLL's regional office network including Bristol.

GBC own a number of key development areas across the town that provide opportunities to support the SGF project. The primary sites are:

- Bedford Wharf;
- Millbrook Car Park and Millmead Offices;
- Town Wharf;
- Woodbridge Meadows.

JLL has been instructed to provide site specific development advice and overarching strategic advice to GBC to inform key real estate decisions across the town, with a strong sustainability focus.

This document details our updated research and market findings that will inform our baseline assumptions for the town and help to inform our objectives throughout the period of our consultancy.

Shaping Guildford's Future Project Study Area

Purpose

To undertake an arm's length assessment of Guildford across numerous real estate, demographic and infrastructure measures. To aid GBC in their future real estate decision-making, JLL will approach the assessment to be consistent with how a private sector developer would assess the town. In doing so JLL will identify areas of strength, weakness, opportunity and threat, as well as 'gaps' where GBC may be able to utilise their portfolio and development aspirations to help solve strategic socio-economic issues.

Approach

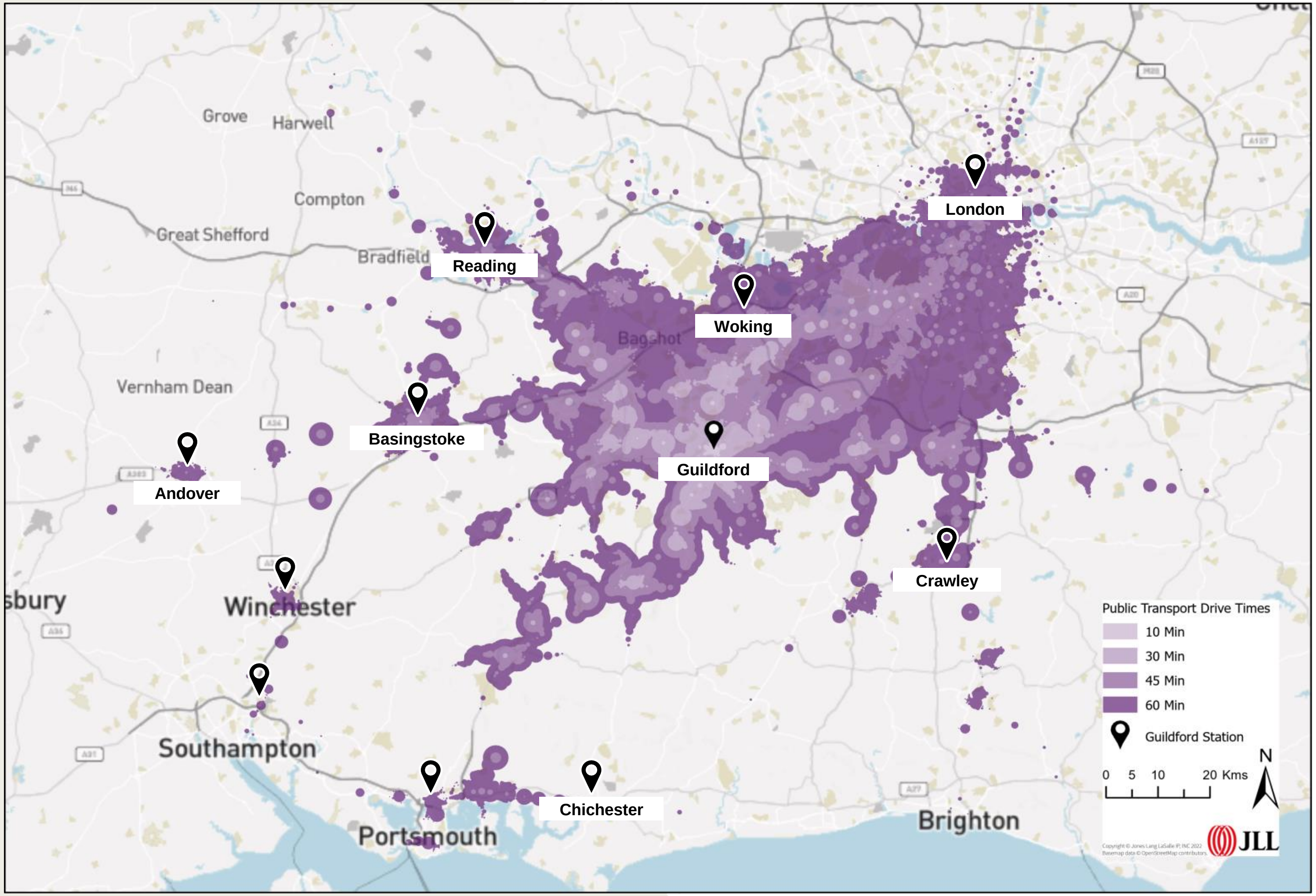
- This report analyses Guildford's 'competitive position' and has considered changes in the market since the initial report in 2020.
- The aim of the report is to identify areas of strength, weakness and opportunity for the Town and Borough. Our findings will help inform future placemaking and regeneration opportunities and our underlying assumptions in regard to market appetite.
- The report is intended to provide a baseline position and understanding between JLL, GBC and any associated parties. However, the conclusions of this report should not be regarded as finite. There are a number of emerging trends, market demands and project challenges that must be considered before any commercial decisions are made.
- We will consider these trends in greater detail on a site-by-site basis, to ensure that the maximum potential is achieved for each of the site-specific projects.
- Demographic data has been assessed using a 5km and 10km radius from the Town centre. This approach is in line with how property professionals assess catchment areas.
- In undertaking this piece of work, we will identify 'gaps' that could be filled or exploited by GBC's freehold property portfolio or by changing the relevant planning policy covering third party ownerships.
- The desired outcome for each 'gap' needs to be driven by decision makers at GBC. Choosing the most desirable reaction will ultimately depend on site specific characteristics to deliver a balance of strategic, financial and market objectives. Equally, the weighting and significance of each 'gap' must be fully considered in any decision-making process.

Demographics

Public Transport

Key Destinations

- Andover
- Basingstoke
- Bracknell
- Camberley
- Chichester
- Crawley
- Farnborough
- Farnborough Airport
- Gatwick Airport
- Heathrow Airport
- London Waterloo
- Petersfield
- Portsmouth
- Reading
- Winchester
- Woking



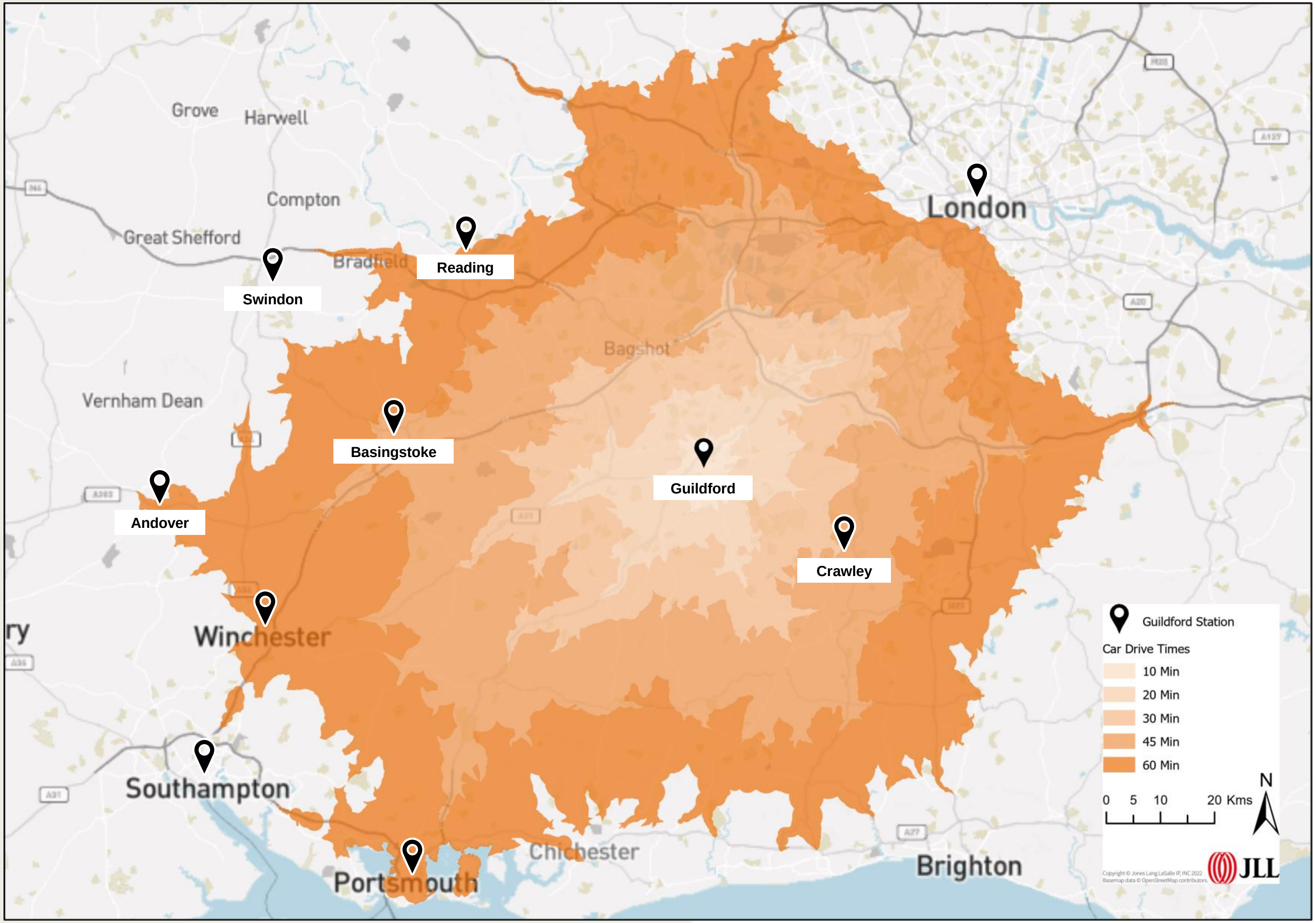
Since the original report was undertaken in 2020 the Elizabeth Line has been completed, linking Reading to Essex though Central London, which has improved public transport connectivity in that region.

Drive Times

1H

Key Destinations

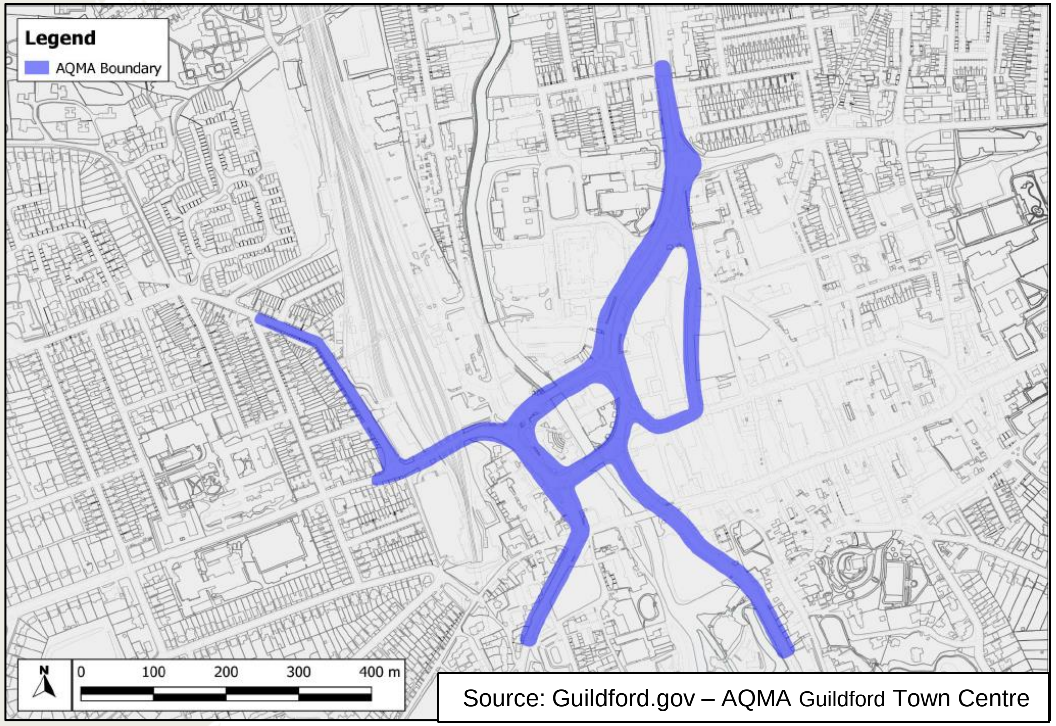
- Andover
- Basingstoke
- Bracknell
- Camberley
- Crawley
- Farnborough
- Farnborough Airport
- Gatwick Airport
- Heathrow Airport
- Petersfield
- Portsmouth
- Reading
- Slough
- Twickenham
- Winchester
- Woking



Clean Air Zones

Air Quality Management

- The Air Quality Management Area for Guildford Town Centre was declared in October 2021. This was a action plan to improve air quality in Guildford Town centre.
- The following designated areas were included as part of the air quality management area:
  - A281, Milbrook Guildford
  - A31 Farnham Road
  - A3100 Portsmouth Road
  - Onslow Street, Guildford
  - Park Street, Guildford
  - North Street, Guildford
  - Commercial Road, Guildford
  - Guildford Park Road, Guildford
  - Woodbridge Road, Guildford

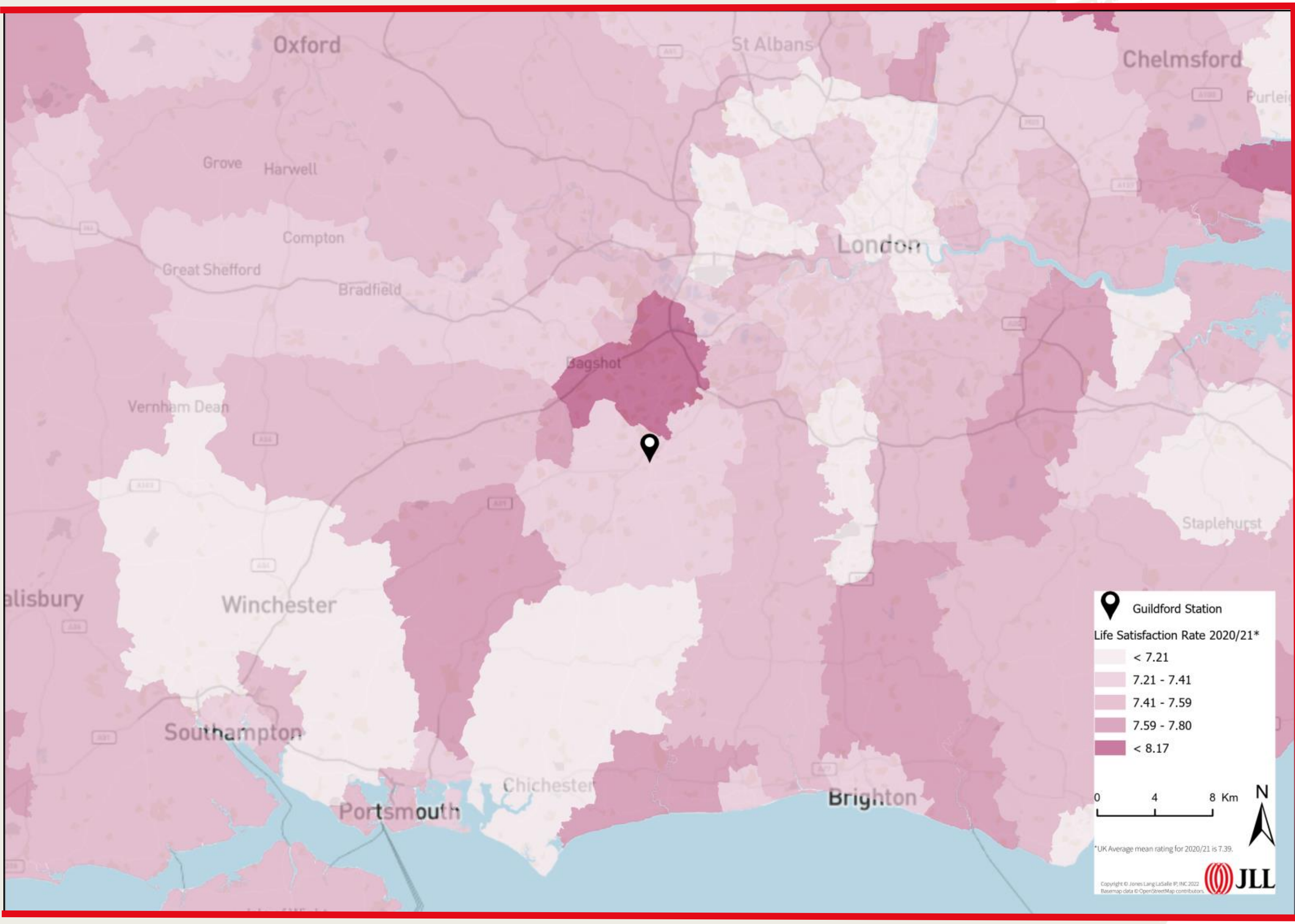


Source: Guildford.gov – AQMA Guildford Town Centre

- The Air Quality Action Plan has included the following: traffic management, transport planning and promoting low emissions.
- The aim of the Air Quality Management is to reduce air pollution that is linked to adverse health impacts.

Life Satisfaction

Societal and personal well-being in the UK looking beyond what we produce to areas such as **health**, **relationships**, **education** and **skills**, **what we do**, **where we live**, our **finances** and the **environment**. This data comes from a variety of sources and much of the analysis is new. *(Definition and source: ons.gov.uk)*



Guildford

7.26 /10 (2020/21)

7.62 /10 (2019/20)

Surrey

7.48 /10 (2020/21)

7.73 /10 (2019/20)

UK Average

7.39 /10 (2020/21)

7. 66 /10 (2019/20)

Life Satisfaction

Rank	Location	Current	Compared to Guildford	Trend (Since 2019/20)	Peak	Average (2011 – 2021)
BASE	Surrey	7.48	Greater	-0.25	7.80 (2018/19)	7.68
	England	7.38	Greater	-0.28	7.71 (2018/19)	7.57
1	Woking	7.95	Greater	+0.15	8.10 (2016/17)	7.74
2	Winchester	7.79	Greater	+0.27	8.08 (2016/17 & 2018/19)	7.79
3	Basingstoke and Deane	7.52	Greater	-0.08	8.09 (2017/18)	7.74
4	Epsom and Ewell	7.35	Greater	-0.66	8.01 (2019/20)	7.72
5	**Guildford**	**7.26**	N/A	-0.36	**7.87** (2014/15)	**7.56**
6	Crawley	7.17	Lower	-0.66	7.88 (2018/19)	7.61

- Guildford's life satisfaction has decreased by 0.36 since 2019/20.
- Guildford Life Satisfaction is below average than both England and Surrey.
- Guildford has lower life satisfaction that surrounding areas such as Woking and Winchester only greater than Crawley

Data Source: Annual Population Survey, Office for National Statistics – UK year ending March 2012 to year ending March 2021

Town Gap

JLL

Increase life satisfaction

1

Guildford's life satisfaction is below the England average (7.38) and has been decreasing since its peak in 2014/2015 (7.87). Guildford has been slipping behind competing towns and cities such as Woking and Epsom.

Strength

Affluence and employment opportunities / businesses.

Weakness

Lack of affordability in terms of housing and leisure .
Those in employment have little affordable housing choice, RP provide very little compared to Council SR.
Guildford suffers from a lack of in town green open space.

Opportunity

Increase availability/ quality of affordable housing and mix of types.
Widen retail offer and experience for less affluent.
Increase employment and wages.
Increase in town open space.

Threat

Residents move to more affordable and attractive towns/cities, thus reduces skilled labour supply and retention of spending in Guildford.

Age Structure & Population

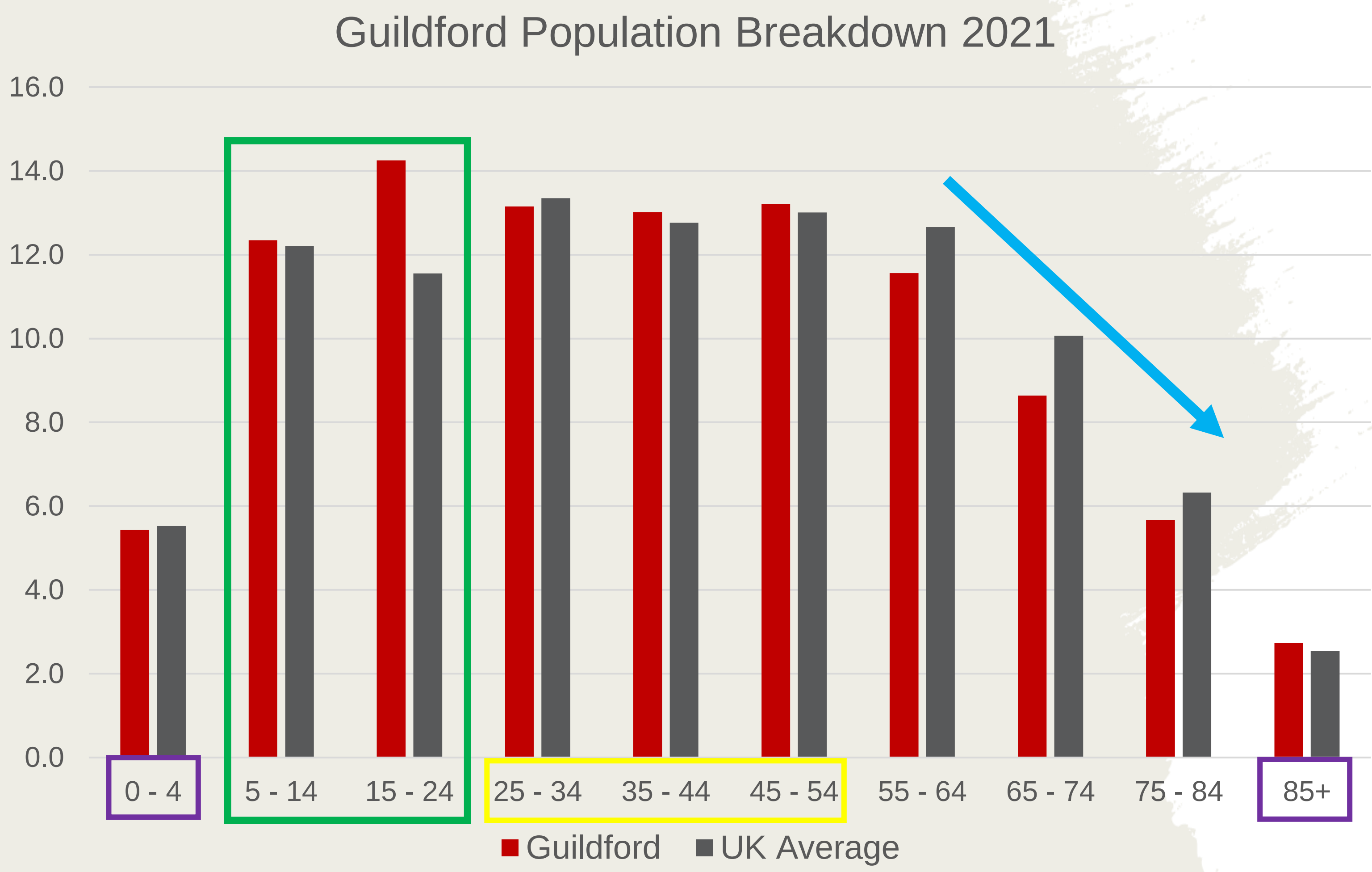
- We have analysed the following data sets based on a 5 km and/or 10 km radius using Guildford Train Station (GU1 4UT) as the centre point:

    - Age Structure;
    - Population projection;
    - Acorn profile; and
    - Income profile.

- This approach has been used as it reflects how the real estate development and investment market would assess a site/location.

- It should be noted that when looking at the 10km radius area there may be some locations, and subsequent data, that fall outside of the Guildford District boundary.

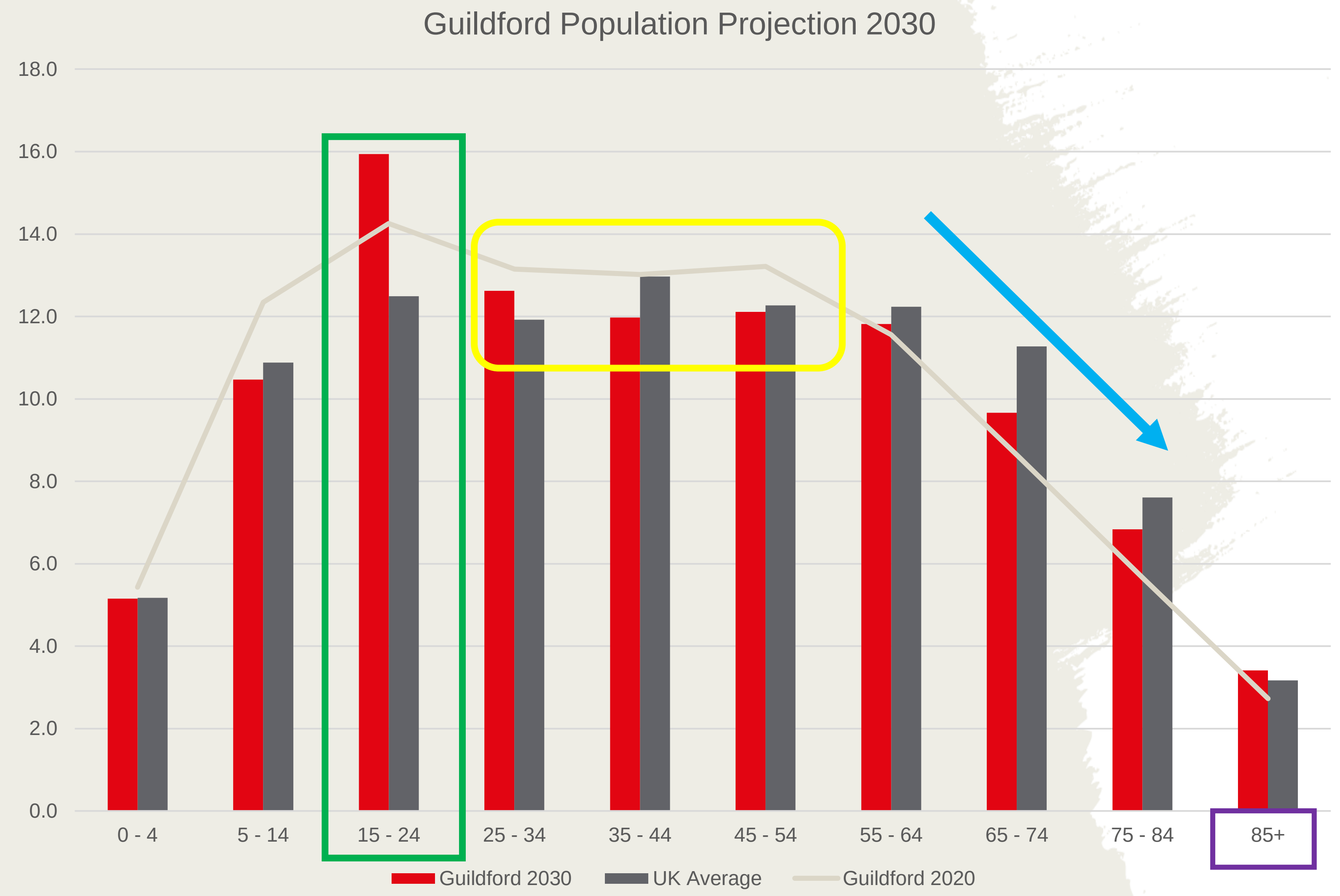
Age & Population – 10km radius



- **Above average** population between **5 -24 age bracket** against UK average; this could be related to the University of Surrey and peripheral affluence of commuter families.
- **Strong performance** from **working age** group – c. 50% of Guildford's population are of working age.
- **Lower than average** proportion of residents aged **55 – 84 years**; this could be due to a lack of suitable retirement living options – or the desirability of other locations.
- **Equal** amount of children aged 0-4 and elderly residents aged 85+; could be related to a good care facilities.

Data Source: © 2022 CACI Limited
Graphs created by JLL

Age & Population – 10km radius



- **Continued growth in** population between **15-24 age bracket** against UK average; this could be related to the University of Surrey.
- **Working age under threat –** proportion of working age people begins to drop compared to 2020 population. **35-44 bracket** falls below UK average.
- **Rising Elderly population** but still less than national average – particularly aged 65-84 years. Opportunities for further retirement living development.
- **Increased** population of **85+ bracket** and marginally more than national average. Pull likely to be downsizing and care home residents

Data Source: © 2022 CACI Limited
Graphs created by JLL

Town Gap

Retain working age population

2

Guildford's working age population is predicted to decrease significantly between now and 2030.

Strength

A strong working population is attractive to corporates and retains talent and spending within Guildford.

Opportunity

To provide employment opportunities across all sectors, for working age group people.

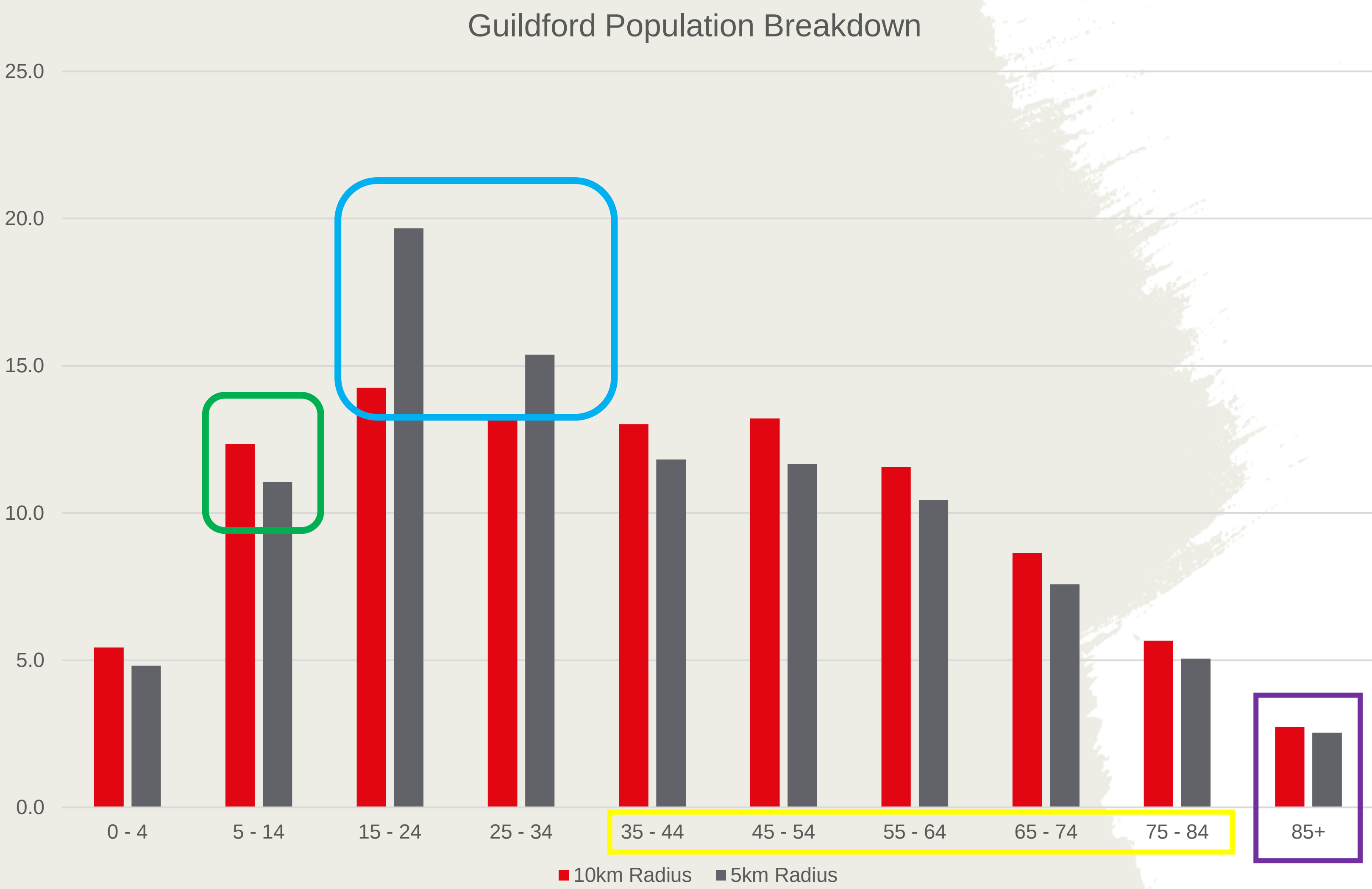
Weakness

Guildford currently caters well to the affluent population but needs to diversify to appeal to a wider audience.

Threat

These people could be drawn to work, live and study elsewhere if research an employment opportunities are not created in-borough.

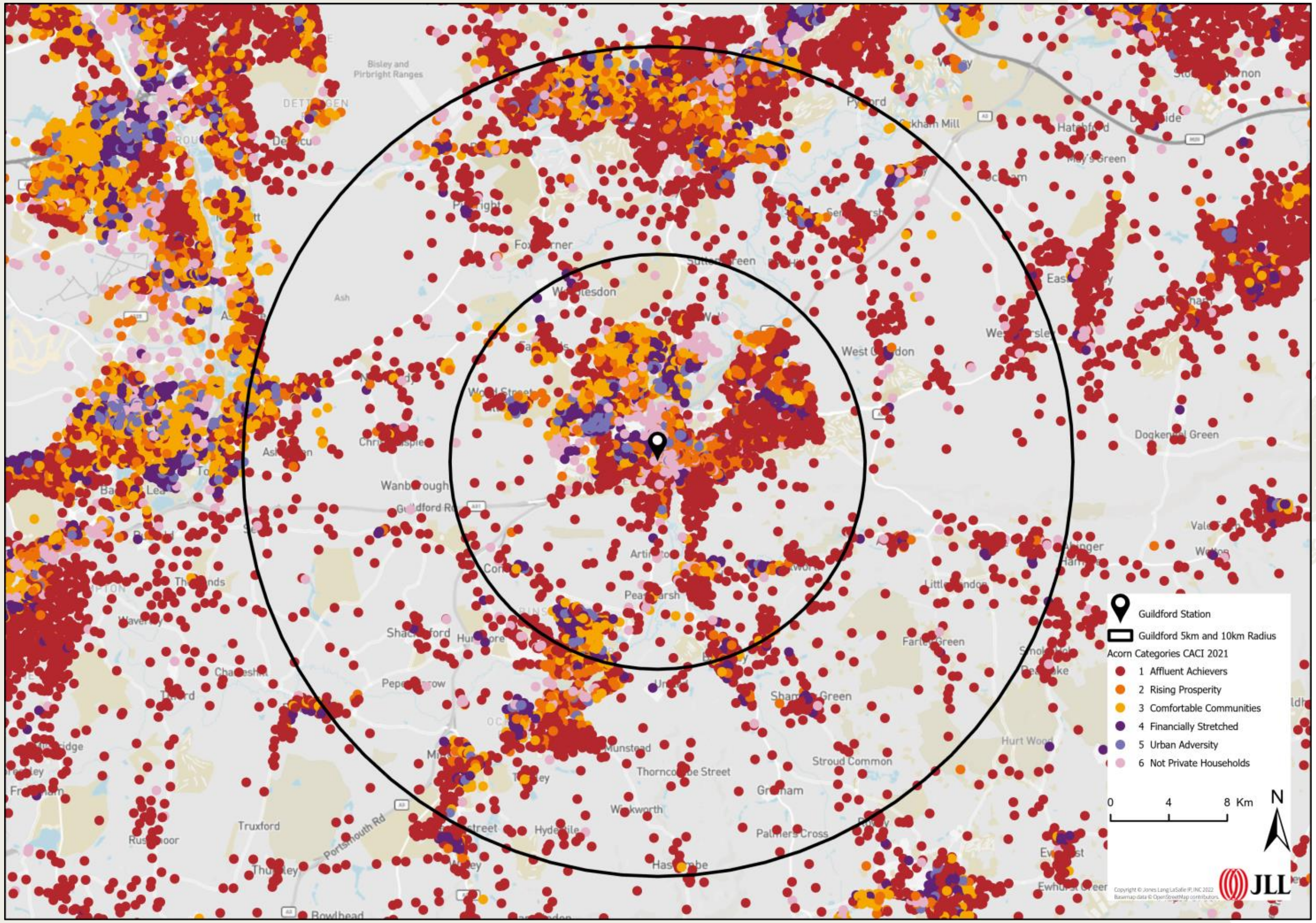
Age & Population – Population comparison



- **Higher proportion** of **5-14** year olds live within a 10km radius of the town centre. Most likely due to the supply of family housing in peripheral locations.
- **Higher proportion** of **15 – 34** year olds live within 5km of the town centre. Most likely related to the University of Surrey.
- Data indicates that the **majority** of the **mature population** is located in the peripheral locations rather than the town centre.
- **85+ population bracket** remains roughly the same for 5km and 10km Potentially related to the location of care facilities.

Data Source: © 2022 CACI Limited
Graphs created by JLL

Acorn Profile – 5 & 10km radius



- **Affluent Achievers**

These represent the most financially successful people in the UK. They live in wealthy, high status rural, semi-rural and suburban areas of the country.

- **Rising Prosperity**

Generally younger, well educated, mostly prosperous people living in major towns and cities.

- **Comfortable Communities**

Much of 'middle-of-the-road' Britain. All life stages are represented in this category. Generally, people own their homes.

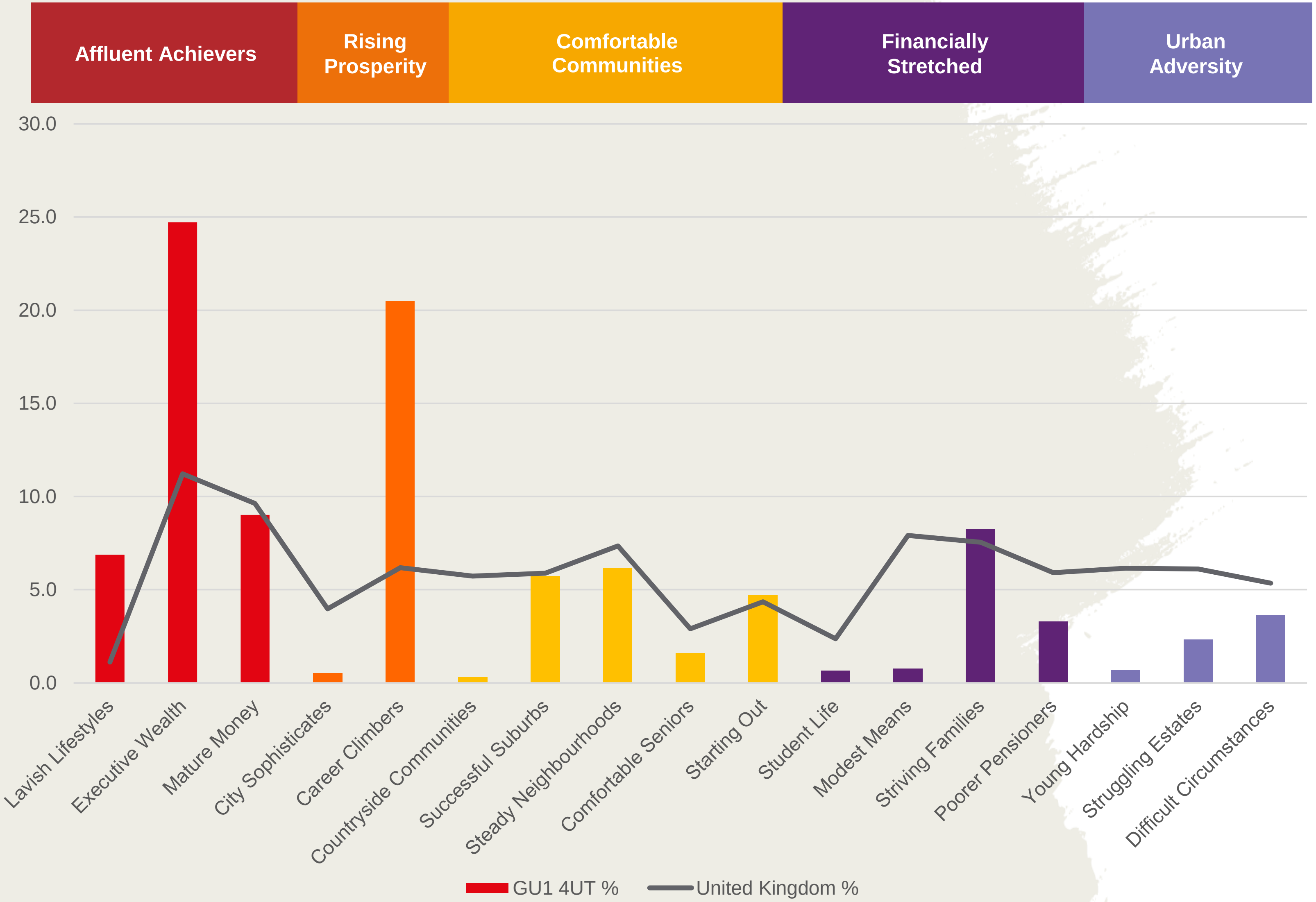
- **Financially Stretched**

A mix of traditional areas of Britain. Housing is often terraced or semi-detached including council or housing association accommodation.

- **Urban Adversity**

The most deprived area of large and small towns and cities across the country. Household incomes are low.

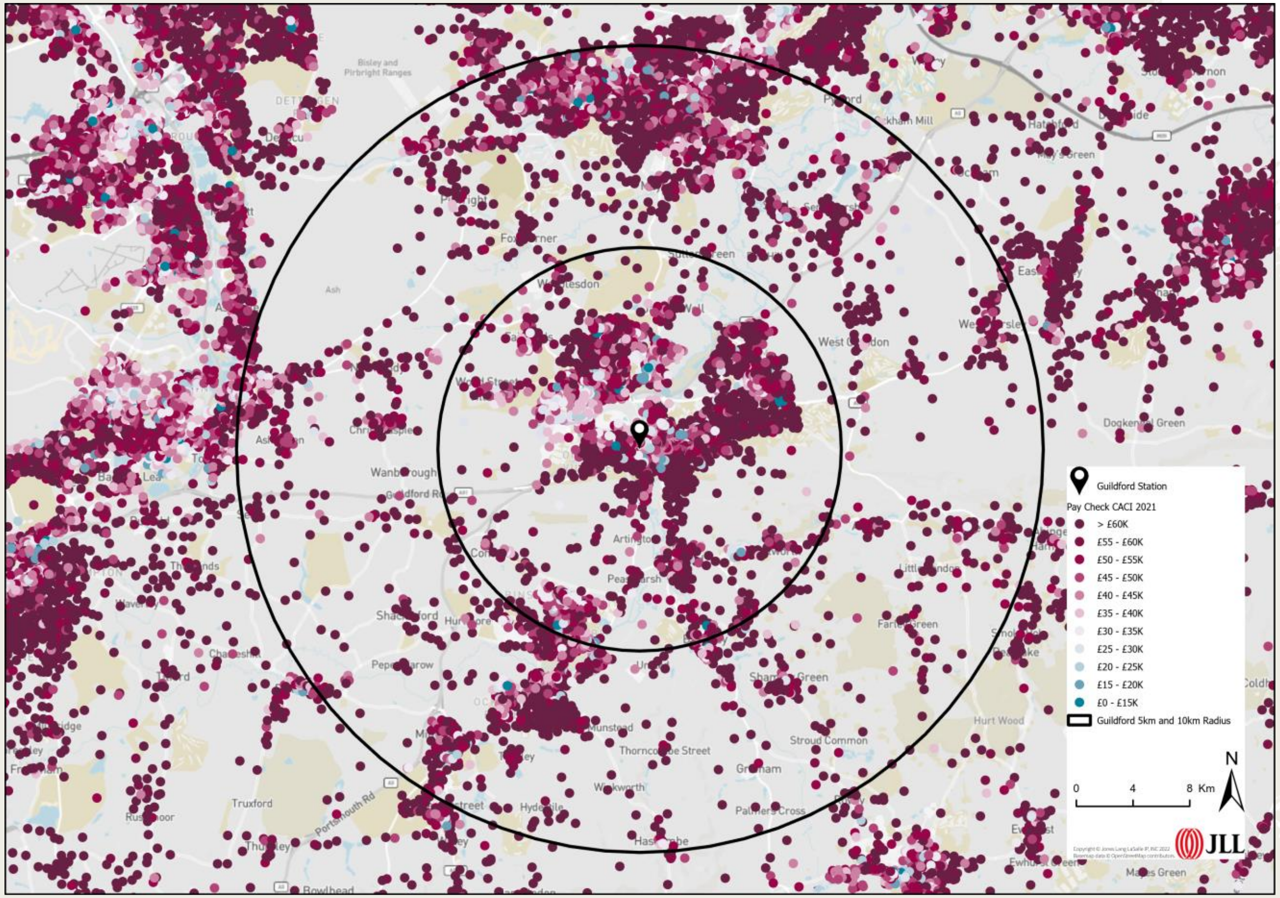
Acorn Profile – 10km radius



- Significantly above average proportion of ‘Lavish Lifestyles’, ‘Executive Wealth’ and ‘Career Climbers’.
- Minimal proportion of ‘City Sophisticates’, ‘Countryside Communities’, ‘Student Life’, ‘Modest Means’ and ‘Young Hardship’
- 62% of Guildford’s population (10km radius) are classified as Affluent Achievers or Rising Prosperity.
- Only 7% of Guildford’s population (10km radius) are classified as Urban Adversity.

Data Source: © 2022 CACI Limited

Income Profile – 10km radius

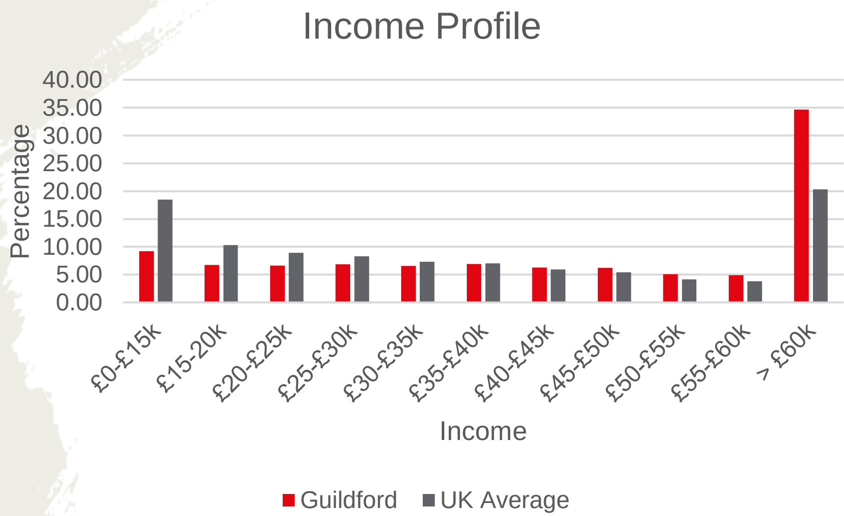


UK Average 28.29%

44.61% earn £50k+

9.2% earn £0-15k

UK Average 18.48%



The UK Average for those that earn in excess of £50,000 pa has decreased by 1.7% since 2020. In comparison to this, the percentage of people in this income category in Guildford has also decreased by 2.39% during the same period.

The UK Average for those that earn between £0 - £15,000 has increased by 1.2% whereas the Guildford percentage has only increased by 0.5%.

Data Source: © 2022 CACI Limited
Graphs created by JLL

JLL

Peripheral Affluence

3

Across almost all real estate sectors, Guildford continues performs better on its periphery than it does in its centre.

Strength

Above average affluence in the Borough.

Opportunity

Providing equal opportunity for all socio-economic groups.
Deliver high quality development in central locations to encourage people to consider living more centrally.

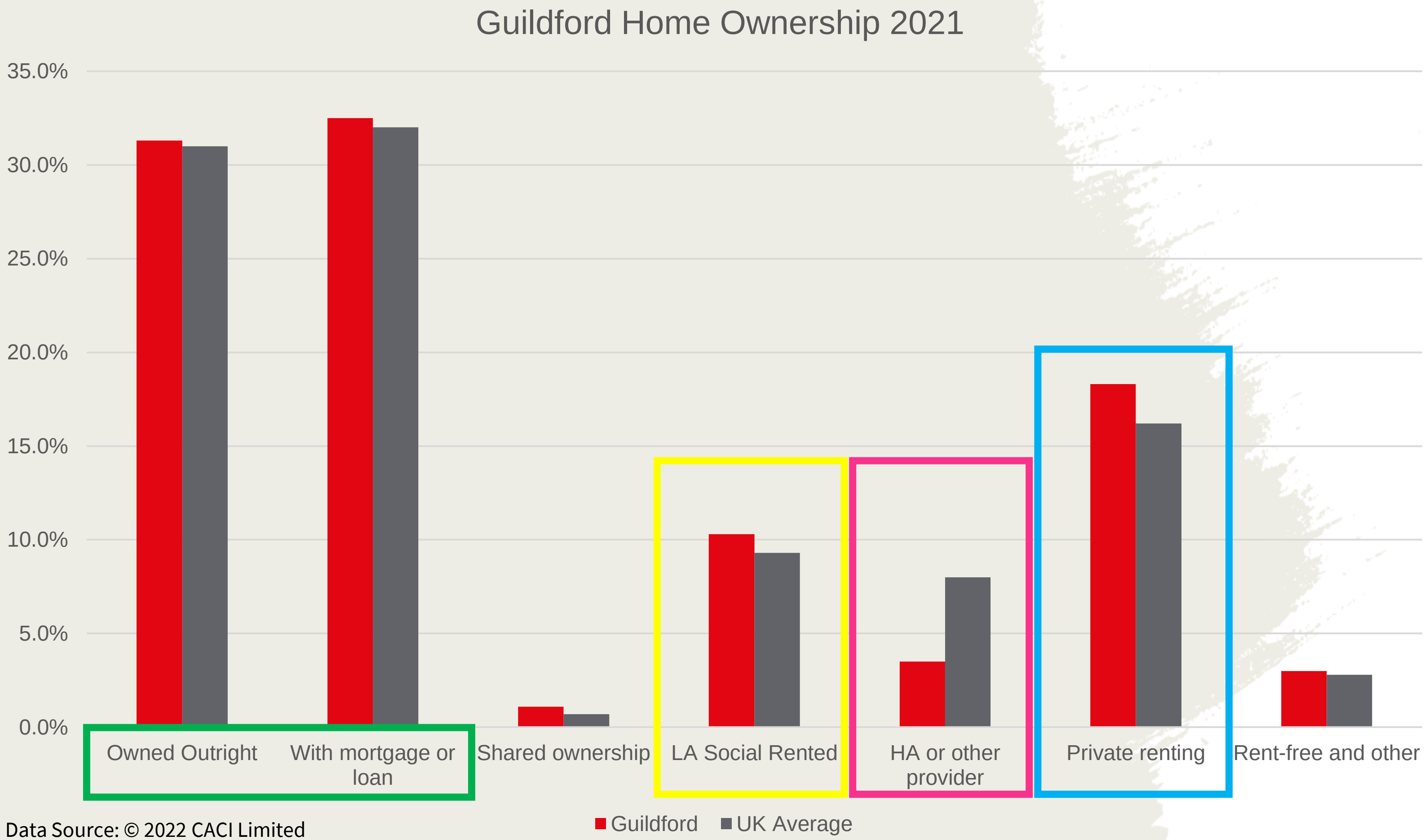
Weakness

Leakage to other locations that are comparably accessible but have better town/city amenities, culture and experiences.

Threat

More affordable towns / cities attracting residents and businesses.

Home ownership – 10km radius

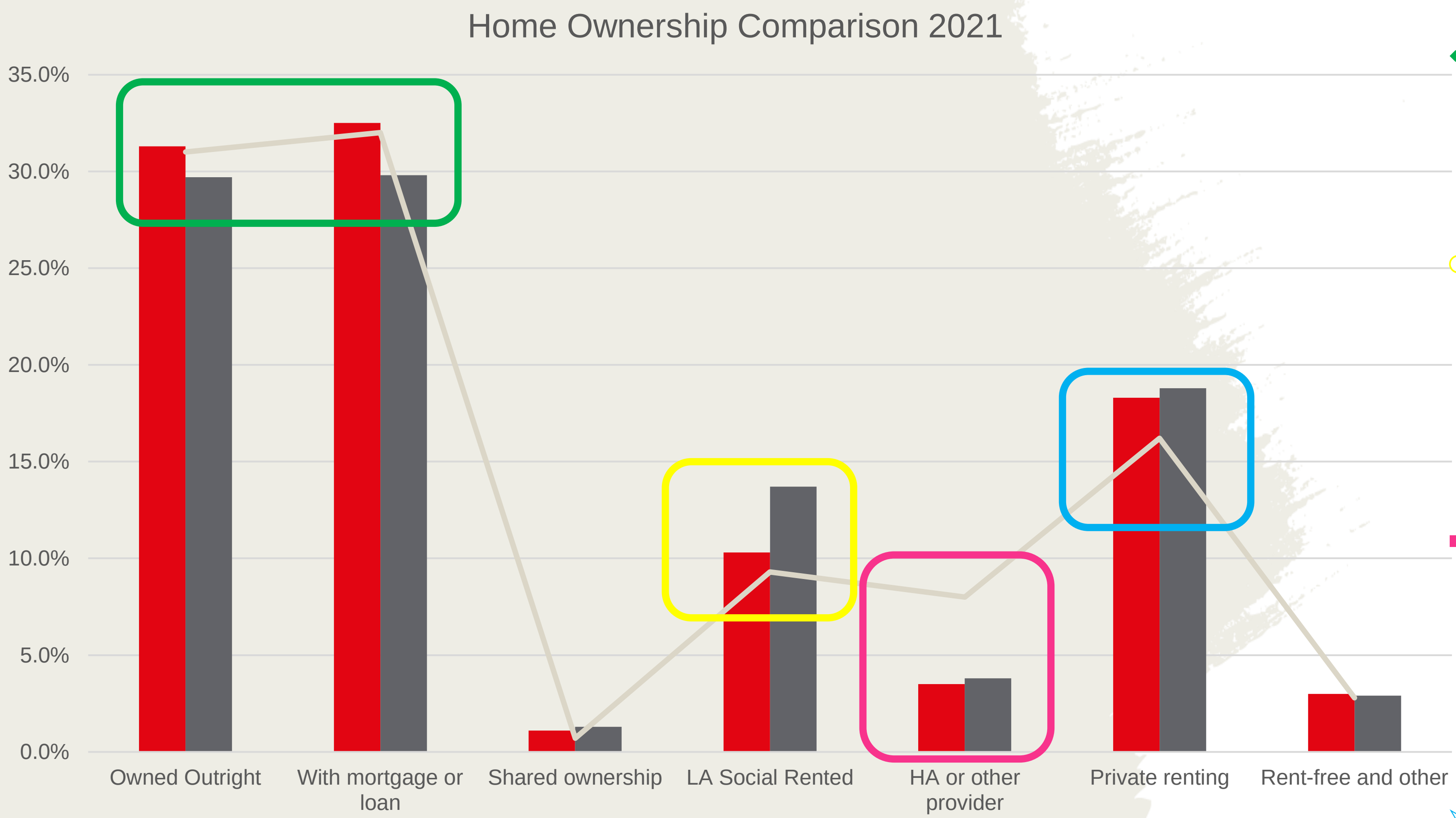


Data Source: © 2022 CACI Limited
Graphs created by JLL

- **Home ownership** (outright or mortgage/loan) is the **most dominant tenure** and accounts for 66% of population. Marginally above national average.
- **Higher proportion** of Local Authority Social Rented than UK Average. Probably linked to underlying affordability issues.
- **Huge disparity** between UK average and Housing Association rented properties within Guildford – half the amount. Possibly related to a lack of HA (RP) stock.
- **Above average** number of people in private rented accommodation in Guildford. Likely related to lack of affordability of home ownership for younger generations.

- Home ownership has remained marginally above national average increasing by 1% since 2020.
- HA rented properties remain significantly below national average at 3.5%. The difference between the National Average and Guildford is 4.5%.
- The percentage of private renters has increased since 2020 and remains higher than national average.

Home ownership comparison



Data Source: © 2022 CACI Limited
Graphs created by JLL

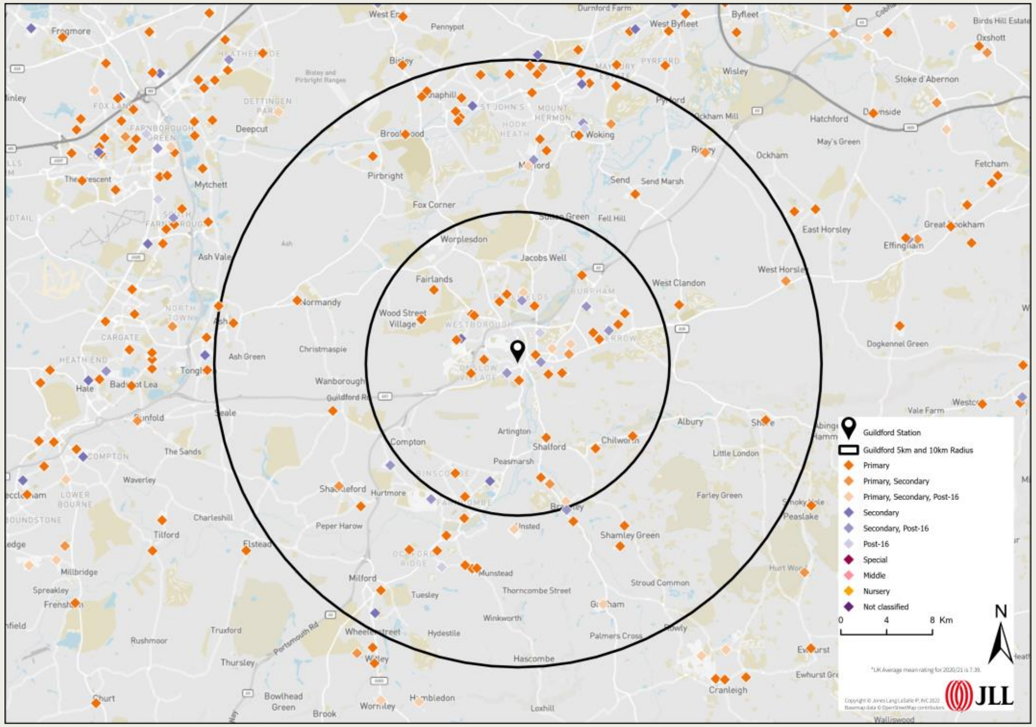
- **Higher proportion** of **home ownership** in the peripheral locations (10km radius). Also this tenure is **above UK average** for 10km radius.
- **Higher proportion** of Local Authority Social Rented within a 5km radius. However, this tenure is **significantly above UK national average** in central Guildford.
- **Huge disparity** between UK average and Housing Association rented properties within central and peripheral locations. Likely related to a lack of stock.
- **Above average** number of people in private rented accommodation in both central and peripheral locations. Likely related to affordability.

- Like 2020 home ownerships within a 10km radius was greater than 5km. Also home ownership within a 5km radius remained under the National average.
- Social renting remains higher than national average and significantly higher within a 5km radius.

Education

Schools

- The map below illustrates the location and type of schools within a 5km and 10km radius of Guildford. There are a total of 102 schools within a 10km radius.
- Of this 102, 17% are independent (fee paying) schools and 73% are state schools (State schools and Academy schools)
- There are 48 schools within Guildford, which accounts for 47% of the total amount within a 10km radius.
- Of the 71 Ofsted Ratings, 94% were rated as ‘Good’ or ‘Outstanding’ by Ofsted.



Breakdown of School Type within 10km radius as of August 2022:

School Type	% of Total
Primary	67.65%
Primary, secondary	7.84%
Primary, secondary, post 16	6.86%
Secondary	5.88%
Secondary, post 16	10.78%
Post 16	2.94%
(Source: GOV.UK)	

Ofsted Ratings within 10km radius as of August 2022:

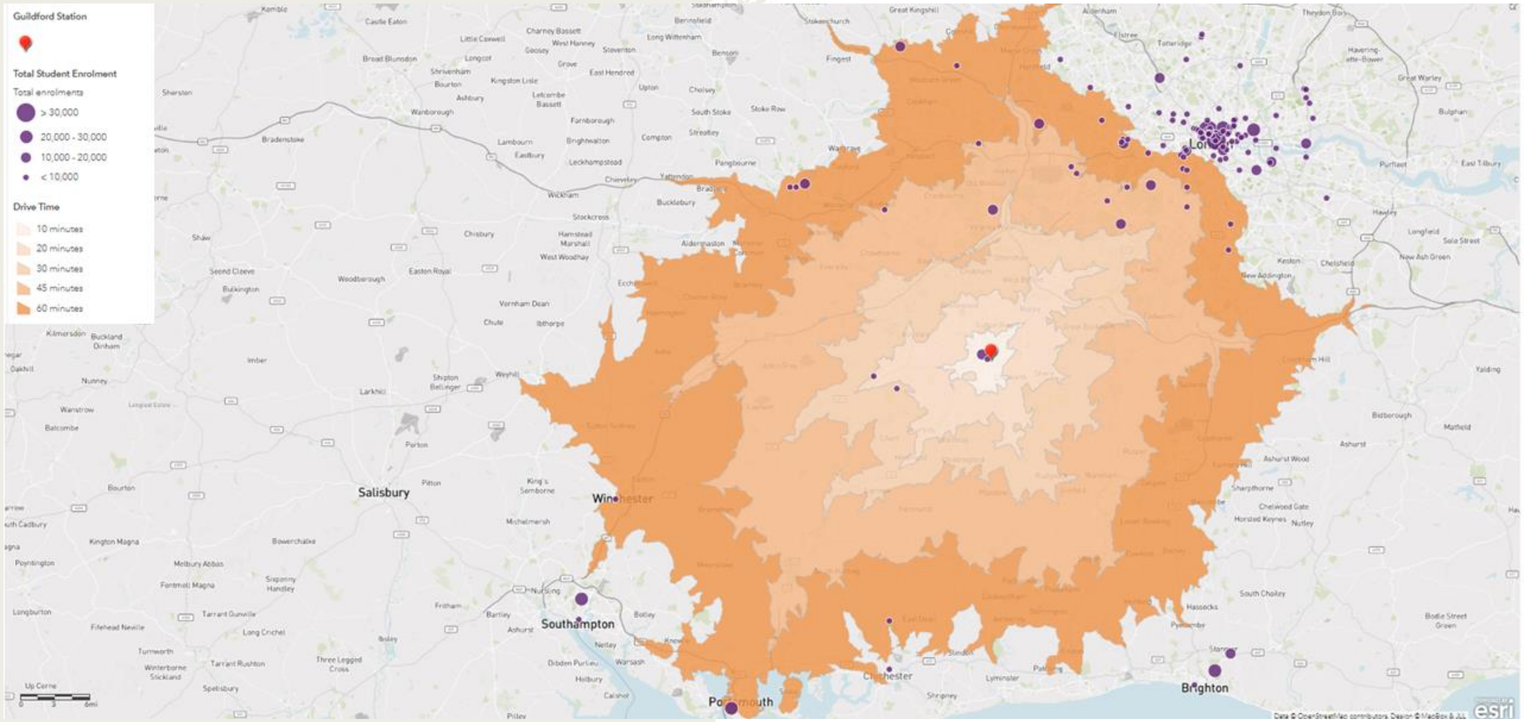
Ofsted Rating	% of available reports
Inadequate	1%
Requires Improvement	4%
Good	62%
Outstanding	32%
Calculations based on the 71 available Ofsted Ratings. (Source: GOV.UK)	

Universities

As illustrated by the map below, including the University of Surrey, Guildford School of Acting, University for the Creative Arts and The School of Law in Guildford itself, there are 36 higher education/universities within a 60-minute drive time of Guildford.

The majority of these 36 are located within or on the outskirts of London, such as :

- Royal Holloway
- Roehampton University
- St Mary’s University
- Kingston University



There are also several establishments further afield, within a 60 minute drive time, such as:

- University of Winchester
- The University of Reading

The University of Surrey

GUILDFORD BOROUGH

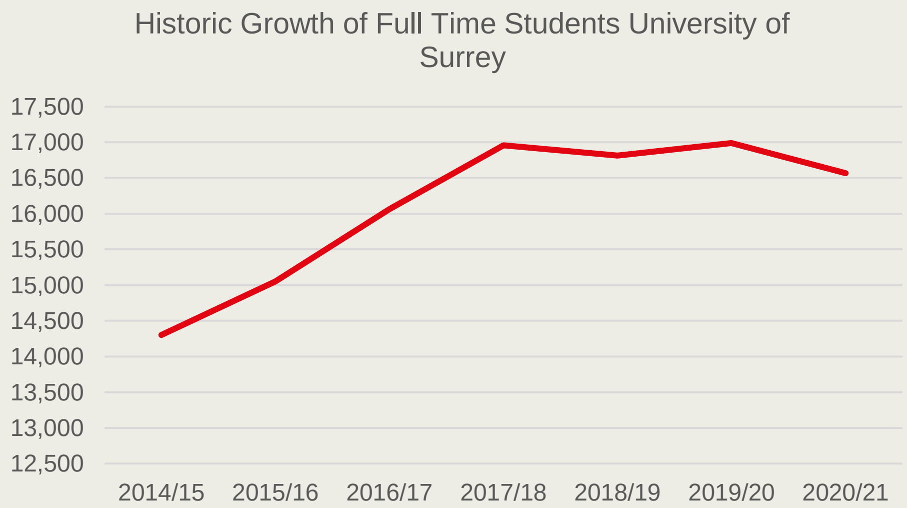
JLL

Ranked 18th In the UK*

16,565 Students in 2020/21

93% Full Time Study 2020/21

- 54% of students are female and 46% male.
- 70% of students are from the UK, 13% from the EU and 17% non-EU.
- In 2022, 95% of Surrey undergraduates are in work or further education.
- The university provides a range of undergraduate, post graduate and postgraduate research degrees. The subjects with the highest enrolment include biological (e.g. biomedical science and microbiology), engineering, social studies, business and medical (e.g. nursing, midwifery and paramedic science). No medicine courses or teaching hospital.



Data Source: © 2022 HESA
Graphs created by JLL

University Enrolment within a 60min drive time of Guildford (2020/21):

Rank	Institution	Drive Time	Total 20/21
1	The University of Reading	60min	19,980
2	Kingston University	45min	18,500
3	Buckinghamshire New University	60min	17,970
4	Brunel University London	60min	17,745
5	The University of Surrey	10min	16,565
6	The University of West London	60min	15,165
7	BPP University	60min	14,715
8	Roehampton University	45min	12,430
9	Royal Holloway and Bedford New College	45min	12,295
10	University for the Creative Arts	20min	8,420

Data Source: © 2022 HESA

UNIVERSITY OF SURREY

Town Gap

Corporate Presence

4

Availability of talent and graduates is key to attract corporates. Guildford has one good higher education establishment, the University of Surrey (UoS). However, there is little opportunity to retain students once they have graduated.

Strength

Guildford has an established office market with a reasonable pool of talent. Located within reasonable distance of principal airports Gatwick and Heathrow.

Weakness

Not a diverse curriculum e.g., no medical courses supporting life sciences sector. Lack of research and post-grad courses

Opportunity

The medical, technology and gaming industry has a pool of talent (employees/graduates) to drive innovation. Research and post-grads.

Threat

UoS is reliant on several specialist courses which might see research funding disappear as large occupiers relocate. Higher cost of living and shortage of PBSA might deter/ retain talent.

Culture

Culture

Yvonne Arnaud Theatre

Established in 1965.

Offers a range of shows including ballet, children's events, music, comedy, pantomime and contemporary dance.

The Youth Theatre offers opportunities for young people all year round.

Guildford Heritage Buildings

Guildford Castle

Guildford Museum

Guildford House Gallery

The Guildhall

The Undercroft

The Electric Theatre

Not-for-profit venture by the Academy of Contemporary Music.

ACM integrates its student body into the life of the theatre, enabling it to produce live music events, creative workshops, comedy nights and dance performances.

G Live Theatre

Conference and hospitality venue

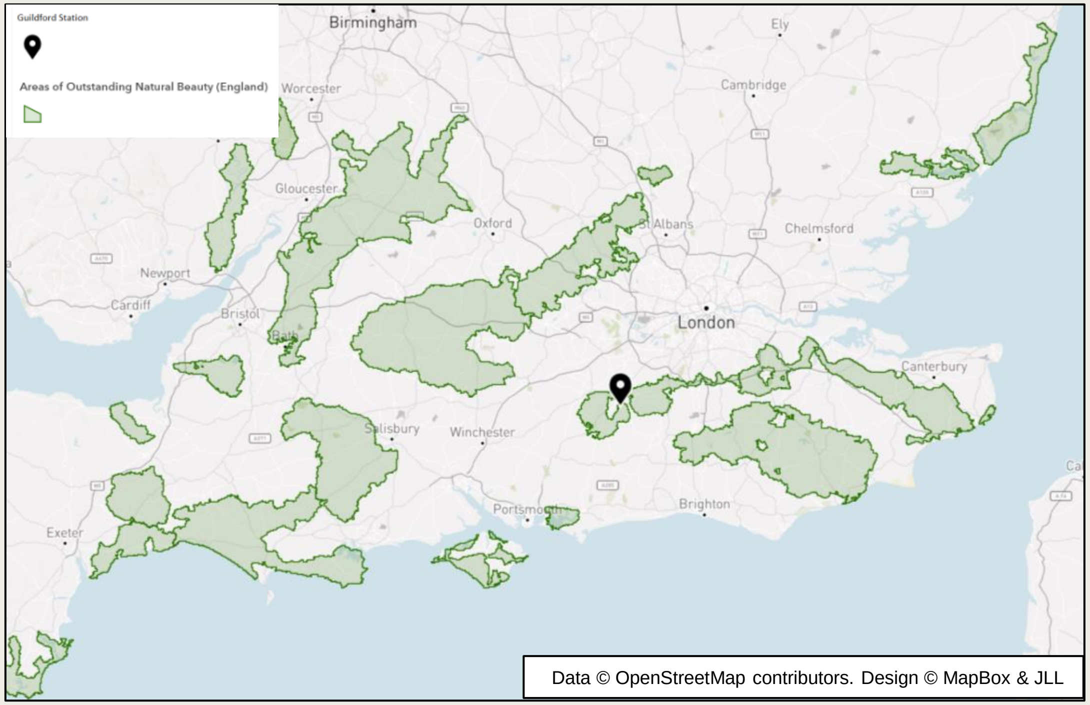
Offers a wide range of comedy shows, classical music, family shows and dance performances.

Main hall max. capacity 1,700 standing (1,000 seated).

Tourism

Tourism

- SURREY HILLS AONB
- GUILDFORD CATHEDRAL
- GUILDFORD GAMING FESTIVAL
- GUILDFORD CASTLE



Location	Visits by Overseas Tourists (2019)	Visits by Overseas Tourists (Avg. 2011 – 2019)
Guildford	**105,000**	**102,000**
Reading	237,000	223,000
Basingstoke	80,000	56,000
Winchester	86,000	71,000

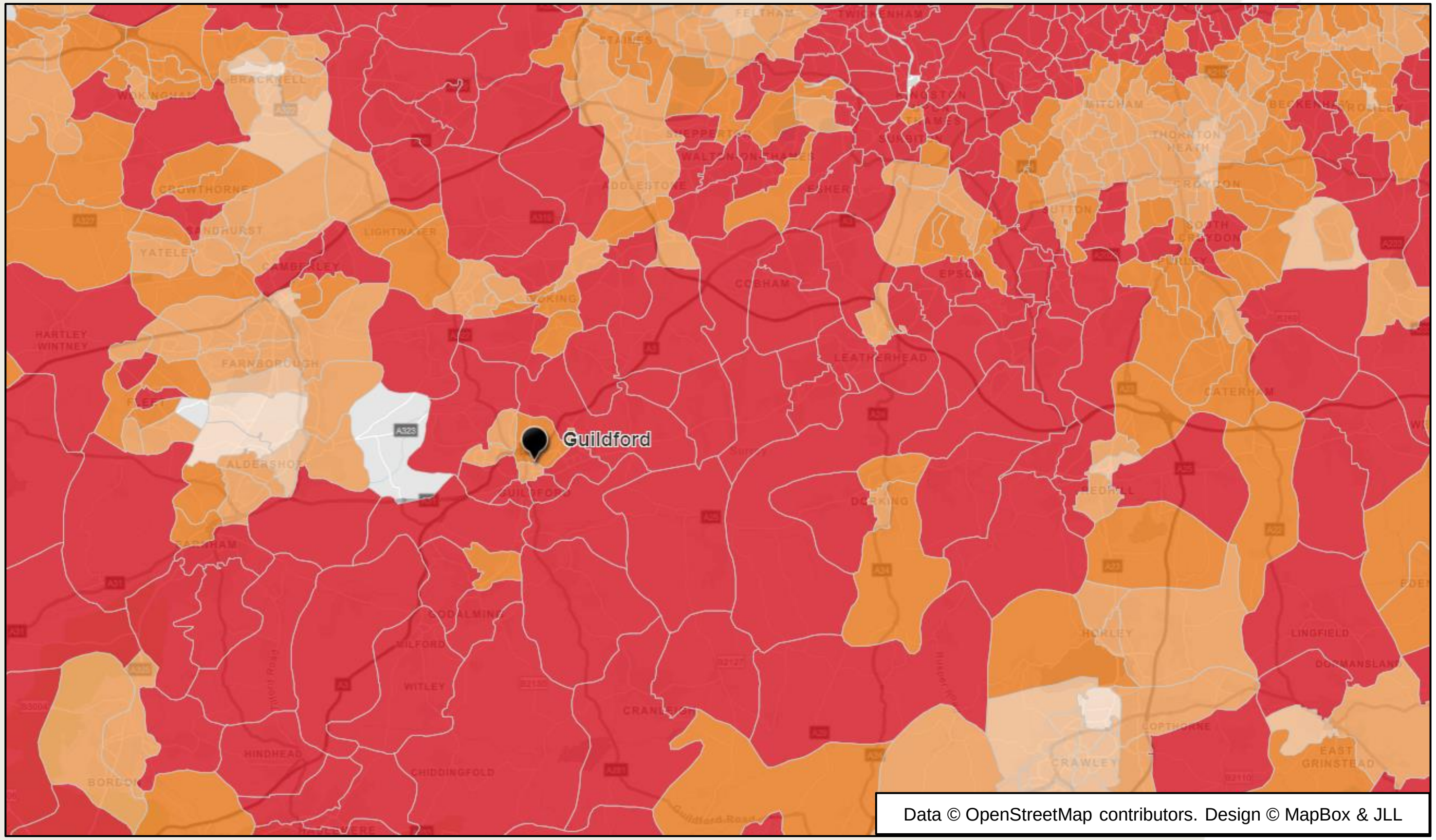
Source: International Passenger Survey Office for National Statistics

Market Demand

Living: Residential - Regional Context

Location	Guildford	Woking	Farnborough (Rushmoor)	Crawley	Basingstoke	Winchester
Average House Price (All property types - May 2022)	£510,594	£459,268	£335,166	£315,718	£349,257	£490,955
% uplift since December 2020	10.8%	8.38%	16.37%	12.29%	17.37%	17.63%

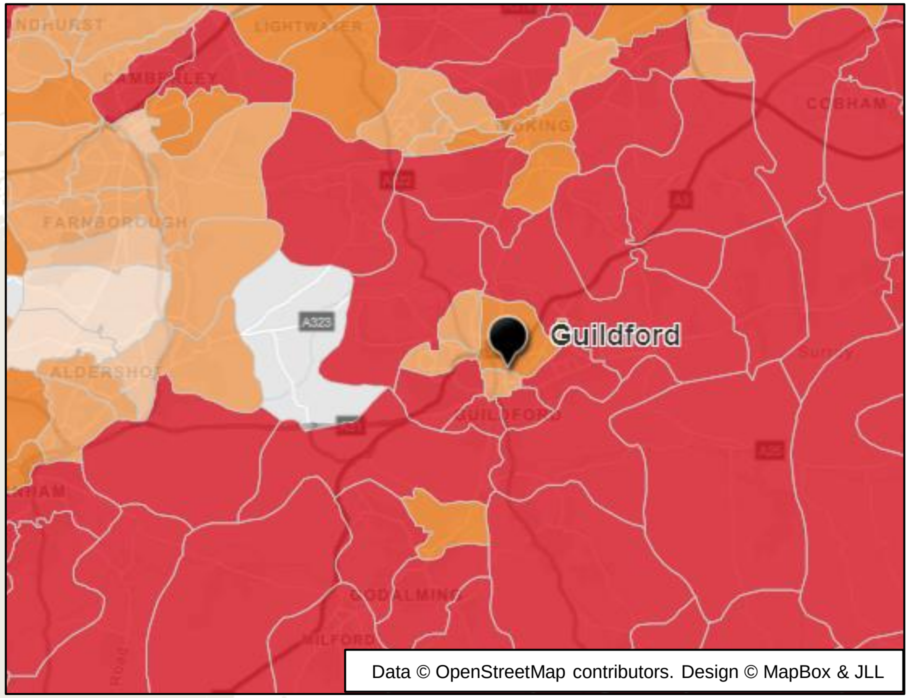
Source: Land Registry House Price Index, May 2022

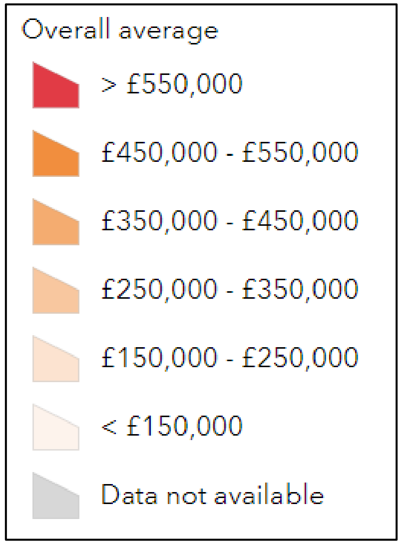


Overall average

- > £550,000
- £450,000 - £550,000
- £350,000 - £450,000
- £250,000 - £350,000
- £150,000 - £250,000
- < £150,000
- Data not available

Living: Residential - Local Context



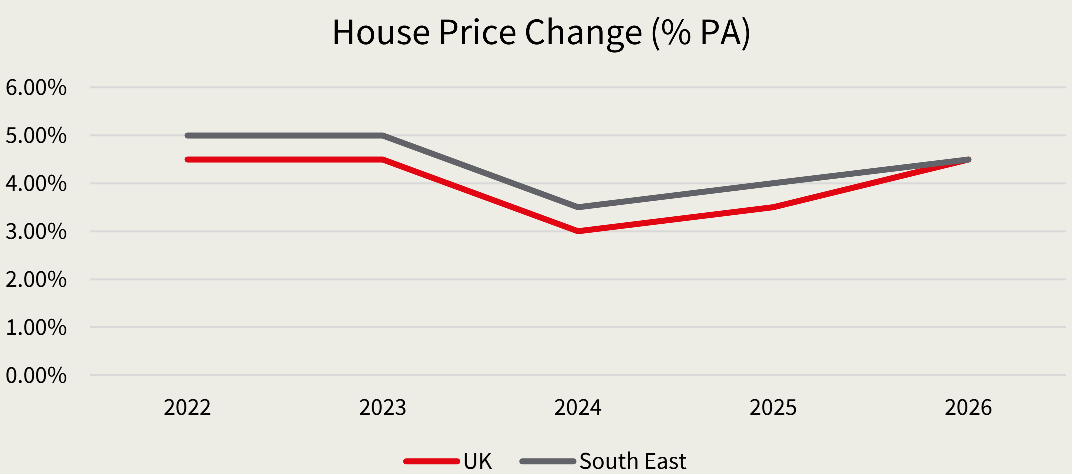


Average House Price (May 2022):

Property Type	Guildford	South East	UK
Flat *% uplift since 2020*	£270,339 *(up 6.15%)*	£224,868 *(up 10.18%)*	£228,492 *(up 9.15%)*
Terrace *% uplift since 2020*	£419,385 *(up 11.08%)*	£328,214 *(up 15.34%)*	£232,665 *(up 16.31%)*
Semi-Detached *% uplift since 2020*	£510,703 *(up 12.53%)*	£421,634 *(up 16.26%)*	£273,591 *(up 16.65%)*
Detached *% uplift since 2020*	£925,766 *(up 14.04%)*	£691,655 *(up 17.36%)*	£444,562 *(up 17.86%)*

Source: Land Registry House Price Index, Q2 2022

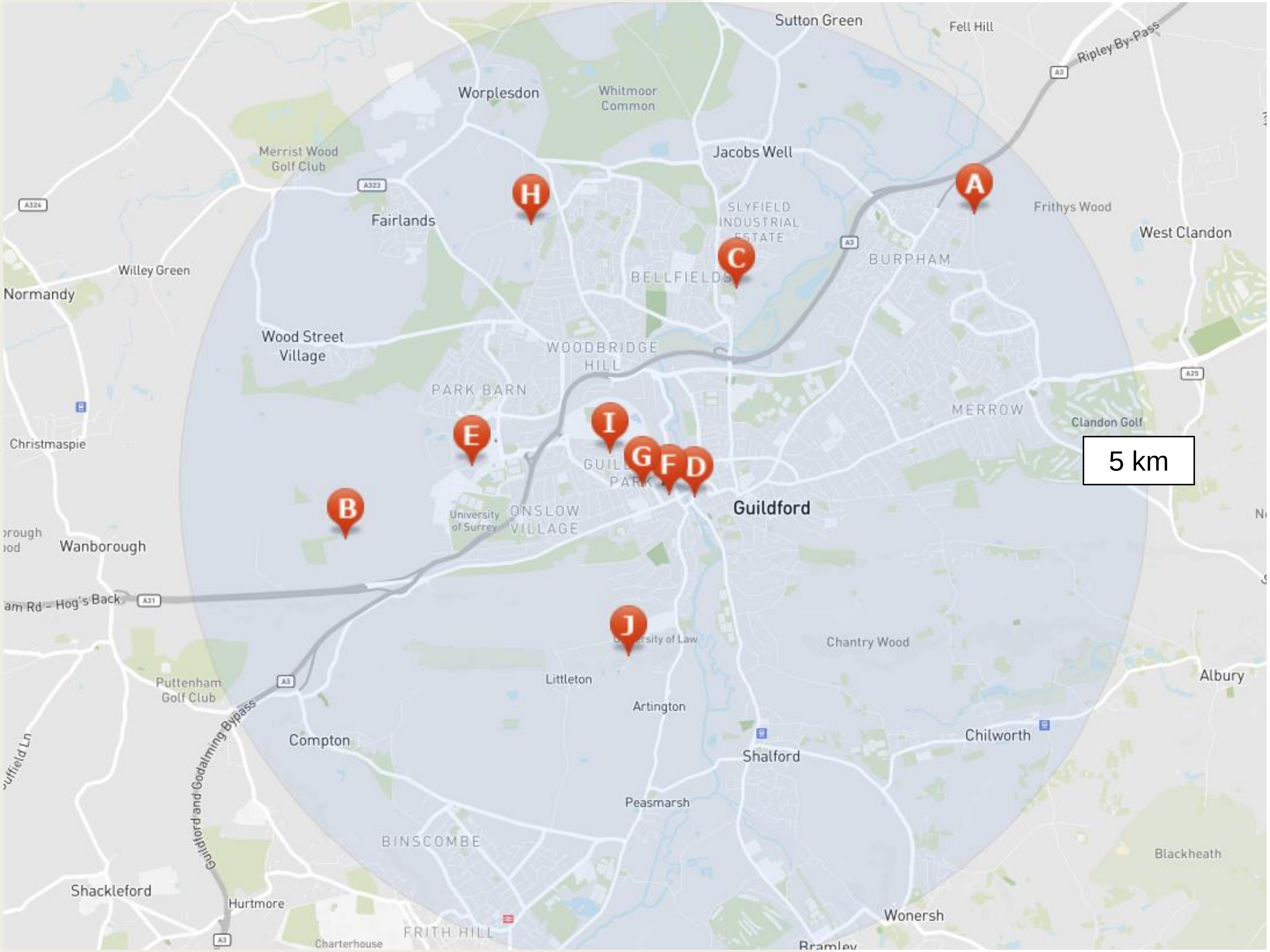
House Price Change (%PA) 2022 – 2026:



Source: JLL Research, Oxford Economics (Nov 21)

The average house price in Guildford is **c. 30% more** than the South East average

Living: Residential Pipeline 5km around Guildford (100 units plus)



Source: Data © OpenStreetMap contributors. Design © MapBox & JLL

Living: Residential Pipeline 5km around Guildford (100 units plus)

Ref	Address	Units	Status	Developer/Provider	Comments
A	Gosden Hill Farm, Merrow Lane, Guildford, GU4 7LQ	1,800	Allocated		No planning to date
B	Blackwell Farm, Hogs Back, GU3 1DE	1,800	Allocated		Owned by the University of Surrey
C	Weyside Urban Village, Slyfield Green, GU1 1RE	1,550	Planning Consent Granted	Guildford Borough Council	20/P/02155 - Outline Planning permission granted in October 2021, construction expected to start 2023
D	North Street Friary Quarter, GU1 4YL	850	Allocated	St Edwards JV (Berkeley Group and M&G Real Estate)	PLAN/2020/0079 – Consultation for proposed scheme if they need EIA
E	Land between Gill Avenue & Rosalind Franklin Close, GU2 7YZ	450	Allocated		Already buildings on site. Allocation includes a contribution to student accommodation.
F	Guildford Railway Station, Station View, Guildford GU1 4UT	340	Under Construction	Grainger/Solum Regeneration	Allocated in Local plan. 14/P/02168 – Planning approved with appeal. Work started on Phase 1 January 2021. With an additional 98 units BTS
G	Guildford Park Car Park, GU2 7NF	160	Planning Consent Granted	Guildford Borough Council	Allocated in Local plan. 16/P/01290 - Looking to increase planning to 240 units.
H	Land north of Keens Lane and Tangley Lane, GU3 3HS	148	Under Construction	Taylor Wimpey	Allocated in Local plan. 18/P/01014 – Montague Place – Taylor Wimpey the scheme is sold out
I	Land South and East of The Cathedral Church Of The Holy Spirit, Stag Hill, The Chase, Guildford, GU2 7UP	124	Planning Application Pending	Guildford Cathedral/Vivid Housing Ltd	Allocated in Local plan. 21/P/02333 – Demolition of Existing Cathedral Close Dwellings and erection of 124 residential units
J	Surrey Police Headquarters, Sandy Lane, GU3 1HG	116	Allocated		Allocated in Local plan.

Source: Guildford Borough Council Land Availability Assessment (2021) and Guildford Borough Council Local Plan Strategy and Sites (2015-2034)

Living: Nearby Residential Developments On the Market (100 units plus) (>5km)

Address		Units	Status	Developer/Provider	Comments
Ash Lodge Park, Ash Lodge Drive, Surrey, GU12 6NS		400	Under Construction	Bewley Homes	*10km from Guildford* 12/P/01973 – Approved in 2020. Application for up to 400 dwellings.
Ockford Park, Godalming, Surrey, GU7 2LG		260	Under Construction	CALA	*6.7 km from Guildford* WA/2018/1239 – Planning for 262 dwellings including 78 affordable. 2-5 Bedroom Houses for sale.
Water's Edge, Mytchett Road, Nr Camberley, Surrey, GU16 6AF		248	Under Construction	Nicholas King Homes and A2 Dominion	*11.3 km from Guildford* 19/0031 – 2-5 Bed Homes for sale.
Admiral Park, Tongham Surrey, GU10 1DE		254	Under Construction	Taylor Wimpey / Bellway Homes	*10.5 km from Guildford* 16/P/00222 –Taylor Wimpey – 127 homes - 1 bedroom apartments and 2-5 bedrooms homes for sale. Bellway 127 Dwellings - 2,3 and 4 bedroom houses for sale.

Living: Nearby Residential Developments On the Market (100 units plus) (>5km)

Address		Units	Status	Developer/Provider	Comments
Wildflower Meadow, Guildford Road, Ash, GU12 6BT		154	Under Construction	Bellway Homes	*8.9 km from Guildford* 16/P/01679 – 2,3 and 4 bedroom homes for sale.
Heatherwell Place, Aldershot, GU12 6NX		145	Under Construction	FABRICA (A2Dominion)	*9.5 km from Guildford*
Midenhurst, Deepcut Surrey, GU16 6TH		127	Under Construction	Bovis Homes	*11.6 km from Guildford* 18/1027 - New Development on the former Princess Royal Barracks (totalling 1200 dwellings). 1 and 2 bedroom apartments, 2-5 bed homes for sale.
Stanhope Gardens, Wellesley, Hope Grant's Road, Aldershot, Hampshire, GU11 4AN		116	Under Construction	Taylor Wimpey	*12 km from Guildford* 12/00958/OUT – Part of larger development planning for 430 dwellings. 3 and 4 bedroom homes for sale.

Living: Residential Value Analysis

Methodology:

We have undertaken our market research into residential values in accordance with adopted planning policy to model a policy compliant position. As per Policy H1 of the Guildford borough Local Plan: strategy and sites (adopted April 2019) current policy expectations for new residential developments are as per the below:

- **Affordable Homes:** There is a need for 40% one bedroom, 30% two bedroom and 25% three bedroom and 5% four bedroom affordable homes.
- **Market Homes:** There is a need for 10% one bedroom, 30% two bedroom, 40% three bedroom and 20% four bedroom market homes.

It should be noted that this is the most recent housing mix policy and Policy S3, specific to town centre regeneration, references meeting this need. However, residential development in the town centre may be able to negotiate a larger proportion of homes with less bedrooms, but this would conflict with planning policy aspirations.

First Homes initiative

Since undertaking the original report the Government have introduced their First Homes initiative in effort to support first time buyers getting on the property ladder. Introduced in late 2021, ‘first homes’ should now account for 25% of all affordable housing units delivered by developers through planning obligations. The units must be provided at a minimum 30% discount of the open market value. These units will be secured via Section 106 agreements including the necessary restrictions on the use and sale of the property as well as a legal restriction on the title. A price cap of £250,000 will apply to the first sale, thereafter only the discount applies.

Living: Residential Headline Values

**Average £psf calculated cross all unit types.*

Living: Build-to-Rent & Co-living

Guildford Market Overview

- There are currently **no operational BTR schemes in Guildford** however, we would expect a BTR scheme in the town centre to be met with good demand from renters and investors alike. Partly driven by the above average rental market and low RP provision. We are aware that there are consented schemes.
- London commuter towns and South East employee hubs, such Guildford and Reading have experienced strong investor demand for BTR schemes with a number of schemes under construction and in the pipeline. Whilst there are currently no operational schemes in Guildford there are institutional schemes letting in comparable SE locations such as **Woking, Maidenhead, Sutton** and **Croydon** which highlights the depth of demand for rental products in SE commuter hubs.
- As **Guildford would be considered a superior and affluent residential location** to these examples, this further provides the expectation that a BTR scheme will perform well in Guildford. We would expect end user demand from both London commuters as well as young professionals employed in local corporate offices in Guildford itself.
- There has been increasing interest in Guildford as a BTR location from investors, with Grainger committing (July 2020) to forward fund residential apartments as part of the Guildford Station regeneration, now being delivered by Network Rail and Kier (Solum Regeneration).

What is Build to Rent?

Build to Rent (BTR) is a term used to describe residential property that has been specifically designed for the rental market, instead of for private resale. BTR schemes are typically owned by investment companies and the market is growing quickly. Schemes will often provide amenity for residents to achieve a rental tone at a premium to that of the wider market.

What is Co-Living?

Co-Living is an emerging real-estate product that focusses on community and convenience where occupiers enjoy their own private furnished living space alongside well-designed, on-site communal spaces.

Living: Build-to-Rent & Co-living

BTR pipeline:

Address	Units	Developer/Provider	Planning Ref	Status
Kernel Court, Walnut Tree Close, Guildford, GU1 4UD	113 units as part of a mixed use scheme student and co-living.	Kernel Court Ltd	19/P/00267	Completed
Guildford Railway Station, Station View, Guildford GU1 4UT	98 units (part of wider mixed use scheme comprising a total of 438 residential units)	Grainger/Solum Regeneration	14/P/02168	Under Construction

Demand

- We would expect a BTR scheme in Guildford to be located adjacent, or within close walking distance (<10 minute walk) to the main station, which in turn should ensure the scheme is located close to the local corporate offices in the centre. This location would also ensure that residents would have access to the strong retail and leisure amenity offered in the town centre.
- We would expect a mid-tier product to perform well in Guildford. Typically, mid-tier BTR schemes offer high quality rental apartments with balconies, where possible, and a good range of residents amenity. At a minimum, this amenity should be flexible by design and include an attractive, **hotel style lobby** with **concierge facilities**, **parcel** and **post room** and **storage**, **coworking area**, **residents' lounge**, **gym**, **bicycle storage** and a form of **outdoor space or rooftop terrace**. A scheme delivering these features would also ensure it is superior to current apartment living in Guildford, justifying a rental premium.
- While there are no operational schemes in Guildford currently to demonstrate rental pricing, we would expect rental values for a premium rental product to be achieved within the range of **£30-£32 psf.** Given investor appetite, an appropriate forward funding net initial yield for a BTR scheme in Guildford would likely sit within **4.00% - 4.25%.**

Living: Retirement

Retirement Market Overview

- The principle aim of this property class is to provide alternative accommodation for those over 65 years of age, from private residential housing to care.
- It targets older people requiring specialist-housing and/or support who also wish to maintain their independence. Typically integrated retirement communities will provide a community (with on-going activities and support provided), not just housing.

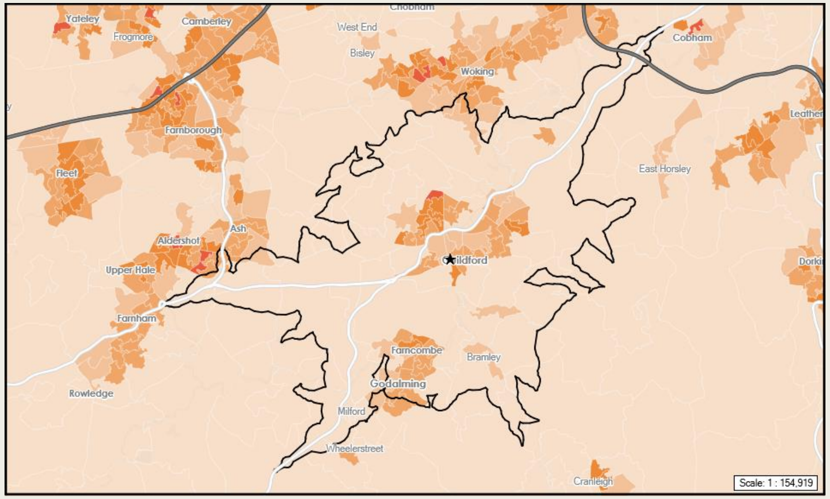
Guildford Market Overview

- Guildford is considered to be a somewhat desirable residential location for end users and developers.
- The strength of the retirement market in the South of England has given rise to diversification in the retirement sector. There are operators who now provide multifaceted and high quality services and the provision of incremental level of support and care.
- In this central location, we would expect a **higher density, mid to mid-higher end product**, targeting active urban retirees who would utilise the amenity of the town centre and the connections to central London.

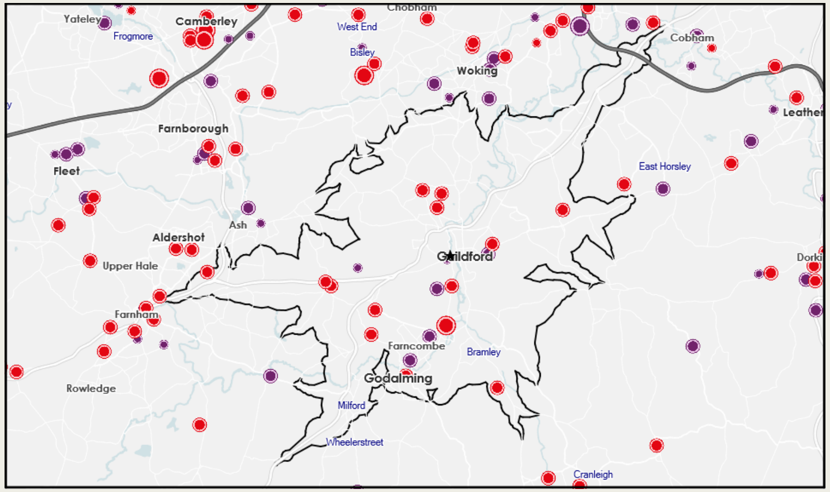
Demand

- There are a **high percentage of over 65s living in Guildford**, with 17% of the population aged over 65, with 75% of these of a medium to high affluence.
- There are currently 48 retirement schemes providing 1,424 units within a 15-minute drive time of the town centre. However, many of these schemes are Council operated properties, or provide social rents and therefore do not provide any level of comparability or potential competition. Of these schemes, there are **only two existing schemes built after 2015** with private ownership. Both of these are operated by McCarthy Stone and **we believe that they would provide limited competition to a proposed development in this location.**
- In addition to this we are only aware of one scheme in the pipeline at the former Mole Country Stores site in Godalming (GU7 1NS). The site was granted planning permission (Ref. WA/2020/2124) for 52 assisted living units in March 2022.
- There is a historic consent for 301 units (Ref. 17/P/00920) at Guildford Plaza, submitted by PegasusLife in 2017, however this has not been implemented. We understand that PegasusLife have since submitted a new application for a CoLiving scheme.
- We expect retirement property in Guildford to achieve a **premium of 0-30%** over equivalent residential unit values depending on the operator and service of care.
- We anticipate there will be **good demand from retirement developers and operators for sites in central Guildford.** In this location providers typically want opportunities that can deliver c. 100 – 250 units. There is a limited market for smaller schemes of c. 40-60 units.

Living: Care



Source: CACI, Tom Tom, caredata.co.uk JLL



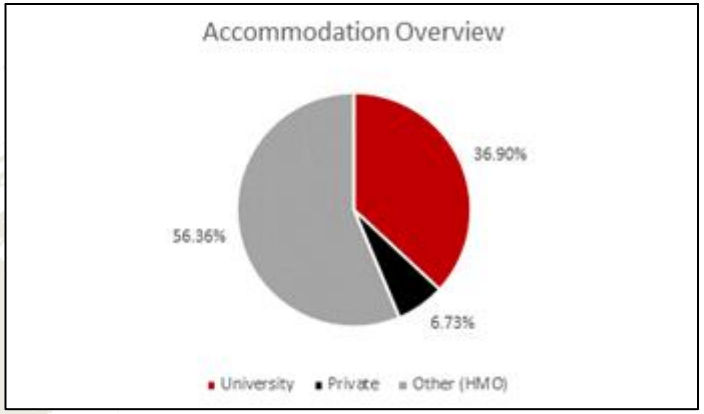
Source: CACI, Tom Tom, caredata.co.uk JLL

- Although the elderly population has grown modestly over the last 20 years, the most prominent demographic changes affecting the UK is beginning to occur as the ‘baby boomer’ generation mature into older age
- All data captured is within a **15-minute drive time of Guildford Train Station**
- The proportion of over 85s (the main target market for care homes) will increase from 2.7% in 2021, to 3.4% in 2031. This is marginally lower than the UK average, but is increasing by 26.1% from 2021 to 2031.
- There is currently an oversupply of overall beds of 18 beds, but **a shortfall of 373 beds for high quality, modern purpose-built homes**. By 2031, there will be a shortfall of 58 overall beds and a shortfall of 413 market standard beds.
- There are 20 care homes within a 15-minute drive time of Guildford Train Station, which provides **945 beds** in total. Of these, 26% are market standard beds, which were built after 2000, have more than 25 beds and are 90%+ en-suite.
- Only 11 homes have been built in Guildford since 2000 which provides considerable **opportunity to develop new care homes in the location to provide for the local elderly population**.
- **90% of care homes within the drivetime are privately owned**, leaving 5% owned by voluntary/charity organisations and 5% owned by the local authority.
- Care homes are best located close to public transport to provide good accessibility for staffing.

Living: Student Accommodation

Guildford Purpose Built Student Accommodation (PBSA) Market

- The University of Surrey provides a total of 6,039 beds for approximately 16,365 full time students. Therefore only 43.64% of full time students reside in PBSA. (Source: JLL Research)
- Where students are unable to obtain University accommodation they either live at home or rent from the private sector.
- The majority of student demand is met by either houses in multiple occupancy (HMOs) or students living at home.
- There is a significant gap between supply and demand which may increase further if the current upward trend in student numbers at the University of Surrey continues.
- While PBSA markets in the UK all have different supply/demand characteristics and are viewed differently by developers and investors they consider markets that have a total supply of less than 40% to be undersupplied.



Source: Higher Education Statistics Agency 20/21 Academic Year

PBSA Future Trends

- We are of the opinion that the mid to long term trend is for greater proportions of the student population to favour PBSA over HMO accommodation, this will in turn increase the demand for PBSA.
- Some of the reasonings behind this are the safety, security and cleanliness that PBSA can offer, especially over dated HMO accommodation that is poorly managed.

Living: Student Accommodation

Student pipeline:

We understand c.1,400 privately operated student beds have been delivered to the Guildford PBSA market in the past three years and there are a further 635 student beds in the planning pipeline, see further details below.

Address	Units	Developer/Provider	Planning Ref	Status
Lantern House & Carriage House, Walnut Tree Close, Guildford, Surrey, GU1 4TX	290	Watkin Jones Plc	22/P/01094	Detailed Plans Submitted – Awaiting Decision
Jewsons Builders Merchant, Walnut Tree Close, Guildford, Surrey, GU1 4UB	345	First Regional Estates Limited	21/P/02559	Detailed Plans Submitted – Awaiting Decision
	635			

Effect of COVID-19 on HE/PBSA sector

The latest UCAS application figures released in February 2022 show that the overall number of UK 18 year olds applying to university increased by 5% from 306,200 to 320,420. Overall UCAS applications for the 2022/23AY decreased by 1% Y-Y. There were 111,410 applications from international students which is a slight fall from 2021 (111,630). The number of applicants from India however has just short of doubled in two years to 8,660 and the number of Chinese applicants has increased by 12.1% year on year to 28,930.

The UK Higher Education and student housing markets have historically shown themselves to be resilient, even in times of significant economic and political instability. The global financial crisis in 2008, for example, had little effect on student number growth, both nationally and internationally, with total numbers growing 4% and 3% in the two subsequent years (Source: HESA). UCAS predicts that the UK will have one million applications by 2026, and the number of international students will grow by two-thirds.

Future Trends

We are of the opinion that the mid to long term trend is for a greater proportion of the student population to favour PBSA over HMO accommodation, this will in turn increase the demand for PBSA. Some of the reasonings behind this are the safety, security and cleanliness that PBSA can offer, especially when compared to older HMO accommodation that is poorly managed.

Impacts on Living

- The UK has not built sufficient homes for generations and construction costs are presenting downside risk
- There are more homeowners and fewer mortgagees than ever before
- 74% of mortgages are now fixed
- Shifts in mortgage rates will primarily affect the ability of people to buy and move
- If mortgage rates remain elevated it will have a ‘slow burn’ effect on prices
- Build to Rent will continue to attract more people – but rental growth will be weaker

- Sanctions as a result of the war in Ukraine have led to rocketing energy prices.
- Russian blockades in the Black Sea Ports have led to rapid food process increasing and eventual shortages.
- Increased risk for Europe and the UK – the pound has lost 8-9% of its value in since January increasing the price of imports.
- Lockdowns as a result of covid have restricted supply chains which has pushed inflation up even further.
- Ukraine and Russia are some of the largest providers of some raw materials such as iron, palladium, potash and nickel.

- Job vacancies are at record levels but the rate of increase is slowing.
- High inflation has meant that real wage growth in now negative.
- The trade barriers created by Brexit are further adding to inflationary pressures.
- Tax increases have also impacted on domestic inflation and cost of living issues.

Town Gap

JLL

Urban Living

5

Shifts in demographics and macro trends are making all forms of residential important to towns/cities who are looking to secure diversity at a scale.

Strength

Excellent commuter train services to London and the region and into Guildford.

Opportunity

Delivery of more affordable tenures , BTR and private housing. Delivery of more retirement and care housing as very few elderly live in the town centre.

Weakness

High cost and traffic congestion affects bus travel. Poor cycle facilities / network.

Threat

The high cost of living and commuting could lead to residents moving elsewhere in the region.

Commercial: Offices

JLL

Guildford Market Overview

- Guildford has historically been an attractive office location given it's connectivity and proximity to London. However, more recently it has lost several large international occupiers.
- Guildford has traditionally been an administrative for the wider region key occupiers include Guildford Borough Council, Jobcentre Plus and Highways England.
- Lower specification, secondary stock and tertiary offices are often lost to residential redevelopment. There is also a very limited office development pipeline which generates a shortage of good quality office stock.
- There is little demand for lower end quality offices. Occupiers flight to quality, particularly within the last 2-3 years to attract talent into the offices.

What Do Occupiers Want?

- Access to talent
- Vibrant public realm
- Transportation
- Sustainability – EPC A/LEED
- M&E – 1:8 sq. m
- Terraces and pocket terraces
- 2.8m - 3m floor to ceiling
- Fibre and Wi-Fi connections/ WireScore
- Communal space/ roof bars
- First class cycle and shower facilities
- Concierge reception
- Green space – biophilic design
- Interconnected ecosystem
- Independent retailers/ restaurants and leisure

Headline Rents (Q1 2022)

- +£1.50 Guildford £37.50 per sq. ft
- -£1.00 Basingstoke £26.50 per sq. ft
- -£1.50 Farnborough £30.50 per sq. ft
- +£3.00 Winchester £34.00 per sq. ft
- +£0.50 Reading OOT £37.00 per sq. ft
- -£2.50 Slough £34.00 per sq. ft
- +£1.00 Woking £37.00 per sq. ft

Commercial: Offices

Market Trends – Micro and Macro

- At a macro level for occupiers, retaining a physical office footprint is essential to serving employee needs, and the quality of new office space will be crucial to attracting and retaining staff, whilst ensuring they feel safe. An already developed trend for Guildford.
- This will require an increased focus on health and wellbeing considerations in terms of office design and development. Furthermore, the advancement of new technologies will help to improve building performance, creating smarter buildings that offer an efficient and safe environment for employees.
- The evolution of office working post-COVID has shown new emerging demand from tech and life science led occupiers and has provided investors with further confidence to actively consider these locations.
- This particularly true for Guildford in relation to the gaming and technology sector. For example WarGaming, who's requirement tripled in a year. They initially took 12,000 sq. ft of space in 2019 and have since expanded during 2020 and now occupy 36,000 sq. ft.

Demand

- If new offices were developed in Guildford, we would expect the greatest demand to be for them to be located in the town centre. Thus town centre located new offices would benefit from being well serviced by public transport as well as having access to the range of amenities that the town centre offers.
- Given there is an already established and ever increasing trend of occupiers flocking to quality within the South East market we would expect any new office development to be finished to a high specification to meet this demand.

Commercial: Offices

Recent changes to Employment Land

Former industrial land at Woodbridge Meadow (right) which had a consent for the Arts College, then subsequently for a Lidl supermarket (below), has been recently sold. The proposed use as to be speculative office development, as terraces of small 2 storey self contained office 'Business Box' units.

Offices – Key Deals and outgoing occupiers

Department for Education

Riverworks, Mary Road
Q4 2020 29,200 sq ft

2 Guildford Business Park
Q1 2020 13,000 sq ft
Q3 0219 12,200 sq ft
10 year lease

2 Guildford Business Park
Q1 2022 20,200 sqft

3 Largest Deal since 2020 Source: PROMIS office report July 2022

Guildford

BOC
A Linde company

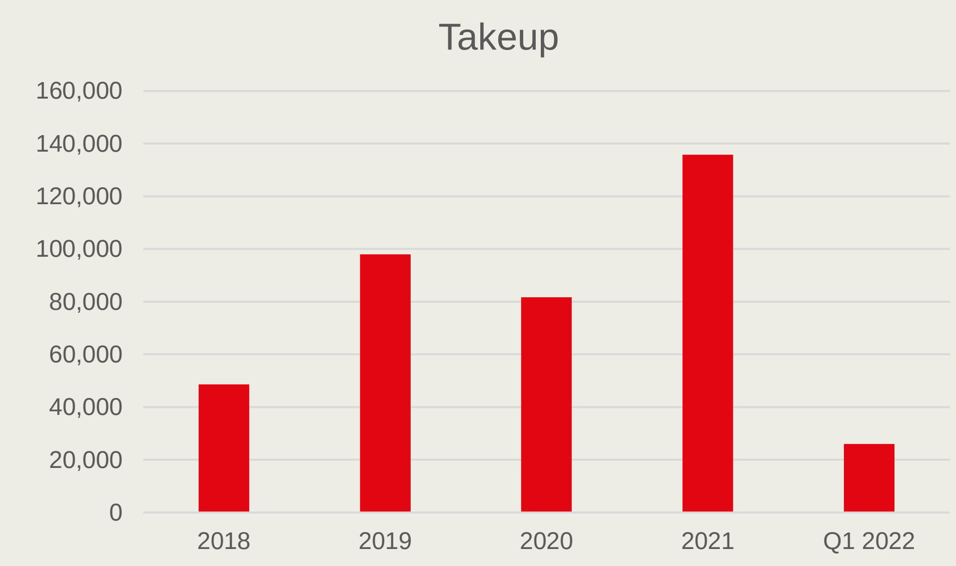
Forge, Church Street, Woking
Q4 2021 16,069 sqft (Moved from Guildford Q1 2022)

Floor 6-7, 68 Chertsey Road, Woking
Q4 2021 19,350 sq ft (Moved from Guildford Q1 2022) New Surrey Headquarters

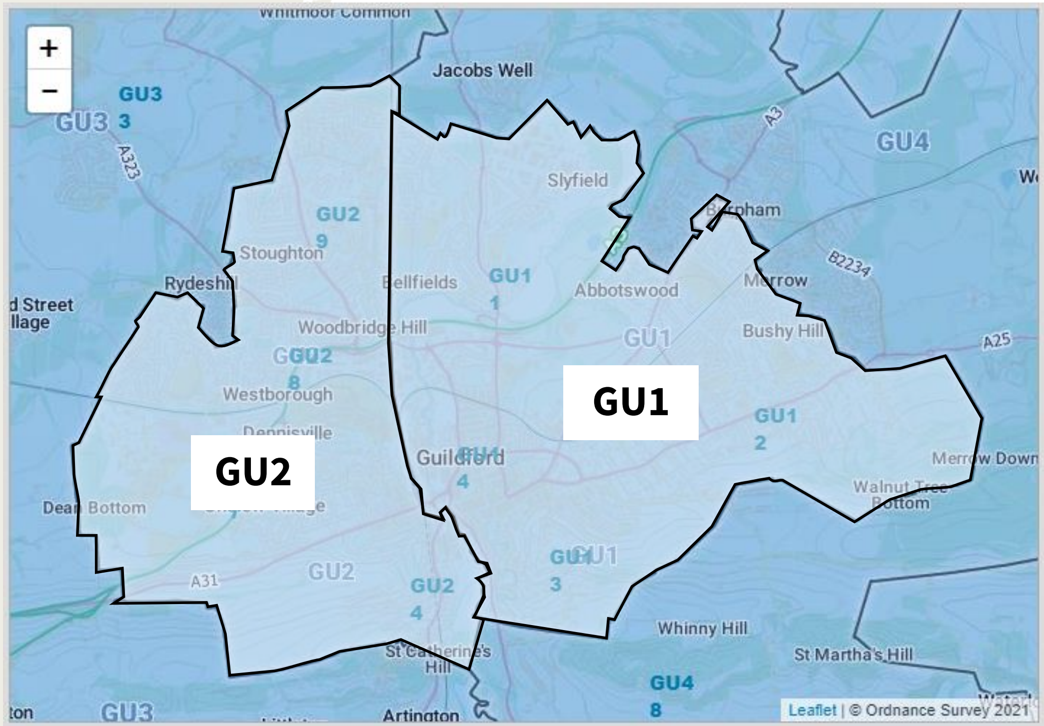
Ascent 1, Farnborough Aerospace Centre
Q2 2020 c. 40,000 sq ft refurbished office HQ at £29 per sq ft

Commercial: Office Availability

	Total sq ft	Grade A/Refurbished space > 5,000 sq ft	Grade A/Refurbished space > 30,000 sq ft
Guildford	278,246	232,314	144,154
GU1	109,853	72,694	35,528
GU2	159,620	159,620	108,626
GU3	8,773	0	0
			Source: Agents Society Availability – Lettings August 2022

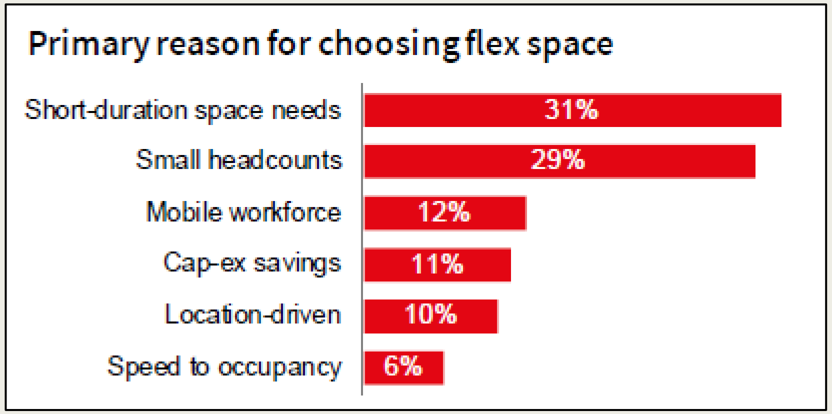


Source: JLL

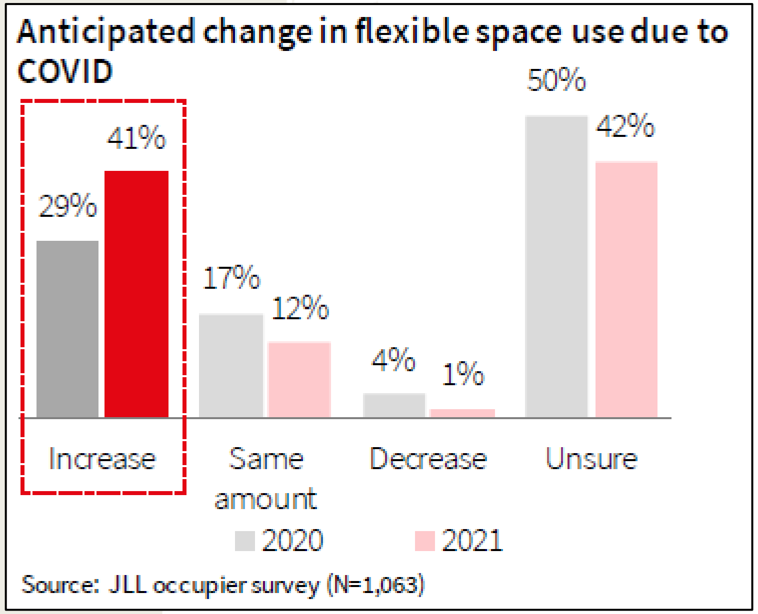


Commercial: Flexible offices & co-working

- In tandem with the restricted supply of office space, occupiers have been looking to rationalise their real estate needs. They are looking to adapt to urbanisation and provide their employees with a collaborative atmosphere in which they can live, work and play.
- In addition to this, entrepreneurs and start-up businesses have been seeking flexibility in their real estate needs.
- The consequence has been a rise in the prevalence of co-working and flexible workspace operators.
- There are several existing facilities in Guildford, which are provided by Regus, RocketDesk, Spaces and Wilky Group. Prices range up to £400 pcm per person. Providers such as Regus will take FRI leases on market terms.
- It would be a very attractive town for a Co-working operator and likely operator demand. They are often willing to commit to considerable amounts of floorspace which can help de-risk office development.



Source: JLL Future of Flex – Oct 2021



Source: JLL Future of Flex – Oct 2021

Guildford's Computer Games Industry

Market Overview

- Outside of London, the parliamentary constituency of Guildford has the greatest number of games industry employees. It also has access to a clear customer, partner and supply base as part of the Enterprise M3 region.
- Surrey plays host to 87 gaming companies, the second highest in England after London.
- Once known as 'The Hollywood of Gaming' Guildford town centre is a primary destination for the gaming centre. This is primarily focused within walking distance of the station accounting for between 60-70% of all demand.
- Occupiers have been attracted to the area with the software giant EA sports and the University of Surreys being tech/science led .
- Guildford has a well-connected network of support such as creative co-working spaces as well as Guildford Games Festival.
- The key office take up in 2022 of Games Companies was in April by Supermassive Games who signed a 5 year lease for 17,382 sq ft of office space at 65 Woodbridge Road.
- 64 Games Companies
- 855+ full time employees.

Occupiers include....

Impact of Covid on Offices

More essential to have a London hub

But smaller individual offices… (reduced stock of ‘core’ assets)

With more collaboration space, amenities & emphasis on wellness

More demand for ‘club’ type facilities in other cities & business parks….

But even more flexibility required

Landlords have to adopt more ‘operational’ model

Source: JLL Research – *COVID-19 Impact on UK Real Estate* (November 2020)

Delivering Grade A Offices

6

Grade A office rents are currently around £35.00 per sq. ft, which should make speculative office development viable. However a headline rent has been achieved at £37.50 psf on new relatively small letting. There is no speculative Grade A Office development in the town centre, other than the proposed 'Business Boxes' at Woodbridge Meadows.

Strength

Established office market with some international occupiers and good pool of talent.
Business / tech focused university courses.

Weakness

Guildford is suffering from a 'flight to quality' and its office market position is slipping to other regional locations where Grade A offices are available. Lack of town centre stock.

Opportunity

Delivery of top-quality office space which would attract world class occupiers.
Provide sites in a cluster near the train station to create a CBD.

Threat

Continued leakage of quality international businesses to competing locations may lead to a loss of skilled workforce.
Loss of interdependent benefits to other markets e.g., hotels.

Commercial: Life Sciences

Much of the UK life science activity is formed in clusters, often built around one or more leading centres of research such as a university or research institution. These clusters typically have a broad spectrum of corporate entities in occupation ranging from spin-out/start-ups and SME's right through to branches of multinational corporations. The Golden Triangle refers to the geographical area spanning London, Oxford and Cambridge which hosts key life science hubs and is strategically important to driving growth in the industry.

Demand Drivers

- **Access to Talent**
- **Access to Academia & Research**
- **Access to a Cluster Eco-System**

Guildford: There is not an existing Life Sciences cluster in Guildford and we consider it unlikely that there is a realistic prospect of expanding life sciences. Guildford does not have a strong enough 'pull' compared to other locations such as the Golden Triangle. While Surrey Research Park, owned by the University, includes a small element of laboratories it is not substantial enough to be considered as a Life Sciences cluster. We understand that the Research Park is not running at full capacity, which further reinforces our opinion of demand for this type of space. (Source: JLL Life Sciences Team)

Commercial: Retail

Guildford Market Overview:

- The High Street is the principal shopping area in Guildford and is well represented by upper middle/mid-market fashion retailers. There are also 3 shopping centres that equate to c. 294,000 sq. ft of retail space (gross).

- Much like the rest of the UK, Guildford has seen an increase in vacancy rates. PROMIS data estimated that 17.8% of town centre units were vacant in Q4 2021.

- COVID-19 has undoubtably had an impact on the retail market with many national retailers having fallen into administration or announcing permanent store closure or rationalisation programmes. This is particularly relevant to the former Debenhams which has been sold to Native Land. Plans for this site now known as St Mary's Wharf is for sustainable housing and retail/F&B on the ground floor.

- There has been a rapid increase in the over supply of space to let on the market which has resulted in letting tension disappearing and a downward cycle of rental values. PROMIS data estimates a -44.4% decline in Zone A prime rents since the end of 2017. This is greater than the PROMIS average rate of decline at -34.5%.

- The road to recovery is unclear and it is unlikely that peak rents will not be achieved again.

Commercial: Retail and F&B

Existing F&B Offering

- The Primary Shopping Area comprises the majority of the town centre F&B offering. It is generally clustered around the High Street and North Street. It includes the likes of Turtle Bay, JD Weatherspoon, Krispy Kreme, McDonalds, Bills, Pret a Manger and Starbucks, Wagamama.
- Friary Street, which appears to be F&B focused, boasts a range of chain restaurants including Tortilla, YO! Sushi, GBK, Franco Manca and Nando's.
- There are a number of independent F&B establishments but these appear to be mainly located on the outskirts of the Primary Shopping Area, such as Komo, The Cannon, Five & Lime, Hanki, The Royal Oak, Nuro and Blue Sardinia.
- Overall there appears to be a comprehensive F&B offering that includes a range of both chain operators and independents.

Retail and F&B Opening 2021

In-Time WATCH & JEWELLERY REPAIRS

RITUALS...

lululemon athletica

SWAROVSKI

OXFAM

Retail and F&B closures 2021

MUJI 無印良品

TOPSHOP

PENHALIGON'S EST. LONDON 1870

next

Chesca

Debenhams

FATFACE UNITED KINGDOM

GAME

OFFICE LONDON

GAP

Kiehl's SINCE 1851

Source: PROMIS Aug 2022

Commercial: Retail and F&B

Requirements for Retail and F&B - August 2022

MenKind

free people

Puttshack

Zambrero
MEXICAN WITH A MISSION

ROSA'S
THAI CAFE

bodycare

WILDWOOD
PIZZA PASTA GRILL

£poundstretcher
every penny counts...

ADVENTURE BAR

BAT & BALL

OLE & STEEN
LAGKAGEHUSET

crepeaffaire

slater
MENSWEAR

TONKOTSU

LIDL

THE COMMON ROOM
FOOD • POOL • BEER • SPORT

Commercial: Retail and F&B

Retail and F&B Trends

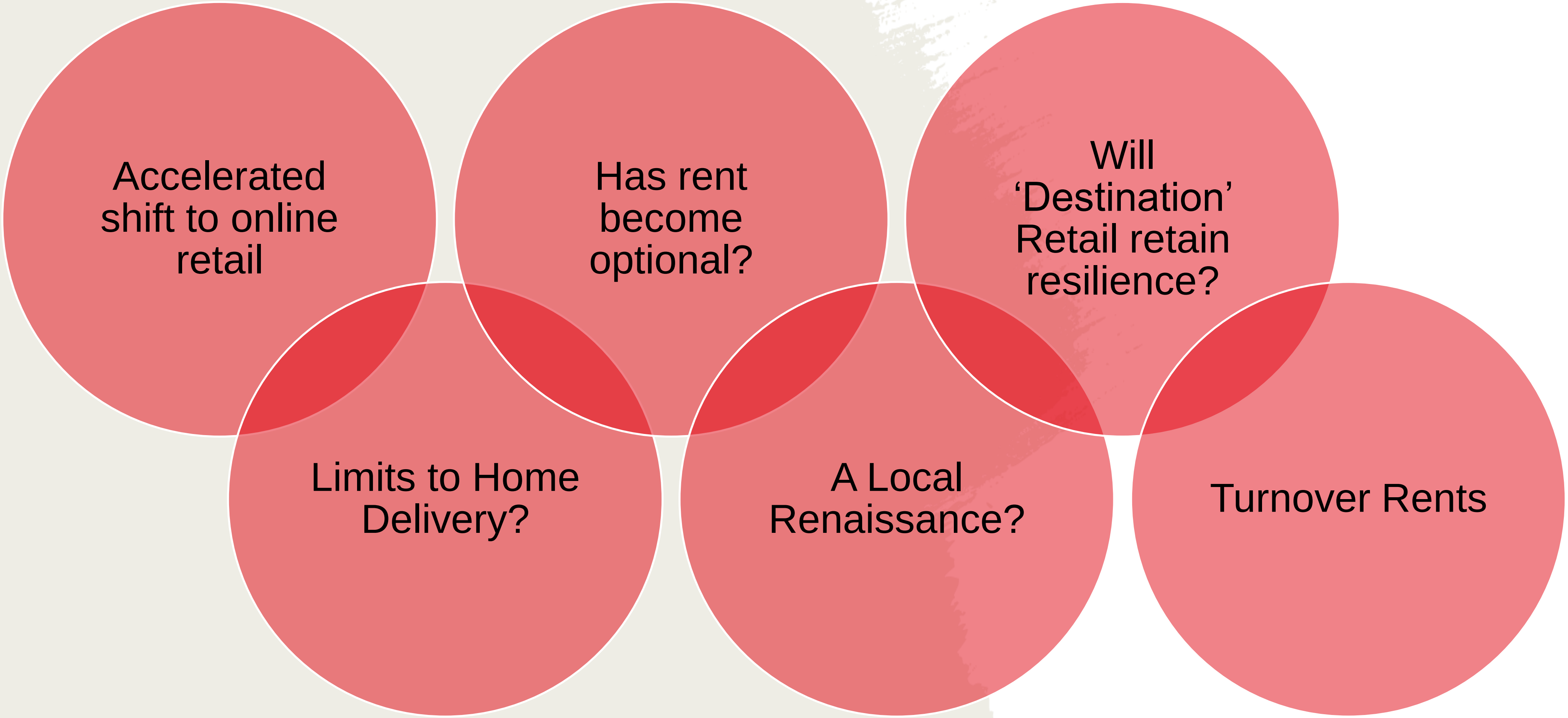
- New establishments focusing on independent and local businesses are increasing Nationally. More independently focused offering is altering the retail and F&B experience creating new, unique and exciting offerings for consumers.
- Some examples of independent establishments include:
  - Cargo Wapping Wharf, Bristol
  - Newport Market, Newport
- In the current market, restaurants are shrinking their size requirements, as more independents come into the sector. This has lead to restaurants becoming much smaller (1,200 sq ft to 2,000 sq ft) compared to previous trends (3,500 sq ft to 5,000 sq ft).
- We have also seen the emergence of Food Market Halls, which was previously not a trend in the UK. It has seen the introduction of the Competitive Socialising uses in the leisure sector, with operators such as Bounce, Flight Pub, Swingers and Putt Shack. These operators are taking 15,000sq ft to 30,000 sq ft of space.
- Some examples of regional food markets include:
  - Altrincham Market, Altrincham
  - Box Park
  - Mackie Mayor, Manchester
  - Hatch, Manchester
  - Baltic Market, Liverpool
  - Stack, Newcastle
  - Lakeside, Essex

Wapping Wharf


Wapping Wharf


Newport Market

Post COVID-19 Retail Impacts



Source: JLL Research – *COVID-19 Impact on UK Real Estate* (November 2020)

Retail

Guildford is characterised by its reputation for mid-high-end retailers, suited to older and affluent population. There is a lack of quality independent and local retailers, pop-ups which are attractive to younger population.

7

Strength

Strong traditional high street and affluent hinterland that supports reputation as a destination high street. However, ranking and attractiveness to other centres had slipped prior to COVID-19.

Opportunity

Increase in the number of daytime occupiers from offices and residents living in the centre will help support existing retailers. Diversify the high street with more 'experience' led retail and leisure facilities.

Weakness

Less provision of quality independent, pop-ups and local retailers which is attractive to the younger population and retail 'experience' is attractive to all generations.

Threat

Changing retail habits and move to online retailing will continue to damage traditional retail irreversibly.
Traffic congestion is a threat however, reducing convenient access by car will impact its attractiveness.

Commercial: Leisure

Guildford Spectrum Complex:

Guildford Spectrum, which is owned by Guildford Borough Council and managed by Freedom Leisure, occupies a 26 acre site and provides a comprehensive range of leisure facilities all under one roof. The facilities include but are not limited to:

- An Olympic sized ice skating rink which is used for recreational skating, ice hockey, ice discos and ice pantomimes.
- Gym and Sports Arena which includes basketball, netball, volleyball, badminton courts as well as two football pitches.
- Swimming facilities including a leisure pool, 25m swimming pool and a diving pool.
- Athletics Stadium which is home to multiple athletics clubs.
- 32 lane bowling alley.
- Indoor rock climbing walls
- F&B facilities including Strikes Diner, Costa and Burrito Loco
- Children's soft play and activities and classes such as gymnastics and dance classes.

There are a range of other leisure facilities in and around Guildford, including but not limited to:

- Odeon Cinema Guildford.
- Guildford Lido.
- Woodbridge Road Sports Ground.
- Surrey Sports park.
- Air Hop.
- Guildford Ski Slope.
- Unplug and Play (board games café).
- Madhatter's Soft Play.
- Multiple bowls clubs such as Castle Green Bowling Club and Wey Valley Indoor Bowls Club.
- Craggy Island Climbing Centre.

With the exception of the Odeon, the above facilities are predominantly located on the outskirts of Guildford Town Centre where there is more available land.

We are aware of the following leisure requirements in Guildford:

EVERYMAN CINEMA

David Lloyd CLUBS

PumpGyms

Commercial: Hotels

JLL

Existing Supply

Hotel Name	Brand	Grade	Bedrooms	Code
Asperion Hotel	Independent	3 Star	15	GU2 7PF
Barnett Hill Hotel	Independent	4 Star	56	GU5 0RF
Guildford Harbour Hotel & Spa	Harbour Hotel	4 Star	183	GU1 3DA
Holiday Inn Guildford	Holiday Inn	3 Star	168	GU2 7XZ
Holroyd Arms	Independent	2 Star	6	GU2 8AF
Hurtwood Inn Hotel	Independent	3 Star	13	GU5 9RR
Jolly Farmer	Independent	2 Star	4	GU5 0HB
Premier Inn Guildford North A3	Premier Inn	Budget	114	GU1 1UP
The Angel Hotel	Independent	3 Star	22	GU1 3DP
The Mandolay Hotel	Independent	4 Star	72	GU1 2AE
Travelodge Guildford Hotel	Travelodge UK	Budget	152	GU1 1BD
				Source: AMPM Guildford Supply 2022

- 732 (91%) of rooms are located within the 'Town Centre' GU1 & GU2
- There is no hotel development pipeline for Guildford.
- A new Hilton in Woking is opening Q4 2022 189 beds.

-56 rooms

805 Total Rooms Guildford

+282 rooms

656 Total Rooms Camberley

+14 rooms

674 Total Rooms Woking

+22 rooms

1,161 Total Rooms Basingstoke

+125 rooms

1,077 Total Rooms Winchester

- Potential demand for a quality, 4* equivalent, hotel for approximately 90 beds to be located in an attractive part of Guildford town centre. It is noted that many operators have experienced accelerated recovery from the pandemic, with many hotels reporting performance comparative to pre-pandemic levels
- We are aware of active Premier Inn and Travelodge Requirements in the South East of England that includes Guildford, however we believe operators are focusing on locations with a stronger tourism market.

Potential delivery of a new hotel

8

Few quality hotels. Potential that hotels will emerge as local 'hot desk' / 'collaborate' places for colleagues to meet outside of the traditional office as an alternative to commuting to the usual office.

Strength

Affluence and business, festivals.

Opportunity

Research suggests that there is potential demand for a limited range of quality to budget hotels and hotels have experienced accelerated recovery from covid.

Weakness

Lack of current suitable locations.

Threat

Towns/cities with greater tourist numbers are high priority for hotel operators.

Commercial: Industrial, Logistics and Distribution

Guildford Market Overview

- Guildford is not traditionally a heavy industry location, which is mainly linked to the affluence of the area. Living in Guildford requires higher wages to support the cost of living and therefore is less able to support a lower cost workforce. As such Guildford is characterised by out commuting. With regards to the motor trade sector Guildford is considered as a regional centre for main dealers.
- Guildford has seen very little speculative industrial development which has led to a limited development pipeline. However, we consider there would be good demand if new stock was brought forward, particularly on a freehold basis.
- Traffic congestion and aging long leasehold stock holds back occupiers and reduces the attractiveness of Guildford as an industrial location. This will need to be addressed if Guildford is to become more a more attractive industrial location.
- Planning permission for both Jewson's builders merchant is proposed to be developed for student housing and the former industrial site recently sold by Lidl at Woodbridge Meadow is proposed for 'Business Box Units' i.e. small self-contained 2 storey office units, are both examples which will increase pressure on current supply.

Demand

- If new industrial stock was brought forward we would expect it to be located at Slyfield or close to the A3 by the hospital. New stock should be focused toward the technology and Research and Development sectors.

+£1.00 **£15.00** Guildford

+£1.00 **£14.50** Bracknell

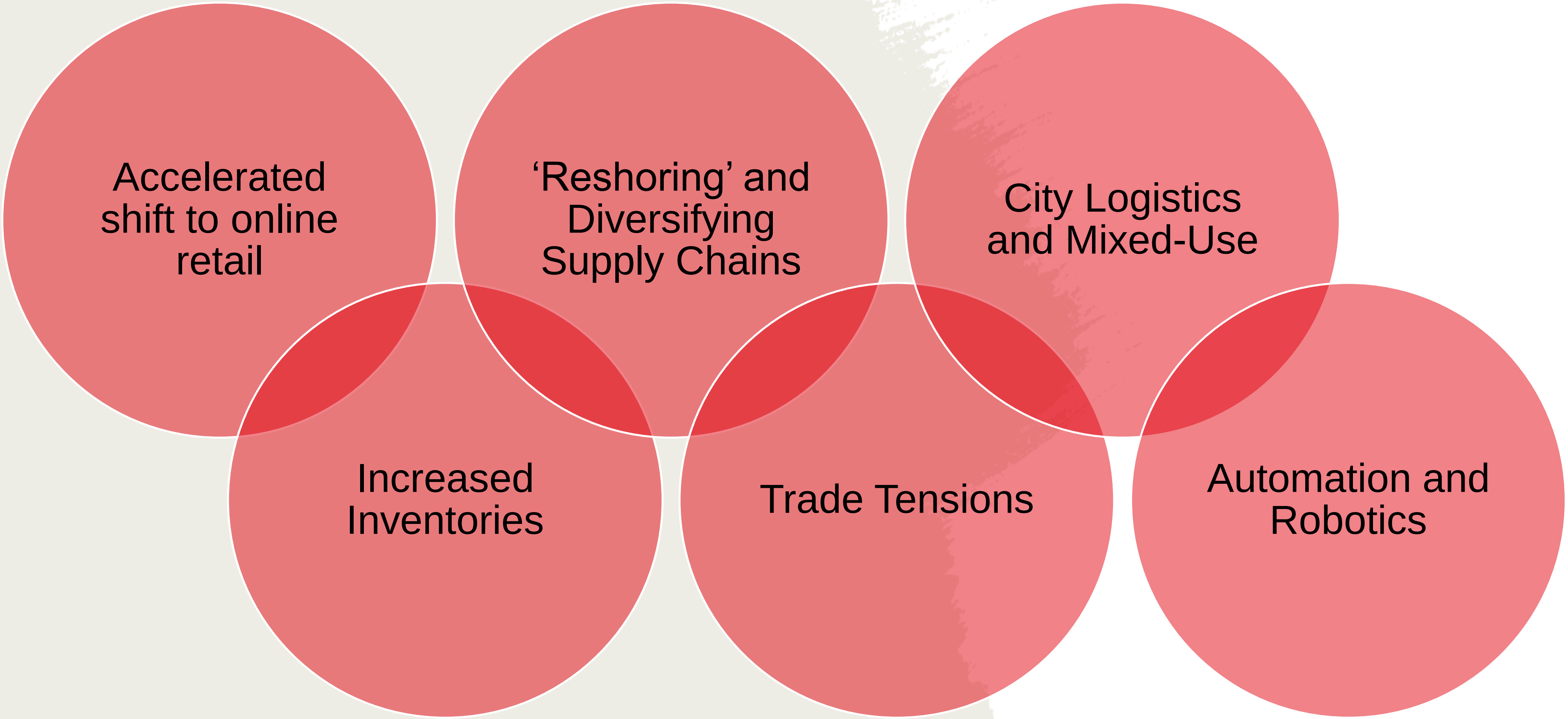
+£1.00 **£14.50** Camberley

+£4.00 **£18.00** Woking

+£2.00 **£15.00** Farnham

+£1.00 **£17.50** Leatherhead (M25)

Post COVID-19 Industrial & Logistics Impacts



Source: JLL Research – *COVID-19 Impact on UK Real Estate* (November 2020)

Conclusions

Market Summary

- In addition to our findings on the previous slides, we provide below an indicative overview of the likely viability of each market sector. The 'indicative viability' column is provided as an indicator of whether development is viewed as viable **in isolation and without any abnormal construction costs**.
- As per our previous comments, the viability of each use, or lack thereof, will need to be decided through further works and consideration of **site specific** characteristics to deliver a balance of political, financial and strategic objectives. The tables below provide a high-level overview of the viable land uses across Guildford.
- In a placemaking context and on the correct site, the more viable land uses could be used to offset the provision of less viable land uses.

Sector	Developer Demand	End User Demand	Indicative Viability	Comment
Residential - Private	High	High		Good residential demand, particularly for BTR within 10 mins walk of the station. In the short term the private sector to deliver high density housing on sites such as the Debenhams department store and North Street Development and continued PDR on town centre offices. The opportunity to provide a mixture of tenure and sizes to meet range of demand, particularly, young, family housing with private open space and retirement. The balance of providing family homes and private car parking spaces will be an issue.
Residential – Affordable	High	High		Good demand from affordable housing providers. Value anticipated to be less than that of traditional residential developers but we are seeing RP's becoming increasingly competitive; buoyed by Homes England grants and strong delivery targets.
Retirement	High	Medium		Low demographics indicates good retirement demand for central locations. Less depth to the market than for traditional residential. Competition from more popular retirement destinations (e.g. Winchester, Alton, Chichester). Less car reliant.
Students	High	High		Good demand for student housing due to the relatively low proportion of Purpose Built Student Accommodation (PBSA) and Council resistance to further private rented housing becoming HMOs. Could be car free development.
Care	High	High *Medium*		Growing demand in line with aging population national trends. There is a shortfall of beds in Guildford and this is anticipated to grow in the next 10 years. We expect there to be good developer and end user demand in the short and medium term.
Co-Living	Low	Unproven		This is an emerging market, with only one scheme providing a small offering of Co Living units. At present we do not believe it to be mature enough to benefit Guildford, however, this sector should continue to be monitored.
PRS/Build-to-Rent	Medium	Medium		Growing regional demand for BTR/PRS products as proven in Bracknell and Reading. Guildford is an immature market but demand should be good due to its excellent rail links to London. Network Rail / Solum JV is a significant BTR development which should be completed and not compete with following development opportunities within the town centre that would favour BTR/PRS development. Less car dependant compared to private and affordable housing.

Market Summary Continued

Sector	Developer Demand	End User Demand	Indicative Viability	Comment
Traditional Offices	Medium	Medium		Guildford prime rents (£35 psf) are at a level that makes speculative office development viable in the correct location. A sustainable location to attract both blue chip companies and CSR minded will seek excellent public transport, in particular close access to the train station and town centre amenities. PDR to residential is absorbing some low quality stock. Following the pandemic many businesses are recalibrating how their offices will be used in the future. Initial trends suggest that the density of desks within an office will be replaced by more collaborative and quiet areas to improve the health and wellbeing of staff in the office. Car parking spaces to be replaced with changing rooms and cycle storage. Attracting and retaining talent will be local, regional and international factor. Lack of CBD and sites is hindering development.
Co-working / Flexible Offices	Medium	Medium		End user demand is anticipated to grow as a result of COVID-19 and a move towards move flexible working patterns. The provision of quality flexible offices / co-working will help fill the gap between an organisation renting poor quality offices full time and a larger organisation wanting a local 'satellite' office without committing to renting a traditional office. Likely to be good demand from providers/developers such as Arena and Incuhive.
Life sciences / Incubator	Low	Low		Very limited due to no demand at present. Guildford does not have a strong enough 'pull' compared to other locations such as the 'Golden Triangle' of Oxford / Cambridge / London.
Retail	Low	Low		A market in transition. Significant pressures on the sector have been accelerated and exacerbated by the COVID-19 pandemic. Nationally we are experiencing the rationalisation of traditional high street retail offerings and the growth of independent retailers and/or experience led retail offerings. In the long term the relative affluence of Guildford and university presence will support some brands which require an on street presence. GBC will need to consider the impacts on the existing high street by a potential shift of influence towards the river.
Food & Beverage	Low	Medium		Contracting space requirements from operators with an emergence of independent interest in the sector. With a rebasing of rents, and landlords having to accept lower covenant strength in the face of significant over supply, will create more opportunities for start-up and entrepreneurs.
Leisure	Low	Medium		Most of the leisure offering is quite dated, and with the exception of the Odeon Cinema, is located on the outskirts of the town. Opportunity for a boutique cinema and higher quality/refurbished multi-plex cinema, as an anchor to the town centre. Large cinemas are not viable without significant capital contribution, but valuable to attract custom to F&B operators nearby. Everyman Cinemas and David Lloyd have requirements for Guildford.
Museums/ Culture	Low	Low		Difficult for museum and cultural offerings to present viable development opportunities. Opportunity to build upon existing historical and cultural interests. Potential to harness and expand 'Tech' festivals and gaming industry.
Hotel	Low	Medium		Premier Inn and Travelodge have requirements for the South East however the budget market in Guildford appears to be saturated. There should be demand for a quality 4* equivalent hotel of approx. 90 beds. Many operators have experienced accelerated recovery from the pandemic, with some reporting performance comparative to pre-pandemic levels. Hotel demand will follow, not lead, other uses such as office development. Currently lack of suitable high quality sites.
Industrial	High	High		Strong demand and low vacancy rates. Much of the existing stock within the Woodbridge Meadow area is held on long leases from GBC and suffers from low specification and lack of speculative buildings, which supports latent demand for new speculative development. An alternative location for replacement industrial uses will need to be identified.

Town 'Gaps / issues'

	Town Gap	SWOT	Real Estate Reaction
1	**Life Satisfaction** Guildford's life satisfaction is below the England average (7.38) and has been decreasing since its peak in 2014/2015. Guildford is also slipping behind competing towns and cities such as Woking and Epsom.	Strength, Threat, Opportunity & Weakness	**Strength:** Affluence and employment opportunities/businesses. **Threat:** Residents move to more affordable and attractive towns, which reduces the skilled labour supply (talent) and retention of spending in Guildford. **Opportunity**: Increase availability and quality of affordable housing. Provide a wider variety of retail to suit all socio-economic backgrounds. Increase employment opportunities by attracting large occupiers. Increase and enhance in town open spaces. **Weakness**: Lack of affordability in terms of housing options and leisure.
2	**Retain working age population** Guildford's working age population is predicted to decrease significantly between now and 2030.	Strength, Threat, Opportunity & Weakness	**Strength:** Having a strong working population is attractive to corporates and retains talent and spending within Guildford. **Threat:** The working age population seek more attractive alternative places to live, work and play if Guildford doesn't diversify. **Opportunity**: Provide employment opportunities across all sectors for the working age demographic. **Weakness**: Guildford currently caters for the affluent population but needs to diversify to appeal to a wider audience from a live, work and play perspective.
3	**Peripheral Affluence** Across almost all real estate sectors, Guildford performs better on its periphery than it does in its centre. Guildford has traditionally had a strong retail high street, but compliancy and change in retail trends has not yet attracted a strong and local based retail experience. This is leading to an underperformance in central locations.	Strength, Threat, Opportunity & Weakness	**Strength:** Guildford has above average affluence in the Borough. **Threat:** More affordable towns / cities attracting residents and businesses. **Opportunity**: Providing equal opportunity for all socio economic groups. To deliver high-quality development in central locations and give people a compelling reason to consider living more centrally. **Weakness**: Leakage to other locations that are comparably accessible but better town / city amenities, culture and experiences (e.g., Winchester to the south east, Reading to the north east). This draws people away from Guildford leading to numerous interdependent limitations in the town.

Town 'Gaps / issues'

	Town Gap	SWOT	Real Estate Reaction
4	**Corporate Presence** Availability of talent and graduates is key to attract corporates. Guildford has one good sized high education establishment, the University of Surrey located on the edge of town centre, but there is little opportunity to retain students once graduated.	Strength, Threat, Opportunity & Weakness	**Strength:** Guildford has an established office market with a reasonable pool of talent and located within a convenient drive and train times of the principal southern airports of Heathrow and Gatwick. **Threat:** Towns/cities with office space and talent are attracting major corporations and inward investment. A relatively modern university reliant on out performance on a smaller number of specialisms such as computing, programing and gaming. Research funding with the University may be lost when businesses such as Philips who has research ties, might be lost when business relocate away from the region. Higher cost of living and / or insufficient PBSA might drive away international students and retention of graduates. **Opportunity**: Medical, tech and gaming industry has a pool of talent employees/graduates to drive innovation. **Weakness**: Lack of Grade A office space in town centre is not attracting blue-chip companies. Not a diverse university curriculum, e.g., no medical (doctor/ pharmaceutical) courses supporting life sciences sector.
5	**Urban Living** In residential terms, shifts in demographics and macro trends are making all forms of residential important to towns/cities who are looking to secure diversity of affordability at scale.	Strength, Threat, Opportunity & Weakness	**Strength:** Excellent commuter train services to London and region. **Threat:** Relatively high cost and acute lack of affordable housing could lead to residents finding more affordable alternatives. **Opportunity**: More provision by Registered Providers and affordable tenures , BTR and private housing to cater for young working age population. Relatively few elderly live in the town centre, therefore opportunity for more retirement and care housing. **Weakness**: High cost and traffic congestion affecting bus travel. Lack of cycling infrastructure.

Town ‘Gaps / issues’

	Town Gap	SWOT	Real Estate Reaction
6	**Viability Gap: Grade A Office Space** Grade A office rents are currently around £35 per sq ft, which should make speculative office development viable. However a headline rent has been achieved at £37.50 psf on new relatively small letting. There is no further speculative development in the town centre.	Threat, Opportunity & Weakness	**Weakness**: Guildford is suffering from a ‘flight to quality’ and its office market position is slipping to other regional locations, where vacant modern stock is being refurbished to Grade A standard and/or new speculative offices are available. Lack of town centre supply benefitting from centre amenities, is holding back the market. **Opportunity**: Top quality office space – the opportunity for the town to accommodate the physical building attributes to attract world class occupiers. Providing sites in a cluster, close to the train station and town centre, i.e., creating an identifiable CBD would improve the attractiveness to the market, for both investors and occupiers. The Council could take an active role in delivering sites for Grade A space and give the market confidence that rents in excess of £35 per sq ft are achievable. Having completed speculative office space would allow occupier requirements and should result in the best chance for deliverability. Daytime footfall of office workers provides economic spend on the high street during the business days. Likely increased demand for innovation or incubator space – to grow your own new businesses, potentially in collaboration with a partner(s). **Threat:** Continued leakage from Guildford of quality international businesses to competing locations may also lead to loss of skilled workforce. Loss of interdependent benefits to other markets – corporate trade to hotels being a prime example.
7	**Retail** Characterised and reputation for mid-high-end retailers, suited to older and affluent population. There is less provision of quality independent and local retailers, pop-ups which is attractive to younger population, therefore there is likely to be demand for more start-up / local retailers including food & beverage, but lower tenant covenant strength.	Strength, Threat, Opportunity & Weakness	**Strength:** Strong traditional high street and affluent hinterland supports reputation as a destination high street. Distance to competing towns such as Camberley, Kingston etc. with quality shopping centres will continue to attract closer regional shoppers. However, ranking and attractiveness in comparison to other town centres has slipped even before COVID-19. **Weakness**: There is less provision of quality independent, local retailers and pop-ups which is attractive to the younger population and retail ‘experience’ is attractive to all generations. **Opportunity**: To bring more daytime occupiers from offices and community of residents living in the town centre will help support the existing retailers. Therefore, there is likely to be demand for more start-up / local retailers including food & beverage, but lower tenant covenant strength. Start up companies likely to benefit from lower rents. The changing habits of consumers has meant there is now a need for towns/cities to provide experiences alongside the retail and develop a personality built around authentic independent retailers who add to the brand and enhance the experience. Opportunity to diversify high street with more ‘experience’ led retail and leisure facilities. **Threat:** Changing retail habits and move to on-line retailing exacerbated by COVID-19 and more home working will continue to impact traditional retailing. Possible short-term rebasing of lower retail rents and permanent loss of quality tenant covenants. This is a nationwide issue. Continued congestion is a threat, however reducing convenient access to the town centre by car will also impact attractiveness and footfall.

Town ‘Gaps / issues’

	Town Gap	SWOT	Real Estate Reaction
8	**Viability Gap: Hotel** Few quality hotels. Potential that hotels will emerge as local ‘hot desk’ / ‘collaborate’ places for colleagues to meet outside of the traditional office as an alternative to commuting to the usual office.	Strength, Threat, Opportunity & Weakness	**Strength:** Attractive town and regional setting with low crime rate. **Threat:** Towns/ cities with improving business and culture will be a focus for new hotel development. **Opportunity**: The hotel market has bounced back quicker than originally anticipated with many seeing pre-COVID levels. Research suggests that there should be demand for a quality 4* equivalent hotel of approximately 90 beds. Hotel demand will follow, not lead, other uses such as office development. **Weakness**: No current suitable available locations. The budget market is currently saturated. Due to Currently lack of suitable high-quality sites.
9	**Sustainability** Few quality open public spaces and green spaces. Dapdune Wharf the National Trust estate fronting the River Wey is a valuable asset providing green space but does not provide free unrestricted access to the public. Net Zero Carbon – The talent of tomorrow is the biggest advocate for environmental change, and you need to address this from a Town wide and buildings perspective.	Strength, Threat, Opportunity & Weakness	**Strength:** The River Wey. Dapdune Wharf National Trust estate. Public canal paths. **Threat:** Further development in the floodplain without mitigation. **Opportunity**: To ensure climate resilience and accelerating the net zero carbon transition, enabling healthy people and environments and creating a fair, inclusive and resilient society. For new development and buildings to exceed minimum sustainability standards and set higher standards. Net Zero Carbon should be the backbone of decision criteria. Opportunity to insert higher quality urban open areas and green spaces within the town centre. Opportunity to encourage modal shift from car reliance and address traffic congestion and air pollution. **Weakness**: Much of the potential development sites are within the floodplain and mitigation should not have unintended consequences inside or outside of the town centre. Mitigation costs may result in development being unviable without significant grant funding. Seeking higher sustainability standards is likely to reduce land value. Traffic and noise congestion from vehicles.

Town 'Gaps / issues'

	Town Gap	SWOT	Real Estate Reaction
10	**Multi-modal Transport** As an historic town, Guildford is constrained by the existing road layout and limited bridge crossings over the river and rail line which result in considerable traffic congestion and relatively high level of collisions. Many commuters using Guildford Train Station park next to the station in the multi storey car park. With an affluent hinterland and public transport which is unlikely to satisfy rural dwellers, this will place continued car reliance into conflict with reducing commuting into the centre of Guildford. Declaration of climate emergency will increase pressure on private motor car dependence going forward.	Strength, Threat, Opportunity & Weakness	**Strength:** The A3 London – Portsmouth provides good road connections north - south and to the major airports of Heathrow and Gatwick, but no orbital or through route. There are some Park and Ride facilities but pricing and perception that buses are also caught in the congestion reduces use of public transport. The train station is centrally located and well used by in-commuting and out-commuting. **Threat:** Changing habits and moving people away from car dependence will be difficult. This is a nationwide issue. Whilst Guildford Train Station remains a principal location to commute from, many of those commuters will demand to be able to park their car next to the station, thus eliminating this car usage will be difficult. **Opportunity**: To bring forward and set an example in sustainable travel. Guildford needs to balance the needs of town centre accessibility by car and the direct income provided by town centre car parks, with reducing car dependence. Reducing congestion and travel times on public transport whilst increasing frequency should improve utilisation and attractiveness of the park and ride services, particularly of rural dwellers. Opportunity to increase the in-town office market, which can be less dependent on car usage, if public transport is improved. The potential bridge link between the University and the Guildford Business Park would enable employees to walk/cycle easily and safely to the town centre and bus station. New local train stations? **Weakness**: Congestion is a well-known problem and deter developers and occupiers of all sectors. The Park and Ride services suffer from the congestion and anecdotally uptake is poor. The outside developer and end user markets typically favour opportunities with good provision for the car users, however Guildford will be challenged by providing car parking spaces for additional new residential development which could exacerbate the congestion. Sustainability is rising up the agenda for investors and developers. Locations that do not strive for excellence in sustainability could get left behind. Delivery of the new train station at the hospital is likely to be linked to funding from development of Blackwell Park to the west.

Thank you

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