



Site Assessment & Market Report

of the land/site known as

**Capella House Car Park site, Railway Approach,
Worthing, West Sussex, BN11 1JU**

for and on behalf of

Architectus Ltd

Report Details

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Report issue date: 13 June 2025

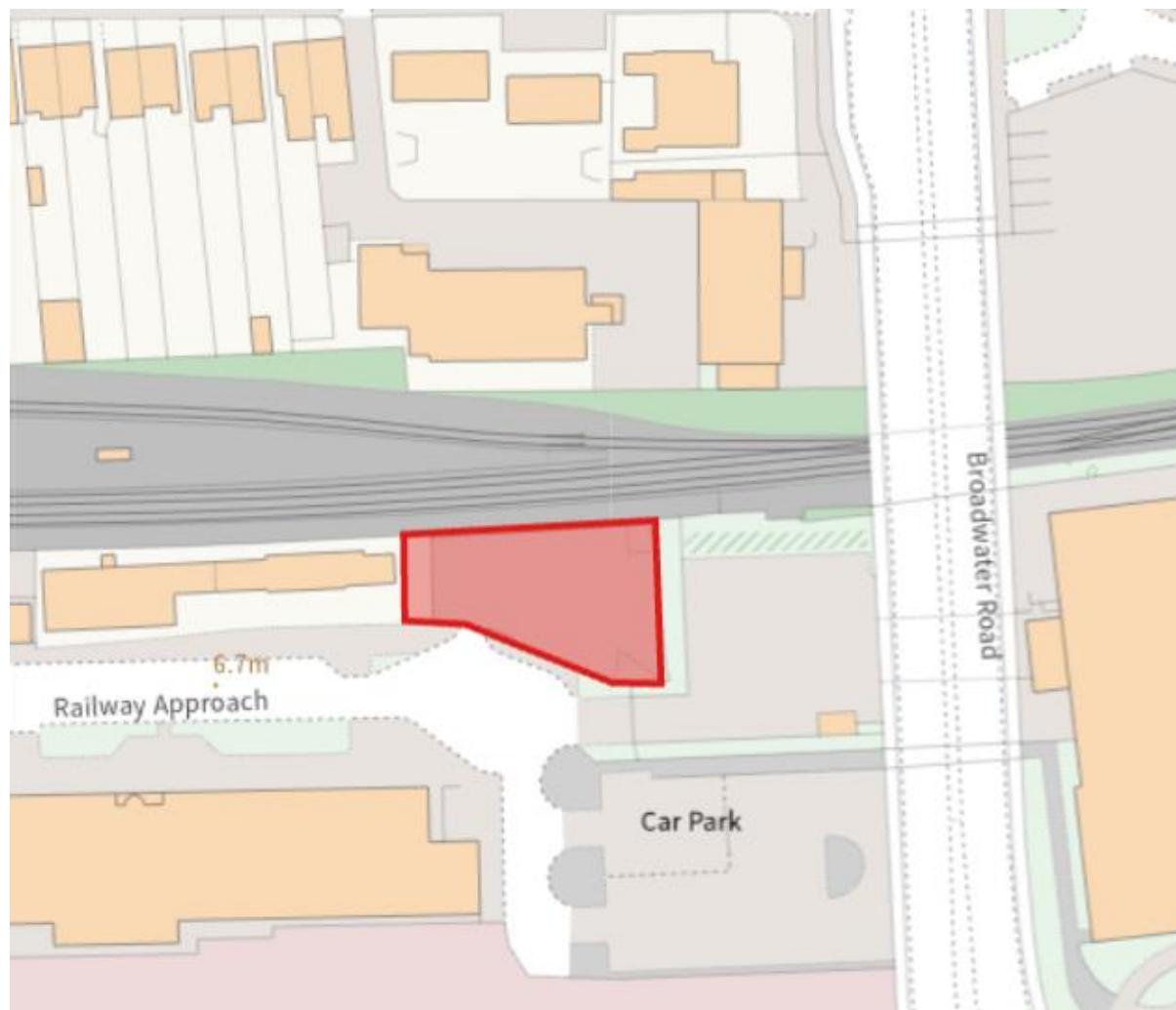
Ref: WSL/0159

Version: 2 (Two) - Final

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WSL/Q60 1.01 Jul 2021



Capella House Car Park site, Railway Approach, Worthing,

REPORT DETAILS

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Report date:
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3 June 2025



Report issue date:
Date:

13 June 2025

9 June 2025

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1. EXECUTIVE SUMMARY

This report has been commissioned to assess the strategic, market, and viability justification for the continued safeguarding of the Capella House Car Park site under Policy DM11 of the Worthing Local Plan (2023), which seeks to protect designated employment land across the borough. The subject site is currently in use as a private car park (approx. 0.09 ha) serving Capella House, with no built form, operational employment use, or existing commercial floorspace.

Market Context:

The Worthing office market is modest in scale and has experienced structural contraction over the past decade. With a total office floorspace of approximately 1.3 million sq. ft (CoStar, 2025), the town has seen substantial office-to-residential loss through permitted development rights, with over 150,000–300,000 sq. ft removed from supply between 2018–2021. There is no Grade A office pipeline, limited occupier movement, and negative net absorption in recent years. Demand is concentrated below 2,000 sq. ft, with minimal appetite for new-build, large footprint office development.

Site Assessment:

The site offers no existing employment contribution and is materially constrained by its size, shape, lack of frontage, and back land position. It provides ancillary parking for Capella House and is subject to a leasehold requirement to maintain this function, further limiting redevelopment potential. Any notional office scheme would be forced to target SME occupiers, despite a lack of demand for units above 5,000 sq. ft or pre-let interest.

Viability Testing:

A high-level development appraisal was undertaken for a five-storey, 3,000 sqm (GIA) speculative office scheme. Even under optimistic revenue assumptions, including £25 psf rental values and a 6.25% exit yield, the scheme produces a negative land value and falls materially short of the required developer return. A mixed-use variant also proved unviable due to design inefficiencies and insufficient cross-subsidy. These findings confirm that employment-led development is not deliverable or financeable on this site.

Planning Implications:

There is no pipeline of viable employment schemes within DM11, and none of the extant mixed-use consents near the site include large-scale or purpose-built office accommodation. The market has shifted toward flexible, small-format and hybrid space outside the traditional B-class typology, and the rigid safeguarding of small, non-contributory plots such as this runs counter to wider policy objectives of regeneration and brownfield optimisation.

Conclusion:

The site does not perform an employment function, cannot viably be brought forward for commercial use, and is materially disadvantaged by locational, physical, and economic constraints. In professional terms, its continued protection under Policy DM11 is not supported by market evidence, development viability, or strategic employment need. The site's release is considered appropriate and necessary to facilitate alternative, policy compliant land uses such as housing or mixed-use regeneration.

2. INTRODUCTION

We have been instructed by Jez Rippon of Architectus Limited (hereafter referred to as "the Client") to prepare a market and site suitability report in relation to the land known as the Capella House Car Park, located off Railway Approach, Worthing.

The purpose of this report is to assess the employment potential of the Site in light of its inclusion within the Railway Approach Office Area, a safeguarded employment designation under Policy DM11 of the Worthing Local Plan (2023). Specifically, we have been asked to consider whether the site remains functionally and commercially aligned with the objectives of this policy, having regard to current market conditions, spatial constraints, and development viability.

The site currently comprises a surface-level car park providing approximately 20 spaces. It supports the adjacent offices at Capella House but does not accommodate any operational employment activity or lettable floorspace in its own right. There are no permanent buildings on-site, and its use is ancillary in nature.

Throughout this report, the site will be referred to as "the Site."

We have been asked to:

- Consider current and emerging occupational trends within the Worthing and wider Southeast office markets.
- Assess the Site's physical, locational, and commercial suitability for employment use, including formats targeted toward SMEs or flexible workspace operators.
- Undertake a high-level viability review of a hypothetical office scheme, in order to evaluate deliverability under present market conditions; and
- Provide commentary on whether the site continues to meet the objectives of Policy DM11(c), which sets out four tests for the release of protected employment land.

This report does not constitute a formal valuation prepared in accordance with the RICS Valuation – Global Standards (Red Book). All viability commentary is provided for planning guidance purposes only and should not be relied upon for lending, transactional, or financial reporting purposes.

2.1 Inspection

We inspected the site on 10th July 2025. Nonetheless, we did not undertake intrusive investigations, and we have assumed that the site is free of contamination, and that existing hard standing is capable of safe clearance without abnormal constraints.

3. SITE OVERVIEW

3.1 Location

The Site is situated on the southern edge of the Railway Approach Office Area in central Worthing, West Sussex. Specifically, it lies to the rear of Capella House, fronting onto a private access lane between Railway Approach and Clifton Road. The site is approximately 100 metres east of Worthing railway station, offering direct pedestrian access to regional rail services including Brighton, Chichester, and London Victoria via the Southern network.

The immediate surrounding area is mixed in character. To the north and west, land use is predominantly commercial, comprising mid-rise office buildings and retail units. To the south and east, the setting becomes more residential in nature, with terraced housing, flatted developments, and supporting amenity infrastructure.

Worthing town centre lies approximately 400 metres to the south-west, providing access to a full range of services, shops, and public transport links. Vehicular access to the A27 is available via Sompting Road or Upper Brighton Road, connecting Worthing with the wider South Coast and strategic road network.

The site occupies a transitional location between commercial and residential areas and is not directly visible from main thoroughfares, being screened by adjacent buildings. It currently serves as informal car parking for Capella House. The car parking site is described by the VOA naming convention as "Sandell House Car Parking," despite it being utilised by Capella House.

3.2 Topography

The Site is broadly level throughout and is an area of uncovered hardstanding to provide parking.

In addition to our inspection, available mapping and aerial imagery suggest that any changes in levels are modest and gradual, with no significant slopes or visible obstructions. Embankments are noted around parts of the perimeter, particularly to the north and east, which provide some visual screening from the surrounding public realm.

While no detailed topographical survey has been reviewed as part of this appraisal, we would not anticipate the gradient presenting a material constraint to development. Nevertheless, it is recommended that any development should undertake a full topographical and drainage survey as part of their pre-construction due diligence.

3.3 Site Size & Designations

The site comprises approximately 0.09 hectares (0.22 acres) of rectangular land currently used for surface car parking. It falls within the Railway Approach Office Area and is designated as protected employment land under Policy DM11 of the Worthing Local Plan (2023), which seeks to safeguard key employment locations for ongoing or future B-class use.

While this designation was applied as part of a wider zoning policy, it is important to evaluate whether the site continues to meet the functional and strategic intent of that designation when assessed in isolation.

3.4 Hazardous Materials

This report is prepared on a non-intrusive basis. No environmental or ground investigation reports have been reviewed. We are therefore unable to comment on the presence or absence of contaminants, although the site's historic use as a car park would not suggest abnormal risk. Further investigations would be required as part of any pre-acquisition or development due diligence.

3.5 Current Use

The Site is presently used as a private car park leased to serve tenants of the adjoining Capella House. It provides around twenty spaces but does not generate employment or contain any lettable floorspace.

Its function is therefore wholly ancillary to the adjacent building and does not constitute a standalone employment-generating use. In the absence of built form, operational activity, or economic output, its current contribution to Worthing's employment land supply is negligible.

This context raises legitimate questions as to whether continued safeguarding under Policy DM11 is appropriate when assessed on a site-specific basis.

3.6 Rateable Value

The Site is currently assessed by the Valuation Office Agency (VOA) as a car park, with a Rateable Value of £6,700 (as of 1 April 2023). This reflects its use as a private parking area serving the adjacent offices at Capella House. The rating confirms that the site is not in active employment use and is instead classed as ancillary infrastructure. Its modest valuation and non-operational classification underscore the limited economic contribution the site makes in its current form, supporting the case for reconsideration of its safeguarded employment designation.

3.7 Title Constraints

The site forms part of the wider Capella House freehold, registered under Title Number WSX106962. Based on our desktop review, there are no recorded restrictions or covenants that would preclude redevelopment, subject to planning and lease obligations.

4. MARKET COMMENTARY

4.1 National Office Market Trends

The UK office market remains in a state of structural evolution, shaped by the continued influence of hybrid working practices, macroeconomic uncertainty, and recalibrated investor strategies. Nationally, total office take-up remains subdued, trailing long-term averages by approximately 20%, with regional variance masking a broader pattern of cautious demand and a pronounced flight to quality (CoStar, Q2 2025).

Occupiers continue to consolidate their footprints, prioritising best-in-class, ESG-compliant space that supports staff wellbeing and hybrid working models. As a result, prime Grade A accommodation continues to outperform, while poorer-performing stock, particularly that rated EPC D or below, faces rising void rates, lease incentives, and functional obsolescence. According to JLL, over 60% of current availability in the UK's top ten regional cities is now classified as secondary, with rising vacancy and limited demand for refurbishment-resistant space (JLL UK Offices Snapshot, May 2025). National vacancy rates stand at approximately 9.2% (CoStar, June 2025), with backfill and lease surrenders outpacing new demand in many urban centres.

Investment volumes remain well below the five-year average, constrained by elevated interest rates, tighter debt conditions, and uncertainty around pricing. Prime yields have softened by 25–50 bps in most regional markets over the past 12 months (Savills UK Commercial Market in Minutes, May 2025). Assets with strong ESG credentials, resilient income, and strategic locations continue to attract interest, particularly in London, although transactional activity remains nearly 40% below pre-pandemic levels (Knight Frank UK Capital Markets, Q2 2025).

Development activity remains limited outside core London submarkets. Rising build costs, viability challenges, and compliance with tighter environmental regulation (e.g. EPC B by 2030) have curtailed speculative delivery. Consequently, regional Grade A supply is tightening, even as wider availability increases. Refurbishment-led repositioning strategies are increasingly prevalent, particularly for assets at risk of regulatory non-compliance or stranded value.

The outlook points to continued bifurcation. High-quality, sustainable, and flexible office buildings in well-connected locations will remain resilient, while outdated assets without clear repositioning strategies may face material capital depreciation. The UK office sector is undergoing structural redefinition, with quality, flexibility, and ESG compliance emerging as the core drivers of value and performance. In more simply terms it is becoming quality over quantity of space.

4.2 Brighton Office Submarket Trends

The Southeast office market, including Brighton and its surrounding coastal towns, closely mirrors the national trends. Across the region, office take-up remains below the 10-year average, with Q2 2025 data for Brighton showing limited activity, primarily from smaller occupiers seeking flexible terms or pre-fitted space (CoStar, June 2025).

Hybrid working is now fully embedded in both corporate and public-sector strategies. This has led to further space consolidation, shorter lease commitments, and stronger preferences for central, amenity rich locations. In Brighton, demand remains focused on high-quality, well-located sub-5,000 sq. ft units with EPC-compliant credentials. In contrast, secondary stock, particularly in out-of-town or legacy locations

continues to struggle. These units are often vacant for over 12 months and require either significant capital expenditure or substantial discounts to secure tenants (SHW Southeast Office Focus, Q2 2025).

Investor activity is limited, and yield expectations have softened. Multi-let town centre stock is now trading at c.6.25–6.50%, highly sensitive to covenant strength and sustainability credentials. Institutional capital remains selective, focusing on assets that can be repositioned or deliver EPC compliance by 2030. Brighton, despite its relative strength, has seen minimal transaction volume in 2025 YTD reflecting both investor caution and the lack of available Grade A opportunities.

Speculative development has virtually ceased. Escalating construction costs and planning constraints, particularly in heritage areas, have made new office delivery unviable without secured pre-lets. Consequently, Grade A supply is critically limited, while obsolete stock continues to fall vacant. Refurbishment, repurposing, or conversion is increasingly viewed as the only commercially viable strategy.

Looking ahead, the Southeast office market is expected to continue bifurcating. Well-specified, centrally located, flexible offices, particularly those in vibrant urban settings, are expected to perform well. Older, secondary buildings without a clear path to ESG compliance or market re-entry face long-term obsolescence.

This divergence provides important context when considering office potential in less central towns such as Worthing. Even in Brighton, a comparatively resilient market, office development is only viable under very specific conditions, typically where pre-let demand exists and where exceptional locational advantages justify investment. The development of speculative new-build office accommodation, particularly on secondary, constrained, or peripheral sites, is commercially rare and increasingly untenable.

From a professional standpoint, this reinforces the need for policy flexibility. The retention of safeguarded employment land should be guided by functional contribution, market alignment, and deliverability, not zoning alone. For sites such as Capella House Car Park, these tests must be applied carefully. In Section 4, we turn to Worthing's submarket, where evidence of structural contraction and limited speculative viability is increasingly apparent.

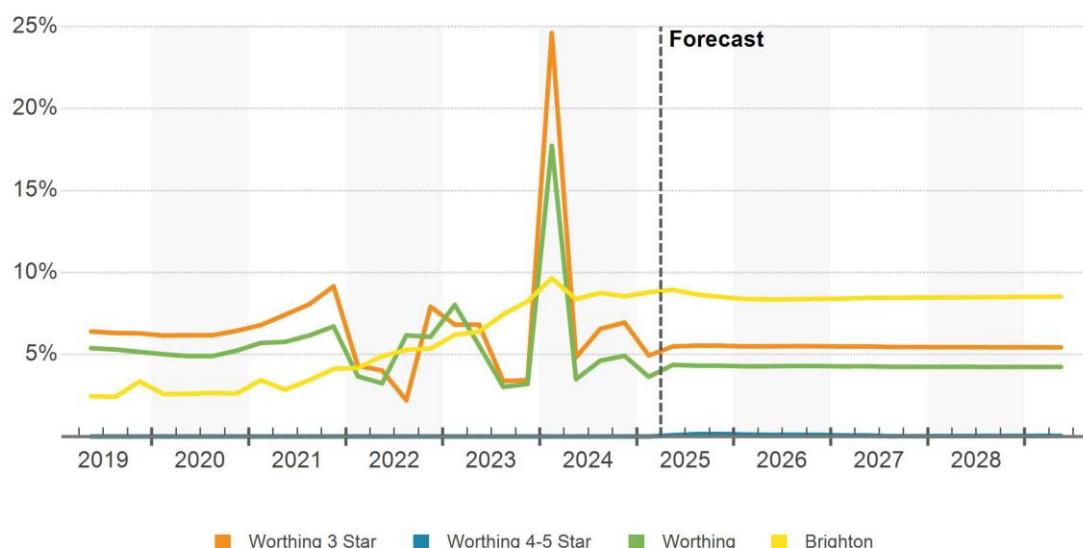
4.3 Worthing Office Submarket

The Worthing office market remains modest in scale, with total floorspace estimated at approximately 1.3 million sq ft (CoStar, 2025). The stock profile is ageing and mid-grade, with a large proportion categorised as 3 Star space. Notably, there is no speculative development pipeline, and no new Grade A accommodation is currently under construction or refurbishment. In practical terms, the market has seen no meaningful new supply in recent years and continues to contract via stock attrition rather than expansion, a trend reflective of wider national shifts and localised structural realignment.

Between 2018 and 2021, Worthing ranked among the most active local authorities in the Southeast for office-to-residential conversions under permitted development rights. According to MHCLG, 57 Class O/MA applications were approved during this period, second only to Brighton in the region. Based on standard conversion benchmarks, this equates to an estimated 150,000–300,000 sq ft of office floorspace removed from the active market. Crucially, this loss has not been offset by any comparable new development, materially diminishing the town's capacity to accommodate mid-to-large occupiers and accelerating the contraction of its office base.

Over the past 12 months, net absorption has remained negative (-10,400 sq ft), underscoring weak take up and limited churn (CoStar, 2025). While headline vacancy currently stands at 4.3%, this figure must be interpreted cautiously. The apparent market stability is less a function of rising demand and more a consequence of diminishing supply, driven by ongoing conversions and landlord exits. The vacancy rate has remained relatively flat over recent years, but this stability masks underlying shrinkage rather than growth. Notably, stock withdrawal is significantly outpacing new delivery.

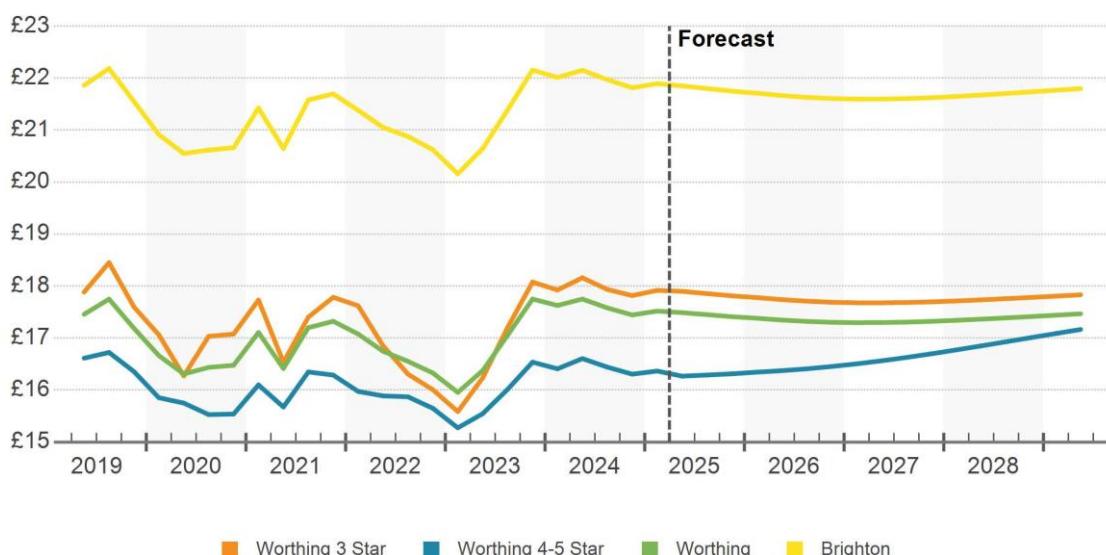
VACANCY RATE (CoStar)



Enquiries continue to focus overwhelmingly on small-format accommodation, typically below 2,000 sq ft, with tenant preferences weighted toward flexible lease terms and all-inclusive arrangements. Larger floorplates, especially within legacy buildings, are increasingly difficult to place. Where available, such space typically experiences extended void periods unless subject to material repositioning or heavy discounts. Agent guidance suggests a 6 to 12-month void expectation for units above 5,000 sq. ft. unless pre-fitted or exceptionally well-located.

Headline market rents for mid-grade space now average £17.50 per sq ft (SHW Southeast Office Focus, Q2 2025), representing a recovery from pre-COVID levels of £12.50–£14.50 per sq ft. However, effective rents remain materially lower for non-compliant or inefficient buildings, where incentive packages are commonplace. This reflects a wider reluctance by landlords to commit to capital upgrades, particularly for buildings with EPC ratings below the government's 2030 minimum thresholds. In many instances, retrofit viability is marginal at best, with change of use or disposal increasingly viewed as the preferred strategy.

MARKET ASKING RENT PER SQUARE FEET (CoStar)



The occupier landscape in Worthing has become increasingly static. Larger firms are reluctant to relocate, not because of satisfaction with existing premises, but due to a lack of viable alternatives. The systematic loss of large-footprint buildings has severely curtailed the opportunity for expansion or 'right sizing,' leading to a state of functional stasis in the upper end of the market. Current demand is focused on micro-units and flexible arrangements; we are not aware of any material active requirement above 5,000 sq ft, with only one national active enquiry of this scale noted in 2025 to date. Enquiry data below 2,000 sq ft is more difficult to interpret, given the prevalence of informal interest, low commitment rates, and unrepresented SME engagement.

In practice, the small-scale requirements are absorbed by; either landlords who have subdivided or Worthing's serviced office market, which remains well catered for by independent operators. Despite the absence of any national or institutional providers, the town benefits from a relatively resilient network of locally run flexible workspace schemes. These typically operate from converted or secondary buildings, many of which were unsuitable for conventional office use but have found utility under managed models. Importantly, the extent of historic conversions has removed much of the large-format space typically required for scalable coworking models, thereby insulating smaller local operators from competition.

Looking ahead, the only notable addition to supply is the Innovation X scheme, which is expected to introduce new serviced office capacity in late 2025. However, this remains modest in scale and is unlikely to materially impact market dynamics. In the absence of larger-scale, purpose-built provision, Worthing's office offer will continue to be fragmented, localised, and SME-led.

From an investment perspective, sentiment remains weak. Yields for secondary and mid-grade stock are now approximately 9.8%, reflecting investor caution, weak liquidity, and limited scope for capital growth. Transactional volumes remain low, with most investor activity limited to owner-occupiers or small private landlords operating on a long-term hold-and-manage basis. Institutional appetite is virtually absent. In this context, new office development, particularly speculative schemes on small, constrained sites, sits outside typical investor profiles.

In summary, the Worthing office market is not experiencing cyclical fluctuation but structural retreat. The contraction is deliberate, driven by obsolescence, economic viability challenges, and macro changes in occupational strategy. The long-term outlook is for further bifurcation, with a dwindling number of well located, serviceable assets supporting the town's core office function, while peripheral and outdated stock continues to exit the market.

From a professional standpoint, Worthing offers no credible platform for speculative office delivery, particularly on modest or spatially constrained plots. While the subject site could theoretically accommodate up to 600 sqm per floor across five storeys (totalling c.3,000 sqm), there is no meaningful pre-let activity, anchor interest, or demonstrated investor appetite to support such a proposal. The risks associated with bringing forward new employment space in this context are significant, and the planning rationale for safeguarding this site under Policy DM11 appears increasingly difficult to defend when viewed in both market and spatial policy terms.

Our market findings closely reflect the structural themes identified in the Worthing Employment Land Review (Lichfields, 2020), which highlighted the borough's ageing office stock, the dominance of mid-grade accommodation, and the marked trend toward small-format, flexible workspaces. The ELR acknowledged that speculative development was unlikely to be viable in most locations and that office activity would remain concentrated around a limited number of core sites, with increasing pressure for alternative uses elsewhere. It also recommended that safeguarded employment land should be kept under review, with deallocation appropriate where market signals no longer support retention.

Our assessment of the subject site aligns with these overarching trends. We identify a town-wide shift away from traditional B-class stock, compounded by permitted development-led stock attrition, weak pre-let activity, and limited developer appetite. Enquiries are weighted heavily toward sub-2,000 sq ft SME formats, typically satisfied by existing serviced office providers. Larger floorplates—such as those a redevelopment of this site would necessitate, are demonstrably mismatched to occupier demand, resulting in extended voids or the need for heavy discounts. These findings support Lichfields' previous conclusion that the future office market in Worthing will be defined not by expansion, but by rationalisation and repurposing.

What differentiates our work is that it applies this strategic lens at site level. The Sandell House Car Park holds no active employment function, no commercial floorspace, and is not viable for new office delivery. While its inclusion in the DM11 area may have been justified on spatial grounds in 2020, its ongoing designation is no longer supported by market conditions. In this context, we consider the site to fall squarely within the ELR's criteria for review and potential release. Retaining it in safeguarded employment use, in the absence of evidence that it can meet current or future economic needs, would not be in line with the strategic principles set out in the evidence base that underpins DM11 itself.

4.4 Upcoming sites / Pipeline Development

The Worthing office market remains structurally supply-constrained, with no speculative new-build Grade A schemes currently under construction. The only notable delivery of institutional-grade accommodation in recent years was the HMRC hub at Teville Gate, comprising approximately 70,000 sq ft and completed in 2021. Crucially, this scheme was pre-let to a government department, with delivery underpinned by a secured covenant and public sector funding, conditions that are not representative of typical market dynamics. No further pipeline of Grade A office development is currently progressing.

The remainder of Worthing's office development pipeline is modest in scale and largely limited to Class E floorspace proposed within mixed-use town centre regeneration schemes. These are not employment-led developments, nor are they considered viable substitutes for dedicated B-class employment land.

At Union Place Garden (AWDM/1618/23), proposals include approximately 507 m² (5,460 sq ft) of flexible Class E space at ground floor level. However, the wider scheme is residential in character, and the configuration of the commercial element, with no on-site parking and limited frontage, suggests likely occupation by community or retail-focused uses, not professional services or office occupiers.

Similarly, the Grafton Deck redevelopment (21–23 Montague Street) involves the conversion of the former Topshop retail anchor into between 9,000 and 15,000 sq ft of flexible Class E floorspace. Although this is a more meaningful quantum, the unit's location within the pedestrianised retail core and its lack of designated parking limit its office market appeal. The design and context point to likely take-up by health, leisure or personal services rather than traditional office tenants.

At 85–87 Montague Street, planning permission was granted in 2021 (AWDM/2132/20) for a hybrid community-focused scheme incorporating Class E, F1 and F2 uses. While the ground floor may be capable of supporting limited co-working or flexible workspace, its multi-use structure and absence of core office infrastructure (e.g. dedicated access, private facilities, parking) make it ill-suited to conventional employment use.

In aggregate, these three schemes could introduce approximately 20,000 sq ft of Class E space to the local market, equating to roughly 1.5% of Worthing's total office stock. However, their contribution to genuine office provision remains questionable. Their scale, design, and functional limitations indicate a likely absorption by non-office occupiers such as cafés, clinics, fitness studios, and co-working operators, rather than by traditional business services.

Importantly, none of these schemes are located within DM11-designated employment areas and therefore cannot be relied upon to offset ongoing employment land losses. Their emergence instead illustrates a broader structural shift in development priorities, from standalone office schemes to hybrid, town-centre focused formats with limited long-term office value.

We also note that there is no emerging pipeline within DM11 allocations themselves, further emphasising the diminishing commercial logic for safeguarding low-performing or ancillary plots. This includes the subject site, which holds no buildings, accommodates no employees, and lacks functional employment characteristics. As outlined in Section 6, its spatial and viability constraints severely limit its future employment role.

4.5 Current Available Stock

In addition to pipeline stock, we have identified a series of currently available units across the Worthing office market. While the snapshot vacancy rate appears consistent with the headline CoStar figure of 4.3%, it is important to contextualise this further. Worthing's vacancy rate is low in national terms, but this is the product of supply contraction rather than demand growth. As noted previously, significant volumes of stock have been lost through conversion to residential, and no major replacement schemes have emerged.

In terms of availability, the majority of vacant space is located within converted secondary buildings and subdivided legacy stock. This is broadly consistent with demand, which continues to centre around sub 2,000 sq ft units, typically for SME use. There is no identifiable demand above 5,000 sq ft and only limited national enquiries in the 3,000–5,000 sq ft range.

AVAILABLE STOCK (JUSTICE & CO)

Address	Sq Ft	Quoting Rent	Rent PSF	On Market Since	Agent
Anchor House, 60a Newland Road, Worthing, BN11 1JX	1,433	£15,000	£10	Jul-24	Justice
8 Warwick Street, Worthing, BN11 3DL	807	£12,500	£15	Jan-24	Justice
Office 4, 24 Liverpool Gardens, Worthing, BN11 1RY	123	£3,600	£29.26 (all inc)	Apr-24	Justice
Office 5, 24 Liverpool Gardens, Worthing, BN11 1RY	213	£6,000	£28.16 (all inc)	Apr-24	Justice
Ground Floor, Capella House, Worthing, BN11 1UR	1,580	£21,500	£14	Jan-25	Justice
First Floor West, Capella House, Worthing, BN11 1UR	861	£13,000	£15	Jan-25	Justice
First Floor East, Capella House, Worthing, BN11 1UR	594	£9,000	£15	Jan-25	Justice
6 Railway Approach, Worthing, BN11 1UR	2,600	£15,000	£6	Feb-25	Arch
2nd Floor, 1 Aldsworth Avenue, Worthing, BN12 4TY	1,532	£20,748	£14	Dec-24	Flude
Office One, Argyll House, Liverpool Gardens, Worthing	1,400	£17,000	£12	Apr-25	Justice
50 Grafton Road, Worthing, BN11 1QT	773	£17,000	£22 (all inc)	Feb-25	Spratt
15 Grafton Road, Worthing, BN11 1QP	360	£10,500	£29.16 (all inc)	Feb-25	Marshall Clark
E2 Yeoman Gate, Yeoman Way, Worthing	2,853	£47,000	£16	Jan-25	Brierley & Coe
Eschmann House, 2nd Floor, 15 Peter Road, Lancing	4,747	£57,000	£12	Jul-24	Flude
32 Teville Road, Worthing, BN11 1UG	762	£6,800	£9	Aug-22	Clifford Dann
Brooklands House, Marlborough House, Lancing	1,710	£34,200	£20 (all inc)	Apr-24	Justice
4 Commerce Way, Lancing	1,173	£12,500	£11	Oct-24	Justice
Unit 14 Triangle Business Centre, Commerce Way, Lancing	939	£14,000	£15	Jun-24	Jacobs Steel
First Floor, 2 Tarmount Lane, Shoreham-By-Sea	2,028	£24,500	£12	Nov-24	Flude

The available stock, totalling some 15,000 sq.ft. is likely to absorb a significant share of residual SME activity, especially where buildings offer flexible lease terms, basic servicing, or are located close to rail and retail amenities. Importantly, many of these properties offer better street frontage, dedicated parking, and more efficient layouts than the subject site.

4.6 Summary and Market-Based Conclusion

Across all available data sources and spatial scales, the Worthing office market demonstrates a clear structural shift away from traditional employment land formats. The market is now dominated by demand for small-format, flexible space, primarily sub-2,000 sq ft, targeted at local SMEs seeking affordable and adaptable lease arrangements.

Larger units continue to experience limited take-up, extended voids, and diminished rental performance. The absence of any new demand above 5,000 sq ft, combined with the significant loss of large-format stock through permitted development, has resulted in a permanently downshifted demand profile. There is no evidence to suggest that the subject site, even if fully redeveloped, would respond to this profile.

The Site, at approximately 700 sqm, could theoretically accommodate up to 550 sqm per floor across five storeys. However, in commercial reality, a scheme of this size would likely need to be broken down into two 2,000–3,000 sq ft units per level. Even this more modest arrangement would require speculative funding, fit out, and management, with no identified pre-lets, anchor tenants, or end-user demand. In professional terms, this represents a poor alignment between potential development capacity and market need.

Furthermore, proximity to the railway station is of limited strategic value in this context. While access to public transport is positive in general, the absence of on-site parking remains a significant constraint in the Worthing office market, where car-based commuting remains prevalent. The subject site's rear-facing position and lack of street visibility further undermine its attractiveness to office occupiers, particularly in comparison to existing options with better access, visibility, and tenant amenities.

The context is further reinforced by the nearby Teville Gate development, which incorporated office use only with pre-let certainty and a government covenant. Despite its superior visibility and town-centre location, even this scheme was reportedly dependent on public sector support and the shelving of a proposed multi-storey car park, which was initially sought to improve its commercial appeal. This supports the wider argument that viable new office development in Worthing now requires exceptional circumstances, including public backing, confirmed tenants, or extraordinary transport links.

In this context, the safeguarding of a small, constrained surface car park under Policy DM11 appears increasingly difficult to justify. The site does not contribute to current employment provision, has minimal redevelopment potential aligned with market need, and is demonstrably surplus to future office requirements.

Our professional conclusion, supported by market evidence, viability testing (see Sections 5 and 6), and an understanding of local demand patterns, is that the subject site no longer warrants protection as employment land. The scale, configuration, and market dynamics surrounding the site preclude viable new office delivery, while the emerging pipeline elsewhere within the town is more than capable of meeting residual Class E demand.

Its release for alternative use would be consistent with a responsive, evidence-led approach to spatial planning and regeneration, particularly where development could contribute to wider housing or town centre renewal objectives.

5. SITE SPECIFIC ASSESSMENT

This section considers the site's market alignment, functional suitability, and redevelopment potential in the context of its current designation under Policy DM11 of the Worthing Local Plan (2023). While the site is formally safeguarded for employment use as part of the Railway Approach Office Area, a review of its characteristics, locational context, and market evidence, outlined in the preceding sections, suggests that its continued protection is not supported by prevailing occupational or investment realities.

5.1 Site Function and Contribution to Employment Land Supply

The Site comprises a surface-level private car park extending to approximately 0.09 hectares (c.700 sqm). It contains no built form, no lettable commercial floorspace, and does not support operational employment activity in its own right. While it currently provides ancillary parking for Capella House tenants, it is not publicly accessible, nor is it used for any independent economic function. This supporting role is reflected in the site's modest Rateable Value of £6,700 (VOA, April 2023), reinforcing its classification as ancillary infrastructure rather than active employment land.

Accordingly, the site cannot reasonably be considered as employment-generating land under the definitions typically applied in plan-making. Its inclusion within the DM11 boundary appears spatially derived, likely due to adjacency to Capella House, rather than functionally justified. Given the lack of existing floorspace, economic output, or job provision, its safeguarded status is not substantiated by its current use.

5.2 Physical and Market Suitability for Office Redevelopment

The site's gross area places inherent limitations on layout and configuration. While a notional scheme could theoretically deliver c.500 sqm per floor over five/six storeys, yielding c.2000 sqm (21,000 sq ft) of gross space, this assumes maximum plot utilisation and assumes favourable build economics. In practice, based on SME market preferences discussed in Section 4, any plausible employment redevelopment would likely comprise smaller floorplates of 1,500 to 3,000 sq ft per unit, with a focus on flexible space for local professional services.

However, our market analysis (Section 3) confirms that there is no identifiable demand for speculative office space above 5,000 sq ft in Worthing, nor evidence of occupier appetite for new-build space without substantial lease incentives or pre-let arrangements. Larger floorplates, where they do exist, continue to experience prolonged voids and minimal re-letting. New schemes targeting traditional office formats without pre-commitment would represent a significant market risk, particularly on sites without visibility, parking, or amenity support.

Crucially, any redevelopment of the site must retain a level of parking provision for Capella House, understood to be provided via undercroft parking in the proposed residential scheme. While this ensures continuity of provision for existing tenants, it precludes any net increase in parking capacity, which we have identified as a critical consideration for SME occupiers in the Worthing market.

Though the site lies within 100 metres of the railway station, public transport connectivity alone has not proven sufficient to offset the local market's preference for on-site parking, especially for SMEs reliant on car-based travel or clients arriving from dispersed catchments. The site would therefore offer no

parking advantage over existing serviced or converted space, many of which have at least some forms of associated provision.

At a national level, the SME office market is increasingly shaped by demand for amenity-rich, flexible, centrally located accommodation, with strong ESG credentials and plug-and-play configuration. Tenants expect breakout areas, cycle stores, social space, and proximity to high-frequency transport, all factors that are challenging to deliver within the constraints of this site. The lack of shared infrastructure and scale required to compete in the serviced or managed workspace sector makes the site commercially unattractive for this use.

Notably, Worthing has no institutional serviced office operators and no identifiable existing stock to support their arrival. Nonetheless, in this instance, the Site's limitations would not meet the specification requirements for such an operator, nor would it yield the returns to attract private sector investment for speculative development.

In summary, the subject site fails to meet the location, layout, parking and flexibility requirements typically associated with viable SME or hybrid office provision. Even if brought forward, the level of investment needed to deliver a compliant scheme would be disproportionate to its achievable value, particularly in a secondary coastal market such as Worthing. From a professional standpoint, the site is neither functionally suitable nor commercially viable for office redevelopment.

5.3 Pipeline Provision and Overlap

As outlined in Section 5, the development pipeline within 1km of the site is set to deliver c.20,000 sq ft of flexible Class E floorspace, primarily through mixed-use town centre regeneration schemes. While this represents only modest uplift, it is directionally aligned with market demand and will likely absorb the residual flexible space requirements of local SMEs.

None of these pipeline schemes are located within the DM11 employment designation. Nor are they intended to deliver large-format or traditional B1 office provision. This shift in delivery model reflects the wider structural change in the employment market and the declining relevance of safeguarded, single-use office allocations.

It is also material that the subject site's role as ancillary parking is already accounted for in the proposed residential design. Its release from DM11 would therefore not result in a net loss of employment capacity, as it does not currently provide any.

When looked at as a whole, the site does not satisfy the criteria typically used to justify continued employment land protection. It makes no current contribution, has no viable pathway to future employment use, and is demonstrably less competitive than alternative sites with lesser constraints.

In our professional judgment, the continued safeguarding of this site under Policy DM11 is no longer appropriate. Its release for alternative use, particularly where residential use would generate greater social and economic return, would represent a more effective and policy-aligned outcome, consistent with NPPF guidance on efficient land use and local policy priorities for urban intensification and housing delivery.

6. FEASIBILITY INVESTIGATION

This section presents a high-level development appraisal of a notional new-build office scheme on the subject site, in order to test its commercial feasibility under prevailing market conditions. The purpose of this appraisal is to support a planning judgement on whether the site could realistically deliver new employment floorspace in accordance with Policy DM11 of the Worthing Local Plan (2023).

For appraisal purposes, we have modelled a notional new-build office scheme based off the proposed residential footprint proposed by Architectus.

The notional scheme is based on the following accommodation schedule:

Appraised Accommodation Schedule	Sq.ft. (NIA)
Ground / Under-croft parking	-
First Floor (Unit A)	1,866
First Floor (Unit B)	1,372
Second Floor (Unit A)	1,372
Second Floor (Unit B)	1,441
Third Floor (Unit A)	1,834
Third Floor (Unit B)	1,721
Fourth Floor (Unit A)	1,514
Fourth Floor (Unit B)	1,185
Fifth	2,123
Sixth	1,227
Totals	15,655

The ground floor is assumed to be under croft parking to meet leasehold obligations to Capella House and therefore provides no revenue-generating area.

The following development assumptions have been adopted:

6.1 Cost Assumptions

We have applied the following market assumptions.

Cost Description	Amount in £ or (%)
Finance Costs	8.5% - 18 months, half cost over full period
Time Scale	18 months
CIL	£0.00
S106, S278	£50,000
Under croft parking build cost (psf)	£200.00
Employment Units Build Cost (BCIS) (psf)	£185.00
Landscaping Costs	1%
Ground Works	£200,000

Contingency	5.00%
Professional Fees	10.00%
Supervision Costs	1.00%
Agents Letting Fees	15.00%
Sales Fees	1.50%
Building Control	£7,500

These assumptions reflect a relatively efficient delivery scenario, excluding abnormal site costs and assuming full site clearance and servicing.

At the above cost assumptions, the Total Development Costs given the above totals say £5,965,000. All cost information has been taken from BCIS, where reasonable we have adopted market assumptions.

Timescale: we have assumed that a motivated developer would commence works in 2026. We have assumed a development programme of 18 months.

We have assumed a letting void of 3 months and assumed a pre-letting ratio of 60% We have adopted market incentives of one month per term certain and adopted a 3m RF period.

In this instance we have adopted a developer profit to 20% to account for the assumption of the agreement.

Land Cost, for the purposes of this has been omitted, which is an unrealistic assumption.

6.2 Revenue Assumptions

We have adopted a headline rent of £25 per sq ft, which represents an optimistic assumption for Worthing. Current market transactions indicate typical rents of £18–£20 per sq ft for mid-grade stock (SHW, Q2 2025), with only a handful of schemes achieving £22+ in highly specified, well-located space. The £25 figure represents a premium and is rarely achieved outside of fully serviced, central formats.

For investment valuation purposes, we have applied an exit yield of 6.5%. This is aggressive in the context of Worthing's market, where investor sentiment remains weak and typical yields for mid-grade or speculative product sit in the 6.75–7.25% range. Nonetheless, this assumption has been used to test the best-case development potential.

Based on these inputs, the resulting Gross Development Value (GDV) is £7,083,000 million.

Despite these highly favourable inputs, our appraisal produces a nominal developer profit, even before accounting for land value, land acquisition costs, or site-specific abnormal costs. The scheme fails to achieve a developer return, and in fact, generates a development loss when benchmarked against the target profit margin of 20%. Instead, we found a developer profit (profit on cost) of just less than 6.9%. As such, this scheme would be considered unviable.

6.3 Alternative Use Review – Mixed Use Option

We also considered an alternative mixed-use scheme combining ground-floor commercial (office) with upper-floor residential. While this format improves blended values, the resulting design presents significant inefficiencies, particularly due to the requirement for three vertical circulation cores (two for residential, one for commercial), and further space loss from dual servicing and escape routes.

As a result, the net-to-gross ratio deteriorates significantly, and while residential values are stronger on a £/sq ft basis, the scheme remains marginal. Our sensitivity testing suggests that the mixed-use format also

fails to generate a viable return, largely due to inefficiencies in design and the underperformance of the commercial component.

The conclusion drawn is that neither a standalone office scheme nor a mixed-use scheme comprising commercial space is financially deliverable under current market conditions.

6.4 Viability Conclusion

Even when adopting optimistic assumptions on rent, yield, and occupancy, our notional office scheme fails to achieve viability. This reinforces the wider conclusion of this report: the site is not capable of supporting meaningful employment use under current or foreseeable market conditions.

- The build costs associated with new commercial space in secondary coastal towns such as Worthing now routinely exceed the capital values achievable, even at premium rents.
- The letting assumptions, including 60% pre-let and short void periods, already reflect best-case conditions. In reality, the market offers no anchor interest or identifiable demand for such product.
- From an investor standpoint, schemes of this nature fall outside typical fund profiles. Institutional appetite for speculative suburban offices has evaporated, and private investors continue to focus on existing income-producing stock.
- Typical developer return thresholds are not met, and this is despite there being no residual land value input during this investigation, rendering the scheme commercially unviable without public subsidy, which we understand is not available.

On this basis, we conclude that the continued safeguarding of the site for employment use under Policy DM11 is not supported by viability evidence. The site cannot deliver employment floorspace that aligns with market requirements, nor does it offer a commercially attractive proposition for private sector delivery.

7. CONCLUSION

This report has evaluated the subject site in the context of its current safeguarded status under Policy DM11 of the Worthing Local Plan (2023). Drawing upon detailed market research, planning policy analysis, and high-level development viability testing, we conclude that the site no longer presents a reasonable prospect of employment development in planning, economic, or commercial terms.

The Worthing office market has undergone significant structural contraction over the past decade, defined by a sharp decline in larger occupier demand, persistent SME-led leasing patterns, and extensive loss of office floorspace through permitted development rights. The town now functions as a small, localised market, largely driven by flexible workspace requirements below 2,000 sq ft. There is no identifiable active demand for large floorplate space or speculative office schemes, and no new Grade A provision is currently under construction or planned.

The subject site, while included within the DM11 boundary, contributes no existing employment floorspace and performs only an ancillary role to Capella House. Its physical characteristics, a constrained 0.09 ha footprint, back land position, lack of street presence, and requirement to retain undercroft parking, render it fundamentally unsuited to new employment development. There is no viable redevelopment format that aligns with market demand, tenant preference, or investor criteria.

Our development appraisal tested the commercial viability of a notional five/six storey office scheme, assuming generous rents and institutional yields, which is not supported by the local market as detailed within the body of this report. Despite these optimistic inputs, the scheme returns a nominal developer profit which fails to meet minimum return thresholds by a long way. A mixed-use variant similarly proved unviable due to design inefficiencies and the poor performance of the commercial component. These results confirm that no financially credible office employment scheme can be delivered under prevailing conditions.

While other schemes within a 1km radius may bring forward modest volumes of Class E floorspace, none are located within DM11 or comprise dedicated employment land. The absence of any deliverable pipeline within the designated area, alongside the market's continued shift toward flexible, mixed-use formats, strongly suggests that rigid protection of marginal sites no longer serves a strategic planning purpose.

In our opinion the continued designation of the subject site under DM11 is neither functionally justified nor commercially defensible. It risks sterilising land that could be more productively used to meet identified local priorities, such as housing or town centre regeneration. The release of the site from its employment allocation is therefore considered both appropriate and necessary to ensure the Local Plan remains flexible, responsive, and evidence led.

APPENDIX A

Simple Summary Development Appraisal

Project Appraisal

A. Office Revenues									
	No. Units	No. Floors	Total NIA (sf)	GIA	GIA Ratio	ERV (P.A)	Capitalisation Rate	Total Revenue (£)	
First Floor (Unit A)	1		2,196	2,583	85.00%	54,896	6.50%	844,553	
First Floor (Unit B)	1		1,615	1,900	85.00%	40,365	6.50%	620,995	
Second Floor (Unit A)	1		1,615	1,900	85.00%	40,365	6.50%	620,995	
Second Floor (Unit B)	1		1,695	1,994	85.00%	42,383	6.50%	652,045	
Third Floor (Unit A)	1		2,157	2,538	85.00%	53,927	6.50%	829,649	
Third Floor (Unit B)	1		2,025	2,382	85.00%	50,617	6.50%	778,727	
Fourth Floor (Unit A)	1		1,781	2,096	85.00%	44,536	6.50%	685,164	
Fourth Floor (Unit B)	1		1,394	1,640	85.00%	34,848	6.50%	536,126	
Fifth Floor	1		2,497	2,938	85.00%	62,431	6.50%	960,472	
Sixth Floor	1		1,443	1,698	85.00%	36,086	6.50%	555,169	
Total House Sales	10		18,418	21,668		£ 460,453.16		7,083,895	
				2,013.06					
Total Gross Development Value								7,083,895	

F. DEVELOPMENT COSTS					
	GIA (sf)	Cost (£ psf GIA)	Cost Per Unit (£)	Cost (% of item)	Total Cost (£)
Total Sales Costs				1.50%	106,258
Letting Fees				15.00%	69,068
Finance Costs				8.50%	329,524

Construction Costs					
			£	200.00	1,160,349
Undercroft parking cost	5,802				
Office Build Costs	21,668		£	185.00	4,008,651

Demolition		0	0
Ground Works		20,000	200,000
Contingency		5.00%	210,433
Professional Fees		10.00%	420,865
Supervision Costs		1.00%	42,087
Landscaping Costs		0.50%	22,095
NHBC / Building Control			7,500
CIL - 2016 Adopted Rates	£	-	0
S106 (Provisional)			50,000
Total Construction Costs			6,626,830

H. RESIDUAL LAND VALUATION	Amount (% of item)	Amount (£)
Land Costs		
SDLT & Purchase Costs	6.80%	0
Land Price		1
Total Land Cost		1
Developers Profit on Cost	6.90%	
Total Profit / Loss		457,064