

Planning and Market Report –Hotel Use and B8 Floorspace Provision

Dunsbury Park, Fitzwygram Crescent, Havant PO9 4EE

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Prepared for:

Avison Young obo Portsmouth City
Council

Reviewed by:

Ben Christian, BSc (Hons), MSc, MRTPI
Tel: 07789 912160
Email: BChristian@vailwilliams.com

Prepared by:

Abin John
Tel: 07880362951
E: ajohn@vailwilliams.com

Russell Mogridge, DipLPV MRICS
Tel: 07815 737175
E: rmogridge@vailwilliams.com

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1 Introduction

- 1.1 Vail Williams is instructed by Avison Young on behalf of Portsmouth City Council to draft this planning and marketing report in support of the prevention of any restriction on B8 Use floorspace and the demand for hotel use at Dunsbury Park Fitzwygram Way, Havant PO9 4EE.



Figure 1: Dunsbury Park (Courtesy of www.dunsburypark.co.uk)

- 1.2 Dunsbury Park has been allocated as a key employment site in the adopted Local Plan and continues to be identified as such in the emerging Draft Local Plan, underlining its strategic importance for economic development within Havant Borough. As shown in the image above, the site has already been partially developed, and the proposed Unit 100, 400 and 600 will represent a further addition to this established employment area.
- 1.3 The purpose of this report is to provide comprehensive, up-to-date information that demonstrates the justification for unrestricted additional B8 (storage and distribution) use floorspace at this site, and the lack of need for hotel development on the site.

2 Site Description

- 2.1 The site is in the administrative area of Havant Borough Council, located northwest of Havant.
- 2.2 The site is located in-part on previously developed land between Waterlooille and Leigh Park. The Site lies immediately to the east of the A3(M) motorway Junction 3, and the A3(M) runs along the western edge of the Site.
- 2.3 The slip road leading off the A3(M) is the B2150 Hubert Road which provides access for the Proposed Development.
- 2.4 The nearest bus stop to the site is located on Calshot Road which is approximately 400m away from the site. The bus stop is only serviced by one bus route; the no. 22 bus connects west leigh to the Havant Town Centre which is serviced by further bus and rail services. There is a bus stop located on Fitzwygram Way, though it is currently inactive; it is expected to become operational in 2026.

3 Planning Policy Context

National Planning Policy Framework (2024)

- 3.1 **Paragraph 85 of the NPPF** states planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.
- 3.2 **Paragraph 86 of the NPPF** states that planning policies should pay particular regard to facilitating development to meet the needs of a modern economy, including by identifying suitable locations for uses such as freight and logistics.
- 3.3 **Paragraph 87 of the NPPF** outlines planning policies and decisions should make provision for storage and distribution operations at a variety of scales.

Havant Borough Core Strategy (2013)

- 3.4 **Policy CS2 Employment** seeks to deliver 41,500 sqm of B8 warehousing floorspace by 2026. The policy aims to utilise previously developed land, generating local employment, and enhancing the economic output of an underutilised site.
- 3.5 **Policy CS3 Skills and Employability** supports development that enhances skills and employability, particularly by supporting skills provision on strategic sites and removing employment barriers.
- 3.6 **Policy CS18 Strategic Site Delivery** supports development for Dunsbury Hill Farm. Site 3, which is allocated for Dunsbury Park, has the following development requirements:
 - An Environmental Impact Assessment (EIA) leading to the production of an environmental statement is required in accordance with Schedule 2 of the Town and Country Planning Act (Environmental Impact Assessment) (England and Wales) Regulation 1999.
 - The EIA is required to contain landscape, habitat, agricultural, flood risk, noise and environmental health assessments.
 - No more than 20% of the new employment floorspace will be for B8 storage and distribution as defined in the Use Classes Order 2005.
 - 80% of the new employment floorspace can be split flexibly between B1 business and B2 general industrial uses as defined in the Use Classes Order 2005
 - B1(a) uses will be acceptable on the site providing a sequential test has been carried out to ensure there are no suitable sites in the town centres
 - Provision of a quality hotel with conference facilities
 - Provision of start-up and move-on accommodation and flexible space
 - Creation of an enterprise centre of at least one hectare
 - A legal agreement will be sought for a scheme to train local people as one component of site delivery

- The Dunsbury Hill Farm development will be an exemplar for sustainable construction and design. All commercial buildings constructed on the site before 2012 will be required to achieve at least BREEAM 'very good' standard and all commercial buildings constructed after 2012 will be required to achieve at least BREEAM 'excellent' standard.
- The development will contribute to the PUSH target of delivering 100MW of renewable energy by 2020 by maximising on-site renewable energy production and resource efficiency
- The design of the new buildings, particularly their bulk and orientation, will respect and enhance the character of their woodland location outside the built up area
- The layout of the site will provide an accessible, safe and permeable environment fully integrated with its surroundings
- Park Lane will be enhanced as a leisure route and be provided with a metalled surface for use by cyclists and pedestrians
- Green infrastructure links between Havant Thicket Reservoir and Dunsbury Hill Farm will be enhanced
- Entrance to the site from the A3(M) should incorporate a dramatic gateway feature
- A long-term management plan will manage operations both within the site and the surrounding area
- Provision of a minimum 150 to 180 metre wide landscaped gap between the A3(M) and the development
- Provision of woodland 'fingers' extending eastwards into the development from Beech Wood
- Enhancement of the Hermitage Stream Corridor with a natural channel running through a new wetland feature
- Highway access and appropriate mitigation measures including demand management measures will be provided in accordance with the DfT Circular 02/2007
- A Transport Impact Assessment will be required in support of the development for access from A3(M)
- A dedicated public transport link is to be provided between residential areas to the east and west
- A green travel plan will be required to demonstrate the measures undertaken to maximise the proportion of journeys to and from and within the site made by public transport, cycling and walking
- Water drainage, including a Sustainable Drainage System (SuDS) and flood defence, will be provided in accordance with advice from the Environment Agency.

Building a Better Future Plan – Draft

- 3.7 **Policy 6: Amount of Employment** highlights during the period 2023 - 2043, this Plan makes provision for at least 123,750 sqm of employment land floorspace (net) across the Borough.
- 3.8 **Policy 10: Supporting a Prosperous and Sustainable Economy** states the local economy will be supported by allocating diverse employment land, including the strategic expansion of Dunsbury Park as part of the Solent Freeport, to attract investment and growth. Existing employment sites will be intensified and

upgraded to meet modern business needs and promote sustainable job creation (Policy 38). Additionally, new or improved educational facilities will help build a skilled workforce for long-term economic resilience.

- 3.9 **Policy 38: Protecting Employment Uses** states existing employment areas, will be protected for office, industrial, storage, and distribution uses. Redevelopment, replacement, or intensification within these areas is encouraged, while proposals leading to the loss of employment floorspace will generally be resisted unless it can be demonstrated through active marketing that no reasonable employment offer exists or redevelopment is not financially viable, and the proposed use does not undermine the area's function.
- 3.10 Within the Building a Better Future Plan, the site is designated as Allocation 27. The detailed requirements for this site are shown in the image below.

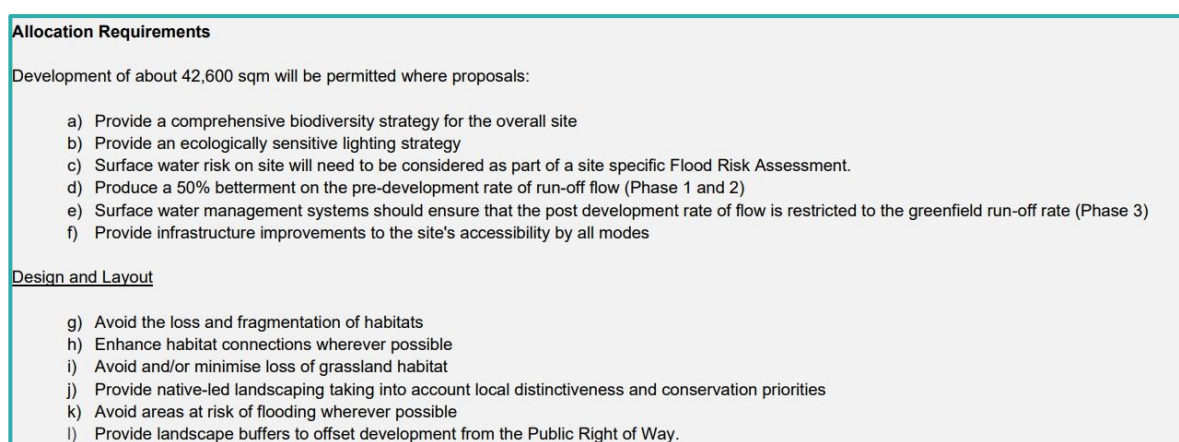


Figure 6: Extract from Building a Better Future Plan

- 3.11 Allocation 27 within the Draft Building a Better Future Plan illustrates that the current direction of travel for the Local Planning Authority is not to require a hotel use or a restriction on the proportion of B8 floorspace as these aspects are not within the draft allocation policy.

4 Planning History

- 4.1 According to the Havant Borough Council website, the following planning history records are of relevance to Dunsbury Park site and this report purpose. We have not included advertisement consents, minor permissions or discharge of condition applications as these are not considered relevant.
- 4.2 Application Reference: APP/12/00338 | Hybrid planning application comprising a part outline application relating to development for employment uses and a hotel with conference facilities and a part detailed application for a new access link road with bus gate to Woolston Road; together with landscaping, infrastructure and associated works. Approved 19 February 2014.
- 4.3 Application reference: APP/17/00228 | Variation of Condition No. A16 of Planning Permission APP/12/00338 to split A16 into 2 parts - 1) Plots 1,3,4,4a,5,5a to have a topsoil strip under supervision and watching brief; and 2) Plot 6 to remain as per original wording with full WSI required. Granted on 02 May 2017.
- 4.4 Application Reference: APP/15/00732 | Variation of Condition B6 of Planning Permission APP/12/00338 to change the maximum B8 floorspace from 12,356 square metres (20%) to 18,534 square metres (30%). Granted on 01 October 2015.
- 4.5 Application Reference: APP/17/00866 | Approval of Reserved Matters for Phase 1 of Planning Permission APP/15/00732 (Development for employment uses and a hotel with conference facilities; together with

landscaping, infrastructure and associated works) relating to Condition B3 (i), and (ii) for plots access and layout ; and Condition B5 (c) for levels of proposed plots and building heights with a maximum height not exceeding 50m AOD contour on Plots 5 and 5a, and 45m AOD contour on Plot 4a (incorporating revisions to previously approved Parameter Plan forming part of the Environmental Statement dated March 2012). Granted on 29 November 2017.

- 4.6 Application Reference: APP/17/01324 | Variation of Condition B6 of Planning Permission APP/15/00732 to remove restriction on proportion of B8 floorspace allowed within the Dunsbury Park development, and thus provide for a maximum mixed use floor space of 61,779sqm within Classes B1, B2 and/or B8 of the Use Classes Order 1987 as amended. Granted 13 December 2018.
- 4.7 This planning application is the most recent application covering the whole site and includes the main planning conditions and legal agreement deed of variation. The opportunity to submit reserved matters expired in 2024 and therefore fresh planning permission is required for the undeveloped plots.
- 4.8 It is important to note that the 2017 permission removed the restriction on the proportion of B8 floorspace and did not include a hotel use. This therefore provides a material consideration that these aspects are acceptable to the local planning authority.

5 Market Analysis

- 5.1 The south coast commercial property market remains buoyant since the pandemic. The pandemic created a surge in demand for online retail which in turn stimulated demand for warehousing, resulting in the commercial industrial development market responding positively with speculative industrial development in the South. This was echoed throughout the south-east as supply could not keep up with demand. Investment yields (4-5%) were low and rents were rising.
- 5.2 In addition (as experienced with the office sector) there has been a general flight to quality from business owners in their industrial/warehouse buildings to provide fit for purpose accommodation for their businesses and workforce. This was fuelled by the spike in energy costs for businesses seeking highly energy efficient insulated buildings, found with new construction.
- 5.3 Logistics businesses were also seeking higher eaves heights than previously constructed on the south coast and we saw a jump from the standard 6-7 metres to 10-12 metre eaves heights. This provides the ability to provide high bay racking and mezzanine storage.
- 5.4 The results of this were a jump in rents from 2019 to 2022 of 30%.
- 5.5 Whilst land values were tempered following Liz Truss's short spell as Prime Minister and the resultant spike in Bank of England interest rates creating the cost of finance and funding to increase coupled with UK inflation creating a jump in construction costs, occupational demand has continued.
- 5.6 There continues to be a strong appetite from industrial developers to meet this demand, which produces rental growth forecasts of approximately 5% per annum.
- 5.7 Dunsbury Park has been a glowing example with a great deal of success since the first letting to Fat Face, dpd and Breeze Volkswagen.
- 5.8 Since then and with the pandemic there has been a pre-let of over 120,000 sq ft to BioPure in 2022, speculative development of three commercial buildings, all of which have now been let to Righton Blackburn, Percussion Play and Inchcape.
- 5.9 The location is attractive to occupiers, being immediately accessed off the A3M with quick access to the south coast, M27/A27 motorway corridor and also the M25.

- 5.10 The allocation of Dunsbury Park as Solent Freeport in December 2022 gave it an additional boost to stimulate inward investment with generous government package of financial incentives for new occupiers into the region.
- 5.11 Conversely the hotel and leisure sector have not recovered in the same way as the industrial logistics sector since the pandemic.
- 5.12 Hotel demand has shifted generally more focused with fewer players. Cost of construction has created its challenges together with changes in minimum wage and National Insurance, creating an expensive environment for hotels to flourish.
- 5.13 There have been relatively few new hotel developments on the south coast.
- 5.14 Village Hotel opened at Lakeside North Harbour in 2017 and at the same time submitted a planning application in Chandlers Ford, opening in May 2021 providing a 153-bedroom hotel on Bournemouth Road together with health and wellness club, sauna, steam room and pool.
- 5.15 Both developments were freehold land purchases typically 5 acres.
- 5.16 The supply of hotel rooms is good in Portsmouth, responding to both a holiday destination and stopover for the cross-channel ferries, with the following: -

The Queens Hotel, Southsea, Premier Inn, Gunwharf Quays ; Marriot Hotel, Cosham; Premier Inn, Bedhampton; Premier Inn, Horndean; Premier Inn, Port Solent; Premier Inn, Isambard Brunel Road; Premier Inn, Langston Road, Havant; Holiday Inn, Southsea; The Royal Maritime Hotel, Queen Street, Portsmouth; Holiday Inn Express, Fairlington, Langrish House, Petersfield; Travelodge, Rolands Castle; Travelodge, Hilsea, Portsmouth; Travelodge, Emsworth.
- 5.17 Cities attract domestic travel strengthened in the first half of 2025 with city-based trips rising by 38.2% year on year. Business travel was up by 45.4% and holiday travel rising 53.1% compared to 2024 signalling a broad-based recovery in urban tourism.
- 5.18 The rebound in business tourism marks a notable shift as this type of travel saw a slower recovery post pandemic due to the rise of remote work and the ability to hold conferences virtually rather than in person. The recovery in domestic tourism is being driven by younger working age groups and is increasing concentrated in urban Centres. Regional cities such as Manchester and Liverpool are merging as cost-effective alternatives to London, signalling a shift in travel patterns and presenting new opportunities for growth across the UK hotel market. In 2025 UK hotel investment volumes were down by 28.6% year on year. The strongest hotel dealing activity has been in Scotland and the southwest. (source Savills).
- 5.19 Dunsbury Park was launched in March 2017 and has been actively marketed, including hotel which has been unsuccessful in attracting an operator. What is evident is that owing to its proximity to junction 3 of the A3M is that industrial logistics demand will continue to flourish for built to suit and speculatively developed will continue to fulfil demand in the area.
- 5.20 Proxima Park located to the west side of Waterlooville, was sold in 2018 to the Coal Pension Fund and has also been a success with a variety of speculative industrial buildings constructed pre- and post-pandemic and has two buildings of approximately 50,000 sq ft currently under construction speculatively one of which is under offer.
- 5.21 A further site is being sold to an owner occupier leaving just 100,000 sq ft development plot which is also scheduled for speculative development in 2027.
- 5.22 In summary, the demand for B8 floorspace remains high and is a need to be catered for. Conversely the hotel market has a much lower demand and therefore is not a use Vail Williams marketing agents would be recommending for Dunsbury Park.

6 Planning Justification

- 6.1. The planning history of Dunsbury Park reflects policies and market conditions that applied at the time the site was first approved. These included a requirement for a mix of employment uses, a hotel, and limits on the amount of storage and distribution (B8) floorspace. While appropriate at the time, these requirements no longer reflect current market needs.
- 6.2. The adopted Local Plan is now more than 12 years old and does not fully reflect how employment sites are used today. The emerging Local Plan, which has reached Regulation 18 consultation stage, updates the site allocation and removes any reference to hotel use or any use proportion restriction. This shows that the Council recognises the need for greater flexibility at this strategic employment site.
- 6.3. Market evidence shows strong demand for modern storage and distribution space, while there is no clear demand for a hotel at this location. Keeping the existing restrictions would limit the site's ability to respond to current market demand and would prevent the most effective use of the land.
- 6.4. The site benefits from an established employment setting, being part of the Solent Freeport and excellent access to the strategic road network. These credentials encourages the need to allow greater flexibility in how the site can be used to support investment, job creation, and the long-term success of Dunsbury Park.
- 6.5. The proposal is consistent with national planning policy, which encourages councils to support economic growth, ensure employment land remains suitable for future needs, and allow development to respond to changes in the economy. Removing the restrictions on B8 use and the need for hotel provision will help ensure the site continues to play an important role in the local economy.
- 6.6. The pre-application advice (ref: GEN/25/00701), received from Havant Borough Council, identified that the proposal for B2, B8, E(g)(ii) and E(g)(iii) would constitute a departure from Policy CS18. However, it concluded that such a departure is likely to be acceptable, subject to the submission of sufficient evidence demonstrating that there is no longer a need for the proposed hotel use. The advice also noted that the potential for unrestricted Class B8 use may be acceptable, provided that a robust and comprehensive justification is submitted to the Local Planning Authority.
- 6.7. In principle, having regard to the site's planning history, the market analysis undertaken, and the pre-application feedback received, it is considered acceptable to remove the restriction on Class B8 use and to remove the provision of a hotel, in order to better respond to identified local needs.

7 Summary

- 7.1 The submitted planning history, market evidence, and pre-application advice collectively demonstrate that there is no longer a requirement for hotel and conferencing facilities on the site.
- 7.2 The proposed removal of the restriction on B8 use and the requirement for hotel provision at Dunsbury Park is justified by current planning policy, market evidence, and economic need.
- 7.3 The site is a strategically important employment location identified in both the adopted and emerging Local Plans. However, the adopted policy framework is now outdated, and the emerging Local Plan no longer references either B8 or hotel uses within the site allocation, reflecting a clear shift in policy direction.
- 7.4 Market evidence demonstrates strong demand for modern storage and distribution floorspace and no identified need for hotel accommodation at this location. Retaining the existing restrictions would therefore undermine the efficient and sustainable use of the site.
- 7.5 In conclusion, the proposed development represents an acceptable departure from Policy CS18 due to the age of the policy, draft policy aspirations and market needs locally.

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