

### Case Study for Investment of Profit Share into Starter Units:

The Borough continues to see strong demand for a range of sizes of industrial units with a very low level of void rates across both the Councils and wider private portfolios. This demand includes smaller, starter or grow on units which are important to establishing new businesses in a range of sectors including food manufacturing and general industrial but also in areas of high value of engineering/manufacturing including robotics, 3D printing and digital sector. Such investment can provide a foundation for these businesses to then expand and grow in the borough potentially taking up other premises/sited delivered through the Deal. Currently however given enhanced costs associated with the construction of small units (in respect of the additional walls, toilets, roller shutter doors etc.) against market rents there is a viability gap, as is shown in the budget estimate for a scheme of some 16,700sqft (split into small units ranging in size from 700 to 1000sqft) below:

- a) Total Build Cost (including land): £1,700,000
- b) Market Rent: £80,000
- c) Capital Value (Growth Fund contribution): £1,150,000
- d) Viability Gap (Profit Share contribution): £550,000

The use of uplift monies would enable the delivery of much needed new starter units within the Borough making investment through the £50m Growth fund viable and unlocking future growth potential.