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# Hart, Rushmoor and Surrey Heath Joint Employment Land Review

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Consultation Draft

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March 2015

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## Executive Summary

This Employment Land Review has been prepared to inform Development Plans in Hart, Rushmoor and Surrey Heath which have strong economic linkages and form a Functional Economic Area (FEA).

The study covers the period 2011-2032 and provides current information on the FEA's existing employment sites and premises, and assesses future floorspace needs and land requirements for B class employment uses (offices, industry and warehousing) under a range of different growth scenarios. It also considers the current and future balance of demand and supply for employment land in the FEA, and potential approaches in relation to employment land in emerging development plans.

The National Planning Policy Framework (NPPF) is clear the emerging Local Plans should strive to meet the economic needs of their areas by supporting existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area.

The key findings of the study are as follows:

1. The FEA has a successful economy that has generated 6,900 additional jobs between 1998 and 2012 and demonstrated resilience throughout the economic downturn due to the broad range of businesses in the FEA that sit within a wide range of sectors. Productivity (measured by Gross Value Added (GVA) per worker) within the FEA labour force is lower than Enterprise M3 LEP and national averages, although there are significant variations between the three local authority areas. Self-containment within the FEA is 50.8%, which is not surprising given the dense pattern of urban settlements in the wider area and opportunities for residents in the three local authority areas to commute into London and other economic centres.
2. The FEA has a relatively balanced mix of employment floorspace that can support a range of sectors, although there is a noticeably higher proportion of office stock when compared to other competing economic centres. There is a good supply of vacant office floorspace that is available for occupation, with over 200,000sqm of office space being marketed in December 2014. In contrast, for the industrial market approximately 75,000sqm of floorspace is being marketed that is available for immediate occupation. There are a number of development proposals in adjoining local authorities that compete with the offer in the FEA for future employment development. Examples include high profile established Business Parks such as Winnersh Triangle in Wokingham and Arlington Square, Bracknell Forest.

### Supply

3. There is a substantial pipeline supply of employment land, consisting of Local Plan allocations that have not been built out (in full or part) in addition to un-implemented planning permissions. The maximum available land supply as of January 2015 is just

over **99.2ha** of land that could be delivered to meet the needs of the FEA's economy. However, 90% of this supply is from extant planning permissions which may not be implemented and a small number of sites make up a substantial amount of the supply with a single site providing 47.5ha.

4. The FEA forms part of the Blackwater Valley, which is generally perceived to be a relatively self-contained commercial property market despite its proximity to a number of other large centres nearby. A significant quantity of large footprint office accommodation has been developed across the Blackwater Valley over the past two decades, although it is widely acknowledged that occupier demand has never kept pace with this supply and the post 2007 economic downturn exacerbated this. However, the office market has started to recover with the amount of floorspace let in the FEA increasing by 76% between 2013 and 2014.

### **Demand**

5. Commercial agents highlighted that there are two distinct tiers to the office market within the FEA, these are as follows:
  - Modern Grade A stock in prominent, accessible business park environments is in strong demand and the supply of such floorspace is continuing to reduce as the market improves.
  - Lower grade stock for which there is limited demand and a large supply. As a result the poorer quality stock is remaining vacant for prolonged periods. The current over supply of lower grade office accommodation is limiting investment in the refurbishment of such stock as low rent levels make such investment unviable.
6. The FEA has a strong industrial market, with concentrations of industrial land in and around the A331 Blackwater Valley Road. Unlike for offices, industrial demand is more evenly spread with limited variations across the FEA's main centres. This is reflected by the typical industrial rents being achieved in the FEA tending not to vary much by location. The industrial market remained relatively stable throughout the economic downturn with transactions remaining strong since 2011 and high occupancy levels. There is a limited supply of vacant floorspace available to meet the needs of the market with only 75,000sqm of vacant industrial floorspace being marketed that is available for immediate occupation. Commercial Agents noted that there is a shortage of the following types of industrial accommodation in the FEA:
  - warehousing accommodation or a mix of warehousing and offices (circa 2000sqm – 7,500sqm)
  - small starter units (circa 150sqm to 250sqm) located close to strategic highway links (e.g. the M3 / A331 Blackwater Valley Relief Road)
7. The study has assessed **76** employment sites across the FEA that exceed 0.25ha and the detailed site assessments look at a number of factors that will help inform future decisions about the allocation status of these sites through emerging Development Plans, including information on the type and role of the site, its

accessibility, environment and parking. In addition, the surveys provide information on a selection of planning constraints and any vacant premises at the site. The site appraisals are contained in Appendix 1 of this report.

8. Three different scenarios of future employment floorspace and land requirements have been considered for the FEA for the period up until 2032, based on approaches that reflect labour demand projections, past development delivery rates and the labour supply required to support the FEA's objectively assessed housing need. All of these scenarios would generate a level of job growth greater than that achieved between 2002 and 2012. Following a detailed review of the three forecast scenarios and taking account of National Planning Policy and Guidance the 'Labour Supply' forecast was selected for further testing that incorporated a safeguard test to reflect the NPPF need for flexibility. The safeguard test is **not considered** to be a robust forecast for identifying future employment land needs.

### **Outcomes**

9. The selected employment demand scenario would result in a floorspace requirement for circa 266,000sqm of B-class floorspace that translates into a land requirement of **55.7ha** which could be met from the existing supply of land allocations and extant permissions.
10. The FEA is expected to see relatively strong growth in Office / Research and Development (R&D) based sectors up until 2032 and in qualitative terms, the FEA has sufficient vacant office floorspace and land available to meet the identified requirements (44ha) with a small surplus of land available (5.8ha).
11. The FEA is expected to see growth in industrial sectors up until 2032 and in quantitative terms, the FEA has sufficient vacant land available to meet the requirements (11.7ha) with a large surplus of land available if the permitted scheme at Hartland Park is considered. However, if Hartland Park is discounted to reflect that the site has consent for a single occupier Logistics Park that will not meet the needs of local business requiring industrial floorspace, the surplus would reduce considerably to 8.4ha.
12. It is concluded that emerging Development Plans in the FEA could:
  - a. Identify strategic and locally important employment sites;
  - b. Review the boundaries of some established employment areas;
  - c. Encourage the refurbishment and upgrading of existing office stock at core office locations, whilst also enabling the loss of some lower grade office to alternative uses to rebalance supply with demand;
  - d. Encourage the development of vacant land at strategic and locally important employment sites to meet the requirements for quality office stock and premises to meet the needs of the industrial sectors;
  - e. Encourage the refurbishment / redevelopment of industrial floorspace.
13. It is recommended that each of the FEA authorities continue to monitor the amount of new floorspace being delivered, but also the amount of employment floorspace being

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lost to alternative uses. This information is crucial, specifically in light of the consultation proposals to extend Permitted Development rights for the conversion of employment premises to residential dwellings.

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## Introduction

- 1.1 This joint Employment Land Review has been produced by Hart District Council, Rushmoor Borough Council and Surrey Heath Borough Council which cumulatively make up a Functional Economic Area (FEA). The study will provide robust evidence to enable the three authorities to plan holistically for employment land provision across the FEA through the production of Development Plans.
- 1.2 The focus of this study is on strategic employment land issues across the Functional Economic Area, taking account of demand/supply factors. However, the individual economic issues and employment requirements of each district are also drawn out. Specific outputs required from this study were:

### Stage 1

- the planning policy and economic context of Hart, Rushmoor and Surrey Heath and the wider strategic area;
- a review of existing employment stock in the strategic market area and trends in demand including market conditions, economic data, price signals and needs of different types of economic development;
- a review of labour market statistics;

### Stage 2

- an understanding of the market including future directions and price signals;
- model forecasts on which to base projected future needs;
- employment land/floorspace requirements broken down into typologies of use and/or market segments reflecting changes in working practices;
- whether the current balance of employment uses requires rebalancing in relation to the strategic rather than the local context.

### Stage 3

- a qualitative appraisal of sites;
  - an indication of which sites should be retained and the level of protection to be afforded;
  - which sites could be released to other uses;
  - a clear indication of any gaps in the portfolio broken down into typologies of use and/or market segments;
  - an indication of whether individual sites can accommodate future employment needs.
- 1.3 The study's approach generally follows Government guidance on undertaking Employment Land Reviews contained within the [National Planning Practice Guide \(NPPG\)](#). It focuses on employment space needs for the group of B Use Classes i.e. B1 (business), B2 (industry) and B8 (warehousing/distribution). It does not assess the future land needs of other employment generating uses such as retail, tourism, healthcare and education.

- 1.4 The study also draws on earlier employment land studies prepared for the three local authorities and adjoining areas as well as other relevant documents including national planning policy and practice guidance, property market information, planning policy documents, economic sector studies and published economic statistics.

## **Aims**

- 1.5 The key aims of this Employment Land Review update are to:
- Establish how the economic situation in the HRSH Functional Economic Area has changed since the previous ELR was undertaken in 2009;
  - Analyse recent and current commercial property market trends in the HRSH Functional Economic Area;
  - Undertake a review of current employment floorspace provision in the HRSH Functional Economic Area;
- 1.6 The Strategic Housing Market Assessment (SHMA) has also been updated for the Hart, Rushmoor and Surrey Heath Housing Market Area (HMA) concurrently to this ELR, and is presented as separate report.

## **Scope of Study**

- 1.7 The focus of this report is on the employment space needs for the group of B class sectors outlined below:
- B1 Business (offices, research & development, light industry);
  - B2 General Industrial; and
  - B8 Storage or Distribution (wholesale warehouses, distribution centres).
- 1.8 Demand for B-class employment land and floorspace is considered in this report. Industrial space includes light industrial (B1c), industrial (B2) and storage and distribution uses (B8).
- 1.9 The purpose of this study is to provide evidence to support the development of Development Plans in the HRSH FEA. It is not a policy or strategy document, but instead provides an evidence base input to specific planning or economic development policies being developed by the partner authorities.
- 1.10 An important consideration for any work of this nature is that it is inevitably a point-in-time assessment that cannot entirely reflect very recent changes in circumstances. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by the partner authorities.

1.11 As part of the study, consultation<sup>1</sup> was undertaken with a range of stakeholders including:

- Enterprise M3 Local Enterprise Partnership
- Commercial Agents
- The Economic Development Teams at Hart, Rushmoor and Surrey Heath.

## **Duty to Cooperate and Stakeholder Engagement**

1.12 It is evident in examinations of Core Strategies and Local Plans that the Planning Inspectorate is scrutinising whether the evidence base used in plan making is up-to-date and robust; and whether local authorities have fulfilled the Duty to Co-operate.

### **What does the duty to co-operate mean for Councils?**

The duty:

- relates to sustainable development or use of land that would have a significant impact on at least two local planning areas or on a planning matter that falls within the remit of a county council
- requires that councils set out planning policies to address such issues
- requires that councils and public bodies '*engage constructively, actively and on an on-going basis*' to develop strategic policies
- requires councils to consider joint approaches to plan making.

Paragraph 156 of the NPPF sets out the strategic issues where co-operation might be appropriate

Paragraphs 178-181 of the NPPF give further guidance on '*planning strategically across local boundaries*', and highlight the importance of joint working to meet development requirements that cannot be wholly met within a single local planning area, through either joint planning policies or informal strategies such as infrastructure and investment plans.

**Source:** Planning Advisory Service: [A Simple Guide to Strategic Planning and the Duty to Co-operate](#)

1.13 Whilst the three local authorities have worked together to deliver this ELR, they recognise the need for wider engagement and joint working with other adjacent local authorities. As part of this, the findings of the work to define the Hart, Rushmoor and Surrey Heath Functional Economic Area were sent to stakeholders including neighbouring authorities and the Enterprise M3 LEP.

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<sup>1</sup> An ELR Stakeholder Event was held at Rushmoor Borough Council's offices in November 2014 to obtain the views of local members, economic development officers and commercial agents operating in the HRSH FEA on both the demands of the office and industrial markets.

## Structure of Report

1.14 The report is structured as follows:

- **Policy Context (Section 2)** – provides an overview of current policy that is influencing the commercial property market in the HRSH FEA and Local Planning Authority functions;
- **Economic Context (Section 3)** – a review of current economic conditions and recent trends in the HRSH FEA and a summary of the economic strengths and weaknesses that may affect future needs for employment space;
- **Overview of Employment Space (Section 4)** - analysis of the current stock and trends of employment space in the HRSH FEA in terms of mix of uses, development rates (gains and losses), age of premises and provision in neighbouring local authority areas;
- **Supply of Employment Land (Section 5)** – provides a summary of the supply of land available for employment uses in March 2014. This supply is then reality checked to take account of proposals that have come forward since March 2014;
- **Commercial Property Market (Section 6)** – a review of the HRSH FEA commercial property market, including the supply of and demand for different types of premises and the needs of different market segments;
- **Future Requirements for B Class Employment Space (Section 7)** – estimates of future employment space requirements for B Class sectors in quantitative terms in the HRSH FEA, drawing on three types of forecasts and other factors. The selection of a scenario for further testing is then justified;
- **Balancing Supply and Demand (Section 8)** – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, by comparing the selected forecast requirements with availability of employment land in the FEA;
- **Review of Current Employment Sites Portfolio (Section 9)** – provides a brief summary of each of the employment sites that have been assessed as part of this study;
- **Overall Conclusions and Policy Options (Section 10)** – considers policy and other measures that could be implemented to maintain a portfolio of sites within the FEA to deliver sustainable economic growth.

## ELR Disclaimer

1.15 In relation to the information contained within this report and any other report relating to the Hart, Rushmoor, Surrey Heath Employment Land Review (ELR), the three authorities make the following disclaimer:

- The identification of land with potential for employment uses in the ELR does not imply that the appropriate planning authority will necessarily grant planning permission for employment development on that land or allocate land for employment development through an emerging Development Plan. All planning applications will continue to be determined against the development plan and material planning considerations.
- The inclusion of land for employment development in the ELR does not preclude it being developed for uses other than employment. Proposals will be considered against the development plan and other material planning considerations.
- The site boundaries included in the ELR are based on the best information reasonably available at the time. The ELR does not limit an expansion or contraction of these boundaries for the purpose of a planning application or future allocation through an emerging Development Plan.
- The exclusion of sites from the ELR (either because they were discounted or not identified) does not preclude the possibility of planning permission being granted on them for employment uses. The three authorities acknowledge that sites may come forward through the planning system which have not been identified in this ELR. Proposals will be considered against the development plan and other material considerations.
- The three authorities do not accept liability for any factual inaccuracies or omissions in the ELR. The information within the ELR represents the information that was reasonably available to the project team at the time of writing. Users of the study should acknowledge that there may be additional constraints on sites that are not included within the ELR document and that planning applications will continue to be determined on their own merits rather than on the information contained within this document. Issues may arise during the planning application process that could not be and were not foreseen at the time of publication of the ELR. Applicants are therefore advised to carry out their own analysis of site constraints for the purpose of the planning application and should not rely on the information contained within the ELR.
- The ELR has a broad base date of December 2014 and therefore represents a snapshot of information held at that time. The three authorities will monitor employment land supply through their respective Authority Monitoring Reports and it is anticipated that the ELR will be reviewed at least every five years.

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- A variety of sources have been used in the preparation of the ELR and the base dates for some of the information vary. However, the most up to date information has been used wherever possible.

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## 2. Policy Context

### National Planning Policy

- 2.1 The National Planning Policy Framework (NPPF) was published in March 2012 to replace the existing planning policy documents (Planning Policy Statements and Planning Policy Guidance). The NPPF is focused on the delivery of sustainable development through the presumption in favour of sustainable development.
- 2.2 The NPPF is clear (paragraph 161) that local authorities should use evidence to assess the 'existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs by stating that *'reviews of land available for economic development should... include a reappraisal of the suitability of previously allocated land'*. This Employment Land Review will provide this evidence to support the Local Plans being produced in Hart, Rushmoor and Surrey Heath by identifying employment land requirements across the three authority areas for the time period 2011-2032'.
- 2.3 The NPPF (paragraph 21) states that local planning authorities should (emphasis added):
- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth
  - Set criteria, or identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period
  - Support existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area
  - Set policies which are flexible enough to accommodate needs not anticipated in the plan period and to allow a rapid change to changes in economic circumstances
  - Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high tech industries
  - Identify priority areas for economic regeneration.
- 2.4 A crucial paragraph within the NPPF is paragraph 22 which states (emphasis added) that *'planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities'.*
- 2.5 Continuing the theme outlined of only safeguarding economic land that is required, paragraph 51 of the NPPF states that local authorities should approve *'planning applications for change to residential use and any associated development from*

*commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate’.*

## **Planning Practice Guidance**

2.6 The Government has produced Planning Practice Guidance (PPG) to support the implementation of the NPPF. The document provides a range of guidance on different topics including the production of economic evidence to support Local Planning Policies.

2.7 The following provides a summary of the key recommendations within the PPG that apply to the production of an Employment Land Review:

<b>PPG para</b>	<b>Statement</b>
030	<p>Provides guidance on how the current situation in relation to economic uses can be assessed which includes:</p> <ul style="list-style-type: none"> <li>• Liaising closely with the business community to understand their current and potential future requirements</li> <li>• Obtaining up to date statistics on take-up of sites should be consulted at this stage, along with other primary and secondary data sources to gain an understanding of the spatial implications of ‘revealed demand’ for employment land.</li> <li>• Identification of oversupply and evidence of market failure (e.g. physical or ownership constraints that prevent the employment site being used effectively).</li> </ul>
031	<p>When examining the recent take-up of employment land, it is important to consider projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses</p>
032	<p>Provides guidance on forecasting employment land requirements and states that local authorities should consider:</p> <ul style="list-style-type: none"> <li>• Sectoral and employment forecasts and projections (labour demand)</li> <li>• Demographically derived assessments of future employment needs (labour supply techniques)</li> <li>• Analyses based on the past take-up of employment land and property and/or future property markets</li> <li>• Consultation with relevant organisations, studies of business trends and monitoring of business, economic and employment statistics.</li> </ul>
034	<p>Provides guidance on calculating employment land requirement and identifies four</p>



	<p>key relationships that need to be quantified:</p> <ul style="list-style-type: none"><li>• Standard Industrial Classification sectors to use classes;</li><li>• Standard Industrial Classification sectors to type of property;</li><li>• employment to floorspace (employment density); and</li><li>• floorspace to site area (plot ratio based on industry proxies).</li></ul>
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## **Enterprise M3 - Local Enterprise Partnership**

2.8 Hart, Rushmoor and Surrey Heath are located within the Enterprise M3 Local Enterprise Partnership area that stretches for approximately seventy-five miles through Hampshire and Surrey from the New Forest in the south to the perimeter of Heathrow Airport in the north.

2.9 Research carried out by Enterprise M3 shows that the area as a whole has an advanced knowledge-based economy with high levels of innovation and productivity. Some of the main findings of this research into the Enterprise M3 economy are summarised below:

- Home to 1.6 million people with approximately 86,000 businesses and 740,000 employees.
- Strengths include the sectors of ICT and digital media; financial and professional services; pharmaceuticals and healthcare; advanced engineering and marine; aerospace and defence; and energy and environment sectors.
- Historically high rates of economic growth with the annual economic growth rate between 1998 and 2008 being 5.1%. Only seven other LEPs grew at a higher rate and most from a much lower base.
- An above average concentration of micro and small businesses that are responsible for almost 50% of private sector output and 60% of private sector jobs.
- High level of integration with its neighbours, an example of this being the significant flows of workers between the LEP and surrounding areas with 220,000 people commuting out and 167,000 commuting in;
- A highly productive workforce (GVA per head of £24,200 in 2009 compared to the figure for England of £21,000) with low rates of economic inactivity and a high skills profile (39.5% of working residents hold a NVQ Level 4 qualification compared to the national average of 32.7%).

2.10 However, this high performing integrated economy is far from homogeneous and the Enterprise M3 research suggests the LEP area can be split into three main areas:

- To the North (areas neighbouring the M25 including Guildford, Woking and the Farnborough / Camberley / Aldershot conurbation): With strong links to London and the Thames Valley and including a large number of international

headquarters and technology based businesses. Some large urban centres with light industry and vibrant service sectors.

- At the Centre (including Basingstoke and Winchester): Predominantly a rural economy but with significant urban centres. Some large businesses (particularly in Basingstoke) but largely small scale service businesses. Prosperity largely based on employment flow north or south.
- To the South (New Forest/ southern fringe including Whitehill and Bordon and Waverley): Similar to the Centre (above) apart from industrial fringe along Solent. Strong emphasis on environment assets and tourism and leisure industries.

### **Enterprise M3 Strategic Economic Plan**

- 2.11 The Enterprise M3 LEP [Strategic Economic Plan](#) (SEP) identifies the vision for the Enterprise M3 area as *‘the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life’*. The SEP identifies that the LEP area has world-class sectors in ICT and digital media, pharmaceuticals, aerospace and defence and professional and business services which are supported by knowledge-based businesses, traditional and high value manufacturing and services, and world-class higher-level skills. These four sectors are also identified as priority sectors by the LEP.
- 2.12 In addition to the four priority sectors, the LEP has identified eight niche sectors in which the area has established strengths and which it will aim to support:
- Satellite Technologies
  - 5G Mobile Communication Technologies
  - Cyber Security
  - Advanced Material and Nano-technology
  - Photonics
  - Advanced Aerospace / Automotive Manufacturing
  - Animal Health
  - Computer Games and Entertainment Technologies
- 2.13 The SEP maps the key economic assets of the LEP and the following are located within the Functional Economic Area:
- QinetiQ / Cody Technology Park (Rushmoor)
  - Fluor (Rushmoor)
  - TAG Farnborough (Rushmoor)
  - Farnborough College of Technology (Rushmoor)
  - Aldershot Garrison (Rushmoor)
  - RAF Odiham (Hart)
  - Sandhurst Military Academy (Surrey Heath)

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2.14 The SEP identifies Farnborough as a Growth Town whilst identifying Aldershot and Camberley as Step up towns. To support these designations the LEP are proposing Growth Packages for each of these towns, details of which are summarised below:

Settlement	Growth Package
Aldershot	<ul style="list-style-type: none"> <li>• Collaboration with partners to ensure the successful delivery of the Wellesley development</li> <li>• Town centre regeneration to unlock housing, alongside new retail, cultural and leisure uses</li> <li>• A sustainable transport package, including improvements to Aldershot Railway Station Access and Interchange</li> </ul>
Camberley	<ul style="list-style-type: none"> <li>• Regeneration measures to support development of the town centre</li> <li>• Highway improvement schemes to ease congestion on the A30/A331 corridor and the M3 approach scheme</li> <li>• Sustainable transport packages for Camberley and Frimley.</li> </ul>
Farnborough	<ul style="list-style-type: none"> <li>• A package of highway projects to address congestion in Farnborough such as the capacity improvements on the A325, A327 and A3011</li> <li>• Sustainable transport package to improve access to Blackwater Valley, Farnborough Business Park and the town centre</li> <li>• University Centre Farnborough</li> <li>• The creation of a new Regional Centre of Excellence for Aerospace and Defence</li> </ul>

2.15 In addition, the SEP includes LEP wide targets to:

- GVA per Capita – 25% above the national average through increased productivity and a focus on high value sectors
- Jobs – Increase the employment rate from 77.4% to 80%, creating 52,000 new jobs
- Business Birth and Survival – adding 1,400 businesses annually to the area

## Local Corporate Strategies

### Hart Corporate Plan

- 2.16 Hart District Council's Corporate Plan sets out the main themes and objectives of the Council. The aims regarding the local economy are to:
- Promote local small scale businesses
  - Promote the vitality of local centres, particularly their retail facilities
  - Maintain and safeguard rural and village economies
  - Recognise and actively promote Fleet Town Centre's role as the district's main shopping centre and as a location for speciality shopping serving the wider Blackwater Valley

### Rushmoor Corporate Plan 2014-15

- 2.17 The Rushmoor Corporate Plan (2014-15) identifies that the borough is well-placed for businesses and that the council wants to support local companies and help them flourish – from the smallest to the largest. The Plan identifies that the Council will be increasing activities to boost economic growth in the area, including developing an economic development strategy and engaging with local businesses more so that we help support them and meet their needs, where possible.
- 2.18 The Plan identifies the aspiration for the borough's residents to be able to work locally in well-paid jobs, although acknowledges that this means making sure they have the right skills to meet the needs of our local employers.

### Surrey Heath Corporate Plan – 2020 Vision

- 2.19 The 2020 Vision states that the Council will 'sustain and promote the local economy, support local business and encourage economic growth'. The authority has also refreshed its economic development strategy to lead up to the end of 2020. The strategy echoes the Core Strategy document in setting a target to make provision for 7,500 new jobs in the period up to 2027. Full use of existing employment land will be essential in achieving this aim. The Council recognises its challenges in this area are to: ensure a flexible supply of high quality employment floorspace; utilise existing employment areas; and, promote a more intensive use of employment sites through recycling, refreshment and regeneration of older or vacant stock. In setting a target for job creation the Council is restricted by the SPA and challenges over land assembly for new development. Recycling and infill are recognised as the best options in the Borough for new employment.
- 2.20 The main town in the borough is Camberley and its designation as a 'step up town' by the Enterprise M3 LEP, together with the announcement of £14.9m for local infrastructure measures provides a boost to the local economy in terms of the future development of key employment areas (such as STEM subjects) as well supporting the local (and EM3) aspiration to create a health cluster capitalising on the advantage

of having the top performing hospital (Frimley Park) in the country based in the borough. Core employment land in Lyon Way and Albany Park, adjacent to the hospital, will be major beneficiaries as the cluster plans are taken forward. Other core sites in Yorktown and Watchmoor will also benefit as transportation issues are eased by planned infrastructure spend.

- 2.21 The Council's policies and strategies have been designed to support economic growth, to employ more people locally, to improve transportation links for commuters, to refresh existing employment sites and to provide extra provision where required, to promote the borough, promote business and to ensure that local business land is used to the fullest advantage.

## Local Planning Policy

- 2.22 Whilst the three local planning authorities are currently preparing updated Development Plans, the following section provides a brief overview of the Local Planning Policies relating to Employment Land and economic development that currently apply.

### Hart District Local Plan

Document	Policy	Policy Purpose
Saved Local Plan Policies (2006)	<b><i>Employment development in the urban area:</i></b>	
	URB 2 – 6	General policies for business development in urban areas.
	URB 7	Resisting development which would result in the loss of an existing employment site unless the present use harms the character or amenities of its surroundings, the site is not capable of continuing satisfactorily in an employment use, or there would be substantial benefits to the locality.  Supporting text to this policy emphasises the aim of retaining and encouraging skilled jobs in the employment areas.
	<b><i>Employment development in rural areas:</i></b>	
	RUR12	Deals with permission for business development or change of use to business (B1) use subject to a number of criteria including scale and the impact on amenity and the character of the building or setting.  Supporting text recognises that small scale business development in rural settlements can help to diversify the local economy and provide jobs for local residents.
	RUR13 – 15	Development of the local rural economy having regard to the qualities of the countryside.
	RUR 16	Loss of employment uses will not be permitted.

## **Rushmoor Core Strategy (Adopted 2011)**

<b>Document</b>	<b>Policy</b>	<b>Policy Purpose</b>
<b>Core Strategy (2011)</b>	Policy SS1: The Spatial Strategy	The policy states that: <ul style="list-style-type: none"> <li>Approximately 164,000 sq m of new employment floorspace will be provided in the Borough up to 2027.</li> <li>Major employment uses will be located within town centres and the Key Employment Sites (twelve sites in Farnborough, nine sites in Aldershot)</li> </ul>
	SP3: Aldershot Town Centre	The policy states that to regenerate Aldershot town centre the development of offices outside the primary shopping areas will be supported <sup>2</sup> .
	SP4: Farnborough Town Centre	The policy states that to revitalise Farnborough town centre the strategy the development of offices outside the primary shopping areas will be supported <sup>2</sup> .
	CP8: Key Employment Sites	The policy states that the council will seek a mix of employment premises on the Key employment sites defined in Policy SS1 and that Non B-class uses will not be permitted on Key Employment Sites except where they are small scale, and support the operation of the employment area.
<b>Saved Local Plan Policies (2002)</b>	FA1: Farnborough Aerodrome	The policy states that planning permission for major development proposals at Farnborough Aerodrome will be permitted is a number of criteria are satisfied. This includes the criteria that the proposals would not result in development proceeding at a rate in excess of 25,000 square metres of employment floorspace per annum.
	FA3: Farnborough Aerodrome other uses	The policy states that the main factory site is allocated for employment development. At least 20 hectares (70,000sqm of floorspace) of the site should be reserved for Class B1(b and c) uses. The Council will permit parts of the site to be developed for other appropriate uses.
	FA4: Queen's Gate	The policy states that the Queen's Gate site is allocated for a mix of employment and residential.

<sup>2</sup> The policies recognise that in Farnborough and Aldershot Town Centres new development is likely to be small scale.

## **Surrey Heath Core Strategy and Saved Local Plan Policies**

2.23 The following table details the core Development Plan Policies that relate to employment uses in Surrey Heath and is not a complete list policies relating to employment uses:

<b>Document</b>	<b>Policy</b>	<b>Policy Purpose</b>
<b>Core Strategy and Development Management Policies DPD (2012)</b>	CP1: Spatial Strategy	The policy states that new development will come through largely through redevelopment of previously developed land. Employment growth in will be largely focussed on Camberley Town Centre, Core Employment Areas and other existing large employment sites in Frimley. Other settlements have limited capacity for employment growth through redevelopment of existing sites.
	CP8: Employment	Will seek to make provision for 7,500 new jobs in period to 2027 through utilising existing employment areas and promoting more intense use of these sites. Core Employment Areas will be retained for employment use (with no overall loss of industrial floorspace) and along with Camberley Town Centre will be the focus for economic regeneration and inward investment. In Camberley Town Centre, mixed use development making a positive contribution to the economic role of the town centre will be encouraged. Redevelopment of other employment sites to provide small flexible B1 units will be promoted.
	CP10: Camberley Town Centre	The policy states that regeneration of the town centre to sustain vitality and viability and in particular address the high level of office vacancies within the town will be promoted. Up to 200 homes and 41,000 square metres of gross retail floorspace anticipated to 2028.
	DM12: District and Local Centres and Neighbourhood Parades	The Borough Council will encourage development that offers environmental improvements and supports and enhances the viability, vitality and retail function of District and Local centres and Neighbourhood Parades. Resists loss of retail units below specified levels. Non A use classes not normally permitted at ground floor level, and development at first floor level should first consider residential accommodation although community or B1a office uses may be acceptable.

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	DM13: Employment Development Outside Core Employment Areas and Camberley Town Centre	Outside Core Employment Areas and Camberley Town Centre development for B class uses will generally be restricted to existing buildings/operations in employment use (extension, alteration, addition, redevelopment) and sites allocated for employment use in a Site Allocations DPD. The loss of employment sites may be permitted if that loss fulfils certain criteria.
<b>Camberley Town Centre Area Action Plan (2014)</b>	TC5: Employment	The Council will permit development proposals that improve the quality and range of office and business accommodation. Development resulting in loss of B use floorspace not permitted within Knoll Road commercial area but may be acceptable elsewhere in Town Centre if it achieves other plan objectives
	TC14: London Road block	Proposed for redevelopment, site expected to deliver up to 41,000sqm (gross) retail floorspace comprising a mix of sizes of retail units to be anchored by a major comparison goods store. Sets out additional uses which may be acceptable to support delivery of main scheme. Sets out a number of redevelopment criteria.
	TC17: Pembroke Broadway (north)	Council will work with relevant parties to provide, among other things, retail improvements, housing, offices, improved parking facilities and environmental improvements.
	TC20: The Granary	Proposed for redevelopment for one or more commercial town centre uses comprising offices, leisure or community facilities on ground floor and housing or one or more commercial town centre uses on the upper floors.
<b>Local Plan (2000) Saved Policies</b>	Policy E6: Employment Revitalisation Areas	Policy states that in Employment Revitalisation Areas the Council will encourage development for B1, A2 and A1 floorspace or other appropriate uses.
	Policy E8: Land at Half Moon Street, Bagshot	On the land between London Road and Half Moon Street, Bagshot, the Council will encourage redevelopment to include uses such as B1 (both office based and light industrial), A2 and C3.

## Revised permitted development rights

- 2.24 On 30 May 2013, changes were made to the permitted development rights. A change of use from B1(a) offices to C3 residential is now be permitted for a period of three years to May 2016, subject to a prior approval process, covering significant transport



and highway impacts, development in safety hazard zones, areas of high flood risk and land contamination.

- 2.25 The permitted development rights only cover change of use and any associated physical development which currently requires a planning application will continue to need one.
- 2.26 The Government recently consulted on whether to make this change of use permanent and also expanding the types of premises that can be converted through the prior approval process, including buildings in use classes B1c (light industrial units) and B8 (storage and distribution). If this proposal is implemented it could have a significant impact upon reducing stock within the FEA's Strategic and Locally Important Employment Sites.
- 2.27 However, one component of the consultation is that prior approval will consider the potential impact of the significant loss of the most strategically important office accommodation. It is therefore important that the FEA authorities identify those employment sites that fulfil a strategic role through their Development Plan Documents.

## **Summary**

- 2.28 The NPPF is clear the emerging Development Plans should strive to meet the economic needs of their areas by supporting existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area. This study will identify the likely needs of the local economy over the period 2011-2032.
- 2.29 The Enterprise M3 Local Enterprise Partnership Strategic Economic Plan identifies four priority sectors and eight niche sectors that are well represented in the FEA and should continue to be supported. The identification of Farnborough as a 'Growth Town' in addition to Aldershot and Camberley as 'Step up Towns' highlights the importance of the FEA to delivering economic growth across the wider LEP area.
- 2.30 At the Local Authority level, corporate plans set out high level visions for how economic development will be supported, and planning policies set out the delivery mechanisms for achieving this, for example by allocating land for traditional employment uses.
- 2.31 It is important that the economic policies in emerging Development Plans are clear, concise and complement each other, and that plans does not protect sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose over the plan period. However, the potential for loss of buildings in employment use classes through permitted development rights also needs to be considered.

## 3. Economic Context

- 3.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within the Hart Rushmoor and Surrey Heath FEA, relative to the wider sub region and the national economy. This is important in identifying the existing strengths and weaknesses of the area's economy, and the factors likely to influence the nature and level of future demand for employment land within it and individual local authorities.

### Overview / FEA Profile

- 3.2 The HRSH FEA is bounded by the Hampshire districts of East Hants and Basingstoke & Deane, by the Surrey districts of Guildford, Waverley, Runnymede and Woking and by the former Berkshire districts of Wokingham, Bracknell Forest and the Royal Borough of Windsor and Maidenhead. The Hart, Rushmoor and Surrey Heath FEA does not exist in isolation from neighbouring authority areas or other FEAs. There is not only economic movement between local authority areas in terms of commuting across the borders for employment, as people frequently cross local authority borders for services (such as Health services). Residents of the HRSH FEA are also, in some cases, reliant upon neighbouring areas for access to higher order services, highlighting the complex cross boundary issues that exist.
- 3.3 Surrey Heath contains significant parts of the Metropolitan Green Belt whilst both Hart and Rushmoor contain open countryside. All three authorities have landscape and nature conservation designations, including protected heathland. The area also contains a number of military bases, particularly within Rushmoor, and is generally regarded as an attractive area to live.
- 3.4 In terms of accessibility, the HRSH FEA sits astride the M3 motorway which links it to London, the M25 and the south coast. Aldershot, Farnborough and Fleet have direct train connections to London Waterloo with frequent services and a journey time of between 35 and 55 minutes. There are also a number of stations within the sub-region on the Ascot to Guildford line, including Camberley, which provides indirect connections to London and the South coast. In addition, the North Downs Line connects Blackwater, Farnborough North and North Camp to Gatwick Airport, Guildford and Reading. The nearest airport with scheduled flights is London Heathrow, some 25 km to the north east via the M3 and M25. However, business aviation services are well catered for in the local area by Farnborough Airport, Fairoaks Airport and to a lesser extent Blackbushe Airport.
- 3.5 There are no universities within the sub-region, although just outside this area are the University of Surrey at Guildford, Royal Holloway London University, and a Brunel University campus in Runnymede and the University for Creative Arts at Farnham, specialising in art, design, media and communications. There are several further education colleges in and around this area, including Farnborough College of

Technology, that provide a range of vocational courses as well as applied science, technology and engineering courses.

## Population

- 3.6 Census data from 2011 identifies that the overall population of the HRSH FEA was 273,000 residents. Figure 3.1 compares the 2011 census findings with those of the 2001 census which identifies that the population of the FEA increased by 6.3% between 2001 and 2011, which is below both regional (7.9%) and national (7.9%) averages.

**Figure 3.1: Total Population change 2001 – 2011**

Geographic Area	2001	2011	change 2001-2011	change 2001-2011 (%)
Hart	83,500	91,000	7,500	9%
Rushmoor	91,000	93,800	2,800	3.1%
Surrey Heath	80,300	86,100	5,800	7.2%
<b>FEA</b>	<b>256,800</b>	<b>273,000</b>	<b>16,200</b>	<b>6.3%</b>
South East	8,000,600	8,634,800	634,100	7.9%
Great Britain	49,138,800	53,012,500	3,873,600	7.9%

**Source:** Census (Note: data includes service personnel living in communal establishments)

- 3.7 Following the publication of 2011 Census data, the Office for National Statistics (ONS) published population estimates (mid-year estimates) which are detailed in Figure 3.2 below. These forecasts indicate that between the 27 March 2011 and March 2014 the total population of the FEA has increased by 1,500.

**Figure 3.2: Population and economic activity data**

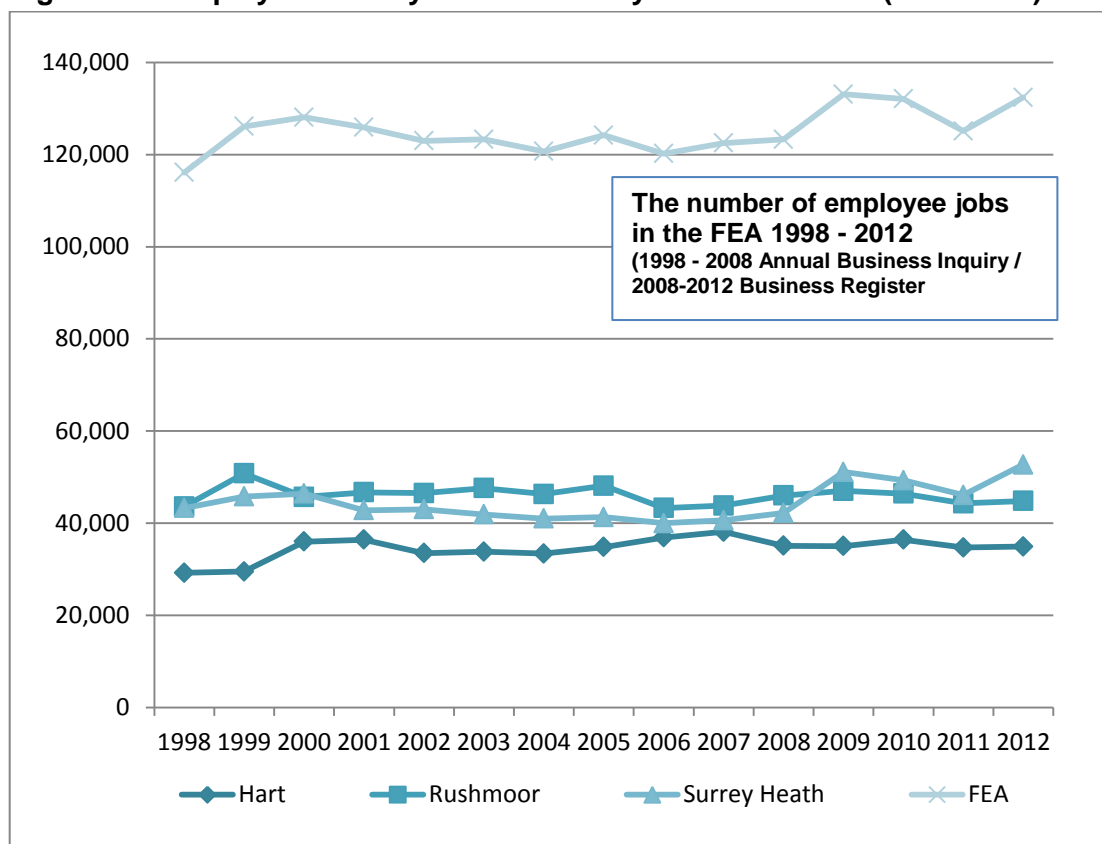
Geographic Area	Population	Population aged 16-64
Hart	92,700	57,300
Rushmoor	94,900	63,400
Surrey Heath	86,900	54,300
<b>FEA</b>	<b>274,500</b>	<b>175,000</b>

**Source:** ONS mid-year population estimates – accessed from NOMIS 20/08/14

## Employment

- 3.8 Historic job growth across the FEA provides useful context to demonstrate how the local economy has performed. Figure 3.3 graphically presents historic trends in employee jobs in the FEA between 1998 and 2012, whilst Figure 3.4 summarises how the number of employee jobs in the FEA have changed over this time period in comparison to national and regional averages.

**Figure 3.3: Employee Jobs by Local Authority Area in the FEA (1998-2012)**



3.9 Figures 3.3 and 3.4 present data to demonstrate the change in the number of employee jobs over a fifteen-year period across each of the three local authority areas and the wider FEA. The data demonstrates that between 1998-2008 Hart experienced strong job growth (20%) whilst Surrey Heath experienced a small decline in employment (-3%). In contrast, during the period 2009-2012 Surrey Heath experienced the greatest increase in employment (1,700 jobs) with Rushmoor experiencing a decline in employment (1,800 jobs). It is important to note that this data has been separated into two periods (1998-2008 and 2009-2012) because of discontinuities in the methodology utilised by the Office for National Statistics (ONS). In addition, the two periods are also characterised by different economic circumstances. Broadly, 1998-2008 was a period of economic and employment growth at the national level. In contrast, the UK economy experienced a recession in 2008-2009 followed by turbulent economic conditions (including a prolonged period of low economic growth) up until 2012.

**Figure 3.4: Employment (Number of Employee Jobs) and Change Over Time (1998-2008)**

Geographic Area	1998	2008	Change 1998-2008	% change
Hart	29,400	35,300	5,900	20%
Rushmoor	43,600	46,000	2,400	5%
Surrey Heath	43,500	42,400	-1,100	-3%
FEA	116,500	123,600	7,100	6%
South East	3,425,100	3,757,700	332,600	10%
England	21,155,000	23,073,700	1,918,700	9%

Geographic Area	2009	2012	Change 2009-2012	% change
Hart	33,600	33,500	-100	0%
Rushmoor	45,500	43,700	-1,800	-4%
Surrey Heath	49,800	51,500	1,700	3%
FEA	128,900	128,600	-200	0%
South East	3,727,200	3,767,000	39,900	1%
England	23,064,700	23,225,400	160,800	1%

**Source:** ABI (1998-2008), BRES (2009-2012). Note discontinuities in the ABI and BRES methodology so the two periods cannot be directly compared.

- 3.10 It is important that we understand the breakdown of employee jobs by sector within the FEA. Figure 3.5 below details the level of employment (by sector) for each of the local authority areas that make up the Functional Economic Area. In addition, the table presents the FEA total number of employee jobs and proportion by sector.

**Figure 3.5: Number of employee jobs by industry sectors (2012)**

Number of employee jobs by industry sections: HRSH FEA Business Register Employment Survey (BRES)	Hart	Rushmoor	Surrey Heath	FEA	
				Number	%
1 : Agriculture, forestry & fishing (A)	0	0	0	0	0.00
2 : Mining, quarrying & utilities (B,D and E)	300	800	400	1500	1.17
3 : Manufacturing (C)	1500	3000	5900	10300	8.01
4 : Construction (F)	1700	1600	1400	4800	3.73
5 : Motor trades (Part G)	800	900	700	2500	1.94
6 : Wholesale (Part G)	1400	1200	3400	6000	4.67
7 : Retail (Part G)	2400	4400	3800	10600	8.24
8 : Transport & storage (inc postal) (H)	600	1500	700	2900	2.26
9 : Accommodation & food services (I)	4700	2500	3900	11000	8.55
10 : Information & communication (J)	4800	6400	2000	13200	10.26
11 : Financial & insurance (K)	700	1600	1300	3600	2.80
12 : Property (L)	700	800	500	2000	1.56
13 : Professional, scientific & technical (M)	3800	5200	5000	14000	10.89
14 : Business administration & support	2200	4400	9600	16200	12.60

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Number of employee jobs by industry sections: HRSH FEA Business Register Employment Survey (BRES)	Hart	Rushmoor	Surrey Heath	FEA	
				Number	%
services (N)					
15 : Public administration & defence (O)	600	1600	900	3100	2.41
16 : Education (P)	3400	3500	3100	9900	7.70
17 : Health (Q)	2400	2600	7000	12100	9.41
18 : Arts, entertainment, recreation & other services (R,S,T and U)	1600	1500	1800	4900	3.81
<b>Total Employee Jobs</b>	<b>33,500</b>	<b>43,700</b>	<b>51,500</b>	<b>128,600</b>	<b>100</b>

**Source:** ONS Annual Population Survey (Apr 2013-Mar 2014) – Accessed from NOMIS 20/08/14

- 3.11 In employment terms, the FEA's largest sectors in 2012 were; Business administration and support services (12.6%); Profession, scientific and technical (10.89%); and Information and communication (10.26%). Employment in manufacturing based businesses is relatively low within the FEA at just over eight percent.

## Labour Market

- 3.12 Within the FEA, it is estimated that there are 175,000 people aged between 16 and 64 – a common measure of the size of the work force. However, it is important to note that a significant number of 16-18 year olds may be in full time education (though some will have jobs as well); and some people aged over 64 work and due to a number of economic and social factors more of this age group are doing so. Figure 3.6 displays data on levels of economic activity by the three local authority areas and for the wider HRSH FEA.

**Figure 3.6: Economic Activity and Employment**

	Hart	Rushmoor	Surrey Heath	FEA	South East	England
Population aged 16-64	57,300	63,400	54,300	175,000	5,445,000	33,844,100
of which, economically active	82.5%	75.8%	85.2%	80.9%	79.9%	77.4%
<i>in employment</i>	80.9%	73.6%	77.8%	77.3%	85.5%	71.7%
<i>unemployed</i>	3.1%	5.9%	4.6%	5.2%	5.4%	7.2%
of which, economically inactive	17.5%	24.2%	14.8%	19.1%	20.1%	22.6%
<i>would like a job</i>	9.2%	20.3%	24.5%	18%	26.7%	24.6%
<i>not seeking work</i>	90.8%	79.7%	75.5%	82.3%	73.3%	75.4%
1: managers, directors and senior officials	10.6	8.6	9.2	9.5%	11.5%	10.2%
2: professional occupations	31.5	18.5	30.6	26.8%	21.5%	19.9%
3: associate prof & tech occupations	24.2	12.8	13.1	16.9%	15.6%	14.1%
4: administrative	8.2	10.7	12	10.2%	10.6%	10.7%

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	Hart	Rushmoor	Surrey Heath	FEA	South East	England
and secretarial occupations						
5: skilled trades occupations	6.0	9.6	12.5	9.2%	9.6%	10.5%
6: caring, leisure and other service occupations	4.9	15.3	8.2	9.5%	9.3%	9.1%
7: sales and customer service occupations	5.1	7.7	n/a	6.2%	7.2%	7.9%
8: process, plant and machine operatives	5.2	4.7	n/a	3.4%	4.6%	6.2%
9: elementary occupations	4.4	11.9	8.6	8.3%	9.6%	10.7%

**Source:** ONS Annual Population Survey (Apr 2013-Mar 2014) – Accessed from NOMIS 20/08/14

- 3.13 The FEA's economic activity rate (the proportion of working age residents in or seeking employment) at 80.9% is higher than both the South East (79.9%) and national (77.5%) figures. There are variations between the levels of economic activity within the FEA with Surrey Heath having the highest economic activity rates (85.2%) and Rushmoor the lowest (75.8%).
- 3.14 However if we look at unemployment rates across the three local authority areas, there are significant variations ranging from 3.1% in Hart to 5.9% in Rushmoor whilst the average for the FEA is 5.2% which is less than the South East (5.4%) and England (7.2%) averages.
- 3.15 The above data indicates that the labour market within the FEA functions well but that there is scope to expand labour supply from current residents (approx. 6,000 residents within the FEA are seeking employment). In addition, as housing developments continue to be completed, the labour pool within the FEA will increase.
- 3.16 The FEA's resident workforce has higher than average skill levels when compared to the South East region and England. For example in highly skilled occupations (SOC groups 1 to 3) 53.2% of the FEA workforce is made up of such professions compared to the South East average of 48.6% and the England average of 44.2%. In contrast a smaller proportion (17.9%) of the FEA's resident workforce consists of lower and unskilled manual workers (SOC groups 8 to 9) when compared to the South East (21.4%) and England (24.8%) averages.
- 3.17 Turning to earnings in the FEA, Figure 3.7 below sets out the earnings of those residing and working in each of the local authority areas and the FEA. Driven in part by out-commuting to London and other major economic centres, resident wages in the FEA (at 618.60 per week) are 10.5% and 19.4% higher than the South East and national averages respectively.
- 3.18 However, residents who work in the FEA earn less, with workplace wages (at £602.50 per week), although this is still 12.3% and 16.4% higher than the South East and national averages respectively. What is evident from the data is that whilst residents of Rushmoor have the lowest mean gross earnings out of the three



authorities within the FEA, in contrast earnings by workplace in Rushmoor are the highest out of three local authority areas.

**Figure 3.7: Mean Gross Weekly Earnings 2013**

<b>Geographic Area</b>	<b>Earnings by resident (£)</b>	<b>Earning by Workplace (£)</b>
Hart	670.8	612.8
Rushmoor	533.1	621.6
Surrey Heath	662.9	579.5
<b>FEA</b>	<b>618.6</b>	<b>602.5</b>
South East	559.7	536.6
Great Britain	518.1	517.8

**Source:** Annual Survey of Hours and Earning 2013

- 3.19 Unemployment, as measured by the claimant count, is not high by historic levels or compared to the regional or national average. However, this needs to be viewed in the context of the employment data which shows the expansion in part time employment. It is likely that there are fairly significant numbers of people who have jobs and so do not feature in the unemployment figures, but do not have as many hours as they would like or need.

## **Productivity**

- 3.20 Productivity (measured by Gross Value Added (GVA) per worker) within the Functional Economic Area labour force is lower than Enterprise M3 LEP and national averages. Figure 3.8 demonstrates that the average GVA generated by workers in Rushmoor, Surrey Heath and Hart is (£49,200) which is lower than the combined output of all LEP authorities, although there are significant variations between the three local authority areas.

**Figure 3.8: Gross Value Added per employee (December 2013)**

<b>Geographic Area</b>	<b>GVA per employee (£)</b>	<b>Relative to the UK (UK = 100)</b>
Hart	49,300	0.91
Rushmoor	43,300	0.80
Surrey Heath	54,900	1.02
<b>HRSH FEA</b>	<b>49,200</b>	<b>0.91</b>
<b>EM3 LEP</b>	<b>50,400</b>	<b>0.93</b>

**Source:** Experian LMD Forecasts (December 2013)

## **Business Demography**

- 3.21 In 2011, business formation rates for the HRSH Functional Economic Area were lower than both the South East and England averages (see Figure 3.9). However, business closure rates for the FEA are lower than those for the South East and England. If we compare the overall business survival rate of the FEA (-1.6%) this is lower than both the South East and England averages.



**Figure 3.9: Business formation and Closure data**

Geographic Area	Business Formation Rates		Business Closure Rates		Business Survival rate
Hart	455	9.5%	535	11.1%	-1.6%
Rushmoor	310	9.7%	375	11.8%	-2.1%
Surrey Heath	470	10.2%	525	11.3%	-1.1%
<b>HRSH FEA</b>	<b>1235</b>	<b>9.8%</b>	<b>1435</b>	<b>11.4%</b>	<b>-1.6%</b>
South East	36,915	10%	45,225	12.2%	-2.2%
England	207,520	10.4%	261,880	13.1%	-2.7%

Source: ONS Neighbourhood Statistics (updated 7 March 2012) – Accessed 21/08/14

## Commuting Flows

- 3.22 The 2011 Census provides more up to date information on the location of where people live when working and place of work at the local authority level. Figure 3.10 summarises local authority level Census 2011 data to demonstrate levels of self-containment within the FEA

**Figure 3.10: Self-Containment in Hart, Rushmoor and Surrey Heath, 2011**

Place of work	Usual place of residence		
	Hart	Rushmoor	Surrey Heath
Hart	11,468	3,226	1,247
Rushmoor	4,679	16,752	2,804
Surrey Heath	2,971	4,711	11,044
Other Local authority area	37,786	42,929	35,127
<b>Self-containment (%)</b>			
Local Authority area	30.3	39.0	31.4
Within HRSH	50.6	57.5	43.0
Cumulative within HRSH	<b>50.8</b>		

Source: ONS Census 2011: Location of where people live when working and place of work (dataset RF04AEW)

- 3.23 Figure 3.10 identifies that the cumulative self-containment within the FEA is 50.8%, based on the fact that 58,902 out of 115,842 working residents both live and work within the administrative boundaries of Rushmoor, Hart and Surrey Heath. It is important to note that there are variations between the degree of self-containment within each of the local authority areas. This level of self-containment is not surprising given the dense pattern of urban settlements in the wider area and opportunities for residents in the three local authority areas to commute into London and other economic centres such as Guildford, Reading and Basingstoke.
- 3.24 The Office for National Statistics mapped the 2011 census data to show significant net commuting flows between local authority areas. The significant net commuting flows for the three local authority areas that make up the HRSH FEA are detailed in Figure 3.11 overleaf.

**Figure 3.11: Census 2011 – Significant Commuter Flows between Local Authority Areas**

<b>LPA</b>	<b>Significant Commuter Flows (net)</b>	
Hart	<ul style="list-style-type: none"> <li>• Bracknell Forest</li> <li>• Guildford Borough</li> <li>• <b>Rushmoor Borough</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Surrey Heath Borough</b></li> <li>• Westminster / City of London</li> </ul>
Rushmoor	<ul style="list-style-type: none"> <li>• Guildford Borough</li> <li>• <b>Hart District Borough</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Surrey Heath Borough</b></li> <li>• Waverley Borough</li> </ul>
Surrey Heath	<ul style="list-style-type: none"> <li>• Bracknell Forest</li> <li>• Guildford Borough</li> <li>• <b>Hart District</b></li> <li>• Hillingdon</li> <li>• Hounslow</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Rushmoor Borough</b></li> <li>• Woking Borough</li> <li>• Westminster / City of London</li> <li>• Windsor and Maidenhead</li> </ul>

**Source:** Census 2011

- 3.25 Figure 3.11 demonstrates that in 2011 there were significant net commuter flows between local authority areas. The table demonstrates the strong linkages between the authorities within the FEA, whilst also demonstrating that both Hart and Surrey Heath have significant commuter flows between Bracknell Forest and Westminster and the City of London. All three authorities within the FEA have significant commuter flows between Guildford.

## Conclusions

- 3.26 This section provides a brief overview of the Hart, Rushmoor and Surrey Heath FEA which recorded relatively strong job growth between 1998 and 2012 (6,900 jobs<sup>3</sup>), whilst the economy proved to be relatively resilient through the recent economic downturn.
- 3.27 Residents within the HRSH FEA hold higher than average workforce skills and occupations, and economically activity rates remain high and unemployment rates low compares to the national average. Average resident earnings are higher than workplace earnings, which is not unexpected given the level of out-commuting to other commercial centres (specifically London).
- 3.28 Drawing together the above analysis, the FEA's economic strengths and weaknesses, together with potential opportunities and threats, will influence future demand for employment space are summarised in Figure 3.12.

<sup>3</sup> ABI (1998-2008), BRES (2009-2012). Please note that there are discontinuities in the ABI and BRES methodology.

**Figure 3.12: SWOT Analysis of the Functional Economic Area**

Current Strengths / Opportunities	Current Weaknesses / Threats
<ul style="list-style-type: none"> <li>• Relatively strong employment growth</li> <li>• Resilient economy</li> <li>• Economic activity above and unemployment below national and regional averages</li> <li>• Relatively diverse business base</li> <li>• Approximately 6,000 residents seeking employment</li> <li>• Good transport links to London and access to the M3 corridor</li> </ul>	<ul style="list-style-type: none"> <li>• High house prices</li> <li>• Competition from other centres</li> <li>• GVA per employee (£) is lower than the Enterprise M3 LEP and national averages.</li> <li>• Local pockets of deprivation</li> <li>• Relatively high out commuting of higher skilled / higher paid residents.</li> <li>• Localised traffic congestion</li> </ul>

## 4. Overview of Employment Space

4.1 This section provides an overview of the current stock of the Commercial Property Market in the HRSH FEA, and recent trends and changes to the supply of this space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses:

- Offices (use class B1(a/b))
- Warehousing/distribution (use class B8)
- Manufacturing industry (use class B1(c) / B2).

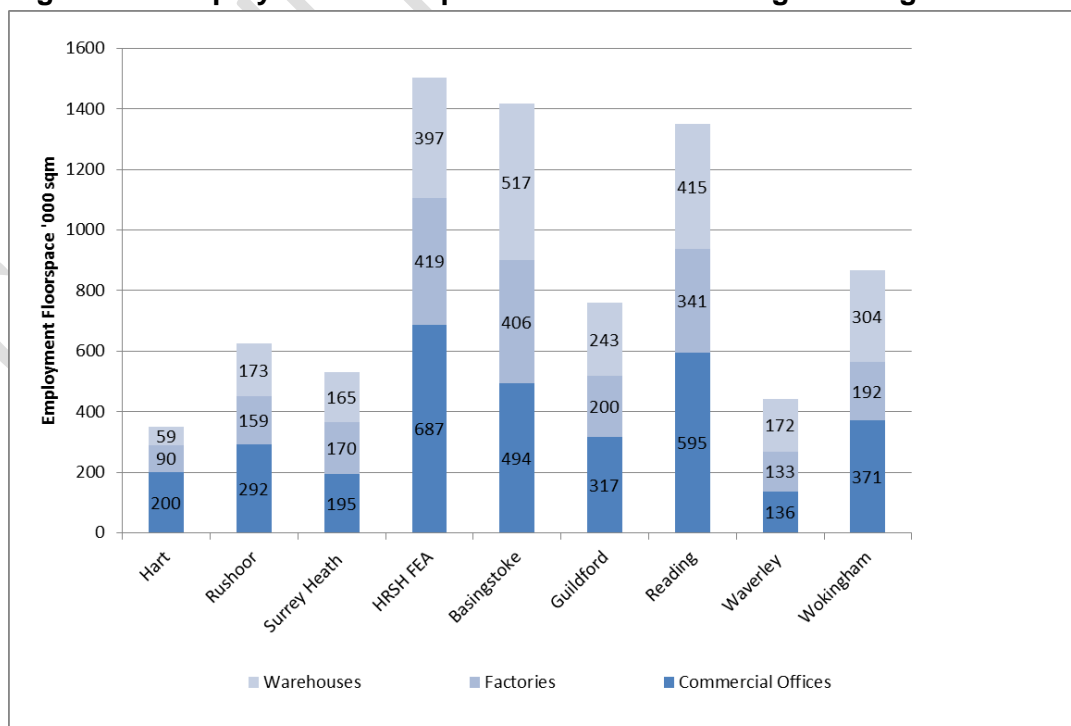
4.2 This analysis is based on data from the following sources:

- Commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Hampshire County Council / Surrey Heath Borough Council monitoring data on commercial space;
- Employment Land Review Stakeholder Group;
- Estates Gazette;
- Costar – Focus

### Stock of Employment Space

4.3 In 2008, the FEA contained some 1,503,000 square metres of B class floorspace. Figure 4.1 displays the cumulative totals for the FEA, a breakdown for each of the three authorities in addition to those for adjoining districts.

**Figure 4.1: Employment Floorspace in the FEA and neighbouring authorities**

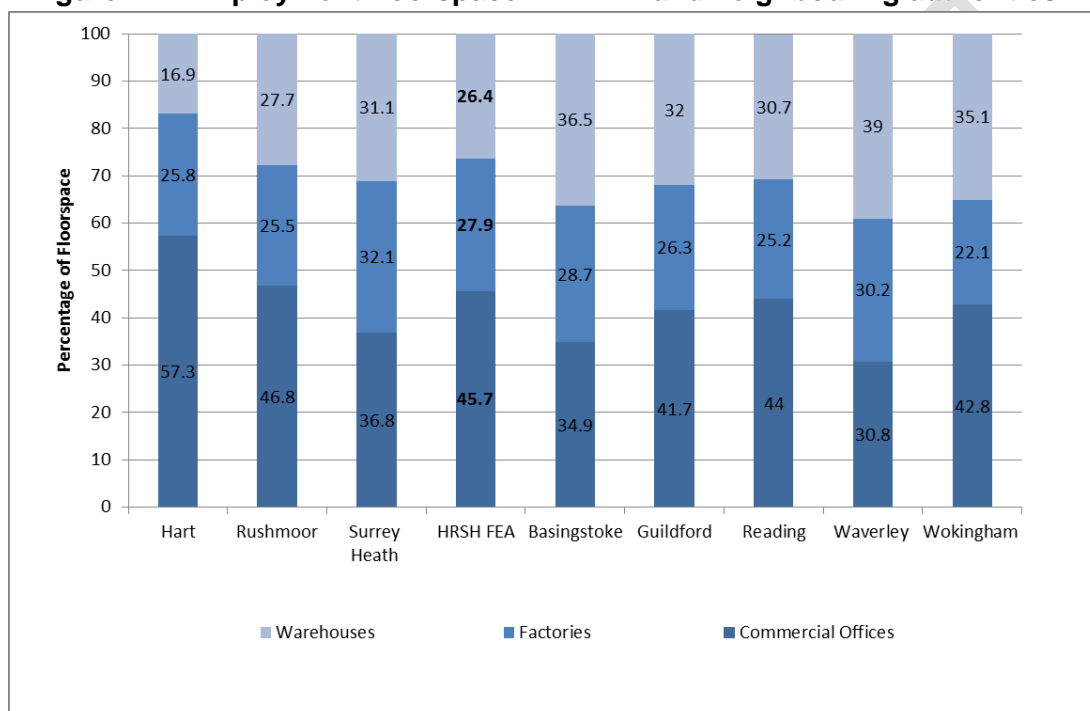


Source: Valuation Office 2008

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- 4.4 Figure 4.2 displays the proportion of floorspace by office type for each of the LPA areas and the HRSH FEA. The data demonstrates that within the FEA there are significant variations in the proportions of floorspace types. However, cumulatively in 2008 the FEA had a relatively balanced portfolio of employment floorspace consisting of approximately 46% office, 28% industrial and 26% warehousing. The data also demonstrates that the FEA has a relatively balanced mix of employment floorspace to support a wide range of sectors, although there is a noticeably greater proportion of office stock when compared to other competing economic centres such as Basingstoke and Guildford.

**Figure 4.2: Employment floorspace mix FEA and neighbouring authorities**



Source: Valuation Office 2008 / RBC Analysis

- 4.5 An indication of the scale of change in employment floorspace in the sub-region and surrounding local authorities over a ten-year period (1998-2008) is provided in Figure 4.3 below.

**Figure 4.3: Change in stock of Employment Floorspace (1998-2008)**

Geographic Area	Offices		Factories		Warehouses		Total	
	'000 m <sup>2</sup>	%	'000 m <sup>2</sup>	%	'000 m <sup>2</sup>	%	'000 m <sup>2</sup>	%
Hart	70	53.8	-1	-1.1	8	15.7	77	28.3
Rushmoor	78	36.5	-27	-14.5	6	3.6	57	10.1
Surrey Heath	-2	-1	-23	-11.9	13	8.6	-12	-2.2
<b>FEA</b>	<b>146</b>	<b>27</b>	<b>-51</b>	<b>-10.9</b>	<b>27</b>	<b>7.3</b>	<b>122</b>	<b>8.8</b>

Source: Valuation Office 2008 / RBC Analysis

- 4.6 Figure 4.3 suggests that the FEA had a net gain of some 122,000sqm of employment space between 1998 and 2008, equivalent to 8.8% of its stock which is comparable with the South East as a whole. In common with most other adjoining districts and the region, the sub-region lost factory space over the period (-51,000sqm or 11% of

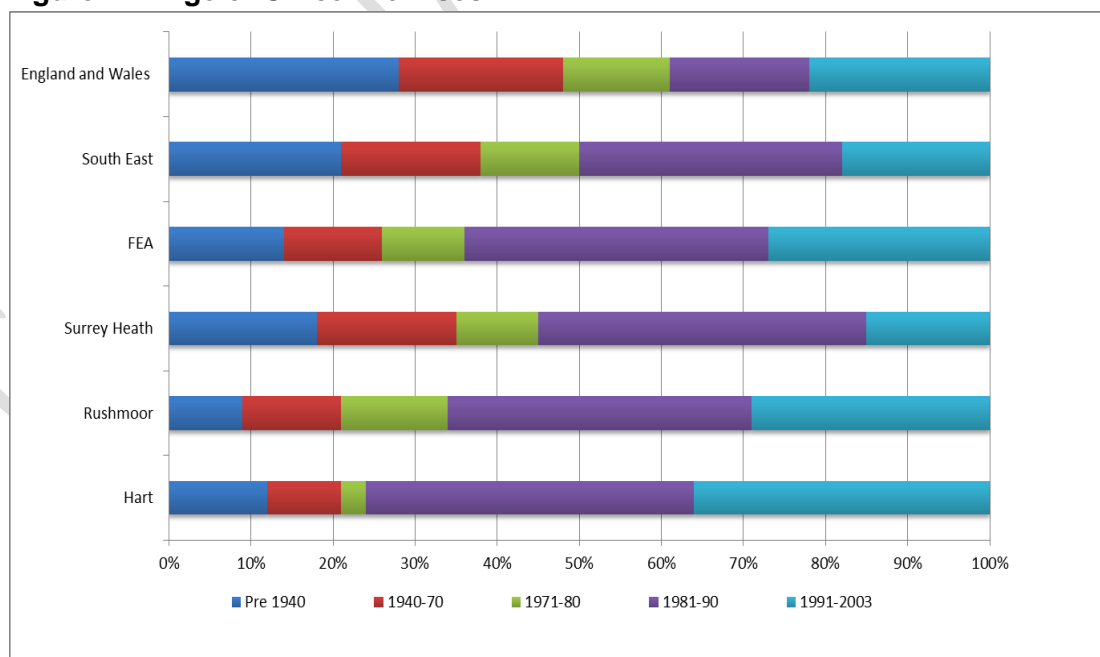
its stock) but this was outweighed by a large (27%) increase in offices (+146,000sqm) and more modest gains (7%) in warehousing (+27,000sqm).

- 4.7 It is important to note that the FEA's overall increase in employment space over the ten year period up until 2008 was comparable to the growth rate in the South East region, although it had stronger office growth relative to the regional average, a greater decline in manufacturing space and much lower growth in warehousing space.
- 4.8 The FEA's office stock is predominantly concentrated within the settlements of Camberley, Farnborough and Fleet, whilst factory and warehousing space is clustered around the same urban areas, although Aldershot provides a wide range and substantial quantity of industrial floorspace. The rural hinterlands of Hart district and Surrey Heath borough provide a range of flexible employment accommodation in rural areas for a wide range of Small and Mediums sized Enterprises (SMEs) requiring or seeking a rural location.

## Age of Premises

- 4.9 Although only covering the period up to 2003, ONS data on the age of premises provides a useful indication of the age of stock in the FEA. The data (presented in Figure 4.4) suggests that the FEA's supply of office premises is significantly more modern than that in the South East generally and nationally, with over 60% constructed since 1981.

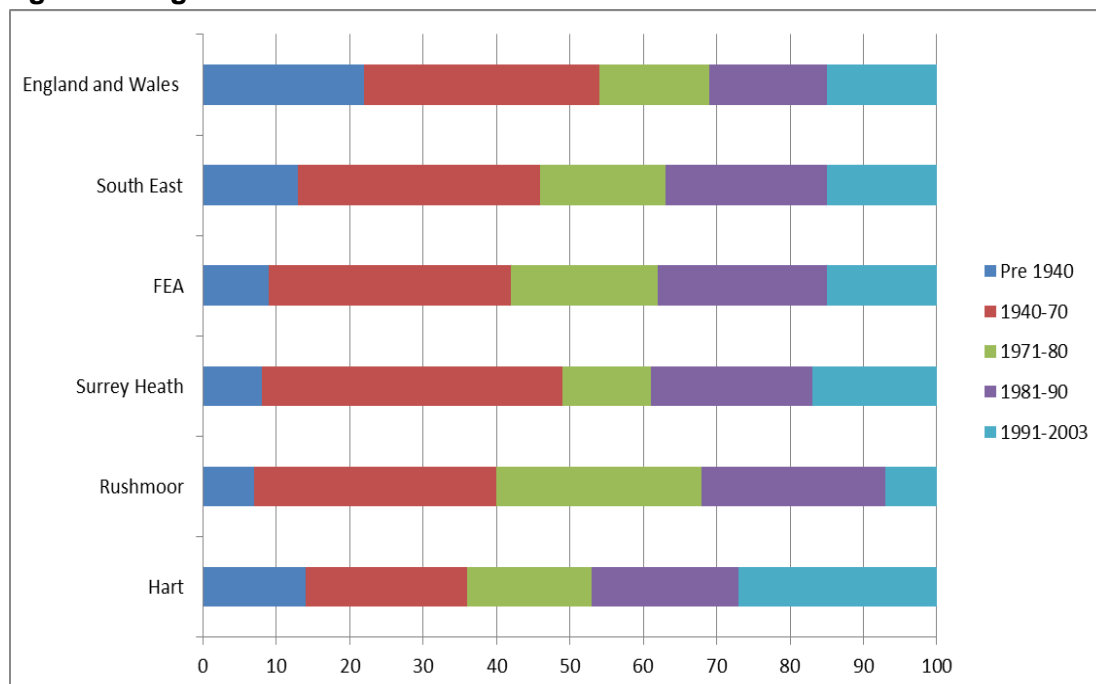
**Figure 4.4: Age of Office Premises**



Source: ODPM Planning Statistics

- 4.10 The stock of industrial premises is slightly more modern than the regional and national average, with almost 40% of the FEA's stock built since 1981 (Figure 4.5).

**Figure 4.5 Age of Industrial Premises**



Source: ODPM Planning Statistics

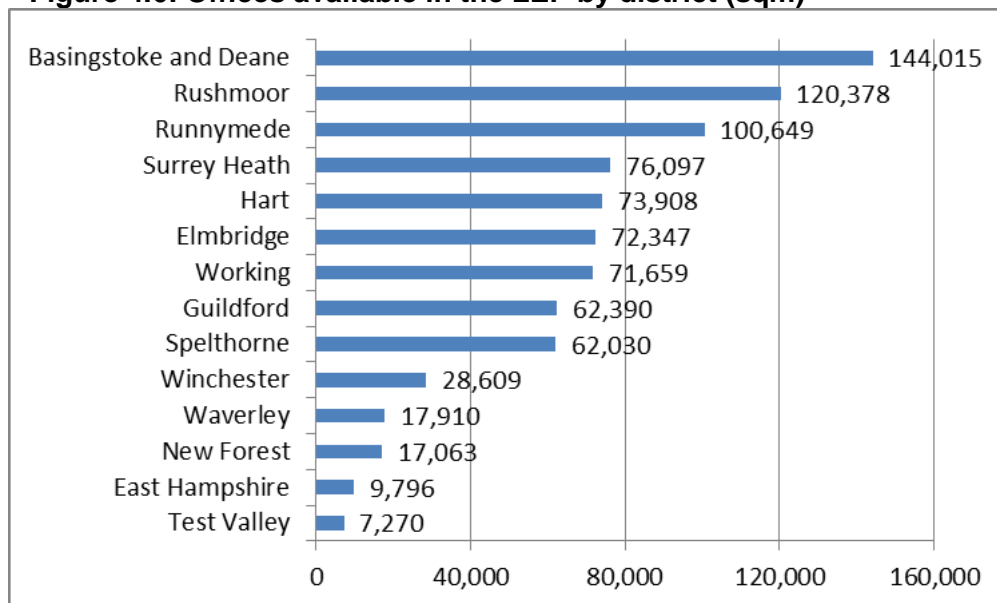
## Vacancy levels

- 4.11 Vacancy levels have been obtained from valuation office data from 2003/04. However, given the substantial changes that have occurred to the commercial property market since this data was published, this study also references the work of Enterprise M3 Commercial Property Market Study (2013) and data obtained from commercial property market software (Focus –Costar) to provide more up to date information on vacancy levels within the FEA.
- 4.12 The vacancy levels within the FEA vary considerably by the two core typologies of commercial property, notably business floorspace (office and R&D) and industrial floorspace (light industrial, industrial and warehousing). The following sections provide a brief overview of vacancy levels for these two distinct markets.

### Office

- 4.13 The Enterprise M3 Commercial Property Market Study (2013) study identifies that out of the 14 districts that make up the LEP, Rushmoor has the second highest amount of vacant office floorspace (see Figure 4.6) with Surrey Heath and Hart in fourth and fifth positions with 76,097sqm and 73,908sqm of vacant floorspace respectively.

**Figure 4.6: Offices available in the LEP by district (sqm)**



**Source:** EM3 Commercial Property Market Study (2013)

- 4.14 From the data contained within Figure 4.6, we can conclude that in 2013 within the HRSH FEA there was in excess of 270,000sqm of vacant office floorspace, which made up a significant proportion of the vacant floorspace (97%) within the wider Blackwater Valley Market Area<sup>4</sup>.
- 4.15 The data above indicates that there is a substantial amount of vacant floorspace in the FEA, and Figure 4.7 overleaf indicates that in 2013 Hart, Rushmoor and Surrey Heath all had office vacancy levels significantly above what is considered to be the normal vacancy range (typically between 5 and 10% of total built stock). The data indicates that in 2013 Hart, Rushmoor and Surrey Heath all had office vacancy levels of in excess of 35%. It is therefore important that this study explores whether this high vacancy rate is a result of quantitative factors, qualitative factors or a combination of the two.
- 4.16 However, it is important to note that since the LEP study was published a number of large-scale transactions have occurred in the local area including:
- The sale of 28,000sqm to BMW in Farnborough in September 2013 has reduced the amount of vacant stock in Rushmoor borough by 23%.
  - Over 38,700sqm of office floorspace has been let in the FEA between January 2014 and December 2014<sup>5</sup>

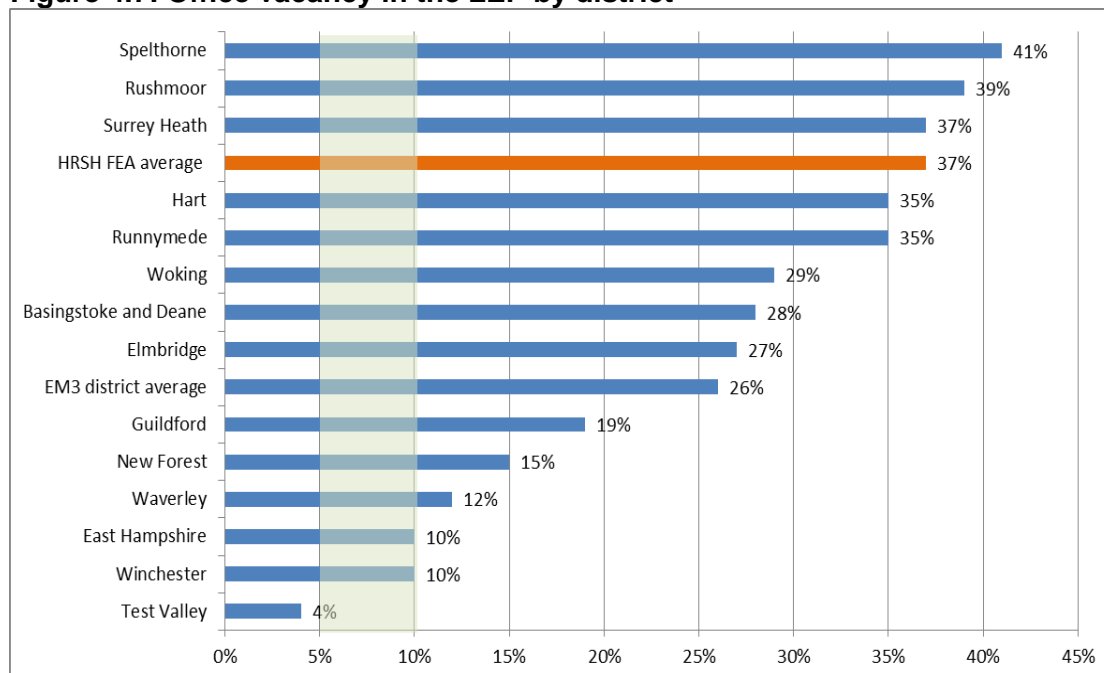
<sup>4</sup> Figure 13 of the ELP Commercial Property Market Study identifies that there is 277,104 sqm of vacant office floorspace within the Blackwater Valley Market Area

<sup>5</sup> Source: Costar Focus (accessed December 2014)



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**Figure 4.7: Office vacancy in the LEP by district**



Source: EM3 Commercial Property Market Study (2013) / RBC analysis

- 4.17 To take account of the above transactions, commercial property software Costar Focus data has been used to determine the levels of vacant floorspace currently<sup>6</sup> being marketed in Hart, Rushmoor and Surrey Heath.

**Figure 4.8: Employment Floorspace marketed in the HRSH FEA (December 2014)**

Type of property	Units		Floorspace		
	Number	%	Sq ft	Sqm	%
Office / R&D	193	70.7	2,163,933	201,036	52.2
Light Industrial / Industrial	30	11	175,599	16,314	4.4
Warehousing	50	18.3	1,805,746	167,759	43.4
<b>Total</b>	<b>273</b>	<b>100</b>	<b>4,145,278</b>	<b>527,840</b>	<b>100</b>

Source: Costar Focus – accessed 12 December 2014

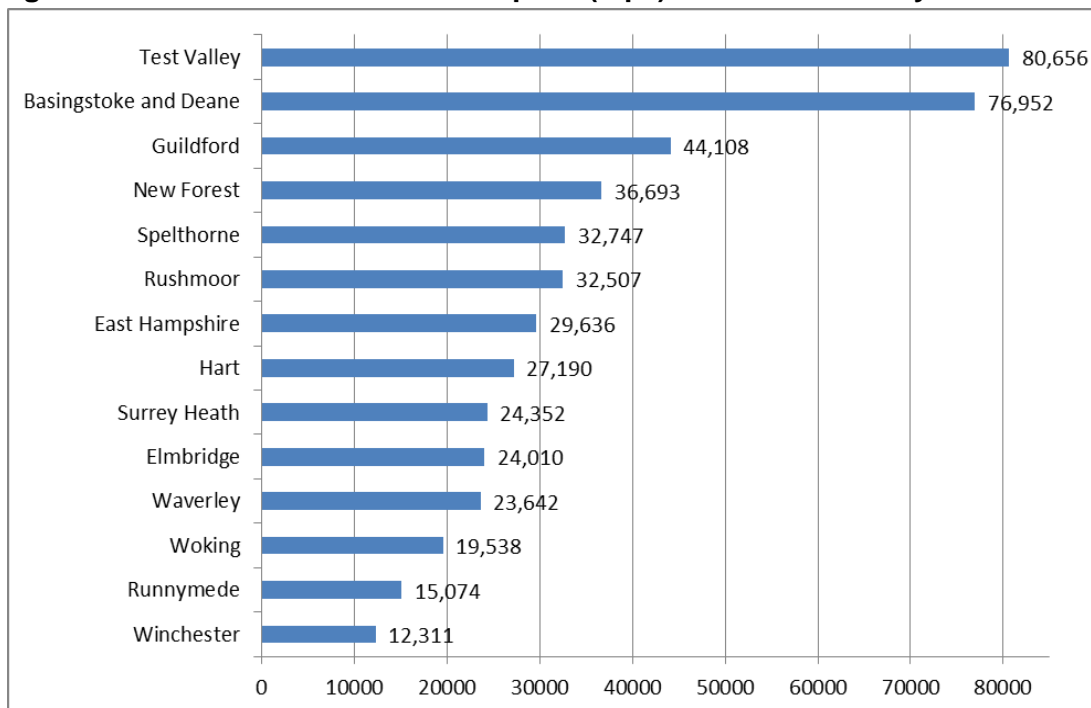
- 4.18 The data in Figure 4.8 indicates that on the 12 December 2014 there were 273 commercial properties being marketed within the HRSH FEA, of which 193 were office or R&D type properties providing over 200,000 square metres of floorspace that could potentially be occupied. This is a significant reduction (70,000sqm) compared to the findings of the Enterprise M3 LEP study which indicates that the office market has started to recover since the publication of the LEP study.

<sup>6</sup> Costar database accessed 12 December 2014

## Industrial

- 4.19 The Enterprise M3 Commercial Property Market Study (2013) study identifies that out of the 14 districts that make up the LEP, Rushmoor has the sixth highest amount of vacant floorspace (see figure 4.9) with Hart and Surrey Heath in eighth and ninth place.

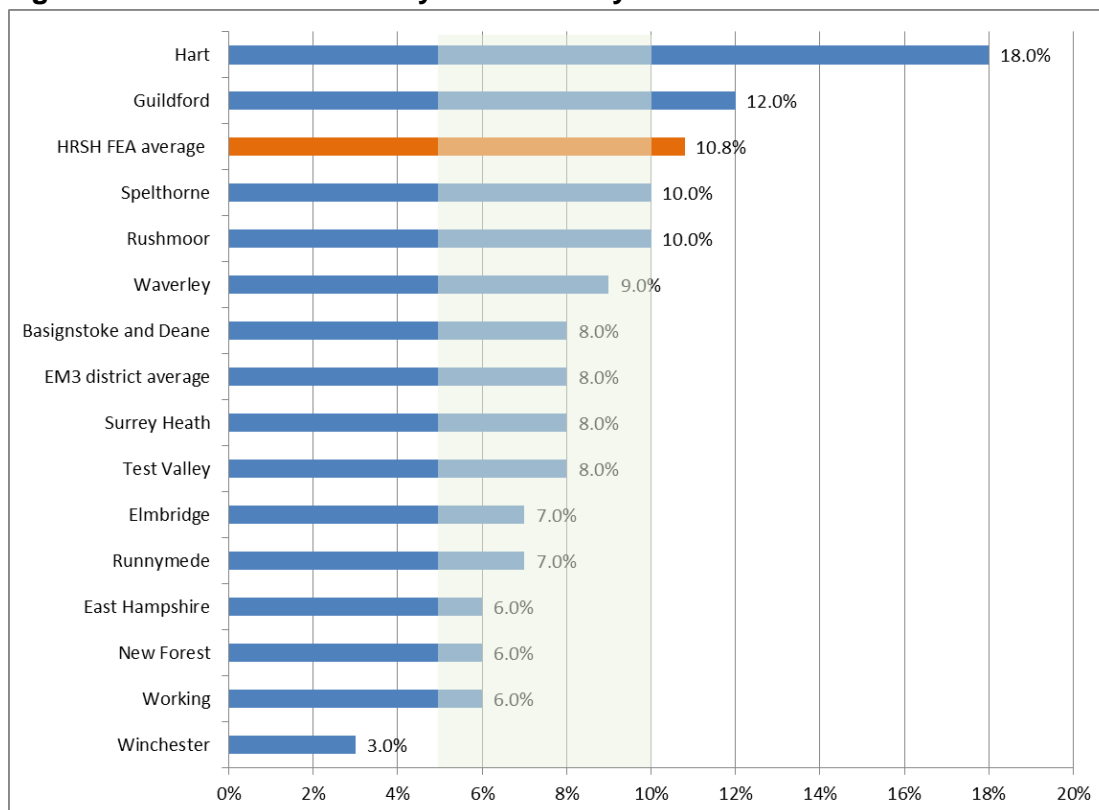
**Figure 4.9: Available industrial floorspace (sqm) in the EM3 LEP by district**



**Source:** EM3 Commercial Property Market Study (2013)

- 4.20 Figure 4.9 indicates that in 2013 within the HRSH FEA there was in excess of 84,000sqm of vacant industrial floorspace. However, from Figure 4.10 we can conclude that industrial vacancy rates in Rushmoor and Surrey Heath are within the normal vacancy range (typically between 5 and 10% of total built stock) for a functioning property market. In contrast, Hart is reported as having an industrial vacancy rate of 18% in 2013. This study will seek to determine why there is such a large disparity within the FEA.
- 4.21 It is important to note that the industrial vacancy level across the HRSH FEA in 2013 was approximately 10.8%, which is just over what is considered to be within the normal range (5-10%) which indicates that the industrial property market within the FEA is functioning well. However, it is important to understand whether there are qualitative or quantitative factors that are resulting in the vacancy figures in the FEA being higher than the LEP average.

**Figure 4.10: Industrial vacancy in the LEP by district**



Source: EM3 Commercial Property Market Study (2013) / RBC analysis

4.22 It is important to note that since the LEP study was undertaken a number of industrial transactions have occurred in the local area including:

- Southwood, Farnborough - the letting of a 4,000sqm warehouse to Yodel.
- Bartley Point, Hook – four transactions totalling 2,650sqm of warehouse accommodation

4.23 To take account of the above transactions, commercial property software Costar Focus data has been used to determine the levels of vacant floorspace currently<sup>7</sup> being marketed in Hart, Rushmoor and Surrey Heath.

4.24 The Costar data (See Figure 4.8) indicates that 217,350sqm of industrial floorspace is currently being marketed in the FEA. This represents a figure significantly higher than the amount identified through the Enterprise M3 study. Following a review of the Co-star data, it is apparent that this discrepancy is a direct result of 141,000sqm of the industrial floorspace being marketed is not currently being available (i.e. the majority is being marketed on a design and build basis and a proportion is or is under construction and not expected to be available until mid-2015 at the earliest). Therefore, if we discount this stock that is not immediately available (constructed), the amount of immediately available industrial floorspace in the FEA is approximately 75,000sqm . This indicates that vacancy levels have decreased across the FEA since the publication of the LEP study.

<sup>7</sup> Costar database accessed 12 December 2014

## **Development Rates**

- 4.25 Past development rates provide a useful indication of the actual amount of new employment floorspace that has been completed in the HRSH FEA over recent years and demand for new employment floorspace within the area. The data presented in Figures 4.11 and 4.12 below are based on annual monitoring data collected by Hampshire County Council<sup>8</sup> and Surrey Heath Borough Council. The Hampshire County Council time series does not go back further than the monitoring year 2005/06 due to changes in the methodology that took place prior to the 2005 data being collected.
- 4.26 Figure 4.11 below displays gross employment floorspace completed between the years 2004/05 and 2013/14. The data reveals that 213,000sqm of employment floorspace was completed over this ten year period, an average annual completion rate of 21,331sqm.

**Figure 4.11: Completed employment floorspace (gross) within the FEA April 2004 – March 2014**

Floorspace type	Floorspace Completions (gross)							
	Hart		Rushmoor		Surrey Heath		HRSH FEA	
Business (B1a/B1b)	44,100	58%	63,797	89%	38,327	58%	146,224	69%
Industrial (B1c / B2)	8,053	11%	415	1%	986	2%	9,454	4%
Storage & Distribution (B8)	2,791	4%	5,140	7%	14,140	21%	22,071	10%
Flexible (B1-B8)	20,497	27%	2,509	3%	12,553	19%	35,559	17%
<b>Total</b>	<b>75,861</b>		<b>71,861</b>		<b>66,006</b>		<b>213,308</b>	

Source: HCC / SHBC Monitoring data / RBC Analysis

- 4.27 Figure 4.11 displays the proportion of gross floorspace completions in the FEA by type of floorspace and demonstrates that 69% of the employment floorspace completions in the FEA over this ten-year period were for business floorspace (office or R&D facilities). However, it is important to note that there are variations by Local Authority Area, for example, in Rushmoor Borough 89% of gross completions were for Business uses, in contrast to Hart and Surrey Heath where this figure was 58%. Flexible employment floorspace completions made up 17% of the supply in the FEA (again there were variations by local authority area) whilst Storage, Distribution (warehousing), and industrial made up the remainder (14%). This demonstrates that within the FEA historically there has been significant investment to deliver new office floorspace provision.

<sup>8</sup> Hampshire County Council undertake the monitoring of the implementation of planning permissions across the County on behalf of the Hampshire districts. Surrey Heath undertake their own monitoring.

## Losses of Employment Floorspace

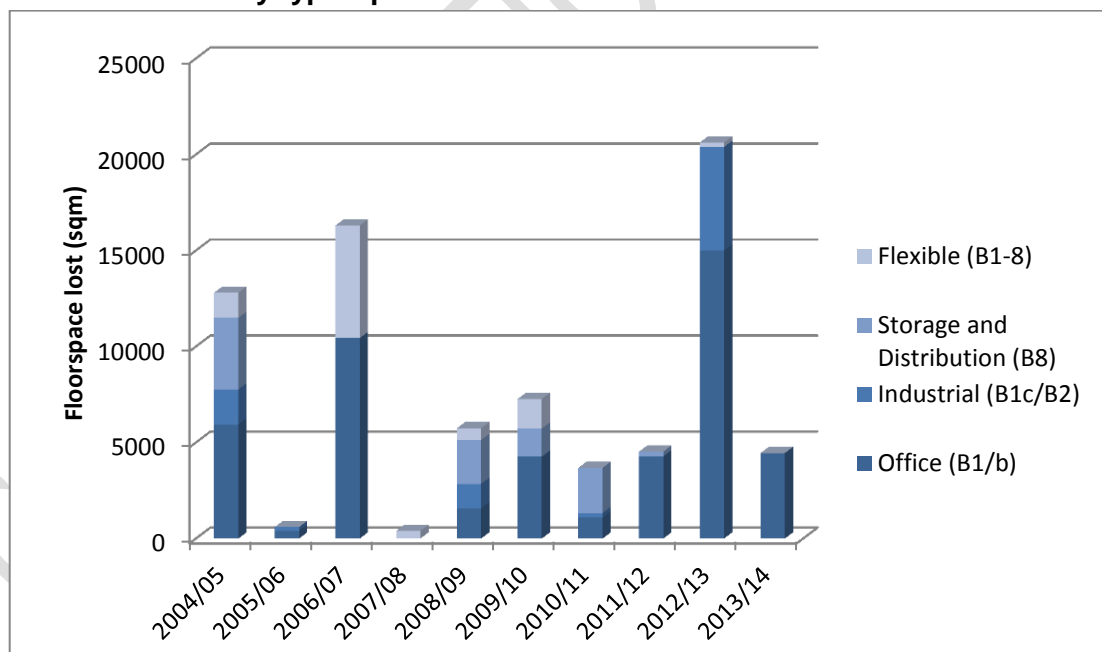
- 4.28 Monitoring data collected by Hampshire County Council<sup>9</sup> and Surrey Heath Borough Council indicates that historic losses of employment floorspace across the three districts have varied considerably between 2004/05 and 2013/14. Figure 4.12 below displays the findings of this data.

**Figure 4.12: Losses of employment floorspace (sqm) to non-employment uses in the FEA by type April 2004 – March 2014**

Floorspace type	Hart	Rushmoor	Surrey Heath	HRSH FEA
Business (B1a/B1b)	6,177	24,737	16,259	47,443
Industrial (B1c / B2)	4,705	2,957	1,267	8,929
Storage & Distribution (B8)	0	7,788	22,85	10,073
Flexible (B1-B8)	1,433	8,513	0	9,946
<b>Total</b>	<b>12,315</b>	<b>43,995</b>	<b>20,081</b>	<b>76,391</b>

- 4.29 The monitoring data indicates that approximately 7,600sqm of employment floorspace was lost per annum over the ten-year period 2004-2014.

**Figure 4.13: Annual Losses of employment floorspace to non-employment uses in the FEA by type April 2004 – March 2014**



Source: HCC / SHBC Monitoring data / RBC Analysis

- 4.30 Figure 4.13 indicates that there is no set trend in the losses of employment floorspace to alternative uses across the FEA, other than that the amount of industrial land being lost has reduced substantially since 2011. In contrast, the

<sup>9</sup> Hampshire County Council undertake the monitoring of the implementation of planning permissions across the County on behalf of the Hampshire districts. Surrey Heath undertake their own monitoring.

amount of office floorspace being lost has increased substantially since 2011/12, although there is no evidence that introduction of Permitted Developments for the conversion of offices to residential in April 2013 (see paragraphs 2.24-2.26) has had a significant impact on the availability of supply.

- 4.31 To summarise, the FEA recorded a loss of 76,391sqm of employment floorspace to non-employment users over the ten-year monitoring period, with approximately 62% of losses being from B1a/b office uses, 11% from B1c/B2 factory uses and 13% B8 warehousing space. The majority of the office floorspace that was lost over this period could be described as low grade / poor quality stock that did not meet market needs. The majority of industrial floorspace (including warehousing) that has been lost was either converted or redeveloped to retail or sui generis uses, including trade counters.

### **Legislative Requirements**

- 4.32 The Energy Act 2011 contains a number of provisions that will affect owners and occupiers of property. It is considered the most significant is the proposed minimum energy standards. From April 2018, the proposed legislative changes would make it unlawful to let residential or commercial properties with an EPC Rating of F or G (i.e. the lowest 2 grades of energy efficiency). The above change is likely to lead to a number of the FEA's business premises being refurbished to meet the minimum standards in advance of the April 2018 deadline.

### **Employment Land in adjoining areas**

- 4.33 It is important that we understand the extent of available employment land in neighbouring local authority areas and any major employment developments that are likely to come forward in these areas and compete with the borough for future demand.

### **Basingstoke and Deane**

- 4.34 Basingstoke and Deane contains the main town of Basingstoke (identified as a growth town in the Enterprise M3 Strategic Economic Plan) and an extensive rural area. The town is home to the UK headquarters of a number of large firms including Sun Life Financial of Canada, The Automobile Association, GAME, Motorola and Sony Professional Solutions (Europe).
- 4.35 Other industries include drug manufacture, IT, communications, insurance and electronics. The largest employment locations in the borough are on the periphery of Basingstoke and include Hampshire International Business Park, Chineham Business Park (both offices and light industrial) and Viabes Business Park (offices).

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- 4.36 The Basingstoke and Deane (2014) Employment Land Review identifies that the borough's office market is currently experiencing high vacancy rates at 28% and that transactions in 2013 were 30% of the levels achieved in 2009. The report confirms that there is a significant oversupply of low-grade office stock and a shortage of quality Grade A accommodation.
- 4.37 In contrast, demand for industrial premises remains strong with low levels of vacancy despite some of the stock being poor quality. There is an identified demand for land to enable the delivery of storage and distribution floorspace to meet the needs of the market. Commercial Agents indicate strong pent up demand for B8 warehouses providing 50,000 to 100,000 sqft of floorspace.

### **Bracknell Forest**

- 4.38 Bracknell Forest is a small but densely developed borough containing the principal town of Bracknell and the smaller settlements of Crowthorne and Sandhurst. The District's commercial property market is predominantly offices, with a number of large occupiers located in purpose-built accommodation within, or on the edge of Bracknell town centre. In addition, there are a number of older industrial areas, primarily located within Bracknell's suburbs.
- 4.39 The Bracknell Forest (2009) Employment Land Review identifies that office floorspace and office development sites are heavily oversupplied within the borough and wider sub-region. The report concludes that in the short to medium term, there appears to be no requirement for new office sites in the Borough, either on quantitative or qualitative grounds.
- 4.40 In contrast, Bracknell Forest's industrial/warehouse market is reasonably in balance, certainly for smaller units, below 930sq m (10,000 sqft). For larger units, above this threshold, there may be some oversupply. The report identifies that the Borough needs to supply additional land for industry/warehousing. The estimated requirement to 2026 is 53,000sqm of net additional space, which at the standard plot ratio would take up some 13 hectares of land.

### **East Hampshire**

- 4.41 This large rural district borders the sub-region to the south west and contains the towns of Alton, Petersfield, Liphook, Bordon and Horndean.
- 4.42 The East Hampshire Employment Land Review (May 2013) sets out that the district's employment space is dominated by industrial uses and that the district has seen moderate levels of new employment development over the past decade, largely driven by new completions of industrial space. The main settlements of Petersfield, Alton, Bordon and Horndean accommodate the majority of employment space, although rural business space has become more in demand as the District's agriculture sector continues to diversify.

- 4.43 Demand for employment space in the district remains steady while low levels of vacancy limit normal 'churn', intensification and upgrading of older sites. An underlying shortage of good quality business accommodation is identified.

## **Guildford**

- 4.44 This Borough lies to the south east of the FEA (adjoining both Rushmoor and Surrey Heath) and largely comprises the town of Guildford and its rural hinterland. The town itself has a number of large office occupiers including Vodafone, Mitsubishi, Electronic Arts, and Colgate-Palmolive. There are also a number of manufacturing firms including the fire engine and bus manufacturers Dennis. The University of Surrey is also a major employer and the main employment areas are the Guildford Business Park (a mixed office and industrial park) and Surrey Research Park (a 29 ha science park developed by the university). Both of these areas are fully developed. Slyfield Industrial Estate is the Borough's premier industrial location.
- 4.45 The Guildford Borough Employment Land Review (2013) identifies that for the period 2013-2031, an additional 10.5 hectares (ha) to 20 ha of B use class floor space (net) is required to meet the borough's identified employment needs. The ELR suggests capacity equates to approximately 7.4 ha and therefore there is not enough supply employment land to meet future growth needs. The study notes that the Guildford borough Countryside and Green Belt Study has identified potential development areas best suited to employment that can deliver 16.2 ha to 22.0 ha of additional employment floor space over the plan period to meet the forecasted need and provide a degree of choice to enable the local property market to operate efficiently.

## **Runnymede**

- 4.46 This Borough covers a small area to the north east of the sub-region and contains some densely developed areas as well as large quantities of land designated as Green Belt. The main centres are Addlestone, Chertsey, Egham, Virginia Water, and Woodham / New Haw.
- 4.47 The Runnymede Employment Land Review (update 2012) notes that a total supply of 184,000sqm of office floorspace exists which more than meets the requirement under the highest forecast requirement of 148,700sqm for Class B1(a) floorspace. Under some estimates, there is a modest requirement for industrial floorspace, but it is not considered that this requirement justifies any specific policy allocation. It is considered that any requirement can be met from the redevelopment of existing sites or the change of use on existing sites.
- 4.48 The Runnymede ELR recommends that the borough take a cautious approach to releasing employment sites to non-B Class uses.



## **Waverley**

- 4.49 This largely rural borough borders the FEA to the south (adjoining Rushmoor) and contains the towns of Farnham, Godalming and Haselmere. The Waverley Employment Land Review (update 2014) identifies that the borough has historically recorded low levels of employment growth as the Council's policies have mainly focused on preserving the character of Waverley's market towns. The report notes that this is expected to continue to be the case over the coming years resulting in relatively modest levels of employment growth and additional employment land requirements. Employment growth is mainly expected to come from B1 sectors and primarily from small and medium sized enterprises.
- 4.50 The ELR contains three scenario's for future employment needs that range from a surplus of 5 ha to the need for 13 additional hectares. The mid-range scenario (Experian's base forecasts) suggest a need for approximately 7 ha of additional land over the period to 2031.
- 4.51 The report notes that a key challenge for Waverley will be to safeguard its good quality employment sites in order to be able to meet the needs of local businesses while releasing surplus industrial and warehousing land that is not fit for purpose in order to help relieve the strong housing pressures.

## **Woking**

- 4.52 This small and densely developed borough lies to the east of the sub-region. The largest sector of Woking's economy is Financial & Business Services and includes considerable representation from the IT and telecoms sectors as well as financial services. The single most important employment location is Woking town centre although there are existing industrial estates in Sheerwater and Byfleet, which are fully developed. However, unlike other parts of Surrey and Hampshire, there is little modern out of town business park accommodation.
- 4.53 The Woking Employment Land Review (2010) identifies that residual requirements for the period 2009-2026, would be approximately 28,000sqm for B1 office, 31,000sqm for B2 Industrial and 20,000sqm for B8 warehousing and storage.
- 4.54 In the longer term there will need to be an adequate supply of land for new office development in order that suitable space is available to occupiers as well as support to enable comprehensive refurbishment or redevelopment of a large number of the older buildings.
- 4.55 There is a general shortage of Industrial land and so it is important to resist loss in the future. However, there is not the demand from occupiers requiring large green belt development opportunities due to better locations with better access elsewhere in nearby Boroughs.

## **Windsor & Maidenhead**

- 4.56 The Royal Borough of Windsor & Maidenhead is a small, mainly rural district with extensive areas of Green Belt. The main employment areas are in Maidenhead and comprise a number of industrial estates (such as Vanwall Estate (14 ha), Reform Road Industrial Area (12 ha), and Cordwallis Industrial Estate (9 ha) and a large number of office premises in the town centre. There is a smaller amount of office space in Windsor town centre serving a more niche market. Maidenhead is a popular location for a number of large office occupiers with a high concentration of headquarter-type buildings for IT, telecoms and pharmaceutical firms.
- 4.57 The Employment Land Review (2009) states that the overall space requirements related to these different futures range from 53,000 to just over 70,000sqm of all types of employment space, and between 75,000 and 104,000sqm of office space. The report concludes that due to the estimated large losses of industrial space, this implies a need for between -1ha and 1 ha of employment land in net terms, although this would assume all surplus industrial land can be redeveloped for office uses. Otherwise, employment land needs could be up to 9ha.

## **Wokingham**

- 4.58 This district adjoins the FEA to the north and comprises the main town of Wokingham as well as eastern suburbs of Reading. Key employment areas include Winnersh Triangle Business Park (41 ha), Suttons Business Park (24 ha), Thames Valley Park (26 ha) remaining) and Green Park (26 ha) on the Reading border. In total, there is around 128,000sqm of outstanding committed floorspace in the Borough, the great majority of which is B1a office space.
- 4.59 The borough's 2005 Employment Land Review indicated small deficits in industrial and warehousing land supply up to 2016, with additional sites with capacity of some 21,000sqm needing to be identified. Conversely, a surplus of office space was identified, so that some sites could be released for other uses. This surplus was estimated at 75,000sqm or 18% of the district's current stock of B1 class floorspace. The study found no need for additional employment areas.
- 4.60 Wokingham's Employment Land Monitoring Report (2013) notes that between 2006/07 and 2013/14 there has been a net gain in office floorspace (8,567sqm) and storage and distribution floorspace (12,093sqm), whilst industrial floorspace has declined by 17,821sqm.

## **Conclusions**

- 4.61 Valuation Office data (2008) indicates that the FEA has a relatively balanced mix of employment floorspace that can support a wide range of sectors, although there is a noticeably higher proportion of office stock when compared to other competing economic centres such as Basingstoke and Guildford. There are variations between

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the local authority areas; with Surrey Heath has the greatest concentration of industrial floorspace and Rushmoor having the greatest concentration of office floorspace.

- 4.62 ONS data (2003) suggests that the FEA's supply of office premises is significantly more modern than that in the South East generally and nationally, and that the stock of industrial premises is slightly more modern than the regional and national average.
- 4.63 Within the FEA there is a good supply of vacant office floorspace that is available for occupation, with over 200,000sqm being marketed in December 2014. In contrast, for the industrial market there is approximately 75,000sqm of floorspace available.
- 4.64 In the FEA, between 2004 and 2014 in excess of 213,000sqm of additional employment floorspace was completed, with a significant proportion of this (69%) being business (B1a/b) floorspace. Over the same time period in excess of 76,000sqm of floorspace has been lost to non-employment uses, with 62% of this consisting of office floorspace.
- 4.65 This section has provided a brief overview of the findings of Employment Land Reviews in authorities that adjoin the HRSH FEA and it is evident that in some areas (Basingstoke, Bracknell Forest and Wokingham) there is an oversupply of office floorspace, whilst industrial supply remains balanced or constrained. In contrast, Guildford is forecast to experience strong demand for employment land and is set to meet this need through the allocation of new green field sites through its emerging Local Plan.
- 4.66 It is important to note that there are a number of development proposals in adjoining local authorities that will compete with the offer in the FEA for future employment development. Examples include, high profile established Business Parks such as Winnersh Triangle in Wokingham and Green Park in Reading.

## 5. Available Supply of Employment Land

5.1 The supply of employment space in the FEA's development pipeline comes from the following sources:

1. Development Plan Allocations: sites allocated for employment development within the Development Plans of the three authorities that have not been built out yet
2. Existing permissions: sites with planning permission (at March 2014)

5.2 It is important to note that the existing planning permissions exclude the Local Plan Allocations to ensure that there is no double counting of available employment floorspace.

### Local Plan Allocations

5.3 The adopted Development Plans of the three authorities that comprise the FEA allocate a range of sites for industrial and business. Whilst the majority of these sites have been partially developed, Figure 5.1 below identifies the supply of land available at these allocated sites to meet future employment needs.

**Figure 5.1 Development Plan Allocations within the HRSH FEA by district**

District	Settlement	Site Name	Site Area (Ha)	Use Class
Hart	Church Crookham	Beacon Hill Road	1.51	B1-8
	Hook	West of Osborne Way	0.08	B1
	Hook	Rawlings Road	0.11	B1
Rushmoor	Aldershot	Blackwater Park	1.04	B1-8
	Farnborough	70 Hawley Road	0.28	B1a
Surrey Heath	Bagshot	Land at Half Moon Street	8.6*	B1-8
<b>FEA Total</b>			<b>11.62*</b>	

Source: HCC / SHBC Monitoring data / RBC Analysis

5.4 Together the six sites above have the potential to provide 11.62ha of employment land to meet future economic needs in the FEA, however it is important to note that the largest allocation (Land at Half Moon Street) is allocated for a mixed use scheme which includes retail, housing and employment uses. It is therefore likely that only a proportion of the 8.6Ha available will be developed for employment uses.

### Other Sites with Planning Permission

5.5 Monitoring data provided by Hampshire County Council and Surrey Heath Borough Council records the amount of employment floorspace that has been granted planning permission and remains valid, but where construction has not yet

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commenced. For the purposes of this study, this source of supply has been identified as being available to meet future need for employment land. Figure 5.2 identifies that in total, these un-implemented permissions amount to 110.1 hectares of development land in net terms.

**Figure 5.2: Unimplemented Planning Permissions by District (March 2014)**

District	B Use Class	Un-implemented Planning Permissions	
		Land Area (Ha)	Sqm
Hart	Business	7.56	24,757
	Manufacturing	0.41	709
	Warehousing	1.03	1,093
	Flexible	67.06	177,733
	<b>Total</b>	<b>76.06</b>	<b>204,292</b>
Rushmoor	Business	24	99,751
	Manufacturing	0.25	604
	Warehousing	1.55	10,571
	Flexible	3.84	7,035
	<b>Total</b>	<b>29.22</b>	<b>117,961</b>
Surrey Heath	Business	0.06	90
	Manufacturing	0	0
	Warehousing	0.22	401
	Flexible	4.12	15,443
	<b>Total</b>	<b>4.4</b>	<b>15,934</b>
HRSH FEA	Business	31.62	124,598
	Manufacturing	0.66	1,313
	Warehousing	2.8	12,065
	Flexible	75.02	200,211
	<b>Total</b>	<b>110.1</b>	<b>338,187</b>

**Note:** Outstanding planning permissions exclude the Local Plan Allocations detailed in Figure 5.1 to ensure no double counting of available employment floorspace.

**Source:** HCC / SHBC Monitoring data / RBC Analysis

- 5.6 The unimplemented planning permissions detailed in Figure 5.2 above demonstrate that there is a significant supply of employment land available that could be delivered to meet future economic needs across the three local authority areas. The number of unimplemented permissions varies significantly by local authority area, with Hart having 19 sites, Rushmoor 14 sites and Surrey Heath 4 sites that could be delivered in the short term to meet economic needs.
- 5.7 It is important to note that a relatively small number of unimplemented permissions make a significant contribution towards the potential land supply. For example, 45 percent of the potential Business floorspace that could be delivered is located in Rushmoor borough at Farnborough Business Park (14.4ha split between three parcels of land). In contrast, the Hartland Park Scheme in Hart district makes up over 60 percent of the flexible (B1, B2, B8) potential employment land supply from unimplemented permissions within the FEA.

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- 5.8 It should be noted that there is no guarantee that the unimplemented permissions detailed above will be implemented and brought forward for employment use in the future. A legacy of the economic downturn has been reduced availability of finance available to developers to invest in commercial property. This combined with changing working practices have reduced the cumulative demand for office floorspace. However, there is evidence that speculative development of Grade A office stock is returning, as circa 10,000sqm of speculative office floorspace is currently being constructed at Farnborough Business Park.

**Land Supply position as of March 2014**

- 5.9 Employment Land allocations and extant planning permissions for employment uses as of March 2014 provide 121.5ha of employment land that could be available for development in the future. The overall quantum of potential supply of employment land by local authority area is summarised in Figure 5.3 below and further detail about this land supply is contained in Appendix 2:

**Figure 5.3: Maximum potential supply of Employment Floorspace in the HRSH FEA in March 2014**

District	Source	Employment floorspace (hectares)			
		Office	Industrial	Warehousing	Flexible
Hart	Local Plan Allocations	0.19	-	-	1.51
	Unimplemented Planning Permissions	7.56	0.41	1.03	67.06
	<b>Total</b>	<b>7.65</b>	<b>0.41</b>	<b>1.03</b>	<b>68.57</b>
Rushmoor	Local Plan Allocations	0.28	-	-	1.04
	Unimplemented Planning Permissions	24	0.25	1.55	3.84
	<b>Total</b>	<b>24.28</b>	<b>0.25</b>	<b>1.55</b>	<b>4.88</b>
Surrey Heath	Local Plan Allocations	-	-	-	8.6
	Unimplemented Planning Permissions	0.06	0	0.22	4.12
	<b>Total</b>	<b>0.06</b>	<b>0</b>	<b>0.22</b>	<b>12.72</b>
<b>HRSH FEA</b>	<b>Development Plan Allocations</b>	<b>0.47</b>	<b>--</b>	<b>--</b>	<b>11.15</b>
	<b>Unimplemented Planning Permissions</b>	<b>31.62</b>	<b>0.66</b>	<b>2.8</b>	<b>75.02</b>
	<b>Total</b>	<b>32.09</b>	<b>0.66</b>	<b>2.8</b>	<b>86.17</b>

Source: HCC / SHBC Monitoring data / RBC Analysis

- 5.10 The data presented in Figure 5.3 demonstrates that the majority of available land supply in the Functional Economic Area consists of un-implemented planning permissions (90%). The data also demonstrates that 71% of the potential employment land supply is for flexible (B1, B2 and B8) uses.

## Reality checking supply

- 5.11 The purpose of this section is to reflect any changes that may have occurred since the monitoring data was published in March 2014, for example sites that have consent for redevelopment to alternative uses (e.g. residential) or to take account of local knowledge about the potential uses of sites (i.e. bespoke facilities for a single occupier). Figure 5.4 below summarises the schemes included in the March 2014 monitoring data that have been lost to alternative uses, those that are bespoke facilities for specific occupiers and mixed allocation sites.

**Figure 5.4: Consents and allocations discounted as part of the reality checking process**

District	Site Name	Allocated use	Land area (ha)	Comments
<b>Planning consents on allocated sites</b>				
Hart	Queen Elizabeth Barracks	B1	2.0	Planning consent for 100 homes
	Blue Prior Business Park (Part)	B1- B8	0.6	Planning consent for 13 homes & 72 Assisted living homes
	Guillemont Park (part)	B1	3.5	Planning consent for 150 homes
Rushmoor	Queens Gate	B1-B8	3.9	Planning consent for residential development
<b>Planning consents for specific occupiers (bespoke facilities)</b>				
Hart	Fleet Substation – Land at Farnham Road	B1-B8	6.29	Facility is bespoke for the National Grid and located within the secure boundary of the substation.
<b>Site Allocations as part of mixed use schemes</b>				
Surrey Heath	Land at Half Moon Street	Mixed including B1-8	6.02*	It is considered that approximately 30% of this 8.6 ha allocation will be used for employment uses with the remainder being developed for alternative uses.
<b>Total land supply reduction</b>			<b>22.31</b>	

- 5.12 The data contained in Figure 5.4 demonstrates that since the 2013/2014 monitoring data was produced, 10ha of employment land has been lost to residential uses in the FEA. In addition, by removing one planning application from the potential supply and making an assumption about the amount of land available for employment uses as

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part of an urban mixed use allocation site in Surrey Heath, the total reduction in the available employment land supply in the FEA has reduced by 22.3 hectares.

- 5.13 Figure 5.5 below provides updates to the data contained in Figure 5.3 to provide the reality checked land supply in the FEA by employment type and district and concludes that as of January 2015 there is potentially **99.2ha** of land available (land supply) for employment uses in the FEA. This figure will be used in future sections when analysing the supply and demand of employment floorspace in the FEA.

**Figure 5.5: Reality checked supply of Employment Land in the HRSH FEA in January 2015**

District	Source	Employment floorspace (hectares)			
		Office	Industrial	Warehousing	Flexible
Hart	Local Plan Allocations	0.19	-	-	1.51
	Unimplemented Planning Permissions	2.06	0.41	1.03	59.99
	Total	2.25	0.41	1.03	61.5
Rushmoor	Local Plan Allocations	0.28	-	-	1.04
	Unimplemented Planning Permissions	20.1	0.25	1.55	3.84
	Total	20.38	0.25	1.55	4.88
Surrey Heath	Local Plan Allocations	-	-	-	2.58
	Unimplemented Planning Permissions	0.06	0	0.22	4.12
	Total	0.06	0	0.22	6.7
HRSH FEA	Development Plan Allocations	0.47	0	0	5.13
	Unimplemented Planning Permissions	22.22	0.66	2.8	67.95
	Total	22.69	0.66	2.8	73.08

Source: HCC / SHBC Monitoring data / RBC Analysis



## Conclusions

- 5.14 Within the HRSH FEA there is a substantial pipeline supply of employment land, consisting of Local Plan allocations that have not been built out (in full or part) in addition to un-implemented planning permissions. The maximum available land supply as of January 2015 is just over **99.2 ha** of land that could be delivered to meet the needs of the FEA's economy.
- 5.15 It is important to note that the majority of this supply (90%) is from extant planning permissions and there is therefore a degree of risk that some of these permissions could lapse and not be implemented. It is important to note that two allocation sites with planning consent (therefore counted under un-implement permissions) make a significant contribution towards the available land supply in the FEA.
- 5.16 For example, the single consent for Hartland Park in Hart district provides 47.5 ha of land that can be developed for flexible employment use, whilst Farnborough Business Park in Rushmoor provides 14.4 ha of development land with consent for office (B1a) uses.

## 6. Commercial Property Market

- 6.1 This section describes current property market conditions in the Hart, Rushmoor and Surrey Heath FEA, providing a summary of each of the core employment locations within the FEA, including information on recent trends in the demand for a supply of office and industrial premises. The findings are based on discussions with a number of commercial property agents and other economic development and business organisations<sup>10</sup>. In addition, third party commercial property market data (Costar Focus) was used to provide an up to date picture of the commercial property market in the FEA.

### Overview

- 6.2 There are a number of principal attractions of the HRSH FEA for companies. There is a large supply of highly skilled workers, partly as a result of the long history of technology-based firms in the area, and partly due to attractive environments and quality of life factors in this part of Surrey and Hampshire. Secondly, accessibility is excellent with the M3 giving access to the M25 and South Coast and good rail services providing short journey times to central London, Heathrow and Gatwick Airports. Farnborough Airport also gives access to business aviation services, although agents reported limited evidence of local firms using the Airport.
- 6.3 The commercial property market in the FEA is centred around the five main settlements of Aldershot, Camberley, Farnborough, Fleet and Frimley, a significant part of an area collectively known as the Blackwater Valley. The close proximity of these centres and good accessibility between them by road gives the area's property market a relatively high degree of self-containment. However, there are significant variations between the settlements as a result of differences in image, accessibility and relative levels and types of supply of commercial property. There is competition between the HRSH FEA and other economic centres such as:
- Basingstoke (M3 corridor)
  - Bracknell, Newbury and Reading (M4 corridor)
  - Guildford and Woking (A3 corridor)
- 6.4 Away from the main towns, there are two significant rural areas, one covering the western part of Hart district and the other the eastern part of Surrey Heath. These areas contain a number of small towns and villages (for example Hook and Hartley Wintney in Hart, and Lightwater and Bagshot in Surrey Heath) which contain moderate levels of employment space appropriate to their size. In Hart in particular there are also a significant number of converted agricultural buildings which form an important element of supply for local firms.

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<sup>10</sup> An Employment Land Review Stakeholder Event was held at Rushmoor Borough Council's offices in November 2014

## Main Employment Areas

6.5 The main centres of economic activity and employment within the FEA include:

- Hart: has some office space in Fleet town centre, a number of small business parks such as Bartley Wood Business Park in Hook, Waterfront Park in Fleet, Ancells Farm and Sandy Lane, and sites providing a mix of employment premises such as the Blackbushe Business Park.
- Rushmoor: Farnborough Airport, Farnborough Business Park, Farnborough Aerospace Park and the adjoining Cody Technology Park as well as a range of other business parks and industrial estates in and around the towns of Farnborough and Aldershot.
- Surrey Heath: has some office space in Camberley Town Centre. The majority of employment floorspace is located at three large business parks and five industrial estates that make a significant contribution to the employment land supply.

## Market Geography

- 6.6 The Blackwater Valley which the HRSH forms part of is generally perceived to be a relatively self-contained commercial property market despite its proximity to a number of other large centres nearby, such as Basingstoke, Bracknell, Reading, Maidenhead, Woking and Guildford. It is widely acknowledged that most potential occupiers or investors search for property by radial routes out of London, and there is therefore limited competition between the A3, M3 and M4 corridors.
- 6.7 In terms of rental levels, the Blackwater Valley is generally a cheaper location than Guildford, which tends to operate as a small, self-contained market with some occupiers specifically wanting to locate in the town. Rental levels are also slightly cheaper than Reading and Guildford, but generally higher than Woking and Basingstoke.
- 6.8 A primary location determinant for many large corporate occupiers is access to a labour force with the right skills, and occupiers in higher-value sectors tend to be aware of the differing socio-economic and skills mix of the different centres.
- 6.9 Despite its relative proximity to the FEA, Basingstoke to the west is perceived to be a largely distinct office location with a mix of town centre and business park space containing larger office occupiers and a wider base of financial and business services companies. The town's central position along the M3 between London and Southampton provides access to both markets. A significant amount of office space has been developed over recent years, but demand has not kept pace and there is a large proportion of vacant space.

- 6.10 Basingstoke is also an important industrial and strategic distribution hub, easily accessible from M3 Junction 6. There is strong demand and a good supply of modern industrial and large warehousing premises. Overall, despite a perception as a separate market area, Basingstoke is potentially a strong competitor to the FEA. It offers a wider range of industrial land and premises, while it has similar issues in terms of office vacancy and oversupply.

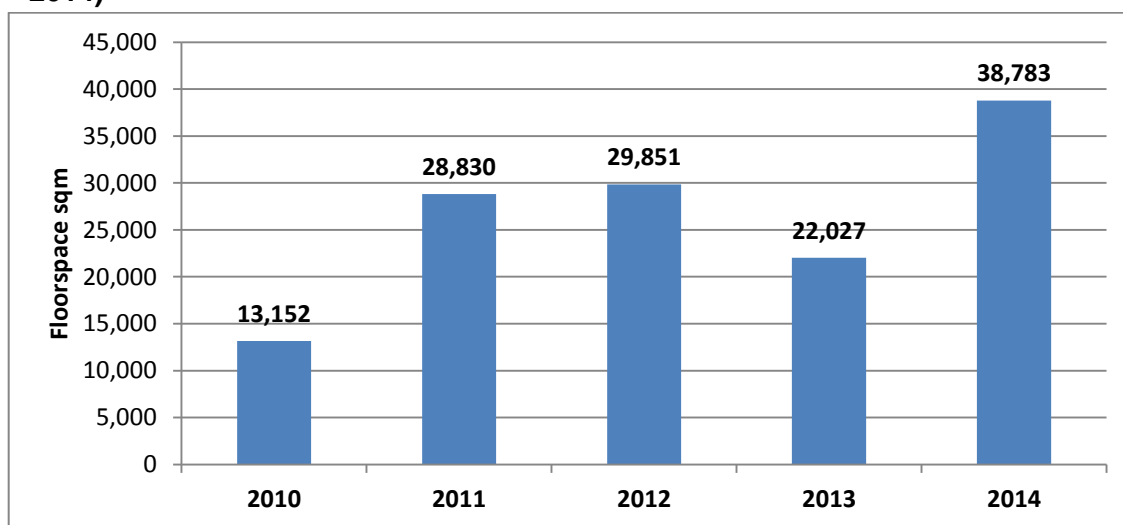
## **Market Segments**

### **Offices**

- 6.11 Camberley, Farnborough, Fleet and Hook, are all regarded as office centres. All have a number of edge of centre and out-of-centre business parks constructed in the 1980/90s such as Ancells Business Park in Fleet, Watchmoor in Camberley and Southwood in Farnborough.
- 6.12 A significant quantity of large footprint office space has been developed across the Blackwater Valley over the past two decades, although it is widely acknowledged that occupier demand has never kept pace with this supply and the post 2007 economic downturn exacerbated this. This in part reflects that the M3 corridor has generally proved less successful in attracting a consistent level of major corporate relocations than the M4 corridor or the Thames Valley west of London.
- 6.13 Commercial agents noted that the market had gone full circle and that there was an oversupply of larger office buildings, in part a result of the redevelopment of surplus MOD land in the 1980's onwards for office parks with large floorplate accommodation. The structural changes to the economy and rationalisation of the ICT and telecoms industry that previously occupied a number of these buildings (e.g. Sun Microsystems) has resulted in demand for such premises reducing, whilst the supply available to the market is relatively high.
- 6.14 Commercial agents highlighted that there are two distinct tiers to the office market within the FEA, these are as follows:
- **Modern Grade A office in business park environments.**
    - Such accommodation is in strong demand and the supply of such floorspace is continuing to reduce as the market improves.
    - The speculative development of Grade A office accommodation in the FEA is likely to be limited for the foreseeable future in part due to the rental income required to make such schemes viable being in the region of £26 per sqft. Farnborough Business Park is currently the only site within in the FEA that is generating rent levels close to this value range and this factor alongside strong demand for properties at the site explains the speculative office development currently being constructed at this site.

- **Lower grade office accommodation**
    - There is limited demand for such premises but the supply of such floorspace remains high, therefore the best accommodation within this category is letting whilst the lowest grade stock is remaining vacant for prolonged periods.
    - Commercial agents noted that the costs of refurbishing such stock to a good standard attractive to the market typically costs between £50-£60 per sqft, and the that the current over supply of office accommodation was limiting investment in refurbishing such stock as low rent levels made such investment unviable. It is considered that reducing the supply of lower quality office stock is likely to enable rent levels to increase and encourage investment to refurbish lower quality stock.
    - Permitted Development Rights that enable the conversion of offices to residential through the prior approval process are helping to reduce the amount of lower quality town centre office floorspace and assist in re-balancing supply and demand. However, concerns were expressed that if the PD rights are made permanent or extended beyond May 2016 there will continue to be losses of office stock in the FEA and there is a danger that in the medium term (5 to 10 years) there will be an significant increase in conversions once long leases come to an end.
- 6.15 Despite the predominance of larger floorspace offices in the FEA, the role that smaller scale serviced offices play in the local economy is important. It is considered that the variety of small, serviced and unserviced, office suites available at various locations within the FEA are meeting an identified market need. These include facilities such as Regus Serviced Offices at Farnborough Business Park, Fleet and Frimley, and Old School Studios in North Camp. In addition, there is a wide range of business floorspace space available on flexible terms in the rural areas of Hart and Surrey Heath that meet the needs of SMEs. However, it was considered that more high-quality 'starter' office units would be a positive addition to the stock in the FEA in the future.
- 6.16 The office market has started to recover from the economic downturn, although not to pre-downturn levels. Data from the Costar Focus property database has been used to highlight the annual change in the amount of office floorspace let within the FEA between January 2010 and December 2014. Figure 6.1 indicates that the office market is recovering following the economic downturn with the amount of floorspace let in the FEA increasing by 76% between 2013 and 2014.

**Figure 6.1: Office Floorspace let (sqm) in the HRSH FEA by year (December 2014)**



**Source:** Costar Focus

6.17 The transactions data contained in Figure 6.1 reflects the views of the Commercial Agents who identified that over the past twelve months lettings of office floorspace in the FEA was considered to have recovered, with strong demand for quality floorspace in Farnborough. Whilst the recovery in the level of transactions is encouraging, it is important to note that in December 2014 there was in excess of 200,000sqm of office floorspace being marketed in the FEA. The commercial agents reiterated that as demand for office floorspace continues to improve, the good quality stock that is being marketed is likely to come back into use, whilst the lower quality stock is likely to remain vacant.

6.18 As demonstrated by Figure 6.2, typical rent levels for office floorspace within the FEA vary considerably with Farnborough achieving the strongest rent levels out of the all of the settlements within the FEA, and Farnborough Business Park commanding a rent premium. In contrast, Aldershot achieves the lowest rent levels in the FEA. It is important to note that many property owners are continuing to offer incentives to attract occupiers, such as rent-free periods.

**Figure 6.2: Typical rental level per square foot by settlement**

Location	Offices	Industrial
Aldershot	£6.50 - £10.00	£6.00 - £8.00
Camberley	£15.00 - £20.00	£6.00 - £8.00
Frimley	£15.00 - £22.00	£6.00 - £8.00
Farnborough	£17.00 - £22.00	£6.00 - £8.00
Farnborough Business Park	£20.00 - £24.00	n/a
Fleet	£14.00 - £17.50	£6.00 - £8.00
Hook	£12.00 - £16.50	£6.00 - £8.00

**Source:** Commercial Agents / Costar Focus

- 6.19 Overall, most parts of the sub-region have lower office rents than in some competing locations such as Guildford and Reading which typically achieve £17.50-£26.50 per sq. ft. due to the attractiveness of these locations and highly skilled local workforces.

## **Local Office Markets**

- 6.20 The following section provides a brief overview of the office markets within the three local authority areas that form the Functional Economic Area.

### **Hart**

- 6.21 Hart's main office centres are Fleet and Hook, with a range of town centre and edge of centre business parks developed due to the District's good motorway and rail links to London and access to a large pool of skilled labour.
- 6.22 The majority of office floorspace in Hart is concentrated around Fleet with modern stock such as at Waterfront Business Park performing well due to its quality stock and prominent location adjacent to the town's railway station. However, there appears to be an over-supply of lower grade stock with concentrations of dated larger footprint stock to the north of the town centre, specifically at Ancells Business Park with is currently experiencing high levels of vacancy, predominantly in the larger units.
- 6.23 The main office site in Hook is the modern Bartley Wood Business Park on the town's southern edge, where occupiers include Virgin Media, HP and Lenovo in a range of modern buildings. The BMW finance group also occupy an office building at the site although it is understood that they will be relocating within the FEA in the near future.
- 6.24 There appears to be strong demand from small businesses, rural enterprises and some smaller office occupiers not requiring a town centre location. The types of premises vary significantly from basic converted agricultural barns providing storage/workshop space, to purpose-built office buildings. Occupancy rates at such accommodation are high demonstrating that there is demand for such premises.

### **Rushmoor**

- 6.25 Rushmoor is the largest office market in the FEA, dominated by provision in Farnborough which is generally seen as the most attractive office centre in the area. This is primarily due to its direct mainline rail connection to London, the prestige of Farnborough Airport and a number of high quality office developments with established business clusters. The ongoing development of Farnborough Business Park is likely to further increase the town's position as the area's premier office location, and with development land remaining, it is likely to be the main source of newly developed business park floorspace in the FEA for the foreseeable future.

- 6.26 A proportion of Farnborough's office stock actually lies close to the town centre, although the majority of the floorspace is located in edge / out-of-centre business parks. However, there are a number of office buildings close to the town's railway station, with the more modern units proving to be attractive to the market and the older 1960's stock struggling to attract occupiers.
- 6.27 Farnborough tends to accommodate activity at two scales, catering for local/indigenous small business activity alongside strategic large-scale activity that serves a regional, national and international market. The strategic supply tends to cater for higher value sectors, including activities that demand high quality B1a and B1b floorspace such as corporate office occupiers (IBM, Fluor) and research and development companies (Qinetiq, BAe).
- 6.28 Aldershot is not regarded as a significant office centre, in part reflecting a perception that it is an 'army town', which has a comparatively low skills-base and with less direct rail connections to London. As a result of lower demand, new development has been limited and so the existing supply of office space in the town centre is old and generally of poorer quality. Due to low demand for floorspace in Aldershot, rent levels are low, which can benefit businesses seeking low cost accommodation in a town centre environment. However, the Grade A office campus at the Royal Pavillion is an exception but overall the town's proximity to more established office centres such as Farnborough and Fleet suggests that low demand for office accommodation in Aldershot is likely to continue into the foreseeable future.

### **Surrey Heath**

- 6.29 Surrey Heath is the smallest office market in the FEA by a small margin. The west of the borough is more urban in character than the rural east and contains the main office centres at Camberley town centre and edge of centre business parks in both Camberley and Frimley. These were developed in locations with good access to the M3, providing direct motorway links to London and the south coast. Additionally, there is some localised office provision in the rural eastern half of the Borough at Bagshot and Windlesham.
- 6.30 Within Surrey Heath there are concentrations of quality office / research and development floorspace that are occupied by a range of corporate office occupiers including the Bank of America, Siemens and Eli Lilly.
- 6.31 There is continued demand for properties at Watchmoor Park and Frimley Business Park due to the quality of stock available within these established business park environments and their proximity to the strategic road network (M3).
- 6.32 The relatively poor rail connections from Camberley and Frimley stations to Central London puts these locations at a disadvantage, although there is still a demand for town centre stock in these locations. It was noted that conversions of office



floorspace in town centres had helped reduce the oversupply of lower quality vacant office stock in these locations.

- 6.33 There appears to be strong demand from small businesses, rural enterprises and some smaller office occupiers not requiring a town centre location. The types of premises vary significantly from basic converted agricultural barns providing storage/workshop space, to purpose-built office buildings. Occupancy rates at such accommodation were high demonstrating that there is demand for such accommodation.

## **Industrial**

- 6.34 The FEA has a strong industrial market, with concentrations of industrial land in and around the A331 Blackwater Valley Road and M3. Unlike for offices, industrial demand is more evenly spread with limited variations across the FEA's main centres. This is reflected by the typical industrial rents being achieved in the FEA tending not to vary much by location (typically £6-£8 per sq ft) for modern premises, although rents can be lower (up to 25%) for older stock. Sites located in close proximity to the strategic road network are preferred including the East Aldershot Industrial Cluster (North Lane); Yorktown Industrial Estate, Camberley and; Osborne Way, Hook.
- 6.35 The industrial market held up well during the economic downturn, and whilst the number of transactions reduced they were still taking place, but buildings were on the market for longer. There is demand for new industrial accommodation in the FEA for all types of units. It was noted that whilst there are no 'hot spots' for demand, location in relation to the strategic network is a key driver that primarily influences demand.
- 6.36 The majority of demand for industrial premises in the FEA comes from local companies seeking to expand, but there is strong interest for distribution warehousing close to the M3 corridor from companies seeking to establish themselves in the area.
- 6.37 Commercial agents highlighted that industrial process occupiers do not care so much about building quality; they are more concerned as to whether they can undertake their operations from the site. For example, it is noted that at Invincible Road in Farnborough some of the buildings are old and low quality, but the servicing and parking arrangements meet a specific need.
- 6.38 The reasonable level of demand is also reflected by the very limited vacant industrial space, particularly within the established industrial areas. This has resulted in relatively high rents being achieved for industrial premises, particularly for newer, high specification units, making industrial development increasingly viable and attractive to developers. This is demonstrated by the recent consent for new industrial units at Hawley Lane in Farnborough, and the construction of Trade City at Frimley. There has been redevelopment of older stock in order to provide newer,

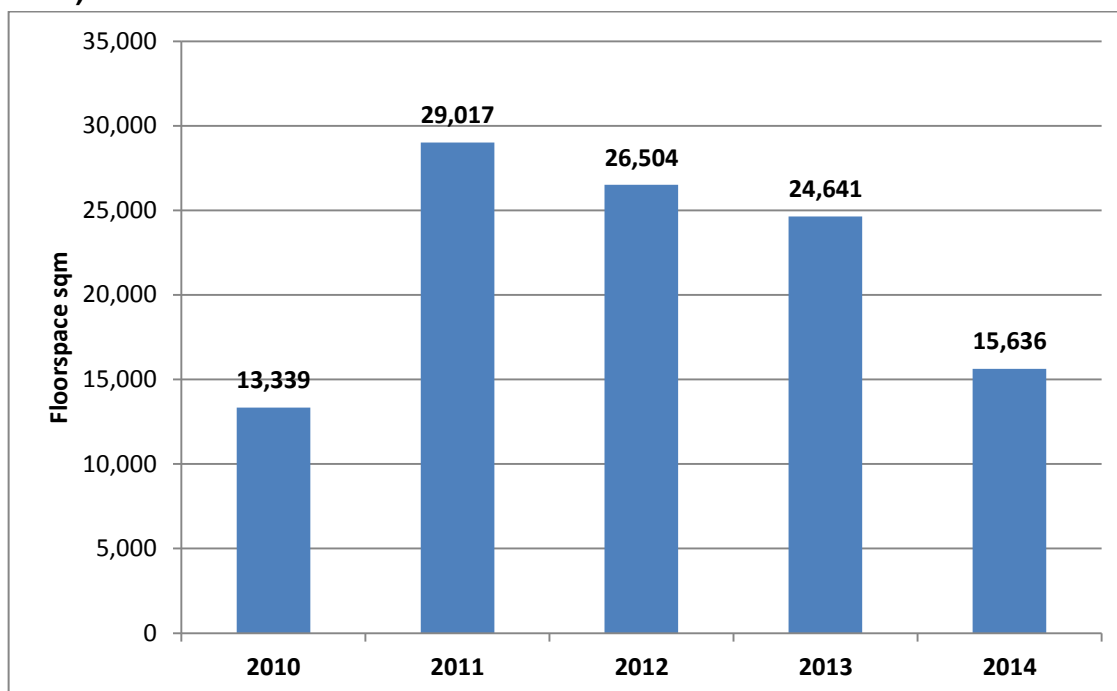
purpose-built light industrial units in addition to the refurbishment and upgrading of existing stock.

- 6.39 The Commercial Agents considered that the replacement of larger industrial units that have reached the end of their functional life with smaller units was likely to continue on sites of under 1ha. The small freehold industrial units that have been developed at North Lane, Aldershot (Pegasus Court) and the Aero Park, Farnborough were reported as filling an important gap in the market, and are in strong demand.
- 6.40 Within the FEA there is currently limited provision of distribution or large-scale warehousing premises, although there is a limited supply of older, second-hand space. This reflects a lack of large sites, while other locations such as Andover and Basingstoke provide cheaper space in more accessible locations. However, initial works have commenced (site clearance and highway works) to deliver the 'Hartland Park' Logistics centre that upon completion will provide 126,000 m<sup>2</sup> of distribution floorspace for a single occupier close to Junction 4a of the M3 motorway. This site will suit the needs of a large scale logistics operator (such as a supermarket) as opposed to more localised needs for distribution premises (see para 6.42).
- 6.41 The industrial market has remained relatively stable throughout the economic downturn and data from the Costar Focus property database has been used to highlight the annual change in the amount of industrial floorspace let within the FEA between January 2010 and December 2014. Figure 6.3 overleaf indicates that the industrial market is performing well with transactions remaining strong since 2011, although it is noted that there has been a decline in transactions in 2014. The recent decline in transactions could in part be due to the high occupancy levels within industrial premises in the FEA (circa 90%) and the limited supply of vacant floorspace available to meet the needs of the market. For example, there is currently only 75,000sqm of vacant industrial floorspace in the FEA available for immediate occupation<sup>11</sup>.
- 6.42 Data sourced from Costar indicates that over the period 2010-2014 the average amount of floorspace let per annum in the FEA was 21,800sqm. This demonstrates that there is strong demand for industrial premises in the FEA, although it is acknowledged that there will be churn within the local property market, i.e. some floorspace may become available as companies relocate to premises that better suit their needs. However, it is important to note the views of the commercial agents that there is demand for new industrial accommodation in the FEA for all types of units, and, that there is a shortage of the following types of accommodation in the FEA:
- buildings of circa 2000sqm to 7,500sqm that provide either warehousing accommodation or a mix of warehousing and offices,
  - small starter units (150sqm to 250sqm) located close to strategic highway links (e.g. the M3 / A331 Blackwater Valley Relief Road)

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<sup>11</sup> Immediate occupation refers to premises that are complete. A significant amount of industrial floorspace is being marketed on a pre-let basis, i.e. construction will commence once an occupier is committed to the scheme, including 126,000sqm at Hartland Park.

**Figure 6.3: Industrial floorspace (sqm) let in the HRSH FEA by year (December 2014)**



Source: Costar Focus

- 6.43 As demonstrated by Figure 6.2 typical rent levels for industrial floorspace within the FEA are relatively constant ranging from £6-£8 per sq. ft with no significant variations between different towns and settlements in the FEA, although good quality stock located close to the strategic road networks commands a premium. Industrial rents in the FEA are also broadly similar to other locations outside of the M25, but slightly cheaper than prime West London industrial locations and much cheaper than the Heathrow area.

### Local Industrial Markets

- 6.44 The following section provides a brief overview of the industrial markets within the three local authority areas that form the Functional Economic Area.

#### Hart

- 6.45 Hart provides a range of industrial accommodation with the bulk of the districts provision being located in the main settlements below:
- Church Crookham provides industrial accommodation at four sites, two of which are small scale and meet the needs of SMEs (Fleet Business Park and Potters Industrial Estate) whilst one of the remaining sites has been developed as a bespoke manufacturing facility for a single occupier (Vertu) and Redfield's Lane provides larger footprint industrial accommodation.

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- Fleet provides limited industrial accommodation, although outside of the settlement there is some industrial accommodation at Cody Technology Park (part in Hart District). Cody Park provides a secure site for datacentre occupiers and the needs for large-scale logistics premises are likely to be met by the development of Hartland Park.
  - Hook provides good quality industrial floorspace in close proximity to public transport infrastructure and the strategic highway network (M3 Junction 5) at Osborne Way, an established industrial area providing a mix of unit types and sizes. The recently completed Bartley Point, a new warehouse / industrial development that has recently been completed.
- 6.46 There appears to be strong demand from small flexible businesses/ light industrial premises to support rural enterprises and SMEs. The types of premises vary significantly from basic converted agricultural barns providing storage/workshop space, to purpose-built light industrial / storage units, such as those at Murrell Green Business Park located on the A30 between Hook and Hartley Wintney. Occupancy rates at such accommodation were high demonstrating that there is demand for such accommodation.

## **Rushmoor**

- 6.47 Rushmoor provides a good range of industrial estates of varying sizes with provision being provided in the main settlements of Farnborough and Aldershot as detailed below:
- Aldershot - contains a number of small industrial estates located in close proximity to the town centre that meet the needs of SMEs, including the Rotunda Estate, Redan Road Industrial Estate and Wyndham Street. In contrast to the east of the Town adjacent to the A331 lies the East Aldershot Industrial Cluster that is a strategic employment location providing industrial accommodation of various types and sizes in a highly accessible location.
  - Farnborough – contains a mix of industrial floorspace located at five core locations, including the edge of centre Invincible Road Industrial Estate, Eelmoor Road and Hawley Lane. The town's industrial locations collectively provide a mix of unit types and sizes to meet the needs of the market.

## **Surrey Heath**

- 6.48 There is a concentration of industrial premises in Surrey Heath at the western edge of the borough along the Blackwater Valley Corridor. Industrial areas of varying sizes ranging from 37ha to just over 2ha are located in the borough's settlement areas of Camberley and Frimley within close proximity of the A331:

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- Camberley - contains York Town, the largest industrial area in the FEA, as well as more moderately sized industrial estates at Admiralty Park, Bridge Trade and Industrial Park and St Georges Industrial Estate & Helix Business Park. These are located at the western fringe of the Borough, within close proximity of junction 4 of the M3. York Town and Admiralty Park house diverse range of occupiers including many SMEs in small clusters of workshops, larger businesses in modern warehousing and technology clusters. York Town in particular contains a wide range of industrial accommodation, both in terms of size and type of units. The remaining industrial estates in Camberley are more suited toward SMEs and businesses that require smaller warehousing or workshops.
- Frimley – contains two industrial areas that sit side-by-side, adjacent to the M3 junction 4; Albany Park and Lyon Way. Lyon Way contains a business park, as well as a cleared area and development site which will provide large warehouse units and a storage & distribution centre once completed. Albany Park is fully implemented and houses SMEs, as well as large multinational companies occupying warehouses and light industrial units of varying sizes.

## 7. Future Requirements for B Class Employment Space

7.1 This section assesses the B Class employment space requirements that are likely to be required up until 2032 using three methods which are as follows:

- a) Labour demand projections - Projections of employment growth in the main B class sectors derived from economic forecasts produced by Experian<sup>12</sup>;
- b) Past trends - Considerations of past trends in completions of employment space based on monitoring data supplied and how these might change in the future;
- c) Labour supply - Estimating future growth of local labour supply based on the housing requirement in the joint HRSH SHMA (1,180 dwellings per annum) and the amount of jobs and employment space that this can support.

7.2 It is important to note that there are strengths and weaknesses to each of the forecast methods which are detailed below:

**Figure 8.1: Forecast method SWOT analysis**

Forecast Method	Strengths	Weaknesses
Labour Demand	<ul style="list-style-type: none"> <li>Forecasts are broken down by jobs by sector (Standard Industrial Classification (SIC) code)</li> </ul>	<ul style="list-style-type: none"> <li>Do not apply policy on factors to inform local aspirations</li> <li>Less robust over the longer term (10+ years)</li> <li>The forecasts are calculated using a disaggregation approach and local forecasts need to be treated with a degree of caution</li> <li>The forecasts assume that enough housing will be provided to accommodate the ONS population projections in full and do not take account of local constraints.</li> </ul>
Past Trend	<ul style="list-style-type: none"> <li>identifies the actual levels</li> </ul>	<ul style="list-style-type: none"> <li>Do not take market sectors into</li> </ul>

<sup>12</sup> Experian (December 2013) Local Market Database (LMD) forecasts. For further details on the Experian Local Markets Database (UK local markets estimates and forecasts) see <http://www.experian.co.uk/economics/uk-local-market-forecasts.html>

<b>Forecast Method</b>	<b>Strengths</b>	<b>Weaknesses</b>
(Floorspace Delivery)	<p>of commercial development that has taken place in the FEA over a set time period</p> <ul style="list-style-type: none"> <li>Provides a useful reality check on other forecasts (specifically Labour Demand Forecasts)</li> </ul>	<p>account or identify sectors</p> <ul style="list-style-type: none"> <li>Do not take account of the impacts of constrained supply, i.e. if there were limited land available for a specific use this would suppress delivery rates</li> <li>Policy on aspirations such as smart growth and regeneration are not taken into account.</li> </ul>
Labour Supply	<ul style="list-style-type: none"> <li>Forecasts integrate demographic projections and economic forecasting.</li> <li>Provides a useful reality check on the labour demand forecasts</li> <li>Identifies the level of job growth that could be supported by new residential development in the FEA.</li> </ul>	<ul style="list-style-type: none"> <li>The forecast output does not break the labour supply down into sector type therefore, assumptions have to be made.</li> <li>Do not take account of policy aspirations such as delivering economic growth and attracting inward investment.</li> </ul>

7.3 Despite the strengths and weaknesses of each forecast method set out in Figure 7.1, for the Employment Land Review to be robust, the economic growth potential and likely demand for employment space in the FEA needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in the future.

7.4 It should also be noted that the assessment is not purely quantitative, and that there may be qualitative factors that influence the future employment space requirements that need to be planned for.

## **Labour Demand Forecasts**

7.5 Forecasts of job growth in the three districts that make up the HRSH FEA were obtained for the period (2011-2031) from the economic forecasting house Experian. As noted in Figure 7.1 such forecasts tend to be most reliable at national and regional scales and consequently less so at the local level. This is because the standard forecasts are built around 'shift-share' models. This means that, in broad terms, the historical performance of a county is interpreted in terms of its share of the regional economy to which it belongs. Labour demand forecasts are known to be less robust during periods of economic stability and for long term projections (10 years or

more) in part due to the fact they are based on trend data. In addition, due to the disaggregation approach used the sub-regional and district forecasts need to be treated with a degree of caution.

### **Scenario 1: Job Growth**

- 7.6 The Experian forecasts of job growth by sector cover the period up until 2031 and forecast the overall employment change in the FEA over the period (2011-2031) to be in excess of 31,150 jobs, of which 16,500 (53%) relate to traditional B class employment sectors. This study is required to cover the time up until 2032, therefore the forecasts have had to be extended by an additional year. To calculate the growth level up until 2032, an assumption has been made that the average annual rate<sup>13</sup> of employment growth forecast between 2011 and 2031 would continue for an additional year.
- 7.8 The resulting employment change between 2011 and 2032 is displayed in Figure 7.2 along with expected job growth in three core employment floorspace uses, notably:
- Office and research and development
  - Manufacturing (including light industrial and industrial)
  - Storage and distribution
- 7.9 This includes an allowance for jobs in sectors that traditionally do not use B use class floorspace, such as land transport, utilities and specialised construction (see Appendix 2).

**Table 8.2: Forecast Employment Change in the HRSH FEA**

<b>Sector (Use class)</b>	<b>Change in employment 2011-2032</b>
Office (B1a/b)	20,914
Manufacturing (B1c/B2)	-5,593
Distribution (B8)	2,108
<b>Total B-class jobs</b>	<b>17,428</b>
Jobs in all sectors	32,906

**Source:** Experian December 2013 / RBC analysis –Total Workforce jobs including jobs including self-employment

- 7.10 The level of growth proposed within the B use classes in the FEA up until 2032 is significant and is dominated by a strong growth in office based sectors with moderate gains in job growth in distribution jobs which is more than offset by a decline in manufacturing employment. This is within the context of overall job growth of over 32,900 jobs in the FEA, which outside the B class sectors are made up from strong growth in the health, education and retail sectors amongst others.
- 7.11 We can convert the above jobs forecasts into future employment floorspace requirements by applying typical ratio of jobs to floorspace for each of the different B uses. To estimate needs, the following average ratios have been applied:
- **Offices: 1 job per 11.5 sqm**

<sup>13</sup> Compound Annual Growth rate (1.098%)



- Industry: **1 job per 40 sqm**
  - Warehousing: **1 job per 75 sqm** is assumed to account for a mix of general smaller scale warehousing and larger scale, lower density warehousing units.
- 7.12 These assumptions are based on the latest **HCA/Offpat guidance** on employment densities published in 2010. This guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot desking. This has resulted in a decrease in the amount of floorspace per office worker that is assumed compared to earlier guidance and therefore those contained in the 2009 joint Hart, Rushmoor and Surrey Heath Employment Land Review.
- 7.13 To reflect a normal level of market vacancy in employment space, an allowance of 10% is added to all positive floorspace requirements. Where a reduction in jobs is forecast, the associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost to non-employment uses.
- 7.14 Figure 8.3 sets out the employment floorspace requirements over the plan period based on the Experian Labour Demand forecasts and average jobs to floorspace ratios set out.

**Figure 7.3: 2011-32 floorspace requirements for the FEA based on labour demand forecasts**

Sector (use class)	Floorspace (sqm)
Office (B1a/b)	264,558
Manufacturing (B1c/B2)	-111,852
Distribution (B8)	173,878
Total	326,584

Source: Experian / RBC Analysis

- 7.15 The above floorspace forecast are based on a net increase of 17,428 jobs in traditional employment floorspace (B1-B8) use class sectors up until 2032. This forecast underpins this estimate of future employment space needs and is equivalent to an average of 830 additional B Class jobs per annum being created per annum over the period 2011-2032.

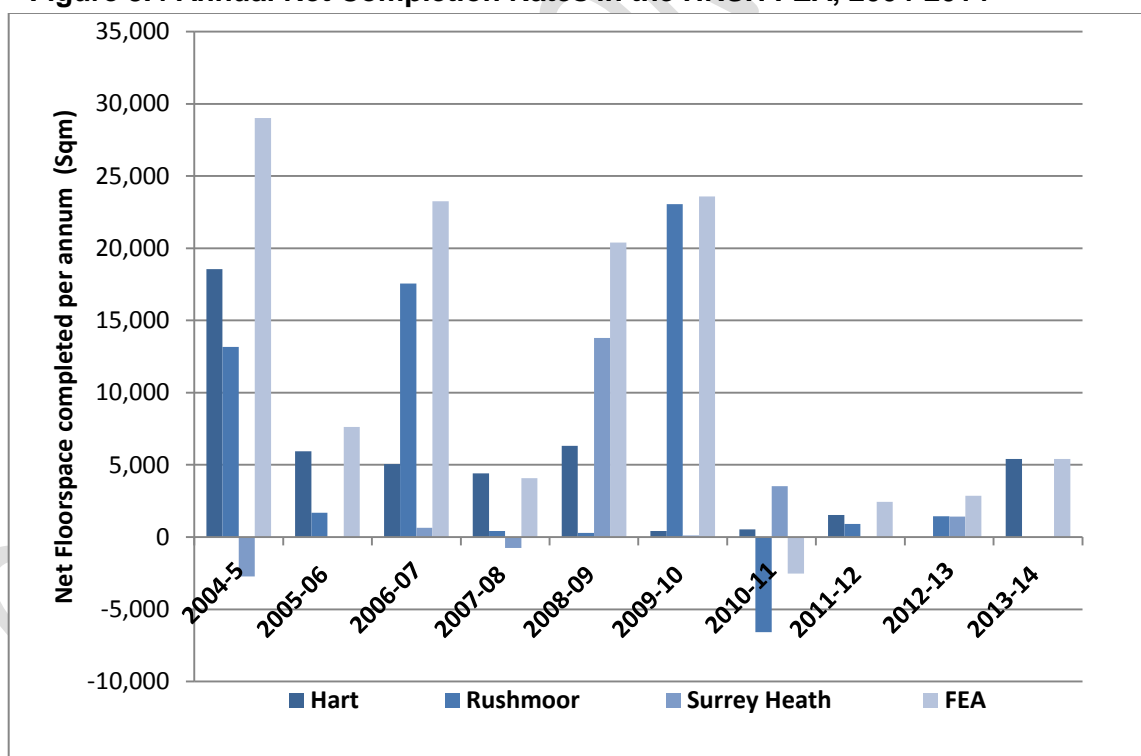
## Past Development Rates

- 7.16 Historic development (completion) rates of commercial floorspace provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, it is important to note that the future demand picture may not reflect past trends in light of the restructuring of the economy since the onset of the economic downturn in 2007/08.

### Scenario 2: Past Development Rates

- 7.17 Data on past completions by B class sector was provided by Hampshire County Council for the Hampshire Authorities (Hart and Rushmoor) and by Surrey Heath Borough Council. Completions in the period 2004/05 - 2013/14 have been analysed, since this is a reasonably long period that reflects a business cycle with a period of both strong economic growth, a period of recession and a period of economic recovery. Figure 7.4 displays how net completions fluctuated on an annual basis over this ten year period by local authority area and the impact that the economic downturn has had upon the delivery of new employment floorspace within the FEA.

**Figure 8.4 Annual Net Completion Rates in the HRSH FEA, 2004-2014**



- 7.18 In order to use this data to forecast potential employment land requirements over the period 2011-2032, the average annual take up of floorspace needs to be calculated over the monitoring period. Figure 7.5 displays both the average net and gross completions by three use class categories between 2004/05 and 2013/14. This demonstrates that whilst there have been gross completions of 213,308sqm over the 10 year monitoring period, when the losses of employment floorspace to enable

some of this new development to take place (site regeneration) are considered, the amount of net floorspace delivered is significantly lower at 116,135sqm.

- 7.19 The average annual gross completions for B Class uses over this time period amounted to some 21,300sqm whilst average annual net completions<sup>14</sup> were approximately 45% lower at 11,614sqm, highlighting how gross data masks the losses of employment space in development schemes.

**Figure 7.5: Completion Rates in the HRSH FEA, 2004-2014**

Sector (use class)	Floorspace (sqm)			
	Gross completions	Gross annual completions	Net completions <sup>14</sup>	Net annual completions
Business	146,224	14,622	75,795	7,580
Manufacturing	9,454	945	6,018	602
Distribution	22,071	2,207	13,490	1,349
Flexible (B1-B8)	35,559	3,556	20,832	2,083
Total	213,308	21,331	116,135	11,614

Source: HCC & SHBC data, RBC Analysis

- 7.20 One view of future growth in the HRSH FEA is to assume that future development rates carry on at the long-term average achieved in the past. If it is assumed that the average annual Net<sup>14</sup> completion rate over the past ten years continued over the period 2011-2032, we can estimate the employment land requirements that would be required under such a scenario and these are set out in Figure 7.6 below.

**Figure 7.6: Employment floorspace required based on past trends continuing, 2011-2032**

Sector (Use Class)	Trend net annual completion rate (sqm)	Additional floorspace required by 2032 (sqm)
Business	7,580	159,180
Manufacturing	602	12,642
Distribution	1,349	28,329
Flexible (B1-B8)	2,083	43,743
	11,614	243,894

Source: HCC & SHBC data, RBC Analysis

- 7.21 This approach assumes that past trends of office development in both a relatively buoyant as well as recessionary economic period would continue unchanged, but may not fully reflect the impacts of the economic recovery or longer term workplace trends that could further reduce future demand for office space. Conversely, it may underestimate future demand for certain types of employment uses, specifically the Manufacturing and Distribution sectors, if the supply of new development was constrained in the past, for example because of limited site availability; a lack of suitable sites, and, or infrastructure/funding issues preventing sites being delivered.

<sup>14</sup> Net completions discount floorspace lost as part of employment site redevelopment / regeneration schemes (i.e. some employment floorspace is lost to enable the redevelopment of the site to provide modern employment floorspace).

- 7.22 The use of net data takes account of demolitions of low-grade employment floorspace that have taken place to enable the redevelopment of these sites to provide modern B class employment floorspace.

## **Future Labour Supply**

- 7.23 It is important to consider how many jobs and associated employment floorspace would be required to meet projected requirements resulting from the housing number contained in the joint Hart, Rushmoor and Surrey Heath (HRSH) Strategic Housing Market Assessment (SHMA). It is therefore important to consider how many jobs, and hence how much employment space, would be required to broadly match forecast growth of the FEA's resident workforce over the plan period.
- 7.24 This approach makes a direct link to the objectively assessed housing need (OAHN) for the FEA. The OAHN is a carefully calibrated assumption constructed from projected demographic increase that additionally features an 'economic growth premium' in recognition of the FEA's attractiveness as a location for business investment and human capital. As with the preceding scenarios the jobs forecast associated with the OAHN is then converted into an employment floorspace requirement.

### **Scenario 3: Labour Supply (1,180 Dwellings per annum)**

- 7.25 The recently published Hart, Rushmoor and Surrey Heath (HRSH) Strategic Housing Market Assessment (SHMA) identifies a range of scenarios relating to objectively assessed housing need and demand for the plan period 2011 to 2031. The Objectively Assessed Housing Need for HRSH is 23,600 homes per annum over the period 2011-31, which equates to 1,180 dwellings per annum.
- 7.26 The labour supply implications of this housing number have been calculated as 1,130 jobs per annum, or an increase in employment of some 22,600 people between 2011 and 2031. Further detail on how this has been calculated can be found in Section 7 of the [HRSH SHMA](#).
- 7.27 The workplace labour supply forecasts indicate an increase of 23,730 workers in the FEA by 2032 (Figure 7.7), of which 12,579 would be in sectors requiring B-class floorspace. The proportion of jobs requiring B-class floorspace is based on the sectoral breakdown provided by the Experian forecasts (Scenario 1).

**Figure 7.7: Forecast Labour Supply / Job Requirement in the HRSH to 2032**

	<b>Annual Average (2011-31)</b>	<b>Increase (2011-32)</b>
Dwelling	1,180	24,780
Resident Labour Supply	1,130	23,730
Jobs in B class sectors	599	12,579

**Source:** Wessex Economics / RBC analysis

- 7.28 The resulting job numbers were then translated into estimated requirements for B class employment floorspace by applying the same standard employment densities used in the labour demand based approach and adding a 10% vacancy allowance where there is a positive floorspace requirement.
- 7.29 Overall, future employment space requirements based on meeting the job needs of FEA residents would mean approximately 224,299sqm of B class employment space being required by 2032 (Figure 7.8).

**Figure 7.8: B Class Floorspace Required from the increased Labour Supply, 2011-2032**

<b>Employment use</b>	<b>Forecast change in employment (jobs)</b>	<b>Floorspace required (2011-2032)</b>
<b>Offices (B1a/b)</b>	15,082	190,784
<b>Manufacturing (B1c/B2)</b>	-4,033	-80,661
<b>Distribution (B8)</b>	1,520	125,391
<b>Total</b>	<b>12,569</b>	<b>235,514</b>

**Source:** RBC analysis

- 7.30 This labour supply based estimate provides a useful benchmark for comparison with the labour demand approach (Scenario 1).

### **Calculating the Gross Floorspace requirements for each forecast method**

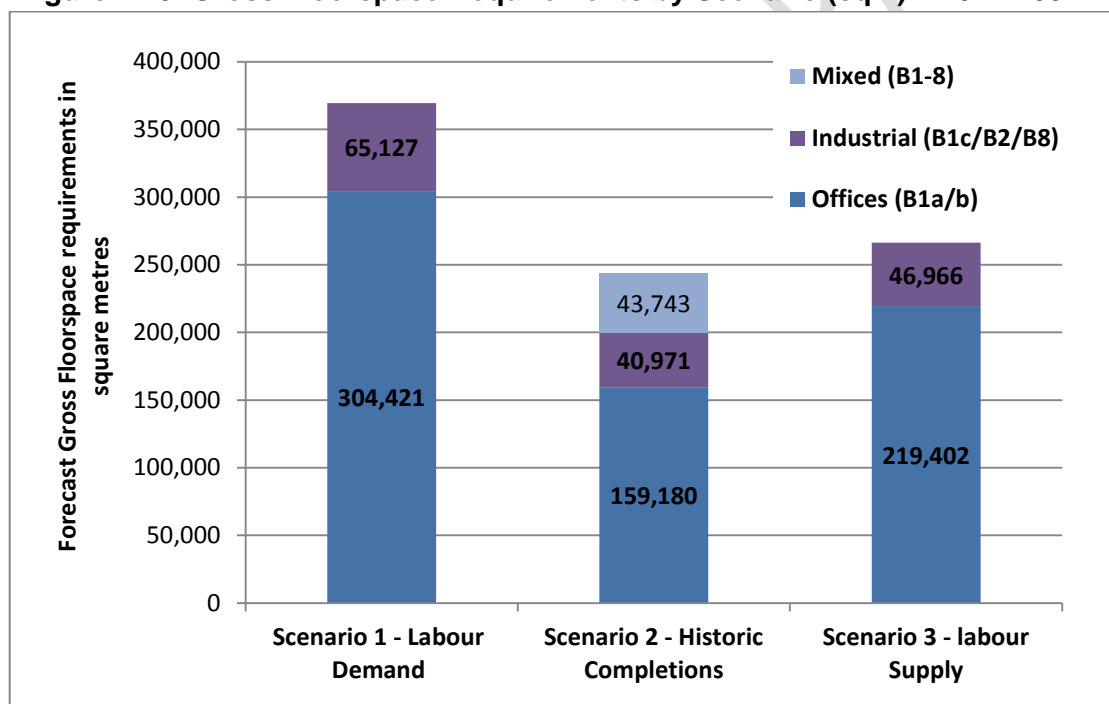
- 7.31 Before the results of the three forecasts can be compared, adjustments need to be made to scenarios 1 and 3 in order that they calculate the gross floorspace requirements based upon the HCA Offpat jobs to floorspace conversion factors. Net internal floorspace and gross internal floorspace for employment developments can vary significantly according to use. The 2009 HCA Offpat guidance indicates that:
- for office space the gross figure is typically 15-20% higher than net internal space;
  - for larger warehouses, the net area can be as much as 95% of the gross area.
- 7.32 Therefore, an upscaling ratio of 1.15 has been applied to the net office floorspace requirements and 1.05 to industrial requirements set out in Figures 7.3 and 7.8 to determine the gross floorspace requirements for all three scenarios. These findings are displayed in Figures 7.9 and 7.10 overleaf.

**Figure 7.9: Gross Floorspace requirements to 2032 for the three growth scenarios**

Use	Floorspace (sqm)		
	Scenario 1	Scenario 2	Scenario 3
Offices (B1a/b)	304,421	159,180	219,402
Industrial (B1c/B2/B8)	65,127	40,971	46,966
Mixed (B1-8)	n/a	43,743	n/a
All B uses	<b>369,369</b>	<b>243,894</b>	<b>266,368</b>

Source: RBC analysis

**Figure 7.10: Gross Floorspace Requirements by Scenario (sqm) – 2011-2032**



Source: RBC analysis

- 7.33 These forecasts reflect a fairly wide range of potential space requirements in the HRSH FEA up until 2032, ranging from in excess of 370,000sqm of B class floorspace through the Scenario 1 Labour Demand forecasts to 244,000sqm from Scenario 2 (historic completions). All of the forecasts project an increase in both office and industrial floorspace, although there are significant variations.

## Land Requirements

7.34 The final step, for all scenarios, is to translate the gross floorspace requirement into land requirements for both office and industrial uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using the following assumptions and local adjustment factors to reflect the pattern of development in the FEA:

- **Offices – a plot ratio of 0.5** has been applied following engagement at the ELR stakeholder event to reflect that the majority of land supply in the FEA is located at low density business park environments<sup>15</sup>. This would mean that 1ha would be needed to accommodate 5,000sqm of employment floorspace.
- **Industrial – a plot ratio of 0.4** has been applied so that a 1 ha site would be needed to accommodate 4,000sqm of employment floorspace.

7.35 The resulting land requirements for each scenario are set out in Figure 7.11.

**Figure 7.11: Employment Land Requirements (Ha) by Scenario**

Use	Scenario 1 – Labour Demand	Scenario 2 – Historic Development Rates <sup>16</sup>	Scenario 3 – Labour Supply
Offices	60.8	37.1	44
Industrial	16.3	14.6	11.7
<b>Total</b>	<b>77.1</b>	<b>51.7</b>	<b>55.7</b>

## Sensitivity Tests

7.36 Given the range of assumptions implied by the three scenarios to calculate future requirements, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions.

### Comparing scenarios to actual jobs growth achieved

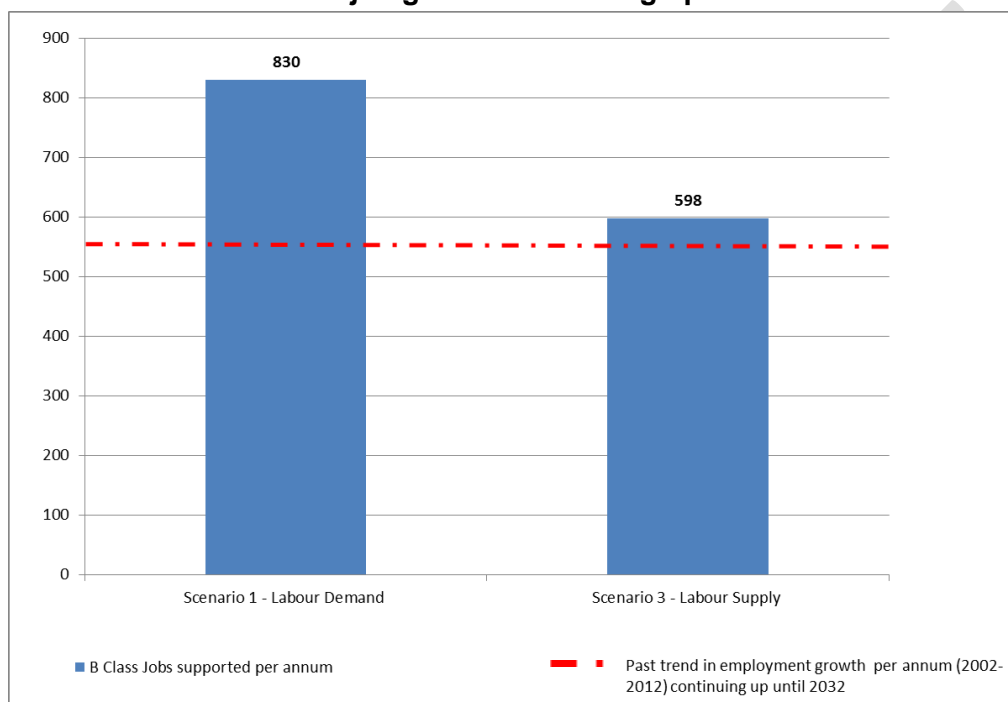
7.37 It is useful to compare the employment growth implied by the scenarios used in this report to the level of job growth that has actually achieved in the FEA over recent years. Scenario 2 presents historic employment development rates and is not based on a job growth assumption like Scenarios 1 and 3. Therefore, Figure 7.12 compares the annual level of B class job growth that would be delivered by Scenarios 1 and 3 against what would be delivered if historic job rates continued. The Labour Supply forecast has the lowest jobs requirement out of the three forecasts (implying about

<sup>15</sup> The office land to floorspace ratio was discussed at length with commercial property agents to take account of local circumstances and it was agreed that 0.5Ha was appropriate given the available land supply in the FEA and historic completions.

<sup>16</sup> It has been assumed that the 41,000 sqm of Mixed Floorspace will be split evenly between Offices and Industrial uses.

598 B class jobs annually would be created over the next 21 years). The highest growth estimate based on the Labour Demand forecasts implies some 830 B class jobs will be created annually. If we compare the three scenarios to what would happen if the job growth rate in the FEA continued at the rate achieved between 2002-2012 and assume that 53% of these jobs would require B class-floorspace, we would expect 555 B class jobs per annum to be delivered in FEA between 2011 and 2032.

**Figure 7.12: Annual B class job growth implied by scenarios compared to historic rates of B class job growth continuing up until 2032**



- 7.38 Figure 7.12 indicates that scenarios 1 and 3 used in this study generate a higher level of job creation than what would be achieved in the FEA if the rate of B class employment growth achieved between 2002 and 2012 were to continue. The Future Labour Supply that is forecast to be provided by the additional homes planned in the FEA (1,180 dwelling per annum) will enable B class job growth in the local area to exceed those achieved in the recent past.

### **Employment land re-use**

- 7.39 The forecasts assume that half the industrial (B2) employment floorspace that is projected to be lost in the FEA will be re-used for light industrial (B1c) or storage and distribution uses (B8 uses). If this were to reduce, it would increase future land demands for the industrial sector. In contrast, if the tight supply of industrial land in the FEA (B1c-B8) remains an issue, increased levels of land recycling could result, reducing the overall demands for new industrial land.



## **Floorspace ratios**

- 7.40 The various assumptions on job/floorspace ratios and plot ratios adopted in the study were sourced from HCA Guidance. The sectors that are forecast to grow over the plan period predominantly require business floorspace. It is important to note that office floorspace to worker ratios have reduced substantially over recent years, in part due to increased home and flexible working and businesses seeking to reduce their operating costs. If the job/floorspace ratios were to continue declining in the future this would further reduce the need for office accommodation and new employment land to accommodate such accommodation in the FEA.

## **Development density assumptions**

- 7.41 The land requirement estimates (Figure 7.11) assume that new office space would be delivered at a floorspace to plot ratio of 0.5. If however, all new office space was built at a lower density plot ratio of 0.4, the maximum land requirement for office would increase from 60.8ha to 76ha.
- 7.44 Conversely, if all the office demand was met in higher density developments (for example with a plot ratio of 0.6) the land requirement for office uses would reduce to 50.6 ha. This suggests that the land requirement for office based uses is highly sensitive to this factor.
- 7.45 However, it is important to note that the land to floorspace ratio for office developments was discussed with local commercial property agents to take account of local circumstances. It was agreed that 0.5Ha was appropriate given the available land supply and historic completions in the FEA.

## **Vacant Stock**

- 7.46 As noted in Chapter 4, the industrial property market has vacancy levels within what are considered normal levels (5-10%) to enable natural churn within the market. In addition, lettings of industrial floorspace have been relatively strong since 2009 (see Figure 6.3) averaging in excess of 20,000sqm per annum. In light of this fact, it is unlikely that vacant stock is likely to make a significant contribution towards meeting the needs forecast in this report and therefore the regeneration of existing industrial sites and implementation of allocations and planning consents will need to accommodate the additional demands for light industrial, industrial and warehousing units up until 2032.
- 7.47 In contrast, the office market within the FEA continues to experience high levels of vacancy, specifically within the lower quality town centre office stock and out of town / edge of centre sites with limited on site amenities and infrastructure. There was a view that there is strong demand for quality office stock and that the quality vacant

stock will come back into use as the economy recovers, such as that at the Royal Pavillion (Aldershot); Watchmoor Park (Camberley), Waterside Business Park (Fleet). In addition, it was the view of the commercial agents that some of the lower quality vacant stock within the FEA will let as the economy recovers by businesses seeking lower cost office accommodation.

- 7.48 The supply of vacant office accommodation being marketed in the FEA in December 2014 was in excess of 200,000sqm. If we were to assume that as the market recovers and that by 2032, 75,000sqm (approximately 38%) of this marketed vacant office floorspace has come back into economic use, the land requirements to accommodate forecast employment growth in office based uses would reduce by 15Ha<sup>17</sup>.

## **Comparison to 2009 ELR Scenarios**

- 7.49 The scenarios contained within this study broadly align with the three forecast scenarios detailed in the 2009 Joint Employment Land Review. For example, the 2009 high growth scenario forecast the need for approximately 360,000sqm of employment floorspace, which is not far off Scenario 1 (Labour Demand) forecast contained within this study, although the proportion of industrial floorspace required in the latest forecasts is expected to be lower. In addition, the 2009 low estimate forecasts the need for 252,000sqm of additional employment floorspace, which broadly aligns with Scenario 2 (historic completions) in this study.
- 7.50 If we compare the land requirements of the 2009 ELR, the highest estimate indicated that 69.9 Ha of land would be required across HRSH, this compares with the Experian Forecast contained in this study which forecasts the need for 77ha of land. In addition, the lower scenario of the 2009 study forecast the need for 47.8ha of employment land, this figure broadly aligns with Scenario 2 of this study (51.7ha).
- 7.51 It is important to note that this study covers a longer time period than that 2009 ELR and that the Labour Demand forecasts that inform this study take account of the economic recovery in contrast to those that informed the 2009 study which were produced during a period of economic instability.
- 7.52 The Labour Demand forecasts used in this study project increased levels of employment in office based uses when compared to the 2009 ELR, yet the floorspace requirements are lower. The main reason for this is this study's use of more recent HCA/Offpat published employment densities that point to more efficient use of office space. To put this into perspective the assumed floorspace per worker ratio for office used has reduced from 18sqm per worker in the 2009 study to 11.5sqm per worker in this study. The change in floorspace per worker ratio was made in light of more up to date evidence reflecting organisational shifts towards using office space more efficiently in light of technology advances such as remote working and hot desking. For example, the office accommodation currently being

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<sup>17</sup> Based on a floorspace to plot ratio of 0.5

constructed at Farnborough Business Park has been designed with an occupancy ratio of 1:8, this is a 30% reduction in comparison to the latest HCA/Offpat Guidance.

## Scenario Selection for Further Testing

- 7.53 Prior to addressing the supply and demand position in the FEA, a scenario or scenarios need to be selected for further testing. The previous chapter detailed that there are variations between the three forecast methods used in this study in terms of the number of jobs created and therefore the likely employment floorspace and land requirements (see Figure 7.11).
- 7.54 **National Planning Policy Guidance (NPPG)** states that when assessing development needs though evidence, this should be proportionate and does not require councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur<sup>18</sup>. It is therefore important that we select a scenario for further testing that can be seen as being reasonable expected to occur by 2032.
- 7.55 Scenario 1 (Labour Demand forecasts) are based upon Experian-derived forecasts which are considered unreliaibly high in that they make too many assumptions around unconstrained economic growth. The Strategic Housing Market Assessment for Hart, Rushmoor and Surrey Heath undertook a range of scenario tests and does not incorporate the entirety of the Experian forecast in its economic growth premium for the sub-region. Paragraphs 7.81-82 of the SHMA state:
- “[...] forecasts such as Experian are essentially derived from top down models of sector growth levels at the national level, and therefore do not necessarily reflect the particular characteristics of the local economy in terms of the performance of particular businesses and sub-sectors [...] forecasts are in reality more akin to projections than genuine forecasts in that they assume continuation of past trends particularly of growth. They are also subject to significant amendment.”*
- 7.56 In light of the above, and the fact that the level of job growth forecast by Experian far exceeds those that have been achieved in the recent past (see Figure 7.12) Scenario 1 has been discounted from further testing through the supply and demand chapter.
- 7.57 Scenario 2 forecasts are based upon the historic completion rates of new employment floorspace in the FEA (discounting the employment supply lost to take account of the amount of site regeneration schemes). These figures provide a useful reality check against the other two scenarios in the ELR and take account of a period of sustained economic growth, a period of recession and, a period of low economic growth (see Figure 7.4). However, this scenario does not take account of the impacts of constrained supply or sectors or the projected growth of individual employment

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<sup>18</sup> Reference ID: 2a-003-20140306

sectors. Scenario 2 has therefore been discounted from further testing through the supply and demand chapter.

- 7.58 Scenario 3 (Labour Supply), uses forecasts that integrate demographic projections and economic forecasting and provide a valuable reality check of the labour demand forecasts. The forecasts identify the level of job growth that could be supported by new residential development in the FEA. It is therefore considered that **Scenario 3** is an appropriate scenario to take forward for testing against the FEA's land supply position.
- 7.59 However, we must take account of the NPPF (paragraph 21) which states that local authorities should 'set policies which are flexible enough to accommodate needs not anticipated in the plan period and to allow a rapid change to changes in economic circumstances'. Whilst there is no government guidance on how much flexibility should be applied as a safeguard against higher levels of economic growth being achieved the following chapter includes a safeguard test (Scenario 3 with a 20% uplift). This 20% safeguard test has been selected as it would test a level of growth materialising that is roughly mid-way between the Scenario1 (Labour Demand) and Scenario 3 (Labour Supply) forecasts. The safeguard test is **not considered** to be a robust forecast for identifying future employment land needs.

## Conclusions

- 7.60 Three different scenarios of future employment space requirements have been considered in this chapter, based on a number of approaches that reflect economic growth forecasts, past development trends and objectively assessed housing need based on demographic and economic growth factors. The updated labour demand forecasts (Scenario 1) indicate a higher level of future economic growth in the FEA than has been achieved in the recent past, with a much greater economic growth forecast in the industrial sectors than the scenario assessed in the 2009 ELR.
- 7.61 The overall floor space requirements related to these different scenarios range from 243,894sqm to 369,369sqm of all types of employment space to 2032, implying in broad terms a need for between 55.7 ha and 77.1 ha of employment land.
- 7.62 Of the three scenarios presented Scenario 1 (Labour Demand) results in significantly higher floorspace and land requirements than Scenario 2 (Past Trend) and Scenario 3 (Labour Supply). Figure 7.1 identifies the strengths and limitation of each of the proposed methods and highlighted concerns that the Labour Demand forecasts significantly overestimate likely employment creation in the FEA up until 2032. Figure 7.12 compares the three forecasts to a sensitivity test where the rate of job growth achieved in the FEA between 2002-2012 is assumed to continue up until 2032. This trend based 'sensitivity test' indicates that all three forecast scenarios detailed in this chapter exceed historic job creation levels, but that Scenario 2 (Past Trend) and Scenario 3 (Labour supply) are both closely aligned to this forecast.

- 7.63 In terms of testing, it is recommended that Scenario 3 (Labour Supply) is tested alongside a safeguard test against the FEA's land supply position (see section 5) in the following section of this report. Critically for local planning in the FEA the employment figure assumed in the Scenario 3 is intended to be a robust interpretation of reality that goes a long way towards reflecting the levels of economic growth believed to be achievable within the FEA which in turn will support the aspirations of the Enterprise M3 Local Enterprise Partnership Strategic Economic Plan. The following chapter will include a Safeguard Test (Scenario 3 with a 20% uplift) to test the FEA's land supply position against a higher level of economic growth being delivered up until 2032. Whilst this is currently considered unlikely to materialise, in light of national policy it is considered prudent to test such a scenario that may occur, for example if the Local Enterprise Partnerships growth ambitions set out in the Strategic Economic Plan genuinely come to fruition.

## 8. Balancing Supply and Demand

- 8.1 This section draws together the Scenario 3 forecast (Labour Demand) and a Safeguard Test<sup>19</sup> for future employment land needs as set out in Section 8 and the maximum land supply available in the FEA. The potential for vacant stock that could be brought back into use as detailed in Section 5, and, a small windfall allowance are also tested to enable the identification of any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

### Quantitative Balance

- 8.2 The previous section identified that the Labour Supply forecast estimates that there will be a need for 219,400sqm of office floorspace and 47,000sqm of industrial floorspace to meet the economic needs of the FEA up until 2032. The land requirements associated with this employment floorspace provision are 44ha for office and R&D provision and 11.7ha for industrial land.
- 8.3 As detailed in Section 5 (Figure 5.5), the pipeline supply of employment space in the FEA consists of allocated employment land and sites with planning permission for B class development. It is important to note that where a site has an extant permission and is an allocated site it is only counted the once under extant planning permissions. From these sources, the maximum amount of land that is potentially available to help meet future needs in the FEA is estimated to comprise **99.4** ha in net terms as shown in Figure 8.1
- 8.4 Approximately 90% of the available land supply in the FEA consists of sites with outstanding planning permissions, with the remaining 10% being provided by undeveloped Development Plan Allocations.

**Figure 8.1: Demand / Supply of B Class Employment Space in the HRSH FEA (to 2032)**

	Scenario 3 Labour Supply	Safeguard Test (+20%)
Requirement for B Class Space (ha)	55.7	66.8
Reality Checked Maximum Supply of B class Employment Space (ha)	99.4	
Surplus (+) / Shortfall (-) (ha)	<b>+43.7</b>	<b>+32.6</b>

- 8.5 Whilst this information above provides a useful overview of the total quantum of employment land available for development in the borough under Scenario 3 and the

<sup>19</sup> SHMA Labour demand forecast with a 20% uplift applied to take account of the need for flexibility as set out in the NPPF.

safeguard Test, it does not provide a useful context for identifying whether the needs of sectors requiring business (office) or industrial accommodation are being met.

### **Needs of Different Employment Uses**

- 8.6 Ensuring an adequate choice of types of sites is important to meet the needs of different employment sectors of the FEA's economy which cater for a diverse range of skill levels. The potential supply of employment space for office and industrial land therefore needs to be compared to forecast demand.
- 8.7 Figure 8.2 compares the demand and supply situations for office and industrial uses separately. However, it is important to note that a significant proportion of the potential land supply in the FEA is for flexible employment use (B1-B8). The substantial supply of land allocated or with consent for flexible employment uses means that assumptions have had to be made about the likely use of this land. Whilst a simple 50:50 apportionment could have been used this was considered inappropriate given the portfolio of sites available within the FEA. Following a detailed review of the 73ha of flexible employment land that is potentially available, it is considered that 62.47ha of this land (86%) can be apportioned to industrial uses and the remaining 10.6ha (14%) to office uses. Appendix 4 provides a summary of the supply of flexible employment sites in the FEA and the floorspace apportionment.
- 8.8 Figure 8.2 displays the land requirements of Scenario 3 and the Safeguard Test against the 'reality checked' supply of land available in the FEA taking account of the assumptions detailed above.

**Figure 8.2: Demand / Supply of B class Floorspace (to 2032)**

<b>Offices</b>	<b>Scenario 3 Labour Supply</b>	<b>Safeguard Test (+20%)</b>
Office space land requirement (ha)	44	52.8
Potential supply of land for office uses(ha)	33.3	
Surplus (+) / Shortfall (-) (ha)	-10.7	-19.5
<b>Industrial</b>		
Industrial land requirement (ha)	11.7	14
Potential supply of land for industrial uses (ha)	66.1	
Surplus (+) / Shortfall (-) (ha)	+54.4	+52.1

- 8.9 Figure 8.2 indicates that there is likely to be a shortfall of office floorspace to meet the forecast need under the Labour Supply Scenario and the Safeguard Test, with the shortfall of land for office accommodation being 10.7ha and 19.5ha respectively.

In contrast, there appears to be a generous surplus of industrial land to meet future requirements under both the Labour Supply Scenario and the Safeguard Test. However, this position requires further analysis.

### **Alternative Supply Position**

- 8.10 The 99.4ha of employment land outlined above represents the baseline supply position either as allocations or subject to extant planning permissions. Whilst these sites already have the necessary planning status which helps to provide greater certainty that they can come forward for development, there are also some other factors that need to be considered in addressing the land supply position.

### **Increased letting of quality office floorspace that is vacant**

- 8.11 Section 7 of this report undertook some high-level sensitivity tests to identify the implications that various changes to the assumptions made would have upon the forecast land requirements. A core factor highlighted in this section was that within the FEA there was in excess of 200,000sqm of vacant office floorspace being marketed in December 2014. Given the significant amount of office supply available, it is recognised that some of this will be lower quality stock that may struggle to secure a tenant. However, there has been a consolidation of activities at numerous sites in the FEA providing quality (Grade A) office accommodation following the restructuring of the ICT industry in the early 2000's and the more recent economic downturn. As a result, there is a good supply of quality office accommodation across the FEA that could realistically come back into use as the economy improves.
- 8.12 Take up in 2014 demonstrates that the office market is recovering with 38,700sqm of floorspace let within the FEA over this twelve-month period (see Figure 6.1). It is not considered unreasonable to assume that 75,000sqm of this vacant office stock that is currently being marketed will come back into use over the plan period to meet the forecast needs of sectors requiring office floorspace. The implication for land supply requirement for office uses would be that 15ha less land would be required for offices uses which in turn would result in there being a surplus of land for office uses in the FEA.

### **Allowance for Windfall Development**

- 8.13 Employment development on windfall sites (i.e. non-allocated land) has made a contribution towards land supply in the FEA over the past ten years, specifically in Hart and Surrey Heath which both have sizable rural hinterlands. These windfall sites play a valuable role in meeting the business needs of the rural economy. It is to some extent a policy choice as to the extent that windfall provision can be relied upon to meet some of the identified future needs, balancing their potential contribution to providing for the needs of the rural economy but also the requirement to provide a portfolio of sites in sustainable locations. If a relatively low level of windfalls were to be assumed for the purposes of meeting future needs, for example 10% of past



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annual net completions for the authorities of Hart and Surrey Heath, this would be equivalent to 13,842sqm or 3ha of land in the FEA up until 2032.

- 8.14 It should be noted that there is less certainty that these non-allocated sites will continue to come forward in the future and this potential source should be viewed as one of a number of contributions towards potential supply.

**Figure 8.3: Demand / Supply of B class land to 2032 (Alternative Supply)**

<b>Offices</b>	<b>Scenario 3 Labour Supply</b>	<b>Safeguard Test (+20%)</b>
Office space land requirement (ha)	44	52.8
Potential supply of land for office uses(ha) including an additional 15ha to take account of vacant floorspace coming back into use and an additional 1.5ha from windfalls	49.8	
Surplus (+) / Shortfall (-) (ha)	+5.8	-3
<b>Industrial</b>		
Industrial land requirement (ha)	11.7	14
Potential supply of land for industrial uses (ha) including 1.5ha from windfalls	67.6	
Surplus (+) / Shortfall (-) (ha)	+55.9	+53.6

- 8.15 Figure 8.3 demonstrates that under Scenario 3 the FEA has sufficient land capacity to meet the needs of both the industrial and office sectors up until 2032. However, if we apply the Safeguard Test, there is evidence that a small deficit of land for office accommodation could materialise.
- 8.16 It is important to note that the alternative supply position detailed above could be subject to change if the amounts of vacant office floorspace coming back into use over the plan period are greater or lower than the level assumed. If the permitted development rights for the conversion of office accommodation to residential dwellings is extended beyond 2016 this has the potential to reduce the supply of vacant office significantly in the FEA, specifically in urban areas. In addition, the demands for office floorspace could continue to reduce as office floorspace per worker densities continue to reduce with advances in technology and general working practices. For example, the office accommodation currently being constructed at Farnborough Business Park has been designed with an occupancy ration of 1:8, this is a 30% reduction in comparison to the latest Offpat Guidance.

## Delivery of Employment Land

- 8.17 The land supply considered above represents the 'maximum case' – the total amount of land theoretically available to accommodate employment development. A small surplus of office land is identified and a generous surplus of industrial land is identified through the Labour Supply forecast.

### Un-implemented planning permissions

- 8.18 Reality checked land supply data indicates that the FEA currently has around 300,000sqm of floorspace or 93.6ha of outstanding planning permissions (i.e. permissions that have not yet commenced) for B class development. However, there is no guarantee that these permissions will be implemented.
- 8.19 It is also important to note that these permissions relate to specific schemes and may therefore be less able to meet general future needs. One such example is Hartland Park where it assumed that this 47Ha site will be developed for industrial uses (the site has consent for a large distribution / logistics depot). This single planning consent therefore makes a significant contribution towards the available land supply for industrial uses in the FEA and if for any reason this permitted scheme were not to come forward the identified surplus of industrial land detailed in Figure 8.3 would reduce considerably to 8.4ha under Scenario 3 and 6.1ha under the higher growth Safeguard Test.

### Qualitative Factors

- 8.20 The above sections have reviewed the quantitative need for employment floorspace and supporting land in the FEA to meet future needs. However, it is important to consider whether additional land is required to take account of qualitative factors. For example, even though no quantitative shortfall of space is identified in the FEA, in some circumstances additional employment land may be needed for qualitative reasons, for example to:
- Improve the choice of provision for established businesses
  - Improve or modernise the quality of current provision and so help attract inward investment
  - Meet gaps in the supply of particular types of premises
  - Provide a spatial distribution of employment sites so that sites are located close to a labour supply.
- 8.21 The qualitative needs of the two broad property types (office and industrial) are considered below and refer to the findings detailed in Section 5.

## **Office**

- 8.22 The FEA has a well-established office market, concentrated in Camberley, Farnborough, Frimley and Fleet. The office market in the FEA is currently experiencing relatively high vacancy levels, which have been exacerbated by the economic down-turn which has led to companies consolidating their accommodation requirements as part of business restructuring. Market feedback suggests that the office market will continue to play a key role in the FEA's economic balance, but that the quality or location of some of the vacant stock is not meeting modern business requirements. There is an oversupply of dated second hand stock in the FEA, and large footprint Grade A accommodation that was originally constructed as campus sites for single occupiers. An example would be Guillemont Park (26,400sqm) which is a Grade A office campus in close proximity to junction 4a of the M3 that was constructed for a single occupier (Sun Microsystems). The site's relatively isolated location and large interlinked floorplates may not be an ideal match for business requirements in the short term. However, the recent sale of the former Nokia Campus (28,000sqm) in Farnborough to BMW indicates that there is some (albeit limited) demand for large HQ office campus environments that are priced competitively.
- 8.23 In contrast, good quality, high specification (grade A) office accommodation at prominent and highly accessible multi-occupancy business park locations are considered to be in short supply, for example premises at Farnborough Business Park. Agents noted that the speculative development of Grade A office accommodation in the FEA is likely to be limited for the foreseeable future in part due to the rental income required to make such schemes viable, although speculative development has returned at Farnborough Business Park due to strong demand for properties at this site and the existing buildings being fully occupied. There is circa 14ha<sup>20</sup> of land available for future B1a development at this site which is likely to make a significant contribution towards meeting demands for high quality office accommodation in the FEA.
- 8.24 To address the oversupply of lower grade accommodation refurbishment is one solution, although the costs of undertaking such work alongside the significant supply of office floorspace on the market is limiting such investment, specifically in locations where lower rent levels are achieved. Reducing the supply of lower quality office stock is likely to enable rent levels to increase and encourage investment (refurbishment) and the current Permitted Development Rights that enable the conversion of office premises to residential are helping to re-balance the supply and demand of such stock in the FEA. However, concerns were expressed by economic stakeholders that if the PD rights are made permanent and / or extended beyond May 2016 there is a danger that in the medium term (5 to 10 years) there will be an significant increase in conversions once long leases come to an end.

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<sup>20</sup> 1.8ha of this land area is currently being developed to deliver the Pinehurst I and Pinehurst II office developments

## **Industrial**

- 8.25 The FEA is a successful industrial location with sizeable concentrations of industrial floorspace located to the east of Aldershot, the west of Camberley, and Frimley that benefit from excellent access to the strategic highway network (A331 and M3 motorway).
- 8.26 The industrial market continues to experience sustained demand and subsequently low vacancy levels, which limits the abilities of companies to move to premises that better meet their needs. The limited supply of industrial accommodation (particularly modern, good quality space) could be seen as a constraint to the development of the FEA's industrial sectors moving forward. It is therefore important that this broad sector is able to grow and not unduly constrained by the lack of suitable accommodation or sites.
- 8.27 This consistent demand and limited supply of employment sites has resulted in relatively high rents being achieved for industrial premises, particularly for newer, high specification units, making industrial development commercially viable and attractive to developers. This is demonstrated by the recent consent for new industrial units at Hawley Lane in Farnborough, and, the construction of Trade City at Frimley. Within the FEA, there has been a significant amount of redevelopment of older stock at established industrial locations to provide newer, purpose-built industrial units in addition to the refurbishment and upgrading of existing stock. It is anticipated that this trend will continue given demand for quality stock and the needs for commercial property owners to ensure their buildings comply with appropriate legislation relating to the energy efficiency of buildings (see paragraph 4.32).
- 8.28 The majority of demand for industrial premises in the FEA comes from local companies seeking to expand. There is also strong interest for distribution warehousing close to the M3 corridor from companies seeking to establish themselves in the area.
- 8.29 However, it is important to note the views of the commercial property agents that there is demand for new industrial accommodation in the FEA for all types of units, but that there is a particular shortage of the following types of industrial accommodation:
- buildings of circa 2,000sqm – 7,500sqm that provide either warehousing accommodation or a mix of warehousing and offices,
  - small starter units (150sqm to 250sqm) located close to strategic highway links (e.g. the M3 / A331 Black Water valley Relief Road)
- 8.30 It is therefore important that the FEA authorities protect their established industrial employment sites and encourage the continued redevelopment / regeneration of these sites to provide premises that meet the needs of the market. This will ensure that the industrial sectors in the FEA can continue to operate and expand in premises that meet their business needs.

### **Rural / smaller settlements**

- 8.31 Rural business space accommodates a proportion of the FEA's employment requirements, reflecting the large rural areas of the Hart District and Surrey Heath Borough and increasing diversification within the agriculture sector. Demand for rural space is difficult to determine, although vacancy rates for such premises appear to be low and it can be assumed that demand is stable. Employment floorspace that has been delivered or received consent in rural areas over recent years has been through windfall development. In reality, it is considered that the provision of a positive policy framework that encourages rural enterprise and diversification schemes represents the most appropriate way of ensuring that rural needs can be met.

### **Conclusions**

- 8.32 Based on data relating to the supply of available employment land available in the FEA identified by local monitoring data, it is evident that in the unlikely event that none of the circa 200,000sqm of vacant office floorspace in the FEA were to come back into use, there would be a shortfall of land for office uses. However, if we were to assume that as the market continues to recover and a proportion of this office floorspace comes back into use there would be a small surplus of employment land for office uses under Scenario 3 and a small deficit under the 20% uplift scenario (Scenario 4).
- 8.33 Qualitative requirements indicate that there is demand for quality Grade A office floorspace at the established and prominent business park locations in the FEA. It is important that these land allocations (some of which contain undeveloped land parcels) are given sufficient protection to ensure that these sites can continue to meet economic needs up until 2032.
- 8.34 However, it is important to note that the FEA office market suffers from a range of qualitative factors such as high vacancy rates of older premises, poor perceptions / profiles of some of the FEA's peripheral office locations (particularly compared to the modern stock located in accessible locations with a broad range of amenities).
- 8.35 It can therefore be stated that two distinct office markets exist within the FEA: i) the high profile Grade A office accommodation market, and ii) the lower grade office market that continues to suffer from oversupply which in turn limits investment due to the comparatively low rent levels that can be achieved.
- 8.36 It is considered that there is sufficient supply of land to meet the forecast growth needs of the office sector in the FEA up until 2032 on the assumption that some 75,000sqm of the 200,000sqm of office stock that is vacant and being marketed in the FEA comes back into economic use. However, the proposed extension of permitted development rights beyond 2016 could have a significant impact by reducing the available supply of office floorspace.

- 8.37 Turning to the industrial market, in quantitative terms there appears to be an oversupply of land in the FEA to meet the needs of industrial sectors over the plan period, with Figure 8.3 demonstrating a surplus of approximately 56ha under Scenario 3. However, a significant proportion of this land consists of a single planning consent for a large (133,000sqm) single occupier logistics facility on a 47.5ha site.
- 8.38 In contrast, qualitative requirements indicate that there is demand for all types of industrial accommodation in the FEA, but specifically for sites close to the strategic highway network (notably the A331 and M3). The vacancy rates at such sites are relatively low (currently less than 10%) and it is noted that the market cannot currently accommodate demand for both small industrial units (B1c,B2,B8) and larger industrial premises of between 2,000sqm and 10,000sqm in such locations.
- 8.39 The above indicates that the quantitative requirements do not necessarily align with the qualitative requirements of the industrial property market, as the consented scheme at Hartland Park will meet the needs of a single large-scale distribution business and not meet the more general needs of the local industrial market. Therefore, if we were to discount this permission from the potential land supply, the surplus across the FEA would only be 8.4ha under the Labour Supply forecast (Scenario 3).
- 8.40 As noted above, there are a number of factors relevant to the delivery of employment sites that suggests that the FEA authorities should generally seek to protect:
- Industrial land allocations
  - Prominent business park locations that provide (and have scope to provide additional) Grade A office accommodation
  - Rural employment sites that are performing well

## 9. Review of Current Employment Sites Portfolio

- 9.1 This section summarises the characteristics of existing employment sites in the Hart, Rushmoor and Surrey Heath FEA. This assessment is based on sites identified by each Council, which were each inspected and assessed by planning officers. It is important to note that some sites straddle two local authority areas, including Cody Technology Park and Frimley Business Park.
- 9.2 In total, 76 employment sites were assessed across the FEA that exceeded 0.25ha in size as recommended by the National Planning Practice Guidance. These sites amount to approximately **588ha** in total area. The majority of these sites comprise the FEA's established employment areas and are allocated as such through existing local planning policies.
- 9.3 Unlike the 2009 ELR, a scoring process did not form part of the appraisal process as following consultation on a draft methodology it was recognised that this process was subjective and did not in itself provide a complete picture of a site's role within the local economy. For example, if we were to use a scoring approach, a site's importance to meeting rural / local needs or providing a location for bad neighbour uses can be important reasons for retention, despite the fact that such sites often receive a low qualitative score. Detailed site appraisals are contained in Appendix 1.

### Site Allocation Options

- 9.4 Using the evidence contained in this study, as part of the plan making process, the FEA authorities may decide to select one of the following allocation options for each of the employment sites assessed in this study through their emerging Development Plan:
1. **Allocate the site as a strategic employment site through emerging Development Plans**  
These are sites that are considered to fulfil a strategic function with the FEA and that have greatest alignment to the Enterprise M3 priority sectors. In addition, sites that support or could support the FEA's core sectors such as business services and industrial and distribution sectors located along the A331 / M3 corridor.
  2. **Allocate the site as a locally important employment site through emerging Development Plans**  
These are sites that are not considered to fulfil the function of a strategic employment site, but are recognised for the important role they play in servicing the local economy. Such sites are generally smaller employment sites that provide locations to support local businesses or valuable 'bad neighbour' activities.

3. **Allocate the site as either a strategic or locally important employment site but revise the site boundary through emerging Development Plans**

In some instances (particularly on larger sites) the majority of the site fulfils a valuable role and is considered to fulfil the role as a either a Strategic or Locally Important Employment Site. However, part(s) of these larger sites may no longer meet the needs of the market, for example, the premises may have reached the end of their functional economic life, or, non-employment uses may have established themselves in clusters at part(s) of the site. In accordance with paragraphs 21 and 22 of the NPPF, it could be concluded that some employment sites (in part or in full) are unlikely to continue to meet the needs of businesses and therefore the wider site boundaries may be revised to exclude these areas.

4. **Do not allocate the site through emerging Development Plans**

In accordance with paragraphs 21 and 22 of the NPPF some sites that have been assessed are unlikely to continue to meet the needs of businesses and should therefore either be de-allocated as employment sites or not formally allocated through emerging Development Plans. In addition, some sites may be so small in scale (given the 0.25ha threshold) or fulfil such a distinct purpose (i.e. occupied by a single small business) that they may not have the appropriate characteristics to be considered as Employment Sites through emerging Development Plans.

- 9.5 Figures 9.1 to 9.3 provide a detailed list of the sites that have been assessed in this study by Local Authority Area.



## Hart Employment Sites

**Figure 9.1 – Sites assessed in Hart District**

Site ref	Site Name	Site Size (ha)	Core Use
H1	Ancells Business Park	11.1	Office Park / light industrial
H2	Barley Point	3.2	Distribution
H3	Bartley Wood	9.6	Office Park
H4	Blackbushe Business Park	6.5	Light industrial, industrial and warehousing
H5	Brickyard Plantation	1.9	Consent for light industrial
H6	Civic Quarter	1.6	Office
H7	Cody Park	12.2	Office / datacentres
H8	Eversley Haulage Yard	2.4	Storage and distribution
H9	Fleet Business Park	0.95	Light industrial
H10	Fleet Substation	6.3	Utilities infrastructure
H11	Grove Farm	1.4	Mixed uses
H12	Guillemont Park	10	Office / R&D Campus
H13	Hartland Park	47.5	Consent for a Logistics Park
H14	Hurst Farm, Taplins Lane	0.3	Mixed uses
H15	Lodge Farm	<b>3.25</b>	Mixed uses
H16	Meadows Business Park	9.4	Office Park
H17	Murrell Green Business Park	2.5	Light industrial
H18	Optrex Business Park	<b>0.5</b>	Light industrial / storage
H19	Osborne Way	3.75	Light industrial
H20	Poultry Farm - Lord Wandsworth	0.36	Light industrial
H21	Potters Industrial Park	0.45	Light industrial
H22	Rawlings Road Depot	<b>0.9</b>	Vehicle Storage
H23	Redfields Industrial Park	2.8	Light Industrial and warehousing
H24	Vertu, Fleet	2.9	Bespoke manufacturing facility for a single occupier
H25	Waterfront Business Park	4.4	Office Park
H26	Wychwood Carp Farm	0.32	Consent for light industrial
		<b>146.5</b>	

## Rushmoor Employment Sites

**Figure 9.2 – Sites assessed in Rushmoor Borough**

Site ref	Site Name	Site Size (ha)	Core Use
R1	Abbey House, Farnborough	0.51	Office - vacant
R2	Beaumont House, Aldershot	0.54	Office – single occupier
R3	Blackwater Trading Estate	7.6	Light industrial
R4	Civil Enclave	6.6	Office / light industrial
R5	Cody Technology Park*	85.8	Office, R&D, light industrial
R6	East Aldershot Industrial Cluster	26.3	Light industrial, industrial and warehousing
R7	Eelmoor Road	4.8	Light industrial / warehousing
R8	Farnborough Aerospace Park	13.9	Office Park / R&D
R9	Farnborough Business Park	43.3	Office Park
R10	Hawley Lane East	4.9	Light industrial
R11	Hawley Lane West	3.3	Warehousing
R12	Hollybush Lane	5.6	Industrial / Waste Processing
R13	Invincible Road	20.6	Retail, Light industrial, industrial and warehousing
R14	Lynchford Lane	3.9	Light Industrial
R15	Meudon Avenue	4.9	Office
R16	Pavillion Road, Aldershot	0.35	Light Industrial / Sui generis
R17	Redan Hill Industrial Estate	0.7	Light Industrial
R18	Rotunda Estate, Aldershot	0.35	Light Industrial
R19	Southwood, Farnborough	20.8	Office Park / R&D, industrial, warehousing
R20	Spectrum Point, Farnborough	0.8	Office
R21	Springlakes	2.3	Light Industrial and warehousing
R22	The Royal Pavillion, Campus	18.2	Office / R&D Campus
R23	Thomson House, Farnborough	0.44	Office - vacant
R24	Wyndham Street	1.2	Light Industrial / Offices / Sui Generis
		<b>277.7</b>	

\*Note: Cody Technology Park is located in both Hart District and Rushmoor Borough.

## Surrey Heath Employment Sites

Figure 9.3 – Sites assessed in Surrey Heath Borough

Site ref	Site Name	Site Size (ha)	Core Use
SH1	Admiralty Way	5.4	Light Industrial and warehousing
SH2	Albany Park	7.4	Light Industrial and warehousing
SH3	Ashwood House	0.44	Office - vacant
SH4	Bagshot Manor	1	Offices
SH5	BOC/Frazer Nash Site	4.3	Offices / R&D
SH6	Bridge Trade & Industrial Park	2.1	Light Industrial
SH7	Camberley Town Centre	1.1	Offices / R&D
SH8	DERA, Longcross	42.3 (8.6ha is in SH)	Ex MOD site partly in Surrey Heath. SH area of site now vacant
SH9	Eli Lilly	12.9	Offices / R&D
SH10	Fairoaks Airport	5.8	Light Industrial / Aviation
SH11	FC Brown	4	Manufacturing - vacant
SH12	Frimley Business Park*	9.1	Office Park / R&D
SH13	Linsford Business Centre	0.86	Light Industrial
SH14	London Road Frontage site	0.83	Offices
SH15	London Road Opportunity Area	4.45	Mixed uses
SH16	Lyon Way	10.4	Office Park, R&D, light industrial and warehousing
SH17	Mitie site	2.4	Offices / R&D
SH18	Pembroke house	0.27	Office - vacant
SH19	SC Johnson	26.8	Office and manufacturing – partially vacant
SH20	Sir William Siemens Square	2.6	Offices / R&D
SH21	St George's Industrial Estate & Helix Business Park	3	Light Industrial and warehousing
SH22	Storage site west of Sturt Road	1.3	Trade counters and storage of materials
SH23	Tanners Yard	0.32	Small-scale Office Park
SH24	The Deans & Queen Anne House	0.42	Office – partially vacant
SH25	Watchmoor Business Park	11.4	Office Park
SH26	York Town Industrial Estate	37	Light industrial, industrial, offices and warehousing
		<b>164.2</b>	

\*Note: Frimley Business Park is located in both Rushmoor and Surrey Heath Boroughs.

## Available Development Land

- 9.6 Although some **588ha** of employment land exists in total across all the sites assessed as part of this study, the amount of developable land remaining is considerably less. Chapter 4 noted that **99.4 ha** of employment land was recorded as being available for development across the FEA in January 2015, although almost half (47ha) of this consists of a single planning consent for the development of Hartland Park. A significant proportion of the potential development land identified in the FEA is at the established employment locations that have been assessed as part of this study (as detailed in Figures 9.1 to 9.3 above).

## Conclusions

- 9.7 Overall, the assessments of existing sites indicate that the FEA contains a broad range of employment sites of differing quality and type, totalling 588ha. The FEA contains unique R&D facilities such as Cody Technology Park, a range of business park environments and well-established industrial estates in close proximity to the strategic highway network.

## 10. Overall Conclusions and Policy Options

- 10.1 This section draws together overall conclusions and considers appropriate policy approaches in relation to employment space for the emerging Development Plans in Hart, Rushmoor and Surrey Heath, as well as other measures which may be required to support economic growth in the Functional Economic Area.

### Overview of the Functional Economic Area

- 10.2 The FEA has a successful economy that has proved to be relatively resilient through the recession and subsequent period of economic uncertainty. The FEA has a relatively diverse business base in sectors requiring office, industrial and storage & distribution floorspace. Businesses range from SMEs (specifically in the rural parts of Hart District and Surrey Heath Borough) to headquarters of global companies. The FEA continues to attract inward investment, and speculative development of commercial floorspace has now returned (albeit at a reduced scale in comparison to what was delivered prior to the economic downturn).
- 10.3 The FEA's distributed portfolio of employment land isn't dominated by a particular sector, and this could reflect why the FEA proved relatively resilient during the economic downturn. The FEA has seen moderate levels of employment floorspace development (gross) over recent years, although this has been driven largely by completions of office space. The town of Farnborough accommodates a substantial amount of office employment floorspace through a range of established business parks located adjacent or in close proximity to the Farnborough Airport.
- 10.4 As the agricultural sector has continued to diversify, rural business space has become increasingly popular and has traditionally been delivered through windfalls in Hart and Surrey Heath.
- 10.5 Demand for office accommodation in the FEA remains limited to quality Grade A stock in prominent, multi-occupancy business park locations. There is an identified over supply of lower grade office stock with high vacancy rates that is becoming increasingly obsolete and/or uneconomic for operators to run. In contrast, the industrial property market experiences vacancy levels within what would be expected of a functioning market (between 5 and 10% of stock). The converse of this is that such high occupancy rates could be limiting natural churn in the local industrial property market and preventing the refurbishment of existing stock.
- 10.6 The scenarios considered in Section 8 indicate the broad scale and type of growth arising from different approaches to modelling the FEA's future employment floorspace and land needs. The Labour Supply scenario has been selected for further testing through the study as this level of growth is considered to deliver a sustainable level of job growth in the FEA to complement the level of housing growth

proposed in the area up until 2032. The previous chapters have highlighted that in order to ensure a flexible and responsive policy framework, it will be necessary to not just focus on meeting forecast quantitative requirements, but also to consider the opportunities to meet the qualitative needs of both established businesses and inward investors.

- 10.7 The FEA is expected to see relatively strong job growth in sectors requiring office floorspace up until 2032. The FEA has a small surplus of land to meet the needs of business occupiers if the assumption that some vacant office floorspace comes back into economic use (thus reducing vacancy rates to more sustainable levels). Therefore, the focus of future policy for office uses should be on addressing a range of qualitative issues, such as increasing the delivery of Grade A office stock at prominent and accessible office park locations, but also to support town centre regeneration proposals in Camberley and potentially Farnborough. It is therefore important that emerging Development Plans protect employment sites that provide office accommodation commensurate with their “function”.
- 10.8 The FEA contains a good supply of industrial floorspace that is concentrated in the main settlements of Aldershot, Camberley, Farnborough, Frimley and Hook. However, there is a limited supply of vacant land and premises that in turn could be limiting the natural churn within the industrial property market and subsequently the scope for land / property owners to refurbish stock to maintain market competitiveness and appeal. Whilst the land supply for industrial uses appears generous at first glance, if the 47.5ha Hartland Park development were excluded from this supply it would only leave a modest surplus. Under such a scenario the majority of industrial sites should need to be retained to support existing business sectors and provide flexibility for industrial needs not anticipated up until 2032, such as the development of a new industrial cluster.
- 10.9 There are a number of potential options for how the supply of employment land in the FEA could be maintained to meet identified needs and provide a degree of contingency supply. These include:
- a) Providing appropriate protection for employment land through emerging Development Plans;
  - b) Providing a policy framework that enables the intensification, upgrading and refurbishment of employment sites for more efficient use or to better meet the needs of the economy;
  - c) Encouraging the development of vacant land at established employment sites to meet the needs of the industrial sectors.

10.10 It is also important that the FEA provides a range of affordable floorspace for small high growth start-up businesses, by:

- Seeking to resist the loss of premises that provide suitable accommodation for SMEs;
- Seeking to provide smaller units within larger employment sites, residential or mixed-use schemes that come forward;
- Continuing to encourage farm diversification to provide a relatively small, but valuable supply of employment floorspace to support SMEs and the wider rural economy.

10.11 It is recommended that each of the FEA authorities continue to monitor the amount of new employment floorspace being delivered, but also the amount of employment floorspace being lost to alternative uses. This information is crucial; specifically in light of the proposals to extend Permitted Development rights for the conversion of employment premises to residential dwellings (see paragraphs 2.26 – 2.27).

### **Policy Options for Emerging Development Plans**

10.12 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to forecasting the FEA's future employment floorspace and land requirements up until 2032.

10.13 In the context of the National Planning Policy Framework, it is considered that through emerging Development Plan policies the Functional Economic Area authorities should aim to fully meet the employment space needs set out in the Labour Supply forecast (scenario 3) so that the FEA's economy is not constrained.

10.14 To ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will vary over time), but to consider the opportunities and risks that will result from particular policies.

10.15 The emerging Development Plans being produced by the three authorities in the FEA will need to determine which sites to:

- allocate or protect for employment development;
- consider for de-allocation to reflect that some sites do not fulfil a strategic or local function; and / or balance needs for housing delivery against retaining allocations that do not meet a market need.

10.16 In making such decisions, each authority will need to take account of:

- the local benefits of B-class sectors and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);

- the economic and other outcomes if some sectors become constrained from expanding within the FEA;
- maintaining a supply of employment land to enable economic growth within the FEA up until 2032, recognising that the component authorities have a role to play in supporting such growth.

10.17 The emerging Development Plans in the FEA will need to provide a framework that will deliver a choice of sites and locations to meet the needs of particular sectors and occupier needs.

10.18 Some further commentary is provided below on the approach and potential options for the different B-class uses.

## **General conclusions**

10.19 The following are general conclusions concerning the policy approaches that could be followed by the FEA authorities in developing their emerging Development Plans:

### **1. Identify strategic and locally important employment sites**

10.20 As discussed in Section 3, the National Planning Policy Framework states that local authorities should support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should also be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes.

10.21 The FEA supports a range of key sectors identified by the Local Enterprise Partnership including ICT and digital media, pharmaceuticals, aerospace and defence and professional and business services. Other knowledge-based businesses; traditional and high value manufacturing; and services support these sectors.

### **2. Review the boundaries of some of the FEA's established employment areas**

10.22 Development Plans should define employment site boundaries taking account of the NPPF (paragraph 22) which states that planning policies should avoid the long-term protection of employment sites where there is no realistic prospect of the site being used for the allocated employment use.

10.23 Detailed employment site surveys undertaken (contained in Appendix 1) identify that some of the FEA's employment sites have been developed for non-employment uses over recent years or parts of the site are currently not meeting a market need (for example the sites provide obsolete stock in an unattractive location). These sites (or sub sites) therefore may have limited prospect of being used for employment uses in



the future and consideration should be given to amending the boundaries of such sites through emerging Development Plans.

**3. Determine the employment sites within the FEA that will not be allocated or re-allocated**

- 10.24 In accordance with the NPPF (paragraphs 21 and 22), it is necessary to avoid the long-term protection of sites allocated for employment use that lack reasonable prospects of continuing to be used for such a purpose. As such, some previously allocated sites that no longer meet the requirements of business should not be allocated through emerging Development Plans.
- 10.25 There are currently unallocated employment areas across the FEA that met the 0.25ha for a detailed site assessment. In many cases, these smaller sites have not previously been appraised in historic employment land studies (due to a higher site size threshold being applied). Emerging Development Plans should determine whether any of these smaller sites should be allocated for employment use.

**Conclusions relating to Office uses**

- 10.26 The FEA has a well-established office market, concentrated in Camberley, Farnborough, Fleet and Hook. The office market in the FEA is currently experiencing relatively high vacancy levels, although these are now starting to reduce as the economy recovers. Over recent years office occupiers have consolidated their accommodation requirements as part of business restructuring, although there has been an historic legacy of major occupiers leaving the area following substantial consolidations.
- 10.27 Market feedback suggests that the office market will continue to play a key role in the FEA's economic balance, but that the offer of some of the vacant stock is not meeting modern business requirements, with a significant amount of the supply being aging second hand stock. There is the potential for a shortage of good quality, high specification (grade A) office accommodation at prominent and highly accessible business park locations in the FEA.
- 10.28 The FEA is expected to see reasonably strong office job growth up until 2032 (reflecting wider macro-economic trends) and office based sectors will continue to play an important role in the FEA's future economic growth. Quantitatively, it would appear that the FEA has a small surplus of office floorspace to meet future needs under the Labour Supply scenario that was selected for assessment in Section 8.

10.29 Key conclusions for the office market can be set out as follows:

**1. Upgrade existing office supply**

The upgrading and renewal of some of the existing office stock that is located at core office locations in the FEA will be important. It will not only ensure that this space remains attractive to the market, but will also improve the overall quality of supply. This may comprise redevelopment, but qualitative improvements can be delivered through the refurbishment of existing buildings to a better standard. However, it is acknowledged that the costs of refurbishing stock can prove prohibitive in locations where rents are low (such as Aldershot).

**2. Encourage the development of vacant land at employment sites to meet the requirement for quality office stock.**

Within the FEA there are a number of modern business locations that are proving attractive to the market. At some of these sites there is development land remaining that could meet identified future needs for quality office floorspace in the FEA. Sites include Farnborough Business Park (up to 14Ha of development land remaining<sup>21</sup>); the Royal Pavilion, Aldershot (undeveloped plot with permission for 9,200sqm of additional floorspace) and Frimley Business Park (consent for 3,600sqm of additional floorspace).

**3. Enable the loss of some office floorspace to alternative uses**

The identified over-supply of lower Grade office floorspace and the relatively high vacancy levels at certain locations within the FEA indicates that a flexible approach should be taken to enable some of this office stock to be redeveloped for a mix of uses or non-employment uses. However, such proposals should be resisted on those sites that emerging Development Plans identify as being of Importance unless they provide complementary use(s) to support the operation and function of sites and / or support the wider regeneration of the site.

The redevelopment of some of the FEA's ageing office stock that is becoming obsolete will reduce the oversupply of stock (specifically that of lower quality) whilst potentially improving the FEA's image as a business location and providing development land to meet the needs of other land uses (such as residential).

There is an identified oversupply of bespoke large office premises and campus sites within the FEA that are in part a legacy of the rapid expansion and subsequent consolidation of the ICT and telecommunications sector. Whilst some of these sites provide Grade A accommodation, the bespoke design of these premises, alongside the isolated location(s) and more desirable alternative provision within the FEA and

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<sup>21</sup> 1.8Ha of this identified supply is currently being developed for Grade A office uses (I & II Pinehurst)

further afield make these sites unattractive to the market. Therefore, in accordance with paragraph 22 of the NPPF it is recommended that emerging Development Plans consider not allocating some of these sites for employment use if market evidence suggests there is no reasonable prospect of the site being used for that purpose.

It is important to note that Permitted Development Rights enable the conversion of offices to residential units through the prior approval process up until 2016. However, the government is proposing that this scheme be extended and its remit widened to include industrial use classes which could have a significant impact upon the supply of office accommodation in the FEA, specifically in town centre locations. However, at the time of writing, the outcome of this consultation has not been confirmed.

## **Conclusions relating to Industrial uses**

### **1. Ensure that the core industrial areas in the FEA are retained**

This report has highlighted that the supply of both development land for industrial uses and vacant industrial floorspace is in tight supply with demand for units of all types and sizes. The importance of the FEA's industrial sectors is recognised at both the local level and sub-regional level (Enterprise M3 Local Enterprise Partnership). It is therefore important that industrial sites are given sufficient protection through emerging Development Plans to prevent them being lost to non-employment uses.

### **2. Encourage the refurbishment / redevelopment of industrial floorspace at the established industrial employment areas**

The redevelopment or refurbishment of existing industrial stock could contribute towards meeting the qualitative need for additional high quality industrial floorspace. Better utilisation of the existing industrial stock could be achieved through gradual redevelopment and intensification of individual plots. An example would be replacing a large older industrial unit that is reaching the end of its functional life with a development of industrial floorspace types that meet market needs including smaller units (such as those at Pegasus Court in Aldershot and Hercules Way in Farnborough). Larger scale redevelopment / intensification could deliver larger industrial / warehousing units (such as those at Watchmoor Point in Camberley and Bartley Point in Hook).

The site assessments identify scope to upgrade and renew some of the FEA's established industrial employment sites, to ensure that it maintains a portfolio of floorspace that remains attractive and viable to the market. In the first instance, this approach could focus on older employment sites that do not currently reflect modern working layouts, densities, technology and premises. Whilst, this could comprise redevelopment, such floorspace nevertheless provides a valuable supply of affordable floorspace for businesses. However, qualitative improvements can also be

delivered through the refurbishment of existing buildings and improvements to the surrounding environment, security and traffic management at larger sites.

Barriers to the refurbishment and redevelopment of industrial premises in the FEA include high occupancy and low vacancy rates (making redevelopment opportunities rare), and viability considerations in the current market.

**3. Encourage the development of suitable cleared / undeveloped land at established employment sites to meet the needs of the industrial sectors.**

There are a number of undeveloped and partially developed sites within the FEA that could make a valuable contribution towards increasing the amount of modern industrial floorspace. These sites include Hartland Park (site reference H13), Cody Park (site reference H7) and the Civil Enclave (site reference R4).

## **Appendix 1 – Employment Site Surveys**

**Please see separate document**

CONSULTATION DRAFT

## Appendix 2 – Employment Land Supply in the FEA (March 2014 baseline with December 2014 updates)

<b>HART DISTRICT</b>								
<b>ADDRESS</b>			<b>PROPOSAL</b>	<b>STATUS - March 2014</b>	<b>STATUS - December '14</b>	<b>STATUS</b>	<b>USE CLASS</b>	<b>AREA(HA)</b>
ELECTRICITY SUBSTATION	WEST OF OSBORNE WAY	HOOK	VACANT LAND, IN USE AS LORRY PARK	NOT STARTED	<<<<<<<<<<<<	ALLOCATION	B1	0.08
LAND AT	RAWLINGS ROAD	HOOK	ALLOCATION FOR LIGHT INDUSTRY/CRAFT WORKSHOPS	NOT STARTED	<<<<<<<<<<<<	ALLOCATION	B1	0.11
MARTIN LINES	BEACON HILL ROAD	CHURCH CROOKHAM	R & D AND PRODUCTION BUILDINGS	PHASE 1 BUILT, REMAINING PHASES NOT TO BE BUILT.	<<<<<<<<<<<<	ALLOCATION	B1-8	1.51
HURST FARM	TAPLINS FARM LANE	WINCHFIELD	EXTEND AND CHANGE OF USE OF OUTBUILDINGS TO B1	PART BUILT AND OCCUPIED, PART UNDER CONSTRUCTION	<<<<<<<<<<<<	PERMISSION	B1	0.16
GUILLEMONT PARK	MINLEY ROAD	BLACKWATER	B1 CAMPUS, PLUS PART COMPLETED PHASE 2 EXTENSION	PHASE 1 COMPLETE, PH.2 UNDER CONSTRUCTION (WORK STOPPED)	PLANNING APPEAL LODGED FOR 150 homes	PERMISSION	B1	3.50
REDFIELD INDUSTRIAL ESTATE	LAND ADJACENT TO REDFIELDS LANE	CHURCH CROOKHAM	B1 AND B2 INDUSTRIAL DEVELOPMENT	PHASE A COMPLETE, REMAINDER NOT STARTED.	CONSENT FOR RESIDENTIAL + CAR HOME	PERMISSION	B1-8	0.60
FORMER OPTREX FACTORY	ROTHERWICK	HOOK	INDUSTRIAL UNIT AND EXTENSION	PART COMPLETE, PART NOT STARTED	<<<<<<<<<<<<	PERMISSION	B2	0.04
A50 BUILDING CODY TECHNOLOGY PARK	IVELY ROAD	FARNBOROUGH	B1 OFFICE TO DATA CENTRE WITH INCREASE OF FLOORSPACE	NOT STARTED	<<<<<<<<<<<<	PERMISSION	B8	0.57

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review  
Consultation Draft – March 2015**

<b>HART DISTICT</b>								
<b>ADDRESS</b>			<b>PROPOSAL</b>	<b>STATUS - March 2014</b>	<b>STATUS - December '14</b>	<b>STATUS</b>	<b>USE CLASS</b>	<b>AREA(HA)</b>
BRICKYARD PLANTATION	PALE LANE	HARTLEY WINTNEY	4 TWO-STOREY B1 UNITS	NOT STARTED	<<<<<<<<<<	PERMISSION	B1	1.69
HARTLAND PARK, LAND AT PYSTOCK	IVELEY ROAD	FARNBOROUGH	INDUSTRIAL/WAREHOUSE REDEVELOPMENT	NOT STARTED	HIGHWAY WORKS COMMENCED	PERMISSION	B1-8	47.50
ACE 4 KEBABS LTD	TUSCANY WAY, BLACKBUSHE BUSINESS PARK	YATELEY	WAREHOUSE EXTENSIONS	PART COMPLETED. PART NOT STARTED.	<<<<<<<<<<	PERMISSION	B1-8	0.39
THE COACH HOUSE	LONDON ROAD	HARTLEY WINTNEY	REDEVELOP TO PROVIDE MIXED USE BUSINESS, STORAGE & RETAIL	PART COMPLETE, PART NOT STARTED	<<<<<<<<<<	PERMISSION	B1-8	1.10
CAUSEWAY FARM	CRICKET GREEN	HARTLEY WINTNEY	CHANGE OF USE OF BUILDINGS & NEW BUILDING FOR B1 USE	NOT STARTED	<<<<<<<<<<	PERMISSION	B1	0.21
ARLOTS FARM	ELVETHAM LANE	ELVETHAM	CONVERSION OF BARN AND OUTBUILDINGS TO B1	UNDER CONSTRUCTION	COMPLETE	PERMISSION	B1	0.21
LAND TO NORTH OF	OLD IVELY ROAD	FARNBOROUGH	BUSINESS PARK DEVELOPMENT (B1(C)/B2/B8) & 3 DATA CENTRES	PART COMPLETE, PART NOT STARTED	UNDER CONSTRUCTION	PERMISSION	B1-8	11.00
GROVE FARM	THE STREET	CROOKHAM VILLAGE	TEN WORKSHOP UNITS	6 UNITS COMPLETE, 4 NOT STARTED	<<<<<<<<<<	PERMISSION	B1C	0.01
QUEEN ELIZABETH BARRACKS	SANDY LANE	CHURCH CROOKHAM	MIXED DEVELOPMENT INCLUDING 7500M2 OF B1 EMPLOYMENT SPACE	NOT STARTED	CONSENT FOR RESIDENTIAL	PERMISSION	B1	2.00
OAK FARM NURSERY	STATION HILL	WINCHFELD	NEW BARN BUILDING FOR B8 STORAGE	NOT STARTED		PERMISSION	B8	0.14
FLEET SUBSTATION	LAND AT FARNHAM ROAD	CRONDALL	ERECTION OF CONDITIONED STORAGE FACILITY	NOT STARTED	<<<<<<<<<<	PERMISSION	B1-8	6.29

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<b>RUSHMOOR BOROUGH</b>								
<b>ADDRESS</b>			<b>PROPOSAL</b>	<b>STATUS - March 2014</b>	<b>STATUS - December '14</b>	<b>STATUS</b>	<b>USE CLASS</b>	<b>AREA(HA)</b>
70	HAWLEY LANE	FARNBOROUGH	INDUSTRY/OFFICE REDEVELOPMENT	NOT STARTED, SITE CLEARED	<<<<<<<<<<<<	ALLOCATION	B1A	0.28
BLACKWATER PARK	HOLDER ROAD	ALDERSHOT	REDEVELOP SITE FOR B1/B2/B8	PART COMPLETE, PART NOT STARTED	Permission Lapsed for Unit 7 in 2011. Therefore site now an allocation as it forms part of a KES	ALLOCATION	B1-8	1.04
ALDERSHOT URBAN EXTENSION	ORDNANCE ROAD	ALDERSHOT	ALLOCATION OF MOD LAND FOR MIXED USES INCLUDING COMMERCIAL	NOT STARTED	<<<<<<<<<<<	PERMISSION	B1-8	2.4
FARNBOROUGH BUSINESS PARK	FARNBOROUGH AIRFIELD	FARNBOROUGH	REDEVELOPMENT OF FORMER DERA FACTORY SITE FOR B1A/B1B/B1C	NOT STARTED	<<<<<<<<<<<	PERMISSION	B1	4.74
PLOTS 40/50/60	FARNBOROUGH BUSINESS PARK	FARNBOROUGH	4 FOUR STOREY OFFICE BUILDINGS	NOT STARTED	UNDER CONSTRUCTION - phase 1 - 2 x 4 storey office	PERMISSION	B1A	4.5
GROSVENOR HOUSE	NORTH LANE/NORTH CLOSE	ALDERSHOT	TWO STOREY EXTENSION	NOT STARTED	<<<<<<<<<<<	PERMISSION	B1C	0.25
AEROPARK, THE ENCLAVE	AEROSPACE BOULEVARD	FARNBOROUGH	B1 DEVELOPMENT	PHASE 1 COMPLETE, REMAINDER NOT STARTED	<<<<<<<<<<<	PERMISSION	B1	4.96
110-180	FRIMLEY BUSINESS PARK	FARNBOROUGH	REDEVELOPMENT FOR TWO 3-STOREY B1A OFFICE BUILDINGS	PART COMPLETE, PART UNDER CONSTRUCTION	<<<<<<<<<<<	PERMISSION	B1A	0.53
251	ASH ROAD	ALDERSHOT	SELF STORAGE FACILITY	NOT STARTED	UNDER CONSTRUCTION	PERMISSION	B8	0.42

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## Appendix 3 – Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of jobs by use class (%)		
	B1a/b Office	B1c / B2 Industrial	B8 Warehousing
Agriculture, Forestry & Fishing	Non B-class		
Extraction & Mining	Non B-class		
Food, Drink & Tobacco (manufacture of)	0	100	0
Textiles & Clothing (manufacture of)	0	100	0
Wood & Paper (manufacture of)	0	100	0
Printing and Recorded Media (manufacture of)	0	100	0
Fuel Refining	0	100	0
Chemicals (manufacture of)	0	100	0
Pharmaceuticals (manufacture of)	0	100	0
Non-Metallic Products (manufacture of)	0	100	0
Metal Products (manufacture of)	0	100	0
Computer & Electronic Products (manufacture of)	0	100	0
Machinery & Equipment (manufacture of)	0	100	0
Transport Equipment (manufacture of)	0	100	0
Other Manufacturing	0	100	0
Utilities	0	80	0
Construction of Buildings	20	0	0
Civil Engineering	Non B-class		
Specialised Construction Activities	0	20	20
Wholesale	0	10	60
Retail	Non B-class		
Land Transport, Storage & Post	0	0	70
Air & Water Transport	Non B-class		
Accommodation & Food Services	Non B-class		
Recreation	Non B-class		
Media Activities	100	0	0
Telecoms	60	0	10
Computing & Information Services	100	0	0
Finance	100	0	0
Insurance & Pensions	95	0	0
Real Estate	70	0	0
Professional Services	100	0	0
Administrative & Supportive Services	100	0	0
Other Private Services	Non B-class		
Public Administration & Defence	10	0	0
Education	Non B-class		
Health	Non B-class		
Residential Care & Social Work	Non B-class		

## Appendix 4 - Apportionment of the land supply generated by flexible planning permissions or allocations

Site name	Allocation or permission	Site area (ha)	Likely Use	Office	Industrial
<b>HART</b>					
Martin Lines, Church Crookham	Allocation	1.51	Office 50% Industrial 50%	0.75	0.75
Hartland Park, Iveley Road, Farnborough	Permission	47.5	Industrial 100%	0	47.5
Blackbushe Business Park, Yateley	Permission	0.39	Industrial 100%	--	0.39
The Coach House, Hartley Wintney	Permission	1.1	Office 50% Industrial 50%	0.55	0.55
Cody Park, Olv Iveley Road, Farnborough	Permission	11	Office 50% Industrial 50%	5.5	5.5
<b>Total</b>				<b>6.8</b>	<b>54.69</b>
<b>RUSHMOOR</b>					
Blackwater Park, Aldershot	Allocation	1.04	Industrial 100%	--	1.04
Aldershot Urban Extension	Permission	2.4	Office 50% Industrial 50%	1.2	1.2
2-4 Elms Road, Aldershot	Permission	0.03	Industrial 100%	--	0.03
72 Hawley Lane, Farnborough	Permission	1.41	Industrial 100%	--	1.41
<b>Total</b>				<b>1.2</b>	<b>3.68</b>
<b>SURREY HEATH</b>					
Former BAE Systems, Lyon Way, Camberley	Permission	4.1	Industrial 100%	--	4.1
Land at Half Moon Street	Allocation	2.58	Office 100%	2.58	---
<b>Total</b>				<b>2.58</b>	<b>4.1</b>
<b>FEA Total</b>				<b>10.58</b>	<b>62.47</b>

## Appendix 5 - Quantitative Balance for all scenarios

**Figure A4a: Demand / Supply of B Class Employment Space in the HRSH FEA by three forecast scenarios (to 2032)**

	Scenario 1 Labour Demand	Scenario 2 Past Take up	Scenario 3 Labour Supply	Scenario 4 Labour Supply plus 20% uplift
Requirement for B Class Space (ha)	77.1	51.7	55.7	66.8
Reality Checked Maximum Supply of B class Employment Space (ha)	99.4			
Surplus (+) / Shortfall (-) (ha)	+22.3	+47.7	+43.7	+32.6

**Table A4b: Demand / Supply of B class Floorspace by type in the HRSH FEA by forecast scenario**

	Scenario 1 Labour Demand	Scenario 2 Past Take up	Scenario 3 Labour Supply	Scenario 4 Labour Supply plus 20% uplift
<b>Offices</b>				
Office space land requirement (ha)	60.8	37.1	44	52.8
Potential reality checked supply of land for office uses(ha)	33.3			
Surplus (+) / Shortfall (-) (ha)	-27.5	-3.8	-10.7	-19.5
<b>Industrial</b>				
Industrial land requirement (ha)	16.3	14.6	11.7	14
Potential reality checked supply of land for industrial uses (ha)	66.1			
Surplus (+) / Shortfall (-) (ha)	+49.8	+51.5	+54.4	+52.1

**Table A4c: Comparison of Demand (land requirements) against Alternative Land Supply (to 2032)**

	Scenario 1 Labour Demand	Scenario 2 Past Take up	Scenario 3 Labour Supply	Scenario 4 Labour Supply plus 20% uplift
<b>Offices</b>				
Office space land requirement (ha)	60.8	37.1	44	52.8
Potential supply (alternative land supply) of land for office uses(ha)	49.8 <sup>22</sup>			
Surplus (+) / Shortfall (-) (ha)	-11	+12.7	+5.8	-3
<b>Industrial</b>				
Industrial land requirement (ha)	16.3	14.6	11.7	14
Potential supply (alternative land supply) of land for industrial uses (ha)	67.6 <sup>23</sup>			
Surplus (+) / Shortfall (-) (ha)	+51.3	+53	+55.9	+53.6

<sup>22</sup> Includes a 15ha vacant property allowance and 1.5ha windfall allowance

<sup>23</sup> Includes a 1.5ha windfall allowance