

South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises

Addendum 1

Prepared on behalf of South Somerset District Council

November 2018

Contents

1	Introduction.....	1
2	Forecasts.....	2
3	Future Employment Sites and Premises Requirements	5

Job Number:	18 04 07
Version Number:	4.0
Approved by:	Stuart Hardisty
Date:	12 November 2018

1 Introduction

- 1.1 In 2017, Hardisty Jones Associates Ltd (HJA) was appointed by South Somerset District Council (SSDC) to provide a review of long-term economic forecasts for the district, and their implications for future employment sites and premises requirements. This document was intended to form part of the evidence base to underpin the early review of the South Somerset Local Plan.
- 1.2 As a result of the re-basing of the Local Plan period to 2016-36, the original long-term forecast document requires amendment to ensure alignment with the revised Plan period. This addendum updates the forecast analysis from 2014-34 to 2016-36. This includes a full revision of chapter 4 of the original report.
- 1.3 The most substantive change arises from a change to the proposed level of housing within the plan. As a result of higher levels of proposed housing there is potential for stronger growth in the workforce. As a result, the higher *Alternative 1* economic and employment growth scenario provides the best alignment between labour supply and demand. This is a departure from the original study which identified *Alternative 2* as the best aligned. Section 3 of this addendum provides the results of employment sites and premises modelling for both *Alternative 1* and *Alternative 2* scenarios.

2 Forecasts

- 2.1 Two sets of econometric forecasts were reviewed for the original report to ensure a rounded view of potential future growth prospects. The two sets of forecasts revealed differences in outlook in terms of GVA, employment and productivity growth in South Somerset. However, both forecasters were in agreement that the level of employment growth over the Plan period was likely to be lower than the historic rate. This was consistent with the labour market analysis that was also carried out as part of the previous report, which showed limited slack in the labour market and relatively slow forecast growth in workforce as a result of the ageing population.
- 2.2 HJA in conjunction with SSDC and other stakeholders, sought to test through local knowledge the two sets of forecasts on a sector-by-sector basis. This enabled the development of a moderated baseline position or Hybrid scenario alongside two alternative scenarios. After consideration of the balance of labour supply and demand, there was no evidential basis to develop higher growth scenarios in terms of employment, with the focus needing to be on productivity. This was deemed appropriate given the tight labour market, with high levels of economic activity and low unemployment. This situation is expected to persist as a result of the continued aging of the population and with major labour demands arising from the Hinkley Point C new nuclear power station construction. The *Alternative 2* scenario was therefore adopted as the preferred scenario, this provided good alignment with the proposed level of housing.
- 2.3 As a result of analysing the forecasts over the 2016-36 period the average annual level of jobs growth changes. This is primarily driven by omitting the period 2014-16 which included a period of strong employment growth and including the period 2034-36 which is based on long term forecast rates of employment growth. As a result, for any given forecast scenario (as set out at Figure 2.1) the level of average annual employment growth 2016-36 is lower than previously stated. This is purely a result of changing the analysis period, there has been no adjustment to the underlying forecast analysis.
- 2.4 In order to test the alignment of jobs and housing, figure 2.1 shows the jobs and associated housing requirements for each of the scenarios described in chapter 3 of the original report alongside updates for the revised plan period¹. Alternative 1 anticipates future employment growth² of around 9,360 over the Plan period (468 jobs per annum), and Alternative 2 anticipates 7,250 jobs (363 jobs per annum).
- 2.5 The adopted Local Plan (2006-2028) is based on a figure of 725 dwellings per annum, whereas the Local Plan Review Issues and Options Consultation identifies an Objectively Assessed Need (OAN) derived from the Strategic Housing Market Assessment (SHMA) of 660 dwellings per annum, equating to 13,200 dwellings over the plan period 2016-2036. In July 2018, the

¹ The housing figures associated with each level of jobs growth have been calculated on a consistent basis with the original report based on the SHMA.

² The levels of anticipated jobs growth are lower over the period 2016-36 than the 2014-34 period considered in the original report. This arises as a result of dropping the 2014-16 period for which high employment growth was recorded/forecast and including the 2034-36 period based on long term average growth levels which are more muted.

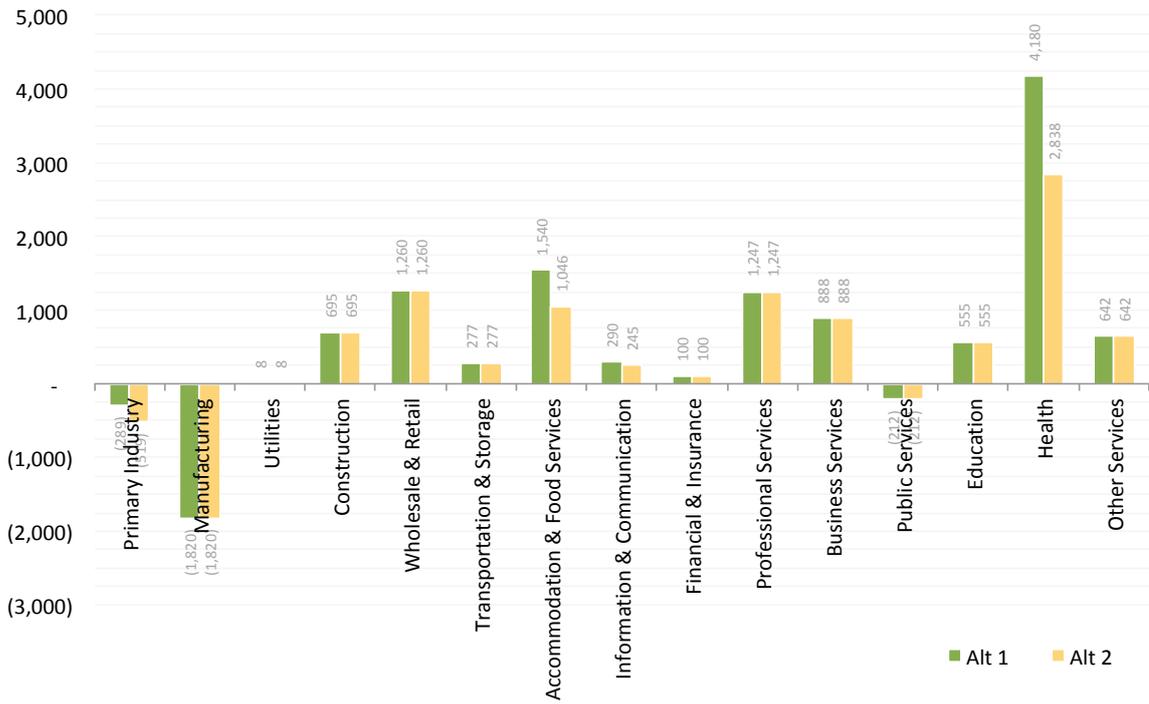
Government published a revised National Planning Policy Framework (NPPF2), within this guidance, it is stated that Local Planning Authorities are required (unless there are exceptional circumstances) to determine the minimum number of homes needed over a plan period based on a standard methodology. This methodology is being confirmed. As a result of the emerging Standard Methodology for identifying Local Plan housing requirements, the Local Plan Review will not adopt the SHMA Objectively Assessed Need. The Standard Methodology results in a greater housing requirement over the plan period than identified in the Local Plan Review Issues and Options Consultation. As a result, Alternative 1 now provides better alignment than Alternative 2.

Figure 2.1 – Aligning Jobs and Homes

Scenario	July 2017 (Fig 3.7)		2018 (Fig 2.1)	
	(Local Plan Review 2014-2034)		(Local Plan Review 2016-2036)	
	Jobs per annum	Homes	Jobs per annum	Homes
Experian	550	738	489	696
Oxford Economics	303	569	241	526
Hybrid	419	648	365	611
Alternative 1	532	726	468	682
Alternative 2	426	653	363	610
SHMA OAN	359	607	359	607
Local Plan Review (SHMA plus allowance for older persons bedspaces)				660
NPPF2 Standard Methodology				630-725

- 2.6 The remainder of this addendum sets out the revised outputs for both Alternative 1 and Alternative 2 scenarios. This allows comparison with the original report for Alternative 2 and also consideration of the jobs and housing aligned Alternative 1 scenario. Figure 2.2 sets out the spread of jobs by sector under the two scenarios.

Figure 2.2 – Employment Change by Sector 2016-36 – Alternative 1 and Alternative 2

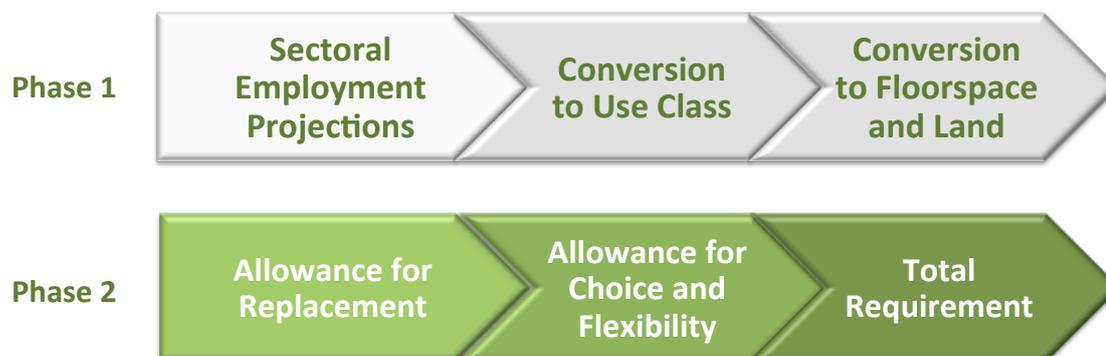


Source: HJA analysis based on OE and Experian

3 Future Employment Sites and Premises Requirements

- 3.1 This chapter sets out analysis of employment sites and premises requirement for the period 2016-36. Figure 3.1 provides a summary diagram of the approach employed to assess future sites and premises requirements.

Figure 3.1 – Approach to Assessing Sites and Premises Requirements



- 3.2 The first phase takes account of the net changes in the economy i.e. the growth and decline of particular sectors. The sectoral employment projections are converted to Use Class. This provides an indication of the spread of future employment change across the full range of planning Use Classes and none. From that point onward the focus is upon the B Use Class, with other elements of the evidence base more suited to informing the detailed requirements for A, C and D Use Classes (e.g. retail study and infrastructure development plan). The net employment changes in the B Use Class are then converted to property and land requirements using employment and development density assumptions.
- 3.3 The second phase then considers wider market factors, particularly the need to recognise the churn in the economy and the associated need to replace and upgrade property stocks. For example, whilst the manufacturing sector as a whole has experienced well-documented decline in its employment base, there has been a continued demand for new premises within which to operate. This demand can be driven by existing companies needing more/less space, a different location, or a different type of premises. It can also be driven by new companies in the market, which may not find the right type of property available in the right location within the market. As a result, whilst overall a sector may be in decline (although this still applies to growing sectors too), there are changes beneath the surface that continue to drive demand. This can be a particular issue where existing stocks are ageing or where vacant sites are no longer in the locations that are suitable to modern occupiers. This also ensures provision is made for sites that might be lost from employment use to other uses. Also within Phase 2 the assessment builds in an allowance for choice and flexibility. This element needs to take account of offering location choice as well as choice in terms of the type of property and setting.
- 3.4 Within the detailed assumptions employed as part of this model, local evidence has been used to ensure the approach is appropriate to the South Somerset area. These assumptions were tested during the preparation of the previous report through workshops with Council Members and Officers as well as with commercial property market stakeholders.

- 3.5 The results of the assessment approach have also been validated through a review of historic levels of development activity as recorded through SSDC monitoring records and through the stakeholder engagement process.
- 3.6 Further details of the method are set out within the remainder of the chapter and supporting appendices. For ease of reading all figures are rounded throughout this chapter. As a result some tables may not sum.

Phase 1 – Net Additional Changes

Employment Change by Use Class

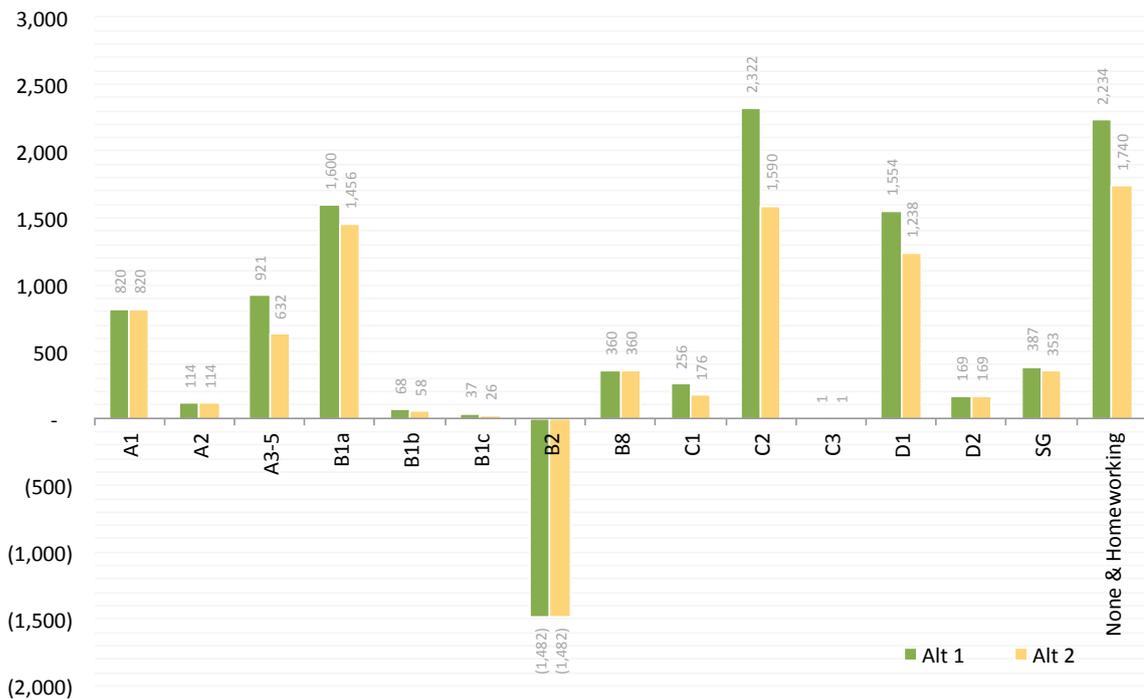
- 3.7 Employment change by sector is converted to Use Class using the conversion matrix set out at Appendix 1 of the original report. This matrix has been tailored to the South Somerset economy using fine-grained employment data from the ONS BRES dataset. A headline schedule of use classes is set out at Figure 3.2 for those that are not familiar with the terminology.

Figure 3.2 – Use Class Summary

Use Class	Description
A1	Retail
A2	Financial and Professional Services
A3	Restaurants and Cafes
A4	Drinking Establishments
A5	Hot Food Takeaways
B1a	Offices (other than those within A2)
B1b	Research and Development
B1c	Light Industrial
B2	General Industry
B8	Storage and Distribution
C1	Hotels
C2	Residential Institutions
C3	Dwellings
D1	Non Residential Institutions
D2	Assembly and Leisure
Sui Generis	Uses which do not fall in the above

- 3.8 Figure 3.3 illustrates the employment change by Use Class across the plan period. This is helpful to understand a number of key points. Firstly, employment is spread across Use Classes and none. Employment is not confined to the B Use Class. The greatest growth is forecast in the ‘none and homeworking’ category. This includes not only home based workers but also those such as cleaners that work in the workplace of others, or itinerant workers such as many in the construction industry.

Figure 3.3 – Employment change by use class (2016-36)



Source: HJA analysis

- 3.9 The model forecasts between 1,570³–1,850⁴ additional jobs in the A Use Class. This includes retail, restaurants and cafes and some office based activities. These are primarily town centre or retail park uses. The primary consideration for the scale of sites and premises requirements will be via retail assessment and other town centre research.
- 3.10 A net change of between 420–580 jobs is forecast in the B Use Class. This includes substantial forecast growth in the B1a office Use Class (between 1,500–1,600), more modest growth in B1b, B1c and B8 uses and a substantial loss of B2 manufacturing employment (around -1,500).
- 3.11 Some 1,770–2,580 additional jobs are forecast in the C Use Class.
- 3.12 Around 1,410–1,720 additional jobs are forecast in the D Use Class. This includes health, education and leisure activities. Many of the sites and premises requirements for these uses will emerge through infrastructure planning as a result of demographic and housing changes through the district.

Net B Use Class Floorspace Changes

- 3.13 The analysis presented provides brief headlines by Use Class. All totals are reported as gross external area (GEA). The detail behind the assumptions is set out in Appendix 1 of the original report. The lower end of any range presented is taken from the Alternative 2 scenario, with the upper end of any range attributable to the Alternative 1 scenario.

³ Lower end of each range is attributable to Alternative 2 scenario

⁴ Upper end of each range is attributable to Alternative 1 scenario

3.14 The analysis assumes a direct link between employment and floorspace required. It is appropriate to caveat this approach with two important points. Firstly, if there is capacity within the existing stock of premises there will be the opportunity to accommodate some employment increases without the need for new space. Secondly, if there are changing working practices the ratio between workers and floorspace could change over time. The first of these issues is dealt with via consideration of vacancy and under-utilisation, which has been tested through consultations. No specific evidence relating to under-utilisation has been cited in our research. It is therefore assumed that whilst some occupiers may well be under-utilising their current facilities others may well be operating above capacity. Over the course of the plan period there is an opportunity for adjustment. There are no reports of particularly high vacancy rates at the current time, so there is no substantial capacity within the existing stock to accommodate future growth. A frictional vacancy⁵ rate of 5-10% is typical to enable the efficient workings of the market. There is also the fact that some stock is unsuitable. Secondly, the issue of changing working practices is considered at Appendix 1 to the original report. In summary this concludes that whilst within the office sector there has been a trend towards occupation at increasing density, there is some evidence that this trend has now levelled off. It was cited that in South Somerset there may be further scope for increasing the density of occupation within offices, as a result the figures quoted might reasonably be considered a top-side estimate.

B1a Offices

3.15 Between 1,500⁶–1,600⁷ net additional office based jobs are estimated within the forecast. This equates to between 800–900 net additional full time equivalent jobs (FTE). Best practice guidance⁸ has informed the assumption of 13.2 sq m (GEA) per FTE worker. On this basis it is estimated that between 10,500–11,900 sq m of net additional office space will be required across the district to accommodate this growth.

B1b Research & Development

3.16 The economic forecast model estimates an increase of between 70–100 jobs within B1b accommodation. This equates to between 30–40 FTEs, and at a density of 60 sq m per FTE a requirement for between 2,100–2,500 sq m of premises to accommodate these jobs.

B1c Light Industrial

3.17 Between 30–40 additional jobs are forecast within B1c Light Industrial premises, equating to approximately 15–25 FTEs. At a density of 56.4 sq m per FTE this generates a requirement for between 900–1,300 sq m of net additional premises.

⁵ i.e. vacancy as a result of the normal operation of the market, rather than due to an imbalance of supply and demand.

⁶ Alternative 2

⁷ Alternative 1

⁸ HCA (2015) Employment Density Guide, 3rd edition is the primary source. Appendix 1 sets out further details of the approach taken.

B2 General Industry

- 3.18 Employment within B2 premises is forecast to decline by approximately 1,500 jobs over the Plan period. This equates to a loss of around 1,000 FTEs. This has the potential to reduce the total requirement for such space by approximately 37,600 sq m at 37.8 sq m per FTE.

B8 Storage & Distribution

- 3.19 An additional 360 jobs are forecast in B8 premises over the period 2016-36, 265 FTEs. Based on a density of 80 sq m per FTE this will generate an additional demand for approximately 21,300 sq m of storage and distribution warehousing.

Summary

- 3.20 Figures 3.4 and 3.5 summarise the employment and floorspace changes arising from net changes in the economy.

Figure 3.4 – Alt 1 Forecast Net Changes in B Use Class Employment and Floorspace 2016-36

Use Class	Forecast Employment Change (Jobs)	Forecast Employment Change (FTEs)	Estimated Floorspace Change (sq m)
B1a	1,600	900	11,900
B1b	70	40	2,500
B1c	40	20	1,300
B2	-1,500	-1,000	-37,600
B8	360	270	21,300
Total	580	240	-600

Source: HJA analysis (figures may not sum due to rounding)

Figure 3.5 – Alt 2 Forecast Net Changes in B Use Class Employment and Floorspace 2016-36

Use Class	Forecast Employment Change (Jobs)	Forecast Employment Change (FTEs)	Estimated Floorspace Change (sq m)
B1a	1,500	800	10,500
B1b	60	30	2,100
B1c	25	20	900
B2	-1,500	-1,000	-37,600
B8	360	270	21,300
Total	420	120	-2,800

Source: HJA analysis (figures may not sum due to rounding)

Phase 2 – Replacement, Churn, Flexibility

- 3.21 Phase 1 considered only the net changes in the economy to ensure all B Use Class activity can be accommodated within the district. Phase 2 deals with the need to ensure the existing economy, and the on-going changes within it are supported through the provision of sufficient employment stocks.
- 3.22 The methodology employed for estimating the level of replacement demand assumes that a proportion of the total existing stock of employment property needs to be replaced each year to ensure the overall stock of premises is sufficient and appropriate to modern needs, in terms of both building quality and site characteristics. This is particularly important for the

manufacturing sector where on-going development of industrial premises has been observed, despite a decline in employment in the sector over many years.

- 3.23 With Permitted Development Rights (PDR) now in place there is increasing pressure for redevelopment of office stocks to other uses. Later in 2017 this right was extended to light industrial premises. There are also losses of employment property for other reasons, whether occupation by non-employment users (e.g. the growth in leisure occupiers) or redevelopment for non-employment uses. It is important that any potential losses of commercial employment stocks do not hamper the growth of the economy. Energy Performance Certificate (EPC) legislation came into force in 2017 for commercial employment property, which will further drive the need to upgrade premises to ensure they are fit for purpose.
- 3.24 HJA estimates a replacement requirement equivalent to 1-2% of stock per annum⁹. Data on commercial property stocks indicated 108,000 sq m of offices and 1,001,000 sq m of industrial premises in the district at 2016¹⁰. Commercial stock data is only split by office and industrial (including B1c, B2 and B8), and does not therefore allow fine-grained analysis by Use Class. This estimate of commercial stocks is used to calculate replacement and upgrading requirements in the future. Figure 3.6 sets out the results of the analysis

Figure 3.6 – Forecast replacement and churn requirement 2016-36 (sq m)

Use Type	Total Stock (2016)	Annual Replacement	20 Year Plan Period Total
Office (1% pa)	108,000	1,100	21,600
Ind. (1-2% pa)	1,001,000	10,000 – 20,000	200,200 – 400,400
Total	1,109,000	11,100 – 21,100	221,800 – 422,000

Source: HJA analysis based on VOA (figures may not sum due to rounding)

Reuse of Employment Sites

- 3.25 The analyses of both net additional and replacement requirements set out above do not consider whether the development activity takes place on existing employment sites (replacing or substantially refurbishing one building with another on the same plot of land) or whether currently unoccupied land needs to be made available. The evidence and market observation suggest there will be elements of both, particularly as some former employment sites are lost to alternative uses e.g. to residential uses through PDRs.
- 3.26 HJA has interrogated district level monitoring data for the period 2006-15 to identify the degree to which B Use Class completions have been achieved on previously developed B Use Class land. For the purposes of this analysis we assume that 20% of gross employment development activity can be achieved through reuse of previously developed B Use Class sites. This assumption is also consistent with findings of HJA analysis in other parts of the South West¹¹. The corollary of this is a need for the remaining 80% of gross requirements to be provided for

⁹ See Appendix 1 for details.

¹⁰ 2016 data is used as the best available source

¹¹ Previous HJA analysis in Hampshire, Wiltshire and Devon has identified a replacement rate of around 20% on B Use Class sites. Available data for South Somerset indicates a figure in the region of 17%. However, there are some uncertainties in the data which may suppress this figure.

through new development land (this can include previously or existing allocated but not yet taken up employment sites)

Development Density

- 3.27 A development density of 40% is assumed for industrial premises development. For offices a range is used to address the differing nature of development at ‘in-town’ and ‘out-of-town’ locations. A figure of 40% is used for out-of-town and business park type development. A figure of 100% is used to capture the higher densities achieved in town. If high-rise development is accommodated this can lead to even higher densities being achieved¹². As a result the land requirement range for the office sector is wide and the floorspace figure may be a more suitable metric.

Choice & Flexibility

- 3.28 A percentage uplift of the combined requirement for net additional and churn/replacement is applied to ensure an allowance for range and choice is incorporated. This uplift also builds in some additional flexibility to allow the normal frictional movement in the market. As such, in line with industry standards, an uplift of 10% has been applied.

Total Requirement

- 3.29 Figures 3.7 and 3.8 bring together the various elements within the analysis to build a picture of future requirements, split by office and industrial.
- 3.30 Figure 3.7 relates to the Alt 1 scenario and sets out an estimated gross level of development of approximately 33,500 sq m of offices and 185,100 – 382,700 sq m of industrial over the 20 year Plan period. After discounting for development which will take place on previously developed employment sites, and allowing for the flexibility allowance a total requirement, requiring land provision is estimated at 29,500 sq m of offices and 162,900 – 336,800 sq m of industrial. In land terms this is estimated at 3-7 hectares for offices and 41-84 hectares for industrial development.

Figure 3.7 – Alt 1 Total estimated future sites and premises requirements (sq m unless stated)

	Office	Industrial
Replacement Provision (A)	21,600	197,600 - 395,200
Net Additional Requirement (B)	11,900	-12,500
Gross Requirement (C=A+B)	33,500	185,100 - 382,700
Delivered on Existing Employment Sites (D)	6,700	37,020 - 76,540
Net Requirement (E=C-D)	26,800	148,080 - 306,160
Flexibility Allowance (F)	2,680	14,810 - 30,620
Total Requirement (G=E+F)	29,480	162,890 - 336,780
Average Annual Requirement	1,470	8,140 - 16,840
Total Land Requirement	3 - 7 ha	41 - 84 ha
Average Annual Land Requirement	0.2 - 0.4 ha	2.0 - 4.2 ha

Source: HJA (figures may not sum due to rounding)

⁵ These assumptions draw on evidence cited in ODPM (2004) Employment Land Reviews – Guidance Note and Yorkshire Forward (2010) Planning for Employment Land (Roger Tym & Partners)

- 3.31 Figure 3.8 relates to the Alt 2 scenario and sets out an estimated gross level of development of approximately 32,100 sq m of offices and 184,300 – 381,900 sq m of industrial over the 20 year Plan period. After discounting for development which will take place on previously developed employment sites, and allowing for the flexibility allowance a total requirement, requiring land provision is estimated at 28,250 sq m of offices and 162,200 – 336,100 sq m of industrial. In land terms this is estimated at 3-7 hectares for offices and 41-84 hectares for industrial development.

Figure 3.8 – Alt 2 Total estimated future sites and premises requirements (sq m unless stated)

	Office	Industrial
Replacement Provision (A)	21,600	197,600 - 395,200
Net Additional Requirement (B)	10,500	-13,300
Gross Requirement (C=A+B)	32,100	184,300 - 381,900
Delivered on Existing Employment Sites (D)	6,420	36,860 - 76,380
Net Requirement (E=C-D)	25,680	147,440 - 305,520
Flexibility Allowance (F)	2,570	14,740 - 30,550
Total Requirement (G=E+F)	28,250	162,180 - 336,070
Average Annual Requirement	1,410	8,110 - 16,800
Total Land Requirement	3 - 7 ha	41 - 84 ha
Average Annual Land Requirement	0.2 - 0.4 ha	2.0 - 4.2 ha

Source: HJA (figures may not sum due to rounding)

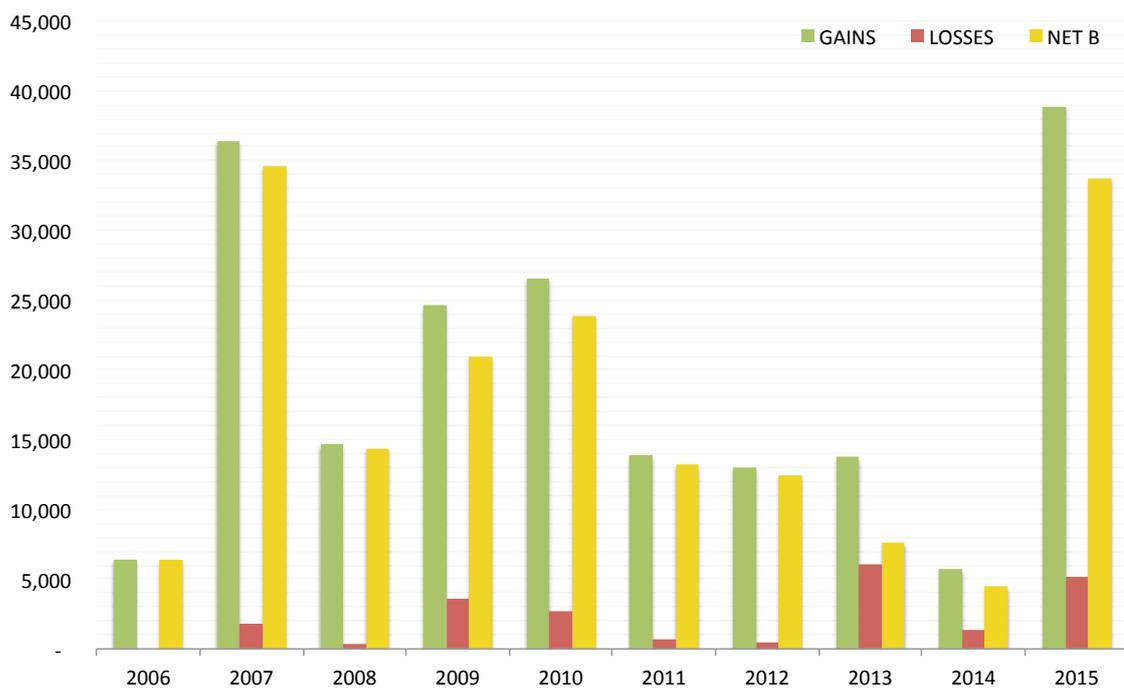
Validation

- 3.32 The figures set out above are largely drawn from desk-based analysis, but with testing at key points from local stakeholders. The results have therefore been validated through analysis of historic development activity and through further stakeholder engagement from both Council Members and Officers and local commercial property market stakeholders.

Historic Completions

- 3.33 SSDC has compiled detailed monitoring records of historic development activity across the district. Figure 3.9 shows the gross and net levels of development of B Use Class floorspace over the period 2006-2015. The term 'net' here refers to B Use Class development net of any losses incurred as a result of new B Use Class premises coming forward. This does not take account of all B Uses to other Use Classes. This is to aid comparison with the figures set out at Figures 3.7 and 3.8.

Figure 3.9 – Historic B use class floorspace completions (sq m)



Source: HJA analysis based on SSDC data

- 3.34 Unfortunately the way the data is coded does not allow an accurate disaggregation between office and industrial developments. However, from those developments which are coded in detail it is evident that the vast majority of developments are for industrial floorspace.
- 3.35 To aid comparison with forecast analysis all figures are reported on an average annual basis. However, as is clearly evident from the chart, there is not an even annual spread of activity. The data is what might reasonably be described as 'lumpy', with major developments in some years and almost nothing in others. This is a typical feature of the development industry and means caution needs to be used when analysing data, as the inclusion or exclusion of datapoints can have substantial impact on the averages calculated.
- 3.36 Over the 10 years for which data has been made available average annual gross B Use Class completions are estimated at 19,400 sq m per annum. After deducting any losses of B Use Class floorspace as part of these developments the net figure is 16,600 sq m per annum.
- 3.37 Figure 3.10 compares these annual average figures with the equivalent annualised figures from the forecast analysis (Rows C and E from Figures 3.7 and 3.8). This suggests historic development levels have been towards the higher end of the range forecast. This may suggest levels of replacement activity have been closer to the 2% end of the assumption range than the 1%.

Figure 3.10 – Comparison of historic and forecast B use class development activity (sq m)

	Historic	Alternative 1¹³	Alternative 2¹⁴
Gross Requirement(C)	19,400	10,930–20,810	10,820–20,700
Net Requirement (E)	16,600	8,740–16,650	8,660–16,560

Consultation Workshops

3.38 The workshop held on 4th May 2017 discussed the emerging analysis. A number of points were made by stakeholders:

- There is a lot of older stock, and with the advent of EPC legislation there is a greater drive to see replacement activity. However, it was noted that some of this would be achieved through putting new roofs on properties 25-30 years of age rather than total redevelopment.
- South Somerset is not perceived as an office location and the office market is currently very weak with public sector retrenchment and a very limited private sector for anything beyond micro businesses. The office floorspace forecasts¹⁵ therefore look ambitious. It may be possible that replacement for losses will not be directly in the district but will be at locations closer to the M5 corridor (e.g. Taunton) or even into larger regional centres such as Exeter and Bristol. These larger centres offer more attractive offers for workers and hence the labour market profile that occupiers require. The forecast office floorspace figures¹⁵ therefore appear very ambitious.
- There is potential scope for increasing density of occupation. Examples were cited of manufacturing and office occupiers able to consolidate operations from other parts of the UK into their existing South Somerset accommodation without a requirement for additional space. The focus on costs in the current economic climate are leading occupiers to seek to enhance space utilisation wherever possible to drive costs down.
- Increased car use across the population since many older industrial areas were developed means the opportunities for intensification of development are very limited. There is already a shortage of parking spaces and intensification will only exacerbate this.
- Gross industrial development of approximately 10,000 sq m per annum doesn't sound high. Figures closer to 15,000 – 20,000 don't seem totally unreasonable. It is important we 'back ourselves' as an area. If the allocations are not in the plan it will be short sighted.
- Site allocations need to be cognisant of the dualling of the A303.
- The challenge is delivery. Viability of development is a major challenge as rents are not high enough in the area. It is more expensive to build offices than housing yet the returns are lower. Hence a need to seek routes to reduce build costs and increase values e.g. modular buildings.

3.39 The commercial market stakeholder workshop confirmed many of the findings from the desk review. That industrial development would likely predominate and the figures towards the top

¹³ Based on combining office and industrial figures from figure 3.7

¹⁴ Based on combining office and industrial figures from figure 3.8

¹⁵ It should be noted that the office floorspace forecasts presented at the workshop were approximately 25% higher than as set out in figure 3.8.

of the forecast range would not be unreasonable. However, for offices there was substantially less confidence, particularly in terms of larger scale office requirements.

Summary and Conclusions

- 3.40 This chapter considers both the requirements for B Use Class sites and premises to accommodate the net changes in the economy, but also to ensure a sufficiently high quality ongoing stock to meet the needs of the existing economy and the perpetual changes that are going on within it.
- 3.41 Changes in employment will be spread across a wide range of Use Classes and none. Alternative 1 forecasts that 2,230 of the 9,360 additional jobs in that scenario will not require sites and premises provision, and Alternative 2 predict the figure will be 1,740 of 7,250 additional jobs. This will be either as a result of home working, peripatetic working or accommodation within the workplaces of others. Substantial net additional job creation will fall within the A, C and D Use Classes. There is a mixed picture within the B Use Class with forecast losses in B2 Use activities, but gains in B1 and B8 activities. In net terms, Alternative 1 forecasts around 580 additional B Use Class jobs, equivalent to around 240 FTE posts. Alternative 2 predicts around 420 additional B Use Class jobs, equivalent to around 120 FTE posts
- 3.42 Net changes in the economy will require an additional 11,900 sq m of B1a offices according to Alternative 1, and an additional 10,500 according to Alternative 2. An additional 3,800 sq m of B1b/c Uses is forecast by Alternative 1, and an additional 3,000 according to Alternative 2. A potential net reduction of 37,600 sq m of B2 premises and growth of 21,300 sq m of B8 floorspace is forecast under both scenarios. In addition a further 21,600 sq m of office floorspace and 197,600 – 395,200 sq m of industrial floorspace will need to be delivered to replace lost, dilapidated or unsuitable premises within the existing portfolio.
- 3.43 It is estimated that approximately 20% of the total gross requirement can be achieved on previously developed B Use Class sites. However, the remainder, and a suitable flexibility and choice buffer will need to be provided for through the site allocations process. This is estimated at 3-7 hectares for office development and 41-84 hectares for industrial development.
- 3.44 The forecast figures have been validated through comparison with historic levels of development activity and consultation with commercial market stakeholders. This showed historic levels of activity towards the upper end of the forecast ranges, with the vast majority industrial development. The consultation workshop further validated the industrial forecast, towards the top of the range but expressed caution regarding the office requirement, given very weak interest in the area.