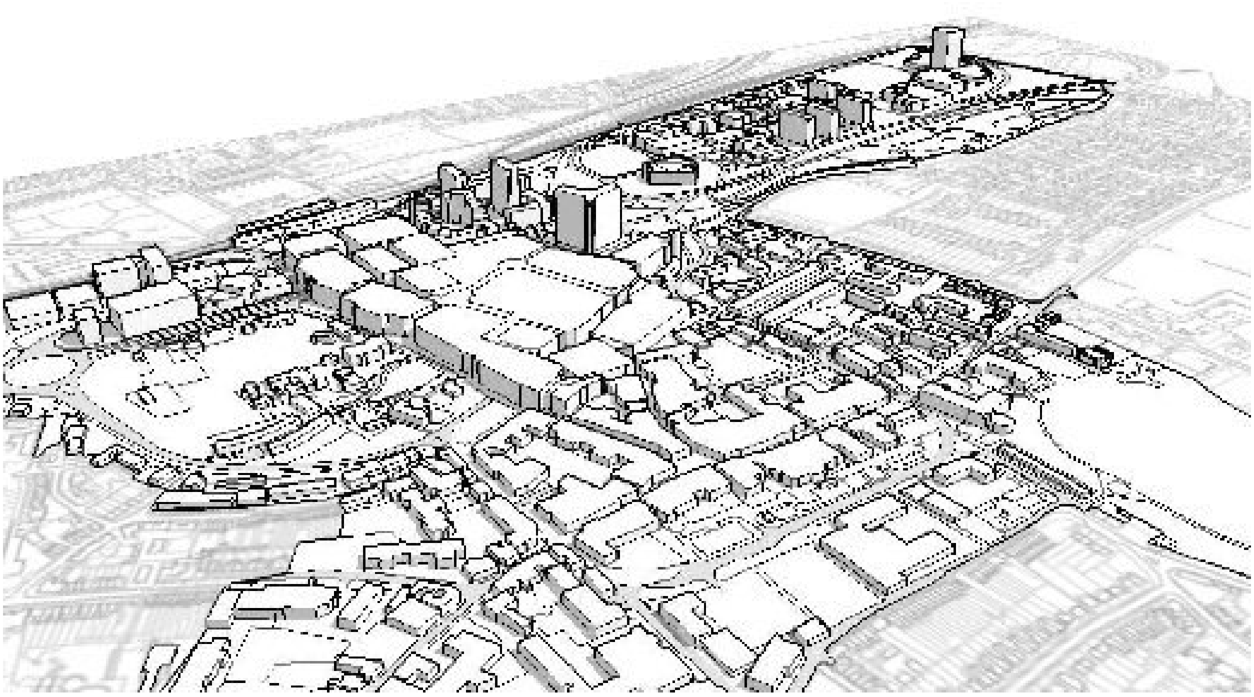
Basingstoke & Deane Borough Council

# BASINGSTOKE & DEANE EMPLOYMENT LAND REVIEW



ROGER TYM & PARTNERS
Planners and Development Economists

Final Report
January 2009

ROGER TYM & PARTNERS

Fairfax House
15 Fulwood Place
London WC1V 6HU

t (020) 7831 2711
f (020) 7831 7653
e london@tymconsult.com
w www.tymconsult.com

*This document is formatted for double-sided printing.*

RTP Job Number - P1895

# CONTENTS

# 1 INTRODUCTION

1.1 The borough of Basingstoke & Deane is currently building the evidence base for its Local Development Framework (LDF) and, as part of this process, must produce an Employment Land Review (ELR).

1.2 In order to be a valuable decision-making tool, government guidance states that an employment land study needs to understand:

- how the local property market and economy perform at the moment and, most importantly, how their existing structure can support future growth;
- what employment growth is expected of the borough and what this means for individual sectors;
- what such growth entails in terms of floorspace and employment land needs;
- how current and planned employment land provision can accommodate this in both quantitative and qualitative terms. If it cannot do so, the ELR needs to identify potential new sites for the borough.

1.3 As a tool to inform planning policies and allocation decisions, the ELR will have a direct impact on the ability of the borough to realize its economic and social potential. In view of Basingstoke's strategic role as a future office and transport hub and a Diamond for Investment and Growth, the stakes are high not only locally but for the region as well.

1.4 An employment land study has recently been completed for the three North Hampshire districts (which include Basingstoke & Deane) and we are mindful of not duplicating efforts. We will build on the analysis produced for this study, enhancing it with a more localised focus.

1.5 This study follows the steps set out in the guidance and is structured as follows:

- Chapter 2 sets out the policy context in which Basingstoke & Deane evolves and its long-term strategic objectives;
- Chapter 3 describes the economic structure and performance of the borough in order to establish its strengths and weaknesses, its potential to deliver growth;
- Chapter 4 looks at the local office and industrial / warehousing property market;
- Chapter 5 estimates future employment land requirements and, by comparing it to the supply pipeline, assesses future market balance in the borough;
- Chapter 6 summarises the findings of all the preceding chapters and offers recommendations for planning policy which will feed into the LDF.

1.6 We have also carried out an audit of selected sites and employment areas, as agreed with the Borough Council, to gain a better understanding of the qualitative aspects of local land supply. It informs Chapter 5 and our conclusions in Chapter 6. It is available as a separate report.

# 2 THE POLICY CONTEXT

## Introduction

2.1 As requested by government guidance, we start with an overview of the policy context relevant to Basingstoke & Deane. It is an essential element of an ELR because:

- Planning policy sets the framework in which the property market operates. It has the ability to influence investment by providing certainty of land use and improvements in infrastructure. As such it can affect productivity, employment and local economic performance;
- It sets strategic priorities which can include potential constraints on future growth as well as inform infrastructure investment and prioritisation;
- The policy context highlights the hierarchy of settlements and their key linkages within and outside the study area. It also establishes the framework in which the borough will evolve for years to come by articulating local and regional ambitions.

2.2 We need to take into account the realisation that there is a “need for greater integration between the planning system and wider economic strategies, programmes and initiatives” as advised in “Planning for economic development” (ODPM, 2004).

2.3 Having already reviewed the national, regional and county policy documents relevant to Basingstoke & Deane in the North Hampshire study, we only provide here a reminder of the key elements of those strategies. We dedicate more of our attention to the local context which includes:

- Existing planning policies which the Local Development Framework (LDF) will replace and update, i.e the Local Plan;
- the emerging evidence base which will inform the LDF;
- area-based action plans and strategies for parts of the borough.

## National planning policy:

### *Planning Policy Statement 1 (PPS1)*

2.4 The core principle underlying planning at a national level, as set out in PPS1, and therefore trickling down to the local level is sustainable development.

2.5 In planning terms, this means focusing development in existing towns and villages and preventing urban sprawl by encouraging the re-use of developed land.

2.6 At an economic level, it calls for a balanced approach between housing and jobs which we must bear in mind in this study. PPS1 highlights the need to have planning policies that are able to respond to economic change; deal with the need to co-ordinate it with infrastructure and housing provision; and provide a mix of premises for businesses of all sizes.

### *From Planning Policy Guidance 4 (PPG4) to Planning Policy Statement 4 (PPS4)*

2.7 PPG4, and its emerging successor PPS4, focus on industrial and commercial land planning implications and what approach should be taken in order to deliver economic development.

2.8 PPG4 takes a positive approach to new business developments as long as they support a reduction in travel by car and do not create significant environmental harm.

2.9 It states that development plans should give industrial and commercial developers and local communities greater certainty about the types of development that will or will not be permitted in a given location. Planning authorities should therefore ensure that their development plans contain clear land-use policies for different types of industrial and commercial development and positive policies to provide for the needs of small businesses.

2.10 However, it is felt that PPG4 needs to be updated as it does not address a number of new issues such as managed workspace or incubator units which require a new approach and more flexibility.

2.11 The emerging PPS4 which will eventually replace it stresses that planning policy must support economic growth and that a flexible approach to the supply and use of land is necessary to achieve this.

## Regional policy

### *The South East Plan*

2.12 The South East Plan (SEP) is the key strategic document for all local authorities in the South East over the next 20 years. A draft version of the Plan was submitted in 2006. In July 2008, the Secretary of State published Proposed Changes to the draft Regional Spatial Strategy and launched a public consultation process on this revised version of the Plan. The consultation process has now been completed and the final version of the South East Plan is set to be ready in 2009.

2.13 The SEP supports a development approach focused in and around the existing urban areas in order to foster accessibility to employment, housing and other services whilst minimising the need for people to travel.

2.14 Policy CC8a states that “at least 60% of all new development should occur on previously developed land and through conversion of existing building”. It should be complemented by identifying the scope for redevelopment and intensification of urban areas, especially around transport hubs and interchanges. This is of course particularly relevant to Basingstoke.

2.15 Policy CC8b on regional hubs encourages higher density land uses and / or mixed land uses that require a high level of accessibility so as to create ‘living centres’.

#### *Geographical approach*

2.16 The SEP divides the South East into a number of sub-regions and Basingstoke & Deane Borough Council falls in part under the “Western Corridor and Blackwater Valley” (WCBV) where employment is forecast to increase by 115,000 jobs between 2006-2016.

2.17 The imperatives for WCBV, in line with the regional approach, are to meet any need for employment land through a more efficient use of space in established employment areas. Should these not cover the land requirements for the Plan period, local authorities could select locations and forms of development which meet a number of criteria such as high standards of accessibility (by providing alternatives to cars) and a low impact on the environment.

2.18 Finally, the SEP sets out the housing requirements for the area and the need to have land available to respond to local needs (Policy WCBV4). This is a key reminder of another reason why getting the employment land requirement as right as possible is crucial. Although the borough needs to have enough land to support economic growth and never constrain it, land allocated for employment use which is not needed is in fact denied for other uses, especially housing, which are just as critical to the prosperity of the area. The SEP also underlines that infrastructure investment will be needed and development should not be allowed to run ahead of provision.

2.19 At a more localised level, North Hampshire is the only part of this sub-region with a quantified estimate of its future employment land needs (40-60 hectares) and the SEP reckons that, "subject to local considerations", most of this shortfall should be met in Basingstoke which is identified as a regional hub.

2.20 Whilst the study on North Hampshire's employment land needs which investigated the robustness and accuracy of this 40-60 ha figure led to different conclusions on employment land requirements in the area, it does not detract from the expectations set for Basingstoke in the SEP. We look at the findings of our North Hampshire study in Chapter 5.

### *South East Regional Economic Strategy (RES)*

2.21 The RES sets the economic growth targets for the region over 2006-2016:

- Annual growth rate in GVA per capita of 3%;
- Productivity per worker increase of 2.4% per year;
- Reduced rate of increase in ecological footprint.

2.22 To achieve these targets in a sustainable way, the RES relies on one underlying principle: SMART growth which is based on increased economic activity, high skills, improved enterprise levels and a more efficient use of land through higher densities. We will investigate Basingstoke & Deane's ability to deliver this type of growth and it is in this light that we will assess the need for employment land in the borough.

2.23 The key strategic sectors mentioned in the South East Plan are defined in the RES as:

- Advanced engineering
- Aerospace & defence
- Environmental technologies
- Financial and business services (FBS)
- Healthcare technologies
- Logistics
- Marine technologies
- Media Technology and Telecommunications
- Property & construction
- Tourism

2.24 Of particular importance to local authorities in the Western Corridor Blackwater Valley are the high value functions relating to healthcare technologies, aerospace & defence, business tourism and FBS.

#### *Geography*

2.25 Like the South East Plan, the RES recognises the potential of Basingstoke and the role it can play in the future delivery of sustainable development by identifying it as a Diamond for Investment and Growth; one of eight in the region. These Diamonds can act as "a catalyst to stimulate prosperity across wider areas, and with the potential for further sustainable growth through targeted investment in infrastructure". Unlocking the potential of these Diamonds is key to delivering high value, sustainable economic development in the region as they are drivers of growth for their surrounding areas.

2.26 This designation is matched with additional funding opportunities (New Growth Point funding ) to invest in infrastructure which will 'unlock additional sustainable development potential'.

## County policy

### *Hampshire Structure Plan*

2.27 According to the Hampshire County Council website: "as a consequence of changes to the planning system, the Hampshire County Structure Plan ceased to have any effect from 27 September 2007 with the exception of 24 policies. Those 24 policies remain in force due to a Direction issued by the Secretary of State for Communities and Local Government. They are known as 'saved policies'".

2.28 All the Structure Plan's other policies have been incorporated into Local Plans, or for some other reason are deemed to be no longer relevant. None of the 'saved policies' are directly relevant to our study.

2.29 Before it became redundant, the Structure Plan did not provide any figures for future employment growth or land requirements, either for the county or its component districts.

## Local policy

2.30 We start with the Community Strategy for Basingstoke & Deane as it sets the vision which the Local Plan aims to deliver.

### *Community Strategy 2006-2016*

2.31 The Community Strategy was produced by the Local Strategic Partnership to provide guidance and vision for the Council's activities. It wants Basingstoke & Deane to:

"become famous for social justice, well-being and prosperity for all: alert to its heritage and its responsibility to improve the built and natural environment, it will be held up as a beacon for others to see what can be achieved with courage and ambition by the talented, welcoming and confident people working together."

2.32 This vision covers 6 themes:

- A safe borough
- A healthy borough
- A learning and creative borough
- An economically prosperous borough
- An environment that is good to live in
- An inclusive borough with strong communities.

2.33 The fourth theme is of course the most relevant to this study. It aims to tackle barriers to employment, attract key and highly skilled workers, provide a wide range of businesses, boost town centres and improve Basingstoke's image.

2.34 The Local Plan / Local Development Framework will be the key delivery mechanism for the Community Strategy. This is what we focus on next.

### *From Local Plan to Local Development Framework*

2.35 Basingstoke & Deane's Adopted Local Plan covers the period 1996-2011. It will be replaced in time by the Local Development Framework but, at the moment, remains the document setting development policies for the borough.

2.36 These policies revolve around the following broad approach: minimising the release of new land and favouring the use of existing sites in designated employment areas through re-development and intensification and, if needed, extension to urban areas. This is combined with a restrictive approach to the loss of employment use.

2.37 The borough's economic policy direction, as set out in the Local Plan, will encourage the following:

- A mixed economy
- A range of sizes and types of units to encourage future economic growth
- The active encouragement of the growth of hi-tech businesses, enterprise hubs and clustering
- The identification of a hierarchy of retail centres in the borough and the definition of the boundaries in these centres
- A sequential approach to the selection of sites for new retail development
- The maintenance and enhancement of the vitality and viability of the shopping centres in the borough.

2.38 The local plan identifies locations for development. Broadly, Basingstoke will be by far the main focus for new development followed by the other main settlements in the Borough including Tadley, Whitchurch and Overton.

2.39 In addition, a number of locations are specifically designated for office and hi-tech uses only (Policy EC3): Beggarwood Lane, Hampshire International Business Park, Chineham Business Park, Viables Business Park, Basing View. These are covered by our audit of employment areas and sites.

2.40 Whilst economic growth is a key objective, the borough is also keen to preserve its rural character by controlling development in rural settlements and open countryside as well as encouraging the re-use of rural buildings.

2.41 The most important element of Basingstoke's future is its Diamond status and ensuing eligibility for New Growth Point funding. We turn to this next.

### *New Growth Point programme*

2.42 The Council has put together a New Growth Point Programme of Development which identifies actions needed to deliver Basingstoke's ambitions. Central to this is the regeneration of Basing View and the need for a balanced approach to housing and employment provision to maximize the potential for creating a place where people want to live in as well as work in.

2.43 Economic opportunities must be created in order to avoid turning Basingstoke into a dormitory settlement. They are also a way to boost housing market demand and delivery which has been underachieving.

2.44 Investment in the town centre's public realm is also included in the investment programme. It is considered crucial to improve the town's appeal, transform its image and perception as a place to live, work, shop. The Council has gone one step further in addressing the perception of Basingstoke town by commissioning research on its image and how to improve it.

2.45 Finally, another key element of the Programme is the creation of a Learning Campus delivering higher education locally to fill the current gap in skills provision and retain young residents as this was seen as a weakness of Basingstoke when it was identified as a Diamond for Investment and Growth.

### *Central Area Action Plan and Vision*

2.46 The Action Plan, adopted as supplementary planning guidance in October 2003 after an extensive consultation process, describes how the centre of Basingstoke could develop over the next twenty to thirty years.

2.47 As this employment land study looks to the next twenty years, we need to take it into account as it will influence Basingstoke's ability to deliver on employment targets, its attractiveness as an office location and the amount of space coming forward.

2.48 The overall aim of the Central Area Action Plan is to improve the image of the centre by reconnecting what were built as separate residential, shopping and office areas, often separated by roads, to create a more vibrant city centre.

2.49 Its three key objectives are: higher quality public realm; planning and designing for mixed use (remembering the importance of car parking); and connecting places (especially for pedestrians and cyclists).

2.50 The action plan encompasses a wide range of intervention areas including: transport; public realm; new infrastructure provision; leisure, retail and cultural offer; mixed use developments and of course Basing View as the main office location. Basing View needs to be better connected to the retail core, the station and, possibly in time, to the growth area of South View. A draft Development Framework has been produced to guide the different stages of development for Basing View.

2.51 The Vision for Central Basingstoke, adopted in December 2007, updates and builds on the Central Area Action Plan and sets out an inspirational vision for the future of the town over the next 20 years or so. It recognises that the town centre is a crucial element in the wider image of the town and the borough.

2.52 Whilst Festival Place is found to perform well as a shopping destination, the vision points out that central Basingstoke must be more than just about shopping. It hopes to build on its appeal as a shopping destination, broaden it and make it an attractive "day out experience" as well as a desirable place to live. As in the action plan, improving the quality of the public realm and accessibility of the town centre is seen as the key to transforming the image of Basingstoke.

### *North Basingstoke Action Plan*

2.53 This Action Plan covers North Basingstoke as defined by the area bounded by the A339 to the south and west, the A33 to the east and open countryside to the north.

2.54 The vision for this part of the town is to:

"improve the economic, social and environmental well-being of the north Basingstoke community through a mix of regeneration, environmental enhancement and major new development schemes involving consultation with the Local Strategic Partnership and the community."

2.55 It includes plans for urban extensions to Basingstoke town. There are seven major development sites within the Action Plan Area, most of them residential and including the provision of local facilities (including a new secondary school).

### *The Borough's Rural Areas*

2.56 Our study covers the whole borough so, although Basingstoke will be the focus of employment land provision for the future, we still need to consider the rest of the borough which is mostly rural.

2.57 The Rural Strategy fulfills this role as it covers all of the borough except from Basingstoke town. It was felt that such a strategy was needed because in recent decades, rural areas in the borough have experienced often damaging changes:

- many villages struggled to remain viable with a loss of core services (pubs, post offices etc);
- agriculture has continued to decline;
- there has been an increase in out-commuting (numbers and distance travelled);
- house prices have increased dramatically;
- deterioration in public transport services and traffic issues associated with the growing number of cars.

2.58 The objectives set out in the strategy and most relevant to our study relate to the use of employment space. The strategy seeks to: sustain existing businesses and encourage appropriate new, rural businesses to meet the needs of the rural population. It favours the re-use of rural buildings and the provision of support services to help businesses find suitable buildings.

## Conclusions

2.59 The main challenge at the core of the strategic context is the ability of Basingstoke to fulfill its future role as a regional hub, in terms of retail and transport and, more relevant to our study, as an office location. This challenge and the potential of Basingstoke to meet it have been recognized at a regional level with the attribution of Diamond for Investment and Growth status to the town. It has also been acknowledged locally with the council taking a pro-active stance to transform Basingstoke, devising local area action plans and a development framework for Basing View.

The main message to remember from this chapter with regards to planning policy is the need to enable a flexible approach and an efficient response to change in order to avoid constraining economic growth.

# 3 ECONOMIC PROFILE

## Introduction

3.1 As mentioned in the previous chapter, the critical factor in the ability of Basingstoke & Deane to deliver its economic ambitions in a sustainable way will be whether it can achieve 'smart' growth.

3.2 We therefore analyse the structure and performance of the economy to understand its prospects. To reflect the policy context in which Basingstoke & Deane operates we pay particular attention to the targets and strategically significant sectors and clusters identified in the RES and use indicators selected in the draft South East Plan.

3.3 As in the previous chapter, we build on the analysis undertaken for the North Hampshire study and update it where necessary. It provides valuable benchmarking of the borough against the region and Hampshire but also the Western Corridor and Blackwater Valley and Reading (another and nearby growth point). Where data is available, we enhance it with sub-borough analysis as it highlights the diffferences between Basingstoke town and the rest of the borough.

## Geography and scale

3.4 The table below illustrates the scale of Basingstoke & Deane in its regional context and compares it to neighbouring districts.

**Table 3.1 : North Hampshire districts' key statistics, 2007 and 2006**

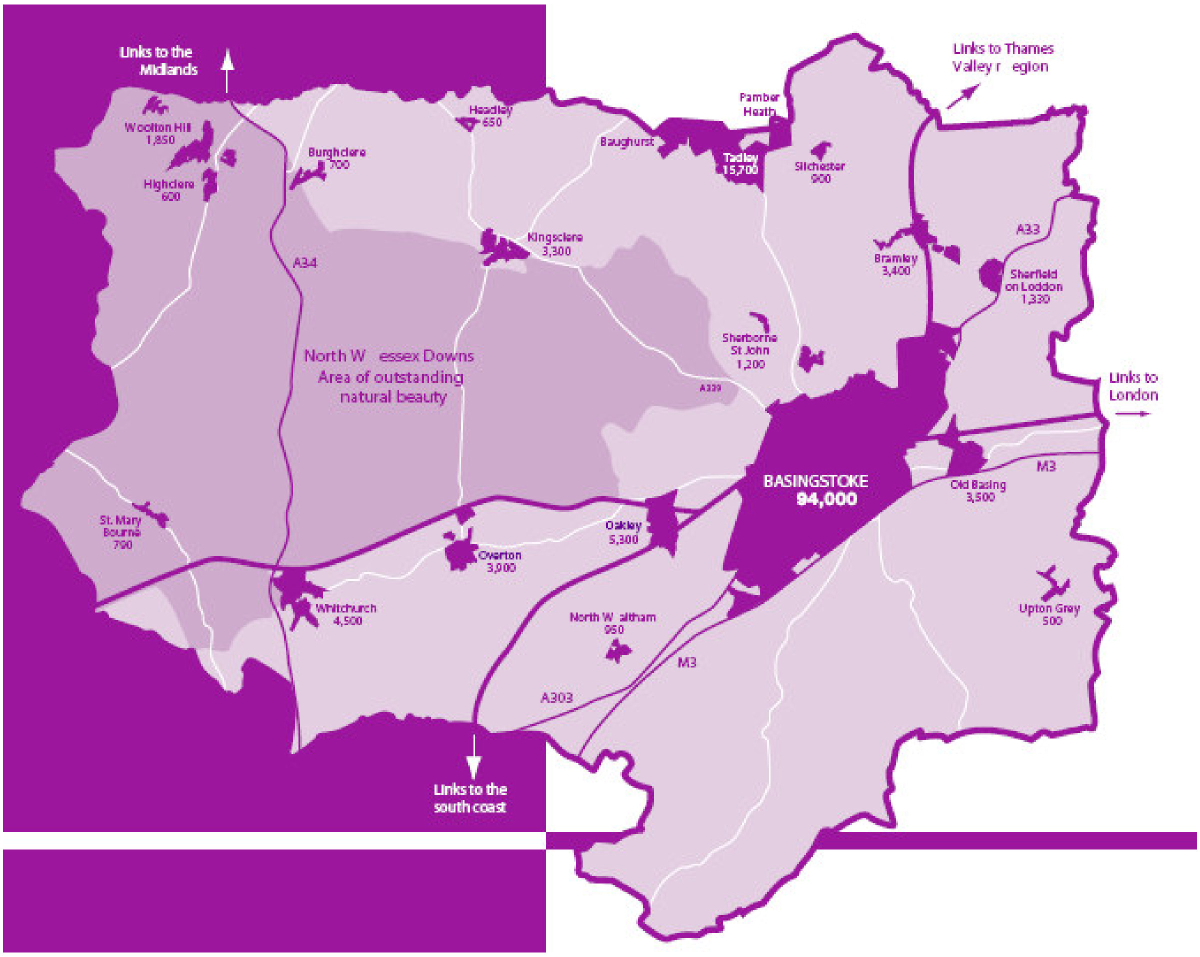
| | Population Estimates | No. Of Jobs | No. Of Vat registered business |
|---|---|---|---|
| South East | 8,308,700 | 3,668,700 | 306,900 |
| Western Corridor Blackwater Valley (WCBV) | 1,608,400 | 830,700 | 67,300 |
| Hampshire | 1,276,800 | 539,700 | 46,600 |
| Basingstoke & Deane | 160,100 | 78,500 | 5,800 |
| Hart | 89,900 | 36,600 | 4,100 |
| Rushmoor | 89,400 | 43,400 | 2,600 |
| Reading | 143,700 | 93,200 | 4,600 |

Source: 2007 Population Estimates, 2006 Annual Business Inquiry, 2006 VAT registrations

3.5 Table 3.1 shows that according to the latest government statistics, Basingstoke & Deane is much larger than other neighbouring districts in terms of both population and number of VAT registered businesses. Reading on the other hand is a much a larger employment centre where jobs are provided in larger business units.

3.6 As shown in the map below, the borough's largest settlement by far is Basingstoke with approximately 94,000 residents (Census 2001), 61% of the total population in the borough.

3.7 The rest of the borough is rural. The next largest settlement is Tadley to the north of the borough with around 15,700 residents. This is then followed by a number of smaller settlements such as Oakley, Whitchurch or Overton with 3,000 to 5,000 residents.




## Enterprise and competition

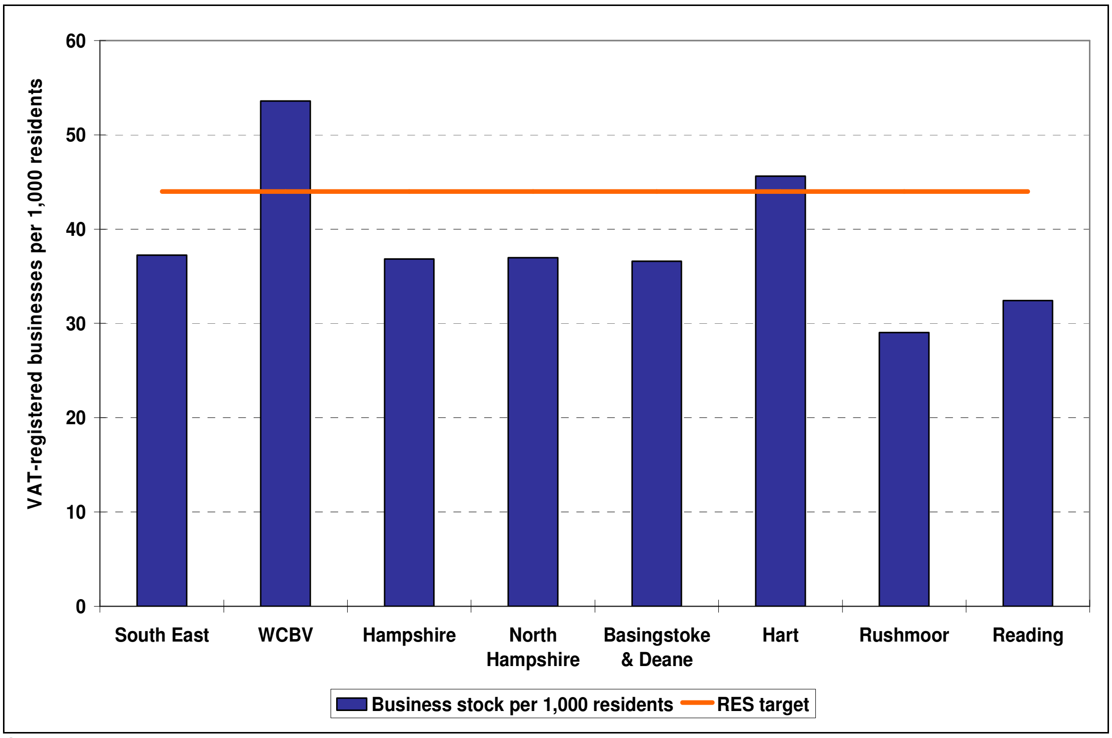
3.8 Smart growth is about supporting enterprise, be it small start-ups or mid-size companies because enterprise increases competition which in turn boosts productivity.

**RES target for the South East:**

Increase business stock by 35% from 35 businesses per 1,000 inhabitants in 2005 to 44 per 1,000 inhabitants by 2016 including 10,000 new businesses run by women by 2010.

3.9 Overall, enterprise levels in Basingstoke & Deane are in line with the county, North Hampshire and the region and outperformed Reading and Rushmoor. It remains below the Western Corridor and Blackwater Valley sub-region however.

**Figure 3.1 : Enterprise activity by 1,000 residents, 2006**




Source: VAT registrations, Population Estimates

3.10 Whilst the stock of business per 1,000 residents has been increasing steadily over the past five years, it will need to rise faster in the future for the borough to meet the targets set in the RES suggesting a need to foster start-ups.

3.11 This indicator can offer a skewed view of local circumstances by referring to total population. We therefore looked at enterprise levels against working age population to check our findings and we were able to confirm the comments made in the previous paragraphs.

3.12 Smart growth is also concerned about the mix of businesses as each type impacts differently on the economy. Small firms tend to be home grown and possibly less mobile whilst large firms might be part of a conglomerate which takes decisions outside of the local authority area.

3.13 To get a view on this, we look at the size of business units in Basingstoke & Deane in Table 3.2 and Table 3.3 below.

**Table 3.2: Breakdown of business units by size**

| | 1-10 emp | 11-49 emp | 50-199 emp | 200+ emp |
|---|---|---|---|---|
| **Basingstoke and Deane** | 85% | 11% | 3% | 1% |
| **Hart** | 90% | 8% | 2% | 0% |
| **Rushmoor** | 82% | 13% | 4% | 1% |
| **Reading** | 81% | 14% | 4% | 1% |
| **Hampshire** | 86% | 11% | 2% | 1% |
| **South East** | 86% | 11% | 3% | 1% |
| **GB** | 84% | 12% | 3% | 1% |

Source: ABI 2006

**Table 3.3: Breakdown of jobs by business unit size**

| | 1-10 emp | 11-49 emp | 50-199 emp | 200+ emp |
|---|---|---|---|---|
| **Basingstoke and Deane** | 19% | 23% | 24% | 34% |
| **Hart** | 26% | 21% | 23% | 30% |
| **Rushmoor** | 18% | 23% | 26% | 33% |
| **Reading** | 16% | 22% | 24% | 37% |
| **Hampshire** | 23% | 26% | 24% | 27% |
| **South East** | 23% | 25% | 24% | 28% |
| **GB** | 21% | 24% | 23% | 31% |

Source: ABI 2006

3.14 Business units are not equivalent to businesses as one company can have several units. However they are actually a more relevant variable for an employment land review as they will be occupying the floorspace available in the borough.

3.15 Basingstoke & Deane presents a similar profile to the county and the region in terms of business sizes with 85% of all business units employing 1-10 people. However, when we look at each category's share of total employment it becomes apparent that there are a few very large business units located in the borough. Businesses with more than 200 employees account for 34% of total employment compared to 27% in Hampshire as a whole, reflecting the rural nature of the county and the absence of other large settlements likely to attract businesses of this size.

3.16 The largest employer in the district is the North Hampshire Hospital with around 3,000 employees. Private sector businesses with over 200 jobs are mostly located within the boundaries of the ring road. The largest ones are listed below along with broad sector of activity and number of employees[1]:

- Sony (electronics - 1,000);
- Winterthur Life UK (financial services - 1,000);
- Linde Material Handling UK (fork lift trucks – 900);
- De La Rue (printers – 700);
- Motorola (telecommunications equipment – 700);
- Barclays (bank – 600).

3.17 As shown by this short list, the strength of Basingstoke as an industrial location is apparent. The list however also illustrates the diversity of employment found in the borough with the presence of service industries such as finance.

## Employment and skills

3.18 To understand local potential, we need to look at the employment structure of the economy, labour market dynamics and levels of economic activity.

**RES targets**
- Increase economic activity from 82% to 85% by 2026.
- 100% of workforce skilled to Level 2
- focus efforts on Regionally Significant Sectors and Clusters

[1] FOCUS, 2008

There are also more qualitative targets basically linked to training provision. It is worth adding to this list the target set by the Leitch Review[2] for the UK to remain competitive on a global level: more than 40% of adults with Level 4 (degree) qualification.

### *Maximising economic activity*

3.19 Placed in a national context, economic activity reached by the borough is rather high. Out of the 407 English districts, Basingstoke & Deane ranks 69th. The highest level reached in England (bar the City of London) is 91.8%[3] by the Test Valley borough.

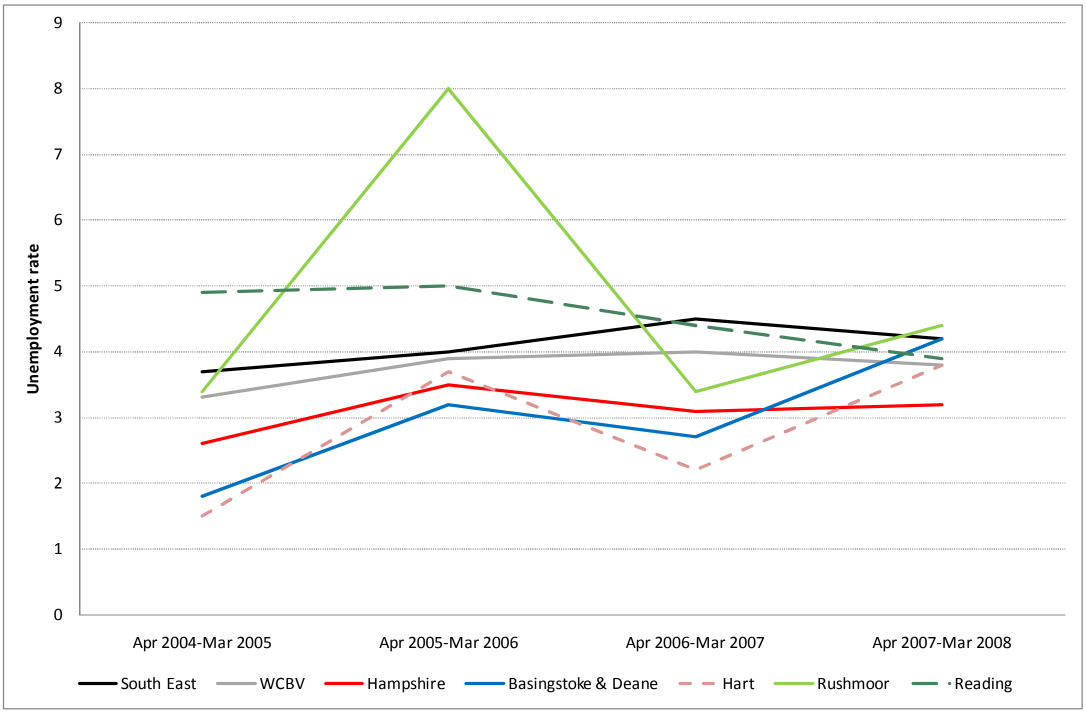
3.20 The latest economic activity figures for Basingstoke & Deane also show a decline on the previous year. However, at 84.1% the economic activity rate is close to the 2026 target set in the RES. It is also higher than neighbouring district Reading (80.8%) and the regional average (82%) but lower than Hart, Rushmoor and West Berkshire.

3.21 Of those who are not economically active, over half are retired or students, with the rest being long-term sick or carers. All these findings suggest that although there might be some room for an increase in economic activity rates in the area, it is limited.

3.22 However, economic activity rates are not enough to take the measure of how successfully the labour market operates as it includes unemployed people: a location with a high economic activity rate can also have a high unemployment rate.

3.23 Figure 3.2 allows us to investigate this aspect of economic activity by charting unemployment rate in Basingstoke & Deane and comparator areas over the last 4 years.

**Figure 3.2: Unemployment rate in Basingstoke & Deane**




Source: Annual Population Estimates

[2] HM Treasury, *Leitch Review of Skills: Prosperity for all in the global economy - world class skills*, December 2006

[3] Annual Population Survey, April 2007-March 2008

3.24 Unemployment levels have been rising in the South East and all comparator areas except Reading over the last 4 years. However, it has risen faster in Basingstoke & Deane than in neighbouring districts, more than doubling between Apr 2004- Mar 2005 (1.8%) and Apr 2007-Mar 2008 (4.2%). It is now in line with the regional average which remains low.

3.25 The combination of a high economic activity rate and low unemployment can be both a blessing and a curse for future growth: it shows an efficient economy using its human resources to the full but it may generate potential tensions on the labour market for the future if supply is being stretched. However, the rising trend in unemployment in the borough may indicate a growing mismatch between supply of and demand for labour in the area.

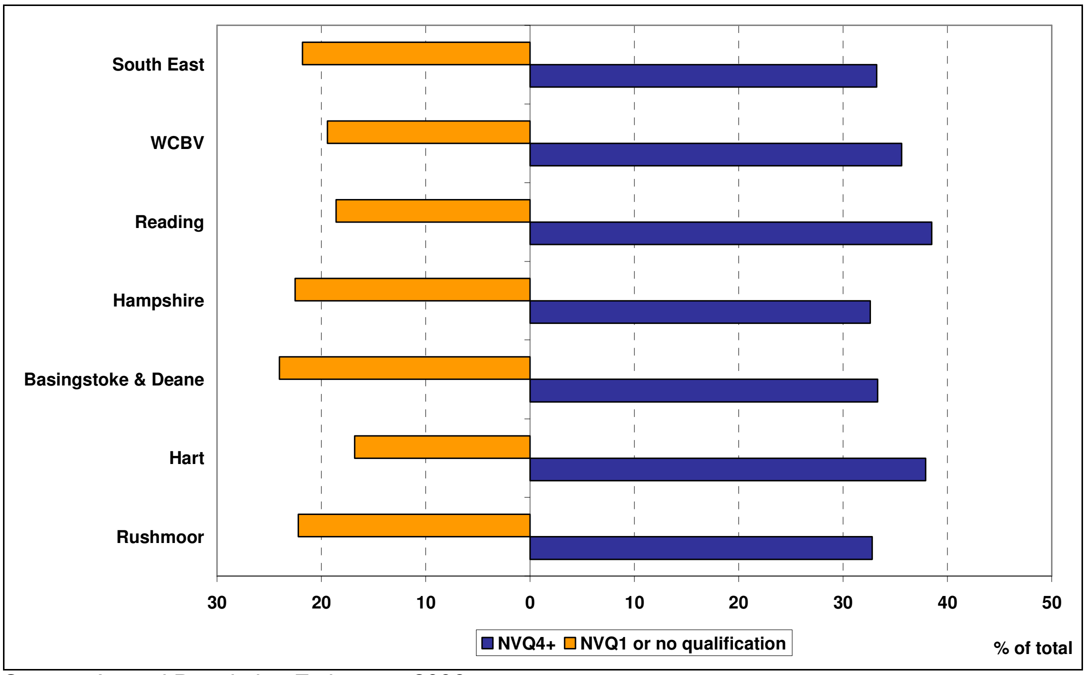
3.26 Although labour markets do not stop at district boundaries, the fact that Hampshire and the South East also have low unemployment rates implies a constrained regional market. Basingstoke & Deane, like its neighbours, is going to have to continue to attract new residents if it wants to sustain employment growth.

3.27 The recent downturn in the economy may however mean that from a situation of managing growth, with the aforementioned tensions on the labour market, the borough may now have to manage recession. This further shows the need for flexibility in employment space provision. We however must also remember that an Employment Land Review looks to the long-term and should be wary of giving too much weight to cyclical changes.

### *World class skills*

3.28 As stated in the Leitch review, “Skills were once *a* key lever for prosperity and fairness. Skills are now increasingly *the* key lever.” The borough needs to be able to position itself in the knowledge-based economy and supply it with the skilled workers it requires in order to attract and retain the type of high value businesses it is seeking.

**Figure 3.3: Qualification levels of working age population**




Source: Annual Population Estimates, 2006

3.29 Basingstoke & Deane is in line with the region and the county in terms of highly qualified residents but is lagging behind the WCBV. More worryingly, Basingstoke & Deane has the largest proportion of lowly qualified residents, 24% of its working age population with Level 1 or no qualifications. As a result, it is quite a long way from achieving the other RES target: to have 100% of workforce qualified to Level 2.

3.30 According to the South East LSC latest report on Hampshire[4], over half of companies trying to recruit reported that they were having difficulties doing so. Hard to fill vacancies were most common amongst: personal services staff, skilled trade occupations, associate professional and elementary staff. It shows that although high skills are crucial to competitiveness, other service and support jobs need to be filled as well for the economy to work. In areas where the cost of living is high this can be hard to do.

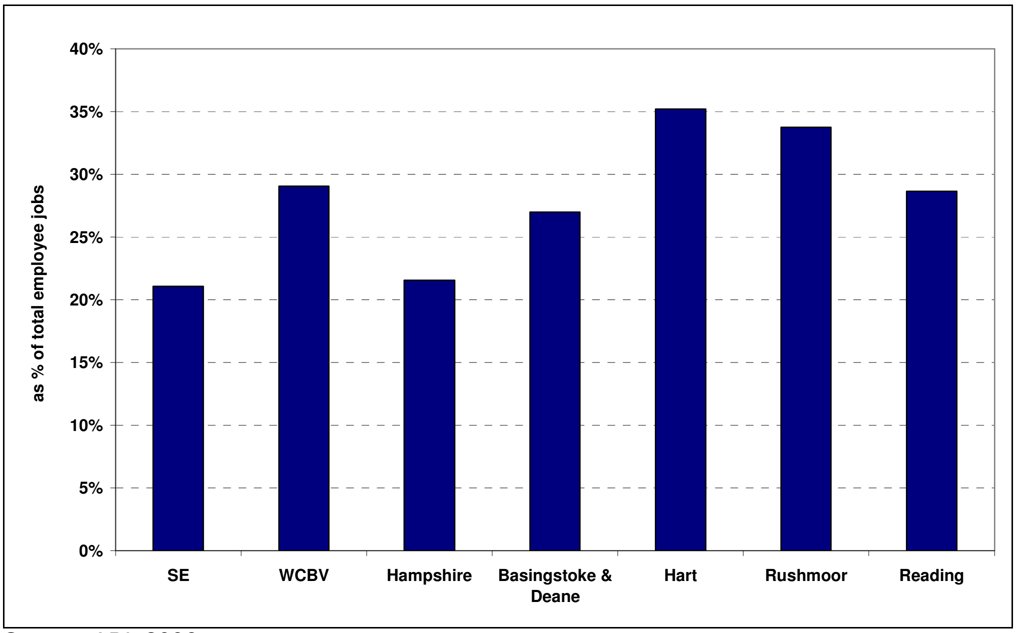
3.31 The Council has taken action by including the creation of a Learning Campus in its Growth Point Programme of Development. The Learning Campus will offer further and higher education as well as professional training. It could benefit the whole sub-region not only by providing additional learning opportunities but by lifting local aspirations, retaining more young people in the area and making the borough more attractive to businesses.

### *A knowledge economy*

3.32 Every economic strategy, national, regional or local, supports the creation of a knowledge economy based on high value, high skills, high innovation activities.

3.33 We have combined the OECD and former DTI definitions of knowledge-based activities as it covers manufacturing as well as service sectors[5]. It includes, amongst others, the manufacture of pharmaceuticals, electronic instruments, cars and aircraft as well as research and development, finance, computing or professional services.

**Figure 3.4: Knowledge-based activities as a proportion of total employment, 2006**




Source: ABI, 2006

3.34 The borough performs better than the region and the county with 27% of total employment in knowledge based sectors compared to 21 and 22% respectively. It does however lag behind its neighbours.

3.35 We can look at the specific components of the knowledge based economy in Basingstoke & Deane by calculating the location quotient of each individual sector. The

[4] LSC, *Learning and labour market area profile: Hampshire and Isle of Wight*, 2006/07

[5] A list of the sectors included in our definition of "knowledge-based activities" is provided in Appendix 1

location quotient compares a sector's proportion of total employment in the borough with its proportion of total employment in the region. If it is higher than 1 it indicates some degree of specialisation and the higher it is, the stronger the specialisation of the borough in this industry. Below we list those sectors with location quotients greater than one and accounting for more than 1% of total employment (to filter out very small sectors) ranked from the highest down:

- Manuf. pulp, paper
- Electricity, gas, water supply
- Manuf. Chemicals
- Manuf. electrical machinery
- Activities of membership organisations
- Manuf. machinery and equipment
- Wholesale
- Manuf. medical, precision, optical instruments
- Computing
- Publishing & printing
- Financial intermediation

3.36 As shown by this list, the knowledge-based economy in the borough largely originates from its manufacturing expertise and specialisation. It will inform our understanding of how prepared the borough is to deliver its forecast growth, what changes will need to take place and how it will affect employment land needs.

3.37 To complement our analysis of Basingstoke & Deane's key economic features, we then look at the Regionally Significant Sectors identified in the RES. No definition is provided in the RES so we used our own approximations based on past experience and definitions used by other regions. As shown in Table 3.3 below the list encompasses sectors of very different sizes and growth prospects[6].

**Table 3.3 : Regionally significant sectors: % of total employment**

| | South East | WCBV | Reading | Hampshire | Basingstoke & Deane | Hart | Rushmoor |
|---|---|---|---|---|---|---|---|
| Advanced engineering | 1 | 1 | 1 | 2 | 2 | 1 | 1 |
| Aerospace & defence | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Environmental tech. | 1 | 1 | 2 | 2 | 1 | 1 | 2 |
| FBS | 24 | 31 | 29 | 24 | 27 | 40 | 29 |
| Healthcare tech. | 1 | 2 | 0 | 2 | 3 | 0 | 0 |
| Logistics | 7 | 8 | 6 | 7 | 11 | 5 | 6 |
| Marine tech. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Media tech. & telecommunications | 2 | 4 | 5 | 3 | 3 | 6 | 5 |
| Property & construction | 4 | 4 | 5 | 5 | 5 | 3 | 3 |
| Tourism | 8 | 7 | 7 | 8 | 5 | 9 | 7 |

Source: ABI 2006

[6] A definition of each sector used for this analysis is provided in Appendix 2

3.38 Basingstoke & Deane compares well with the region as a whole except with regards to Tourism. It is strongest in Advanced Engineering and Logistics. Its Finance & Business Services sector, although larger than in the region as a whole, is not as developed as in neighbouring districts.

3.39 Table 3.4 shows us the geographical split of employment in these sectors across the borough. As expected most jobs are located in Basingstoke urban area: 77% of all jobs in the borough to be exact.

**Table 3.4 Basingstoke & Deane significant sectors, % of total employment**

| | Basingstoke urban area | | Rest of district | |
|---|---|---|---|---|
| **Sectors** | **No** | **% of district employment** | **No.** | **% of district employment** |
| Advanced Engineering | 1,100 | 86% | 180 | 14% |
| Aerospace & Defence | 110 | 68% | 50 | 32% |
| Environmental Technologies | 560 | 49% | 590 | 51% |
| FBS | 17,000 | 82% | 3,820 | 18% |
| Healthcare technologies | 2,000 | 99% | 20 | 1% |
| Logistics | 7,380 | 90% | 850 | 10% |
| Media technologies & telecommunications | 1,770 | 83% | 370 | 17% |
| Property & Construction | 1,860 | 49% | 1,941 | 51% |
| Tourism | 2,500 | 59% | 1,730 | 41% |
| Total | 60,620 | 77% | 17,830 | 23% |

Source: ABI 2006

3.40 Compared to the borough's overall split some sectors show a stronger concentration in the urban area. These are Advanced Engineering, Finance & Business Services, Healthcare Technologies, Logistics and Media Technologies & Telecommunications.

3.41 Other sectors such as Environmental Technologies, Property & Construction and Tourism are more spread out across the borough, as expected from the nature of their activity.

## World class infrastructure

3.42 As goods and people become more mobile, cities and towns increasingly find themselves in competition with each other as places to live and work. The provision of an efficient transport network, quality infrastructure and an appealing environment are more critical than ever to attract, retain and service the businesses and jobs which support an area's competitiveness. Basingstoke & Deane Borough Council is highly aware of this as illustrated by the choice of interventions included on the Central Basingstoke Vision and New Growth Point Programme.

3.43 Housing, schools and health facilities are all critical to the appeal and sustainability of a district as a place to live but more directly relevant to its economic competitiveness is transport infrastructure which is what we focus on in this section.

### *An efficient transport system*

#### *Travel to work patterns*

3.44 Commuting flows exemplify the linkages between the borough and its surroundings, and greatly influence demand for transport infrastructure.

3.45 As mentioned earlier, labour market geography is different from administrative boundaries so here we look at where residents of Basingstoke & Deane go to work and where people who work in the borough come from. This will illustrate the appeal of the borough as a place to live and work.

3.46 Basingstoke & Deane is a comparatively self-contained borough with 67% of its residents also working there. It still records a net loss of 2,885 workers to out-commuting. Table 3.5 below lists the largest in and out-commuting flows to and from the borough.

**Table 3.5: 10 largest commuting flows in Basingstoke & Deane**

| In-commuting from | Count | Out-commuting to | Count |
|---|---|---|---|
| Hart | 2,482 | West Berkshire | 7,334 |
| Test Valley | 2,206 | Hart | 2,449 |
| West Berkshire | 2,000 | Reading | 2,411 |
| Winchester | 1,786 | Test Valley | 1,152 |
| East Hampshire | 1,437 | Wokingham | 1,144 |
| Wokingham | 949 | Winchester | 1,058 |
| Rushmoor | 869 | Rushmoor | 1,007 |
| Reading | 821 | Westminster | 763 |
| Eastleigh | 733 | Bracknell Forest | 739 |
| Southampton | 688 | Surrey Heath | 680 |

Source: Census 2001

3.47 The main net outflows of commuters are to West Berkshire, London and Reading. According to the Census, those going to West Berkshire are more likely to work in the public sector, real estate and business services whilst more of those going to Reading work in financial intermediation. The main net inflows of workers come from the Test Valley and East Hampshire. Basingstoke & Deane attracts people to work in its manufacturing sector.

3.48 It means that the borough loses more highly qualified residents to other districts than it attracts, as they travel to work in service-based knowledge activities elsewhere. This reflects the industrial structure of the economy described earlier. It also further confirms that the borough has a pool of qualified labour to draw from.

## Sustainable business practices

3.49 Smart growth encourages sustainable business practices which generate less waste, higher productivity and more environmentally-friendly processes to reduce the region's carbon footprint whilst maintaining its competitiveness. Most relevant to this study are the issues of efficient use of land and raising productivity.

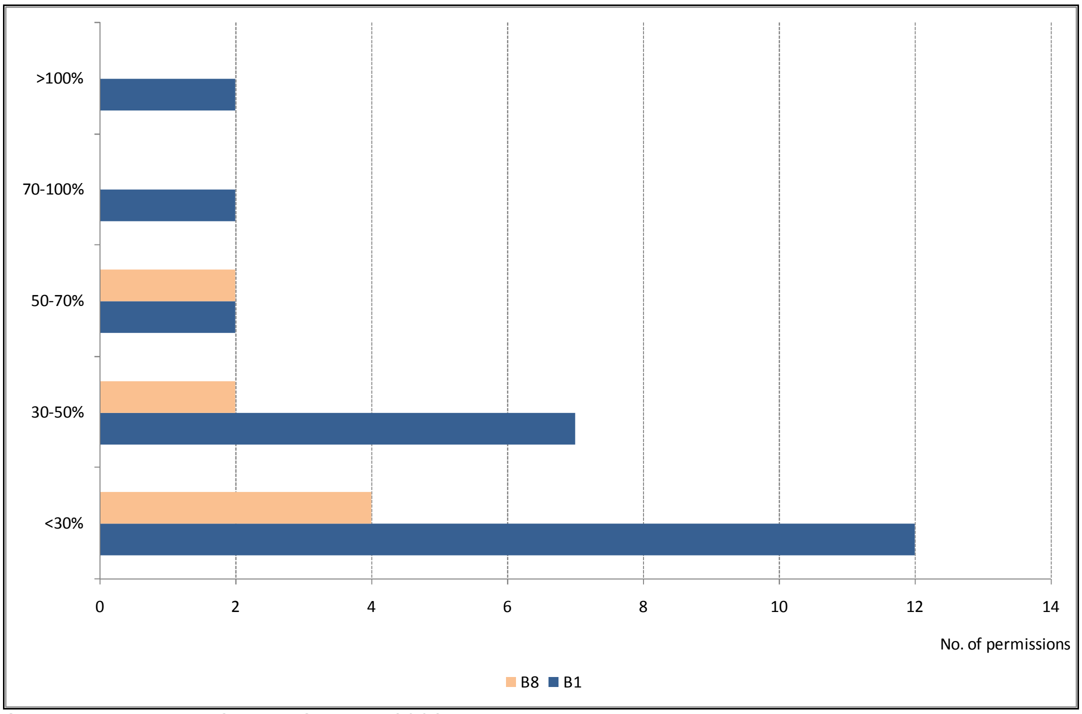
### *Efficient use of land : plot density*

3.50 The use of land is measured by plot (or development) density. This is the ratio of the gross floor area to the size of the plot of land it occupies.

3.51 Plot ratios vary widely depending on the use of the site and its location. For this reason, planners are advised to look at sites on an individual basis to define them.

3.52 However, we can get an idea of plot density practices in Basingstoke & Deane by looking at recent permissions in the supply schedule provided by Hampshire County Council. Figure 3.5 groups outstanding permissions according to their plot ratio.

**Figure 3.5 : Plot ratio by use class for outstanding permissions on Basingstoke & Deane**




Source: Hampshire County Council, 2008

3.53 The average plot ratio in Basingstoke & Deane for outstanding permissions is 29%. This low ratio is observed across both office and B8 permissions, with the former recording an average plot ratio of 37% and the latter of 20%. A standard plot ratio for business parks is 40%.

3.54 Although this is not representative of average plot ratios in the borough as it only looks at permissions and thereby broadly ignores existing developments in town centres, it reflects where investors' interest has been directed (business parks) which in turns indicates how future provision may change. It might be argued that this will only affect the short-term future and that smart policies may lead to higher development density in the medium and long term. Basing View in particular can deliver these higher densities. This is an issue we explore to some extent through our employment areas assessment, later on in the report, and that we consider in our conclusions.

## *Raising productivity*

3.55 The ultimate aim of smart growth is to raise productivity and as a result, wealth, whilst minimizing the impacts on the environment.

3.56 Data from Hampshire County Council allows us to take a historical look at productivity and wealth in Basingstoke & Deane.

3.57 As shown in Table 3.6 below, productivity per employee is higher in Basingstoke & Deane than in the surrounding districts, the region and the country. It grew faster than in these comparator areas between 1986-1996 (2.4% annual growth rate) and in the last 10 years, this strong performance has continued, albeit more aligned with the rest of the county.

**Table 3.6: Productivity per employee, average annual change**

| | GVA per employee (£) 2006 | 1986-1996 | 1996-2006 |
|---|---|---|---|
| Basingstoke & Deane | 36,205 | 2.4% | 2.7% |
| Hart | 33,741 | 1.7% | 2.6% |
| Rushmoor | 35,831 | 1.2% | 2.8% |
| North Hampshire | 35,545 | 1.9% | 2.7% |
| South East | 35,691 | 2.1% | 2.2% |
| UK | 33,991 | 1.7% | 1.7% |

Source: Hampshire County Council

3.58 This improved productivity combined with an expansion of employment means that total GVA in Basingstoke & Deane has experienced sustained growth over the last 20 years, in line with that experienced by its neighbouring districts and stronger than in the region and the UK as a whole.

**Table 3.7: GVA, average annual change**

| | GVA 2006 (£m) | 1986-1996 | 1996-2006 |
|---|---|---|---|
| Basingstoke & Deane | 3,300 | 3.6% | 4.6% |
| Hart | 1,402 | 4.3% | 6.2% |
| Rushmoor | 1,857 | 1.9% | 4.4% |
| North Hampshire | 6,559 | 3.2% | 4.9% |
| South East | 156,315 | 3.4% | 3.7% |
| UK | 1,060,238 | 2.4% | 2.9% |

Source: Hampshire County Council

3.59 The county level data does not provide a breakdown of GVA by sector. However, this is available at regional level, allowing us to identify the sectors that have been driving GVA growth in the recent past. Table 3.8 below lists the sectors which have recorded the highest growth rates in GVA in the South East between 1994 and 2004 (latest year for which data is available).

**Table 3.8: Sectoral GVA in the South East**

| Sector | GVA 2004 (£m) | 1994-2004 |
|---|---|---|
| Real estate | 49,111 | 123% |
| Other Community, Social & Pers. Services | 7,315 | 114% |
| Hotels & Restaurants | 4,629 | 113% |
| Construction | 10,150 | 110% |
| Manufacture not elsewhere classified | 451 | 98% |
| Wholesale and Retail | 20,960 | 84% |
| Health and Social Work | 9,755 | 74% |
| Manuf. Of Wood & Wood Products | 306 | 73% |
| Financial Intermediation | 10,686 | 72% |
| Total | 160,786 | 72% |

Source: National Statistics

3.60 It is worth noting that this list includes a variety of sectors ranging from manufacturing through public sector to private services. In terms of volume, Real Estate, Wholesale & Retail, Financial Intermediation and Construction have made the largest contribution to regional GVA. This list is also a useful reminder that some sectors such as Hotels or Retail, whilst not seen as "high value" due to low GVA per worker, are key contributors to regional GVA because of their volume of employment and activity.

## Conclusions

3.61 The policy context sets ambitious goals for the borough, and for Basingstoke specifically, and smart growth is crucial to deliver them in a sustainable way. As seen in this chapter, Basingstoke & Deane possesses strong assets to achieve these objectives including high economic activity rates and productivity.

3.62 However it also needs to enhance its competitiveness by boosting enterprise and skills as well as by boosting high value sectors. Our analysis has shown strengths in manufacturing which the borough should build upon and continue moving up the value chain. It already shows specialisation in some of the higher value manufacturing activities such as the manufacture of medical equipment, electrical machinery or chemicals. The OECD highlights the critical need to support innovation, cluster activity and flexibility[7] in manufacturing as these high value activities are also those that operate on the most global level. This confers strength but weaknesses as well as these activities compete on a world stage. Businesses in these activities, in order to continue to bring value, need to constantly enhance the skills and knowledge content of their product and services.

3.63 Other sectors, in particular, finance and business services which are expected to drive growth also need to expand and this has implications in terms of premises and employment land, especially in Basingstoke town centre.

3.64 Basingstoke & Deane has relied on a land extensive form of development in the past, with business parks providing most of the employment space. Whilst this is a key element of the borough's appeal as a business location, one that will continue to be so, it aims to deliver higher density, more sustainable development in the future. The success of Basing View and other town centre investments will be key to this by making more efficient use of land and being accessible by public transport.

3.65 Having established the policy context and key features of Basingstoke & Deane, next we turn to the local property market, how it operates and performs, in order to complement our quantitative and qualitative knowledge of the area.

[7] OECD, *Moving up the value chain: staying competitive in a global economy*, 2007

# 4 THE PROPERTY MARKET

4.1 In this chapter we review the key features of the commercial property market in Basingstoke & Deane. This will help:

- Identify current gaps in provision and analyse the performance of the office and industrial / warehousing market;
- Set the context to assess the future potential for development of the sites and employment areas in the borough;
- Add a qualitative dimension to our analysis of future land requirements in Chapter 5 and what changes the market will have to implement to deliver growth.

4.2 To achieve this we consider the investors' as well as the occupiers' market for both offices and industrial / warehousing.

4.3 Research on the property market is already available. This chapter compiles the findings from this research and enhances it with Vail Williams' expertise. We draw from the following reports:

- Economic Growth and Employment Land Requirements in North Hampshire Final Report, June 2008
- Borough Employment Land Study, 2004

## Office market

4.4 The Basingstoke & Deane office market is very distinct from and larger than those in neighbouring Hart and Rushmoor. Basingstoke town is considered a separate office location, attracting occupiers with specific locational needs. Its position mid point along the M3 between London and Southampton gives the town an excellent base for those occupiers seeking access to both markets as well as access to a skilled workforce. The presence of a number of large scale office developments both in and out of town make it an important office location along the M3 corridor.

### *Stock*

4.5 There is a total of 5.5m sq ft (513,000 sqm)[8] of office floorspace in Basingstoke & Deane, 3% of the regional stock.

4.6 Office stock in Basingstoke & Deane is younger than in the South East with the main body of buildings having been built between 1981-1990. It also has a higher proportion of offices built since 2001. Most of the new Grade A stock is located in business parks. Hampshire International Business Park, Chineham Business Park and Viables Business Park are the key locations for office space in the borough (see employment areas assessment for description).

[8] Source: Neighbourhood Statistics, Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2007

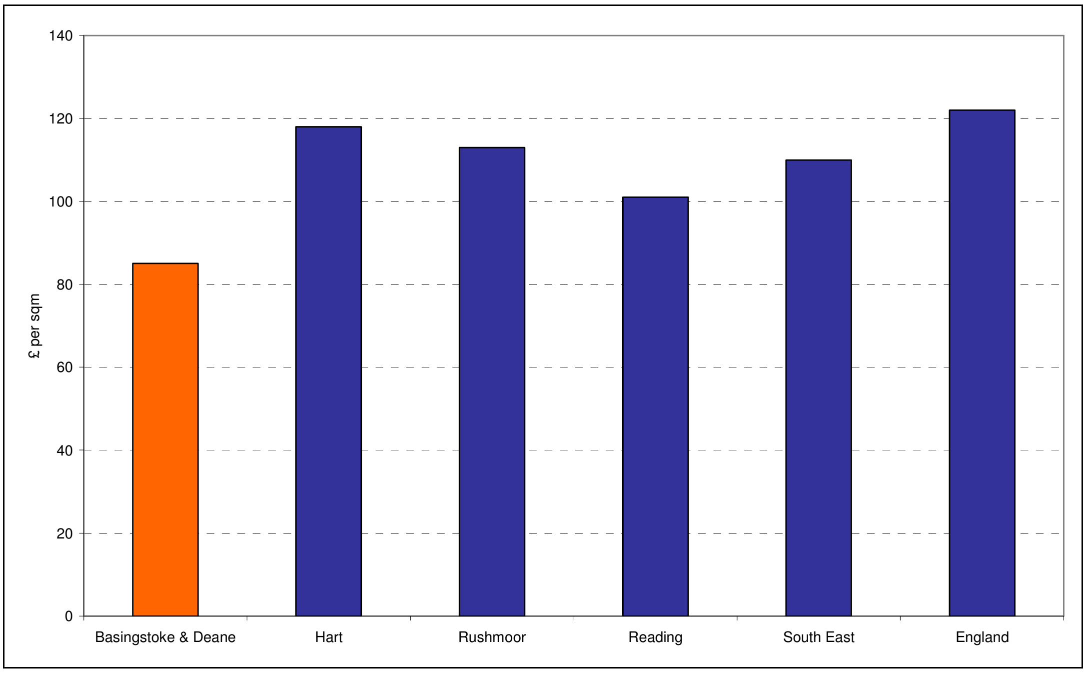
**Table 4.1 : Age of office stock in Basingstoke & Deane (% of total)**

| | South East | Basingstoke & Deane |
|---|---|---|
| Unknown age | 2 | 1 |
| Pre 1940 | 40 | 10 |
| 1940-1970 | 17 | 21 |
| 1971-1980 | 8 | 14 |
| 1981-1990 | 19 | 39 |
| 1991-2000 | 10 | 7 |
| 2001-03 | 4 | 7 |

Source: Valuation Office Agency 2004

4.7 The mix of use, location and age of premises in the borough is reflected in the rateable value per sqm which can be obtained from Neighbourhood Statistics. As shown in Figure 4.1 below Basingstoke & Deane, at £85 per sqm, records a lower rateable value than all the other comparator areas.

**Figure 4.1: Rateable value of offices in Basingstoke & Deane per sqm**




Source: Neighbourhood Statistics, April 2007

4.8 The value of office property varies between the town centre and the business parks. The latter are especially well configured to modern business requirements and command higher rents than dated space in the town centre. However, the revitalisation of Basing View is an opportunity to create accommodation akin to that on a business park (well specified space close to strategic roads) but with the added benefit of proximity to town centre amenities and the train station.

### *Occupier demand*

4.9 Levels of take-up rose during 2007, compared to 2006, with around 300,000 sq ft (28,000 sqm) of space transacted during the 12 month period. This is mostly due to a small number of larger than average deals. The most significant of these was the letting of 54,470 sq ft (5,000 sqm) of refurbished space to Scott Wilson at Midpoint for around £16 per sq ft although this hides rent free periods meaning that the average rent is lower. Transactions at Chineham Business Park at this time included 15,000 sq ft let to Dicom at circa £19 per sq ft pa. More recent transactions include 10,877 sq ft let to Telaris at £22 per sq ft pa. Landlord, MEPC is now quoting £24 per sq ft pa for newly built offices.

4.10 Mostly however, market demand is the result of local churn - with existing companies moving within the borough - which does not reduce the stock of available premises.

**Figure 4.2: Basingstoke & Deane office take-up, floorspace**

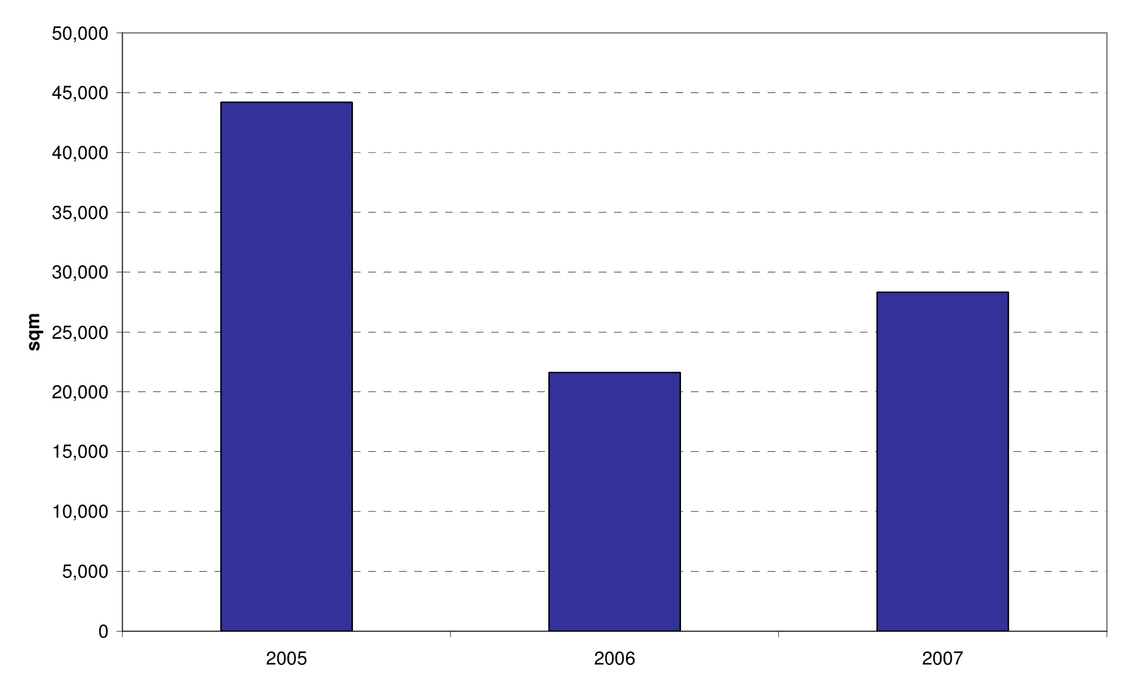
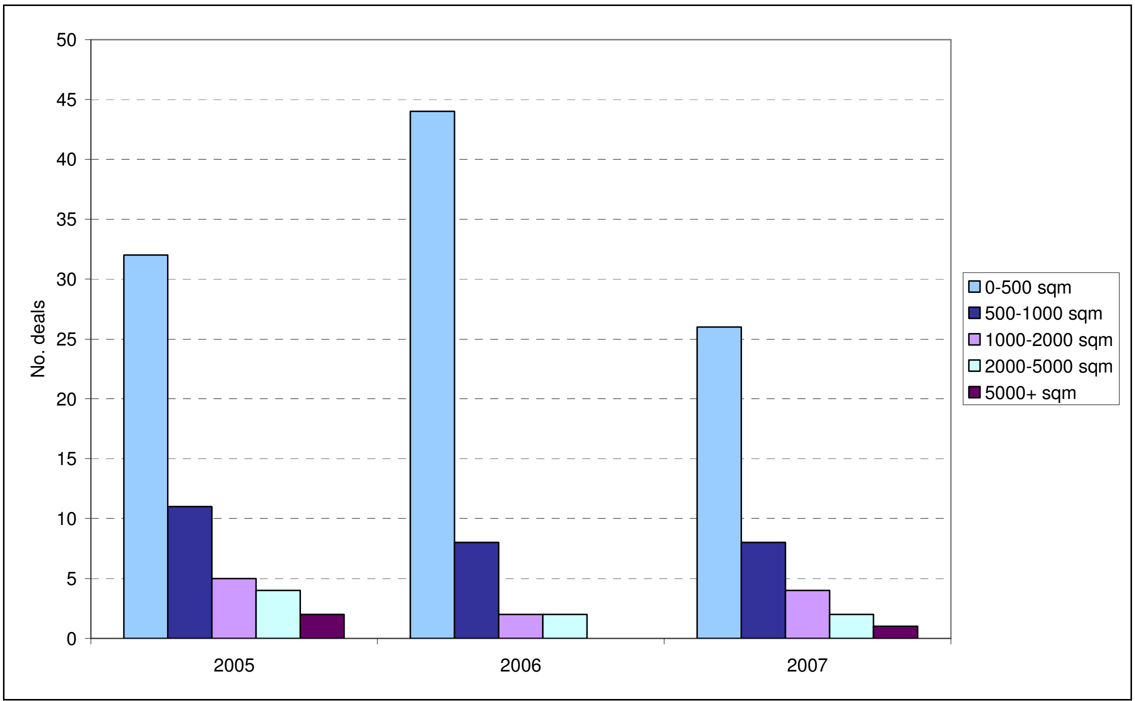



**Figure 4.3: Basingstoke & Deane office take-up, deals**




Source: Focus

4.11 Whilst overall there is demand for larger office units than seen in the other North Hampshire districts generally, a high proportion of space transacted was below 10,000 sq ft (930 sqm) with many of these deals emanating from demand from local occupiers. This is a general trait of the market in Basingstoke & Deane: relocations are rare, most of the demand is organic. Basingstoke does have inward investment potential however. It is has high quality business parks, especially at Chineham and Viables, that have wide appeal and occupiers include multi-nationals.

4.12 There are also a number of requirements currently in the market for space in the range of 10,000 to 20,000 sq ft (930 to 1,800 sqm) which should be resolved given the level of supply in the local area. These are for a mix of local firms and inward investors. The Basingstoke market is quite diverse in terms of inquiries in all size bands from both local firms and inward investors.

4.13 In terms of sector driven demand, the business service, finance and pharmaceutical sectors are all important to the Basingstoke market although demand from professional occupiers is limited with such demand tending to gravitate towards Guildford to the east, Reading to the north and Winchester and Southampton to the south.

4.14 More recently, demand for office space in the study area has been limited through the performance of the market and conditions are unlikely to substantially change, in the short term, due to the current credit crunch which is affecting the economy as a whole.

### *Existing supply and market balance*

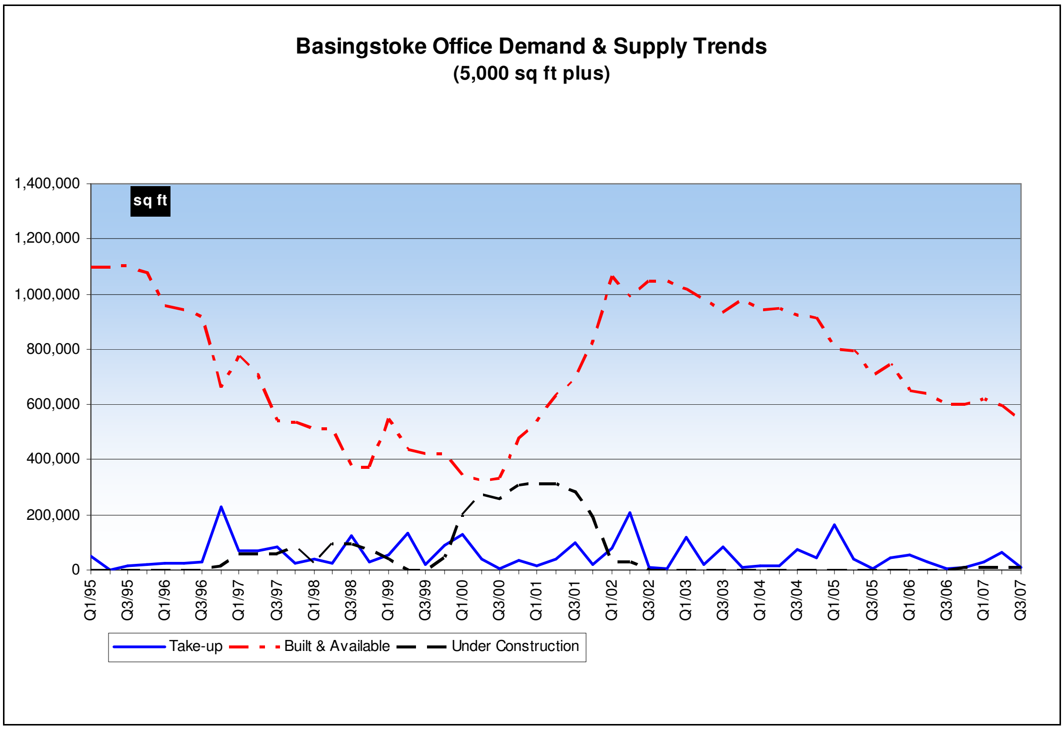
4.15 A large quantity of office space has been developed over the past two decades although unfortunately demand has not kept pace resulting in a large quantity of unoccupied space, especially in the town. The Vertex building in Basingstoke town is a telling example of this: an award winning building which remains largely vacant. Whilst it has not attracted any occupiers as hoped it may yet prove attractive for multi-letting to medium sized occupiers, some of whom may come from outside the area.

4.16 Although the level of over-supply has diminished in more recent times as the space has been absorbed, it still remains a problem within the Basingstoke & Deane market which has more standing office space than neighbouring Rushmoor and Hart combined.

4.17 The availability of space has fallen from a high of almost 1.2 million sq ft (111,500 sq m) in 1995 and again in 2002 but total office availability remains in the order of 650,000 sq ft (60,400 sq m), a vacancy rate of circa 13%[9]. This only includes office premises above 5,000 sq ft as we are advised that property agents do not always keep track of smaller units available. The figure also excludes the space within redundant office buildings within the town. The decrease in availability has occurred over time because of higher take-up levels combined with a lack of new developments and it should be noted that the peaks of availability occurred at the bottom of recent property cycles and availability is likely to increase in the current economic climate.

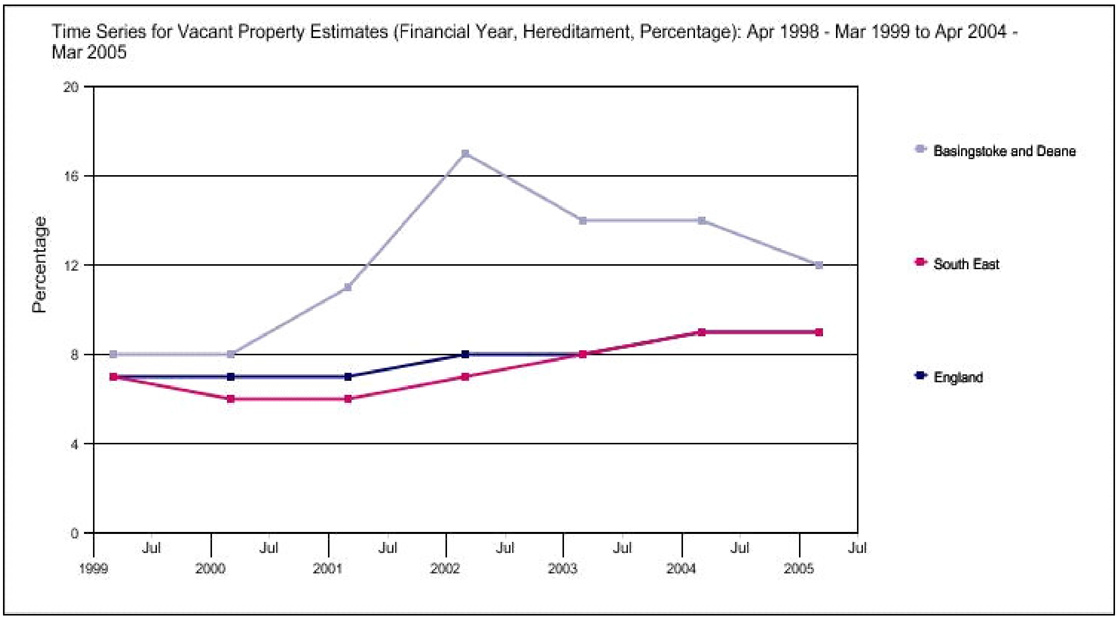
[9] Focus, January 2008

**Figure 4.4: Basingstoke & Deane office demand and supply**




4.18 Times series for vacancy rate is only available from Neighbourhood Statistics. It goes back to 1999 but applies to all commercial premises, not just offices. It is however a useful indicator of the decrease in availability mentioned in the previous paragraph. Figure 4.5 below illustrates this trend.

**Figure 4.5: Vacancy rates in commercial premises in Basingstoke & Deane**




Source: Neighbourhood Statistics

4.19 Despite this gradual improvement, the persisting high level of availability has had an impact on rental levels with rents for Grade A space standing at just £17 per sq ft.

4.20 For instance, at Viables Business Park, Fibernet (now Global Crossing) has recently given up space to Enterprise Mouchel; the space reportedly came to the market at the passing rent of £16.70 per sq ft pa and this represents an attractive discount to Chineham Business Park. Huawei are rumoured to be contemplating the acquisition of additional space at Viables which will help to consolidate evidence of rents at around this level.

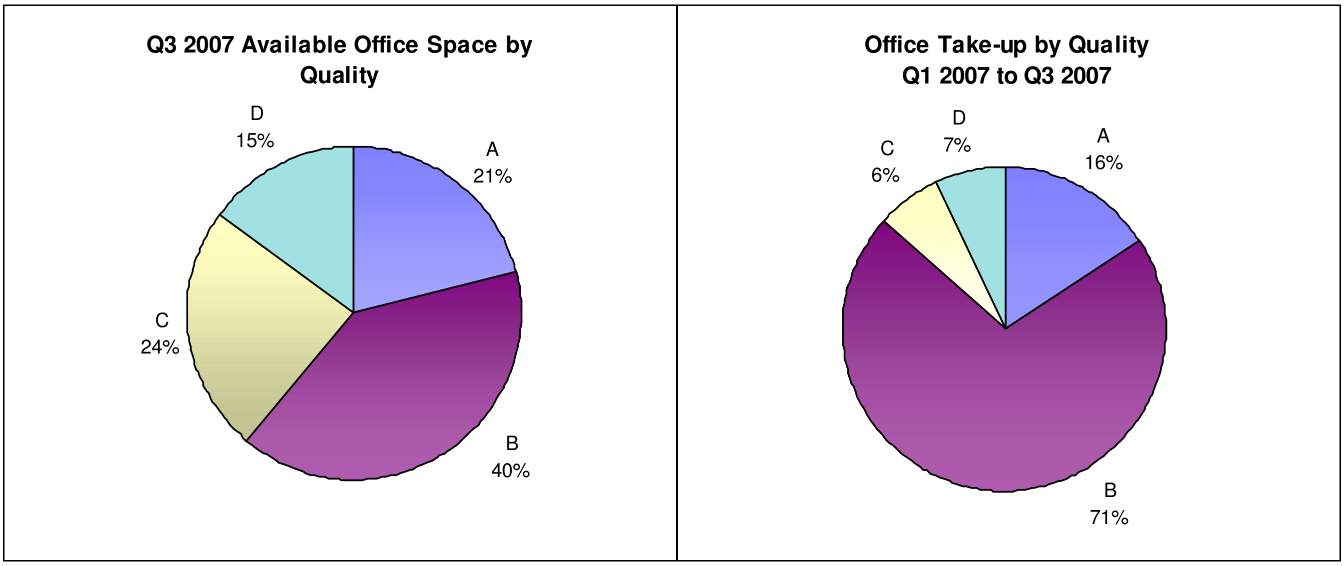
4.21 Overall, rent levels in Basingstoke are lower than in other local employment centres such as Reading, Southampton and, in some cases, Portsmouth. Rental levels are a reflection of demand and the fact that Basingstoke is somewhat an "island economy" – it clearly benefits from close proximity to the M3 but the town is set within rural surroundings and is not a major regional centre like Reading or Southampton.

4.22 Rents out of the town tend to be lower but smaller units command a higher rent than large ones. For example, at Bramley offices are available at quoting rents of £12 to £14.05 per sq ft pa (units of 1,210 to 2,500 sq ft) or just over £17 per sq ft pa for a smaller unit of 860 sq ft. Offices are available in Kingsclere at rents of £10 to just under £14 per sq ft pa (units of 1,135 to 6,304 sq ft).

4.23 Analysis by quality code shows some qualitative mismatch between take-up and supply. Premises are rated from A to D as follows:

- Grade A: New or completely refurbished – top specification
- Grade B: Previously occupied – modern, good specification
- Grade C: Previously occupied – average specification
- Grade D: Previously occupied – poor quality location and poor specification

**Figure 4.6: Demand and supply by quality, offices**




4.24 The 2007 figures shown above indicate that 39% of available premises were Grade C/D compared to only 13% of take-up, the market preference being for new or good quality, second hand space. Since then however, the supply of Grade A space has been supplemented by a new development of 40,000 sq ft at Chineham Business Park which we mention in paragraph 4.27 below. This will have shifted the profile of available space towards high quality space further.

4.25 In terms of location, the 2004 study found that "80% of new office space taken-up since 1995 has been on business park locations.[..] Greenfield development has allowed the creation of sizeable building unconstrained by the difficulties of urban site assembly (from multiple ownerships and ground leases) or by construction problems within a confined, built-up area. Compared to 80% of take-up, only 47% of supply is to be found on the business parks. This indicates a possible, long-term shortage unless the business community can be persuaded that the town centre sites offer the same benefits as the modern business parks. At present, offices in the town centre represent 16% of past take-up but 33% of potential supply." This is still broadly relevant and further emphasises the transformational role of Basing View for the future.

### *Future supply: the investors' market*

4.26 High levels of availability and depressed rental levels are two of the factors retarding speculative development in the area. In some cases, a degree of constraint linked to council ground leases also impacts on investors' decisions. Construction peaked in 2000/01.

4.27 Speculative development was completed at MEPC's Chineham Business Park with a building of 40,000 sq ft (3,716 sq m) now being marketed and with the developer hoping that rents of circa £22 per sq ft will be achieved given the high quality and green credentials of the scheme.

4.28 Key locations with the potential for future B1 development are[10]:

- The Aurum site at Hampshire International Business Park. This has planning permission for around 17,000 sqm of office space but has not found an investor yet.
- 3 sites at Chineham Business Park covering almost 5ha and potential for 24,300 sqm of floorspace.
- The former Victoria and Eli Lilly sites on Kingsclere Road. A planning application for the mixed use redevelopment of this site has been submitted. The scheme would include 23,272 sqm of flexible B1 or D1 floorspace.

4.29 However, the development which will offer the greatest scope to fulfil Basingstoke's future as an office hub is of course Basing View.

### *Basing View*

4.30 Basing View is set on a 21ha site which benefits from good road access as well as close proximity to the Festival Place shopping centre and the railway station (with regular services to London Waterloo) although linkages need to be improved in order to fully integrate it with the town. It is an iconic but dated development of high rise office buildings. The capacity for additional floorspace through refurbishment and intensification is very high.

4.31 At the moment, large office occupiers situated at Basing View include the Automobile Association, Scott Wilson, Shoosmiths, Sun Life and IBM amongst others. In addition to large companies, Basing View also hosts smaller firms in office suites and serviced offices.

4.32 The high level of current available space is one constraint on future development. There are around 244,600 sq ft available within the following buildings: Belvedere, Grosvenor House, Matrix House, Network House, Norden House, Renaissance, Scott House, Snamprogetti House, Southern Cross, Springpark House, Square, Viewpoint, with further space in other redundant buildings.

4.33 The council's policy on ground leases is another issue and we understand the Council is working on a Lease Restructure Policy to deal with this. A key feature of the area is the prevalence of freeholds in public ownership. The public sector therefore has a key role in facilitating new investment and development. In market terms, we would expect the catalyst of mixed use and fresh design, led by occupiers' needs, to be key ingredients in making the scheme viable. The introduction of retail and leisure uses

[10] See Employment Area Assessments

could be of benefit to the recruitment and retention of office staff, as well as an opportunity to improve linkages with Festival Place.

4.34 The level of possible overlap and competition within the office market between Basing View and the outlying business parks at Chineham and Viables will become clearer once a schedule of development and a delivery plan has been finalised. It is apparent that Basing View has the potential to compete with other office locations because the road access is good and proximity to the station and town centre is better.

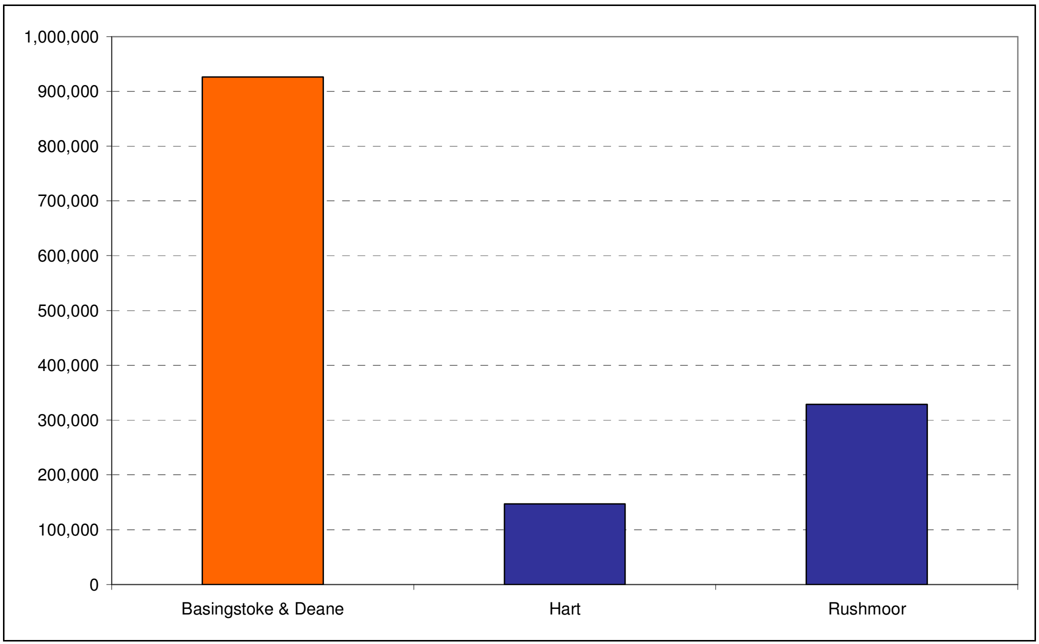
## The industrial & warehousing market

4.35 Basingstoke is an important commercial centre in Hampshire with a large concentration of industrial space. Its proximity to the South Coast and the strategic road network makes it particularly appealing for logistics. The Basingstoke ring road (Ringway) makes all of the industrial estates in the town easily accessible to the M3 motorway at Junction 6.

### *Stock*

4.36 There are approximately 406,000 sq m of B2 and 516,000 sqm of B8 floorspace in industrial parks dotted around Basingstoke & Deane[11].

**Figure 4.7: Industrial & warehousing stock in Basingstoke & Deane, 2006**




Source: DCLG, Valuation Office Agency

4.37 A distinguishing feature of Basingstoke & Deane is the very low proportion of B2-B8 stock that was built before 1940. Generally, the stock of B2 space in Basingstoke is younger than in the region but there has been little development since 1991.

4.38 B8 space clearly generates more demand as construction of new space has been sustained. Indeed, over half of the total stock has been built since 1980.

[11] Source: Neighbourhood Statistics, Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2007

**Table 4.2 : Age of industrial and warehousing stock in Basingstoke & Deane (% of total)**

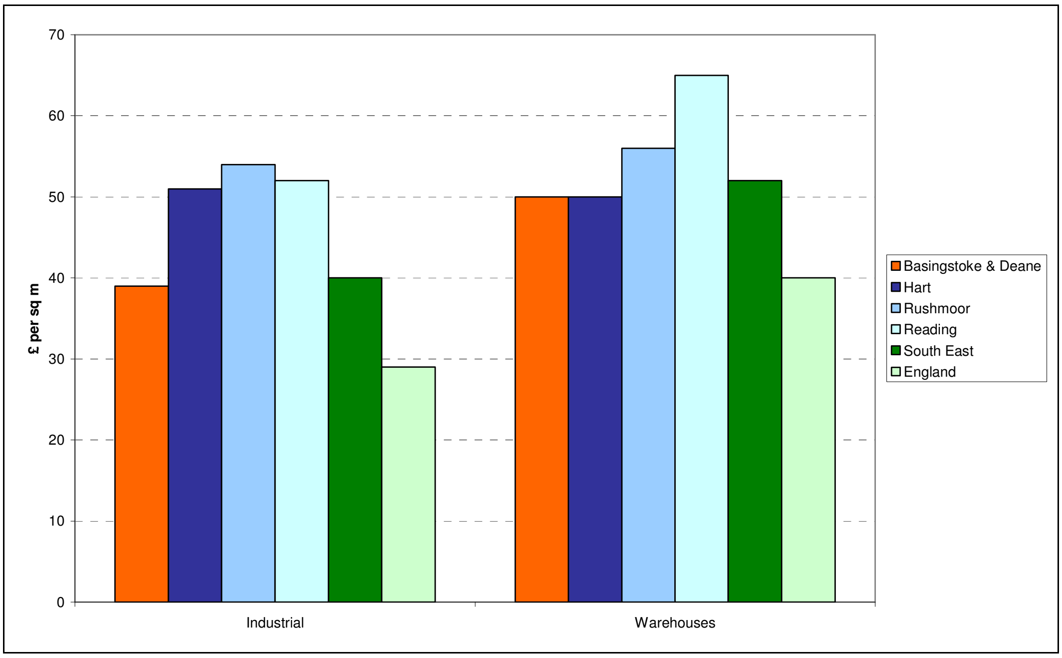
| | South East | | Basingstoke & Deane | |
|---|---|---|---|---|
| | Factories | Warehouses | Factories | Warehouses |
| Unknown age | 1 | 2 | 1 | 0 |
| Pre 1940 | 25 | 23 | 8 | 6 |
| 1940-1970 | 33 | 28 | 36 | 21 |
| 1971-1980 | 10 | 13 | 15 | 18 |
| 1981-1990 | 22 | 23 | 29 | 40 |
| 1991-2000 | 7 | 9 | 5 | 10 |
| 2001-03 | 3 | 3 | 6 | 6 |

Source: Valuation Office Agency

4.39 The industrial stock is widely distributed around Basingstoke; indeed the majority of employment areas are focused on industrial/warehouse type property (see assessments).

4.40 Whilst Basingstoke & Deane lagged behind all comparator areas in terms of rateable value of offices, Figure 4.8 shows a stronger profile in terms of B2 and B8 space, especially the latter.

**Figure 4.8: Rateable value of industrial and warehousing in Basingstoke & Deane per sqm**




Source: Neighbourhood Statistics, April 2007

4.41 Rateable value per sq m in the borough for B2 space is basically in line with the region although it is still lagging behind Hart, Rushmoor and Reading. For B8, the borough performs better, being on a par with Hart and roughly in line with the region.

## *Occupier demand*

4.42 Basingstoke & Deane has a wide appeal for potential occupiers, from large logistics operations through to local occupiers requiring small units, largely due to the supply and range of industrial space in the town. There is a strong demand for Grade A premises.

4.43 This is seen in the charts below which show much higher levels of take-up across a broader spectrum of size ranges. Despite this however, total take up has been dropping since 2005 to reach about 250,000 sqft (23,200 sqm) in 2007.

**Figure 4.9: Industrial & warehousing take-up in Basingstoke & Deane, floorspace**

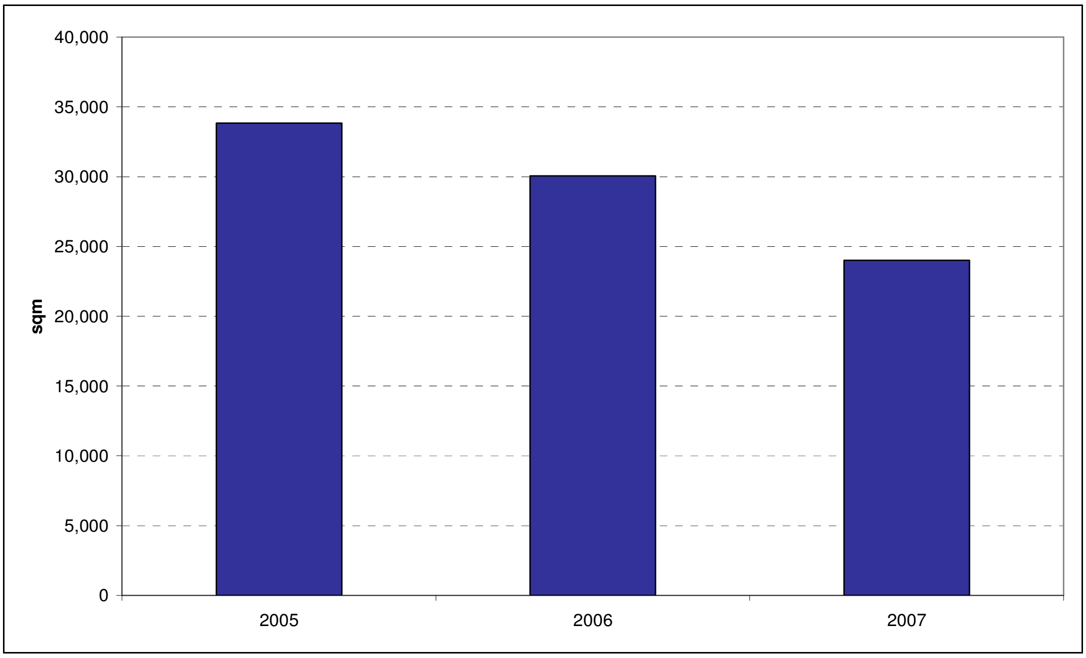
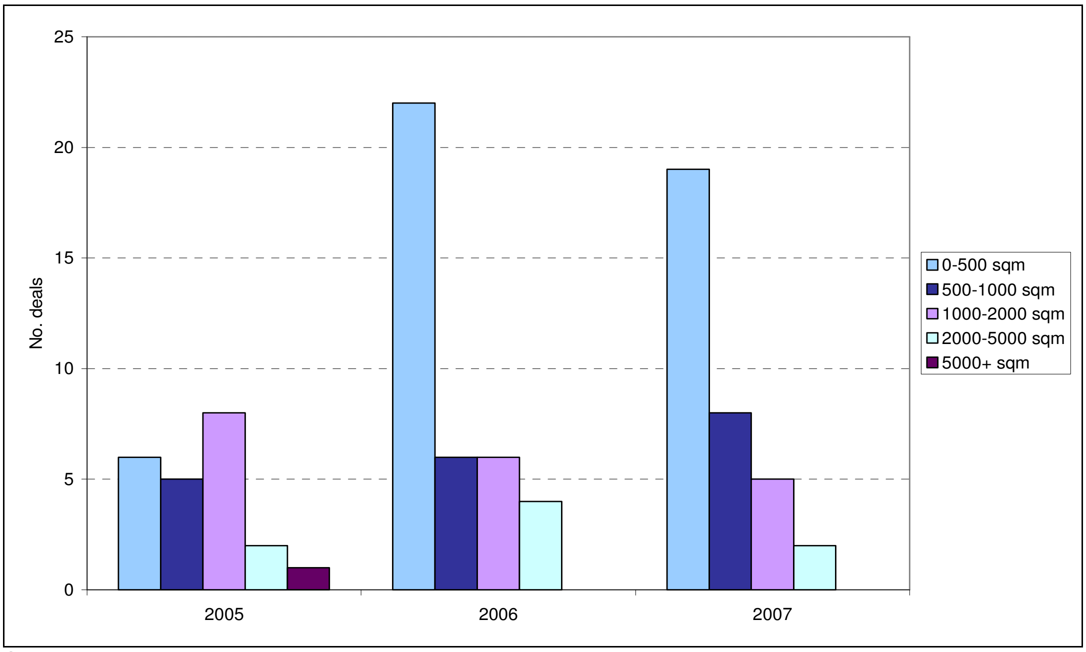



**Figure 4.10: Industrial & warehousing take-up in Basingstoke & Deane, deals**




Source: Focus

4.44 There are some substantial logistics occupiers in the town such as Sainsburys, Game and Fyffes on the Houndmills Industrial Estate north west of the town centre. Other companies with logistics facilities in the area include Sony, Motorola and Urbis Lighting, indicative of the popularity of Basingstoke with the logistics sector.

4.45 Demand for smaller quantities of space (below 10,000 sq ft - 930 sqm), predominantly from local occupiers, is also apparent in the market including demand for freehold units. This demand focuses on a number of estates: Daneshill Industrial Estate in particular, West Ham Industrial Estate and the Moniton Industrial Estate which is characterised by lower quality dated space. The Daneshill (East and West), Kingsland and Wade Road[12] Estates have the largest concentration of industrial space in the Basingstoke area. The area has been under development since the 1960s and is now part owned by the local authority and Brixton Estates, the latter of which has undertaken some development in more recent times with space predominantly aimed at the logistics market. The industrial areas owned by Brixton Estates are collectively known as Kingsland. Also of note is Bilton Industrial Estate[13] which has increasingly become home to trade counter occupiers whilst the Viables Business Park is home to a number of hi-tech occupiers. More detail on each employment area is available in the assessment.

4.46 It is interesting to note the emergence of more office space within the industrial estates in recent years. For example, the Vertex development at Chineham Court Business Campus, Lutyens Close (at the northern end of Wade Road near Chineham District Centre) is in sharp contrast to the industrial units in Wade Road. Almost all the industrial estates have examples of offices within them and this is a reflection of the changing nature of business in the town[14].

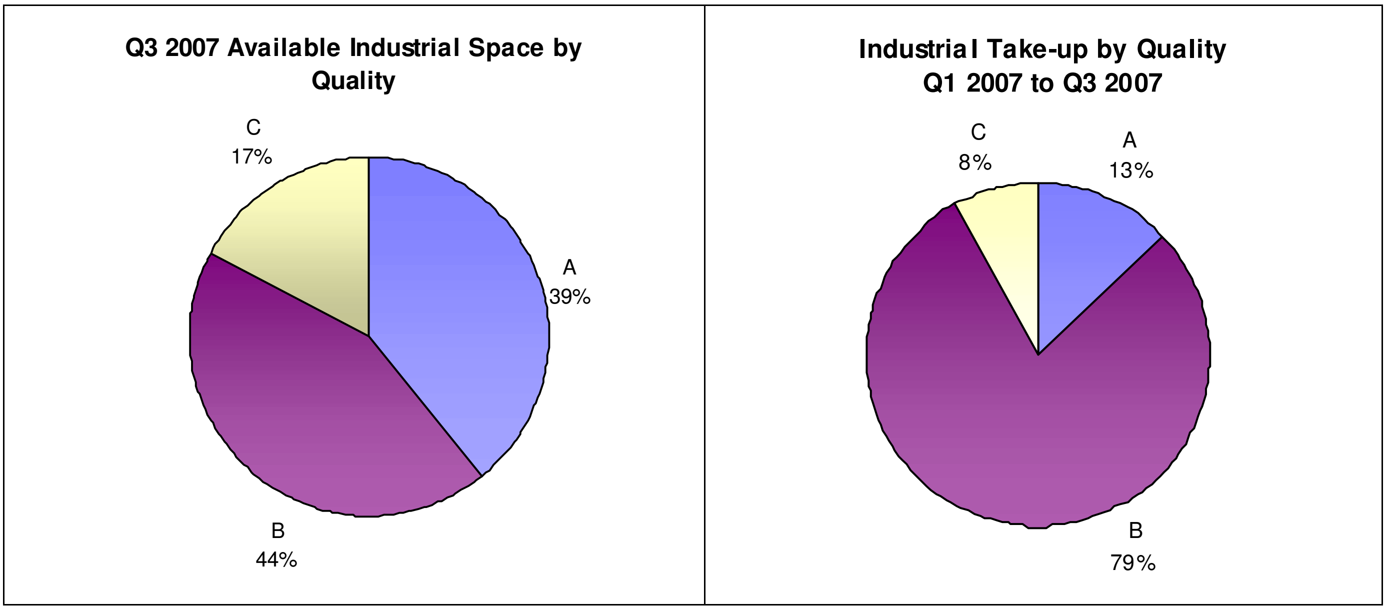
## *Supply and market balance*

4.47 Whilst there is a broad range of options in Basingstoke & Deane, the supply of high quality modern space across many size ranges is limited.

4.48 Quality grades used for industrial premises range from A to C:

- Grade A: New or completely refurbished – Top specification
- Grade B: Previously occupied – modern, good specification
- Grade C: Secondary, poor access, restricted eaves height, etc

**Figure 4.11: Demand and supply by quality**




[12] Both Kingsland and Wade Road are part of the Land North of Daneshill East

[13] Part of the Land North of Daneshill East

[14] See Employment Area Assessments

4.49 Recent figures of take-up and supply show there is a qualitative mismatch between occupiers' needs and what is available on the market. The vast majority of take-up has been of Grade B (good quality second-hand space). The market appears to be reasonably well supplied with a blend of A/B space but (in percentage terms) the supply of Grade C accommodation appears to be less in demand compared to take-up rates. Experience suggests that industrial occupiers are less concerned about building quality than office users, but the legacy of Basingstoke's growth means that there is now a large stock of industrial units dating from the 1960s to 1970s that are approaching obsolescence.

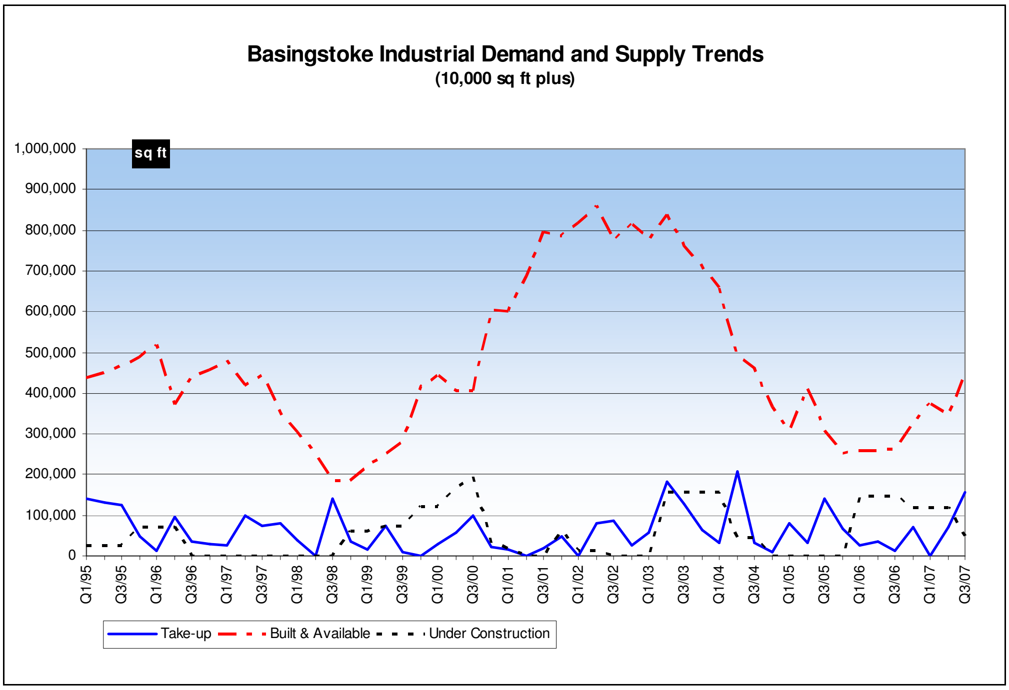
4.50 In addition, much of the space is aimed at smaller occupiers with a number of small unit developments in the town such as the newly built IO Centre at Houndmills. Brixton Estates have recently completed Phase One of the Horizon development on Kingsland. Once Phase Two is completed, the scheme will ultimately comprise a total of 1.2m sq ft (116,790 sq m) in six units. Otherwise the amount of new industrial space in the market at present is limited and there is a dearth of space to satisfy larger occupiers, a sector of the market for which there is undoubted demand.

4.51 The broad base of demand and the general lack of supply of high quality space have driven prime industrial rents from £6 in 1995 through £7.25 in 2000 to circa £8.50 per sq ft. In view of current conditions however, landlords may have to concede lower rents in the year ahead.

4.52 There is a vacancy rate of approximately 10% highlighting some degree of mismatch between supply and demand for industrial space.

4.53 Construction activity has been more evenly spread than in the office market, with peaks at about three yearly intervals.

**Figure 4.12: Basingstoke & Deane demand and supply, industrial & warehousing**




4.54 At present there is very little if any land available for B2 development. As a result the future supply of space is likely to emanate from the redevelopment and refurbishment of existing space which will ultimately limit the quantity of new space to reach the market.

4.55 This makes the retention of the industrial areas all the more important, especially those that are well located for the growing area of distribution.

4.56 The employment areas assessment notes the importance of the B8 sector, especially at Houndmills[15], and this is a reflection of Basingstoke's good ring road system and access to the M3 and A34 transport corridors. The Brighton Hill area also includes large warehouses, but some have access that is somewhat constrained (e.g. Wella has a warehouse which is accessed via residential roads). It would be prudent to consult companies that are affected in this way because Basingstoke may need to safeguard capacity if they require better located facilities in future.

[15] See Employment Area Assessments

# 5 FUTURE LAND REQUIREMENTS

## Introduction

5.1 In this chapter we first forecast the future demand for industrial, warehouse and office space. In line with national and regional guidance, to predict the demand for employment space we start with employment forecasts which we translate into floorspace using standard densities. We then compare demand with the planned and potential land supply both in terms of quantity and quality.

5.2 This allows us to drill down the findings of the Economic Growth and Employment Land Requirements in North Hampshire study to a more local level.

### *A reminder of key findings from the North Hampshire study*[16]

5.3 Our analysis led us to believe that a shortfall in land and floorspace for B1 and B8 use was unlikely in North Hampshire over the next 20 years. Far more likely for North Hampshire was the possibility of an over-supply in employment space although we did not look at market balance by district.

5.4 The main strategic goal in terms of employment land allocation is to boost the role of Basingstoke as a regional office hub but this will be a challenge. As it is, 50% of office stock and only 32% of permitted office floorspace in North Hampshire are in Basingstoke & Deane. These figures combined with our property market assessment mean that whilst Basingstoke & Deane may account for most of North Hampshire's industrial space, the likelihood of this being the case for offices is more challenging. Basingstoke is popular as an industrial / warehousing destination but struggles to compete as an office destination and the success of Basing View will be crucial to change this situation and to deliver more intensive forms of development.

5.5 The study also highlighted the possibility of a qualitative mismatch across the study area in terms of what the market supplies and what occupiers require.

## Employment Forecasts

5.6 Below we present the employment forecasts for Basingstoke & Deane, as provided by SEEDA. The base year is 2006, the last year for which we have actual employment data from the Annual Business Inquiry.

5.7 The employment forecasts are based on the regional Experian forecasts. These forecasts are produced initially at the regional level, by using a combination of demand and supply side variables. In the short and medium term, equations based on historical trends between the regional and national economy are used to produce an initial set of demand based forecasts. These forecasts are then modified in the medium to long term, to account for supply side variables such as labour supply, participation rates, labour force quality, infrastructure, population density and ethnic mix.

5.8 Experian forecasts at regional level explore various scenarios which assume average annual growth rates of:

- 2.82-2.99% annual average growth in total GVA between 2001-2026[17]. GVA growth for the borough is expected to be higher at 3.23% per annum[18].

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[16] Roger Tym & Partners, *Economic growth and employment land requirements in North Hampshire*, June 2008

[17] SEERA, *South East Plan Technical Note 1 (updated): Economic and Labour Demand Forecasting*, March 2006

- 2.27% annual average growth in productivity (GVA per employee) between 2001-2026.

5.9 The process of calculating lower level county, unitary authorities and district employment forecasts is the same. The Experian model uses a shift share method, which in broad terms means the historical performance of a county's economy is interpreted as that county's share of the regional economy. For example if Construction in Basingstoke & Deane had in the past accounted for a larger proportion of the South East employment in this sector, it will continue to do so in the future. Therefore all totals must sum to the regional level. The local authority and unitary authorities must sum to their parent county employment forecast total and similarly the counties' employment total must sum to the regional total.

5.10 This means that these forecasts – which use a top-down approach - and those used for the North Hampshire study which used a bottom-up approach based on assumptions regarding local GVA, productivity and employment growth are not directly comparable.

5.11 We must also bear in mind, in view of the current economic downturn, that the forecasts cover a 20 year period during which there are likely to be a number of economic cycles. The forecasts only provide a long-term view of employment levels.

### *Total Employment*

5.12 In 2006, total jobs – including self employment – in the Basingstoke & Deane borough number 88,800. The largest sector is Business Services which accounts for 17,900 jobs, approximately 1 in 5 of all jobs in the borough. This sector comprises a range of activities from local services like solicitors and accountants to the activities of holding companies. The next largest employment sectors are Wholesaling, Retail and Health accounting for roughly 8,000 – 9,000 jobs.

5.13 Detailed employment forecasts by sector are available in Appendix 4. Table 5.1 focuses on the sectors set to record the largest gains and losses in employment between 2006 to 2026.

[18] SEEDA, *South East Plan Examination in Public: Economic and employment forecasts by local authority district*, 2006

**Table 5.1: Top 10 expanding and declining sectors in absolute terms between 2006 -2026**

| Expanding sectors | No. of additional jobs | Declining sectors | No. of lost jobs |
|---|---|---|---|
| Business Services | 9,263 | Wholesale | -784 |
| Health | 2,386 | Chemicals | -597 |
| Other Services | 2,052 | Agriculture | -593 |
| Hotels & Catering | 1,492 | Machinery & equipment | -521 |
| Retailing | 1,307 | Food, Drink & Tobacco | -204 |
| Transport | 760 | Metals | -133 |
| Banking & Insurance | 757 | Transport Equipment | -112 |
| Construction | 669 | Textiles & Clothing | -94 |
| Education | 546 | Gas, Electricity & Water | -90 |
| Other Finance & Business Services | 313 | Public Admin. & Defence | -88 |

Source Experian

5.14 By 2026, total employment in the borough is forecast to increase by 16,400 jobs, a growth of 19%. Business services accounts for much of this growth with 9,300 additional jobs, approximately half of all new jobs in the borough. Other growing sectors include Health, Other Services, Retail and Hotels and Catering, which show employment change of roughly 1,000 – 2,500 net new jobs (growth rates of around 29-40%). Whilst the employment land review focuses on B uses, this highlights the role of non-B class sectors in future employment growth.

5.15 Meanwhile, manufacturing activities are set for further decline (except for Paper, Printing & Publishing) although losses over the twenty year period are small, less than 1,000 jobs.

## *B Space Employment*

### *Identifying B- Space jobs*

5.16 Our next step is to identify those jobs which are likely to occupy B-class space, comprising offices, factories, workshops and warehouses. We then multiply these forecasts of B-space employment by standard floorspace to worker ratios to arrive at estimates of the future floorspace requirements.

5.17 To identify B space jobs we use a mapping of sectors into employment land uses, based on the Standard Industrial Classification. Broadly, we assume that offices (which in our definition include R&D) are occupied by financial and business services, parts of the public administration sector, and publishing. Industrial space is occupied by manufacturing, sewage and refuse disposal, some parts of the construction industry, and the repair and maintenance of motor cars. Warehousing is occupied by a variety of transport and distribution activities.

5.18 Experian forecasts do not provide as much detail as would ideally be required to apply these definitions. For example, we count as a B-space activity only part of the Construction industry (SIC 45.3 and 45.4), while the forecasts only provide the total for the whole of Construction (SIC 45). To estimate future employment in 'sub-sectors' which are not identified separately in the forecast we assume the future share of each sub-sector's employment in the larger Experian sector of which it forms part remains constant. Therefore, if in the base year, SIC 45.3 and 45.4 account for 40% of all Construction jobs, we assume it will continue to account for 40% of Construction jobs throughout the forecast period.

5.19 Table 5.2 below presents the results from this process.

**Table 5.2: B-Space employment, Basingstoke & Deane, 2006-26**

| Sectors | 2006 | 2011 | 2016 | 2021 | 2026 | Change 06-26 | % Change 06-26 |
|---|---|---|---|---|---|---|---|
| Industrial | 24,574 | 23,997 | 23,972 | 23,788 | 23,348 | -1,226 | -5% |
| Warehousing | 10,538 | 10,445 | 10,509 | 10,611 | 10,612 | 74 | 1% |
| Offices | 21,527 | 23,932 | 26,740 | 28,769 | 30,195 | 8,668 | 40% |
| **Total B jobs** | **56,640** | **58,374** | **61,221** | **63,168** | **64,155** | **7,516** | **13%** |

Source Experian and RTP

5.20 It shows that over the twenty year period, office jobs are expected to increase by 8,700, a 40% growth. Warehousing jobs remains virtually unchanged – increasing by 74 jobs and industrial employment shows a modest fall of 1,200 jobs, a 5% decline.

5.21 This has clear impacts on the quantity and type of employment floorspace that will be needed in the future. This is what we turn to next.

## *The Demand for Employment Space*

### *Method and Assumptions*

5.22 To translate jobs into floorspace, we use the following standard floorspace per worker ratios[19]:

- Offices: 18 sq m per worker
- Industrial: 32 sq m per worker
- Warehousing: 40 sq m per worker.

5.23 For warehousing, densities are difficult to estimate, because all the evidence suggests that large, strategic warehouses use on average around 80-90 sq m per worker, a much higher ratio than industrial buildings and smaller warehouses. We do not use this higher ratio for this study, because it is likely that most warehousing in the study area does not belong in this large-scale strategic category.

5.24 It might also be argued that current office job densities may not be accurate in the future, as a result of more efficient working practices which would reduce the need for space per employee. In 2004, DTZ produced a study of this issue in the South East for SEEDA and SEERA[20] which we look at here.

5.25 The starting point of the study was the observation that “traditionally, high economic growth has meant decreasing job density i.e more land used. However in recent years rising economic growth has been accompanied by little or no growth of floorspace and falling job to floorspace ratios. It is possible therefore that the

[19] These densities and plot ratio are taken from a 1997 study by Roger Tym & Partners for SERPLAN (Roger Tym & Partners for SERPLAN, The Use of Business Space: Employment Densities and Working Practices in South East England, 1997). The government’s recent Guidance Note on Employment Land Reviews commends these figures, noting that the RTP study ‘remains one of the most comprehensive data sources for London and the South East’. There are no such studies for other regions.

[20] DTZ Pieda Consulting, *Use of business space and changing working practices in the South East*, May 2004

traditional relationship between economic growth and requirements for employment land is changing due to gains in productivity".

5.26 The research's hypothesis is that one factor which may explain this phenomenon is the adoption of new working practices such as:

- Working from home
- Hot desking
- Flexi-time
- Increased out-sourcing
- Rise of temporary contract / casual labour.

5.27 However, having investigated in depth how these practices impact on the use of space in businesses, it found that they only affect a small proportion of total jobs. Their impact is complex and slow and as a result has been very limited overall, except for some office-based employment activities with increasing ICT use.

5.28 A 2006 LDA study[21] corroborates these findings by observing that job densities have not really evolved over time since 1997. What affects job densities, within the same activity, is how crowded and expensive an area is i.e. how desirable.

5.29 The overall conclusion is that for our study we can feel comfortable using the standard job densities listed above.

### *Future demand*

5.30 Using the method described in paragraph 5.22, we estimate the following future floorspace requirements for each use. The results are set out in Table 5.3 below.

**Table 5.3: B-Space Floorspace Change, 2006-26**

| Sectors | sq m |
|---|---|
| Industrial | -39,245 |
| Warehousing | 2,979 |
| Offices | 156,019 |
| **Total B jobs** | **119,753** |

Source Experian, RTP

5.31 If the floorspace figures are to be translated into land requirements, we advise a default plot ratio of 40% (4,000 sq m to the hectare). The 40% ratio is probably reasonable for most industrial and warehouse sites, but for offices some sites, particularly in city centres, may have considerably higher densities. Therefore, when looking at the pipeline, the 40% ratio should be replaced where possible by site-specific figures which take account of local circumstances. We allow for this in our assessment of future market balance in the next section.

5.32 As a result, the expected changes in employment levels would result in:

- A loss of 39,300 sq m of industrial space, which at the standard plot ratios would potentially release around 9.8 ha of land. However, we would advocate a cautious approach here. The forecasts are based on historical trends which may not continue at the same rate over the long-term and our market analysis in Chapter 4 suggests there is healthy demand for industrial space in the borough. This is reinforced by our economic analysis in Chapter 3 which stresses the strength of Basingstoke as an industrial location and its specialisation in some high value manufacturing.

[21] LDA, *The use of business space in London*, May 2006

- Little change in the need for warehousing space – a gain of 3,000 sq m. This suggests that the healthy demand as described in Chapter 4 will more or less stabilise to current levels for the longer-term. Both Chapter 3 and 4 have stated the role of the Logistics sector in the current economic performance and future prosperity of Basingstoke & Deane.
- Significant requirements for office floorspace: an additional 156,000 sq m, which would result in a land requirement of 39 ha although development such as Basing View would record much higher plot density which would reduce the need for land.

5.33 It is important to bear in mind that these figures relate to net floorspace change and do not account for the possibility of existing, unsatisfied, demand.

## Supply and market balance

5.34 The Hampshire Commercial Land Supply Schedule, supplied by the client, provides the list of outstanding permissions and allocations in Basingstoke & Deane as of April 2008. This constitutes the future pipeline in terms of floorspace and land and is presented in Table 5.4 below.

**Table 5.4: Basingstoke & Deane planned supply**

| | sqm | Ha |
|---|---|---|
| Total permissions | 128,687 | 43.7 |
| Total allocations | / | 13.4 |

Source: Hampshire County Council

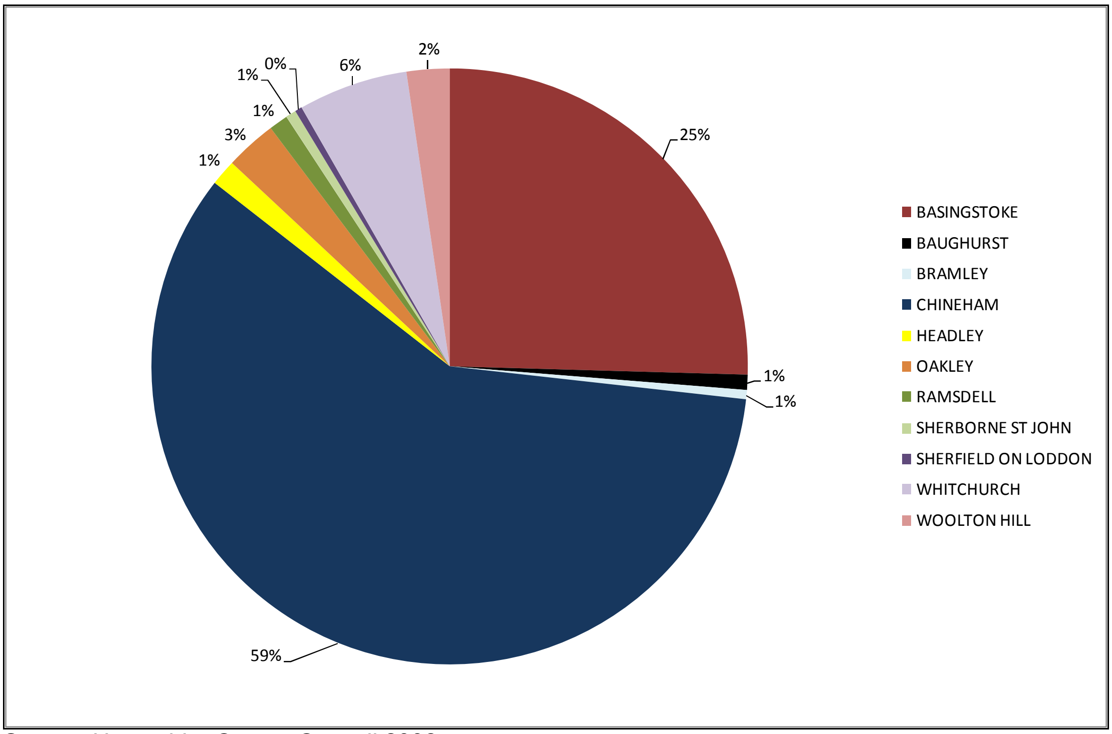
5.35 There are a total of 57ha of employment land in the Basingstoke & Deane pipeline; approximately 44ha already have permissions which will generate 128,700 sqm of floorspace.

5.36 We need to look at the split by use class in order to compare it with future requirements.

### *B1 space*

5.37 There are 100,742 sqm of permitted floorspace for B1 use and another 11.3 ha allocated. Most of the permitted floorspace is split between two locations: Chineham (59%) – which includes both Chineham Business Park and Hampshire International Business Park - and Basingstoke (25%) as shown in Figure 5.1. The allocated land is all in Basingstoke.

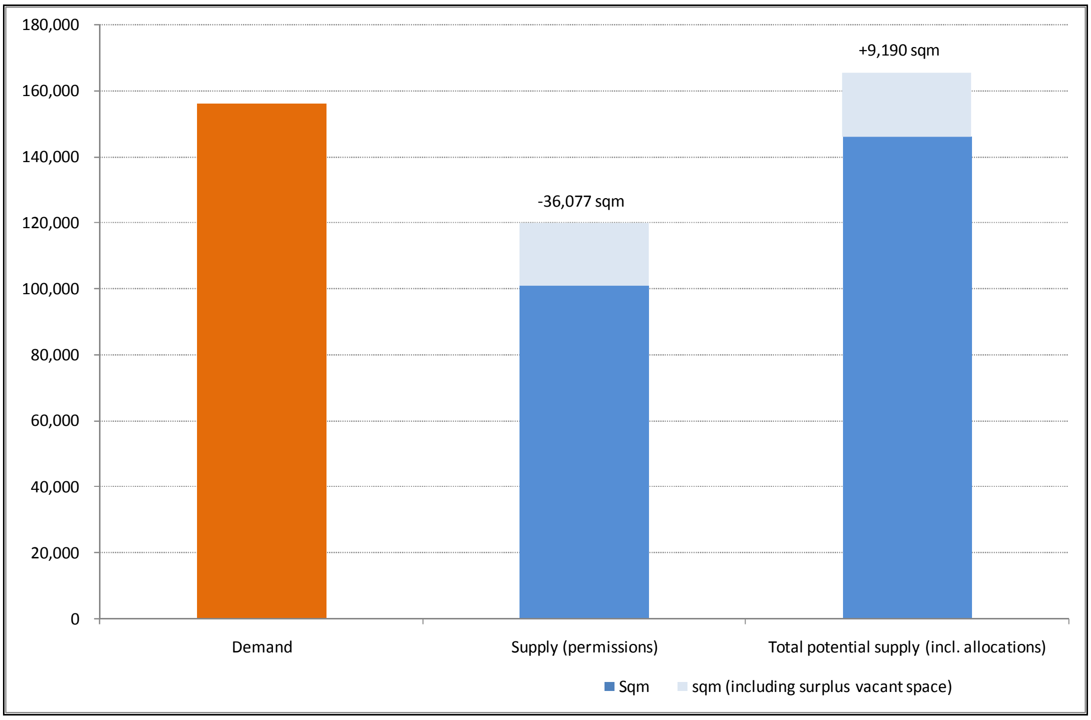
**Figure 5.1: Geographical distribution of permitted B1 floorspace**




Source: Hampshire County Council 2008

5.38 Figure 5.2 compares future requirements for B1 floorspace with floorspace in the pipeline.

**Figure 5.2: B1 future market balance 2006-2026**




- Demand: represents the floorspace requirement for B1 as derived from employment forecasts
- Supply (permissions): represents the amount of B1 floorspace currently permitted in the supply schedule. To this we also add any surplus vacant

floorspace above the 'frictional vacancy rate' of 8%. The frictional vacancy rate is the amount of available land that is needed to allow the property market to operate efficiently. Businesses move over time; for this to happen smoothly there needs to be some vacant land available at all time[22]. This is generally estimated at around 8%. As the latest figures suggest a 13% vacancy rate on the office market, we must take into account the surplus vacant space already available on the market. This is represented in light blue on the chart.

- Total potential supply (incl. allocations): to the permitted floorspace we add the potential space which could be generated by land allocated for B1 using a 40% plot ratio.

5.39 As shown in Figure 5.2, outstanding permissions do not provide enough floorspace to meet the borough's future needs. Even including existing surplus vacant floorspace, there is a shortfall of around 36,000 sqm. It is worth noting however that future demand requirements are based on change in floorspace between 2006 and 2026 whilst the supply pipeline dates from 2008. This means that the shortfall is over-estimated slightly. The overall conclusion does not change however.

5.40 The borough also has land allocated for future B1 developments which can provide additional space should they come through. Using a 40% plot ratio we can estimate how much additional floorspace such allocations may generate: 45,300 sqm.

5.41 Combining outstanding permissions and the potential from allocations, the shortfall turns into a small over-supply of 9,200 sqm. However, given that future demand is slightly over-estimated (as mentioned earlier) and that plot density on Basing View has the potential to be considerably higher than 40%, a larger over-supply is more likely should all allocated land be developed, providing some degree of flexibility to the borough in the use of allocated land.

### *B2 space*

5.42 There are no permissions or allocations purely for B2 space.

5.43 The projected loss in manufacturing employment and the resulting reduced need for B2 floorspace is likely to liberate land for other uses including re-use for employment purposes.

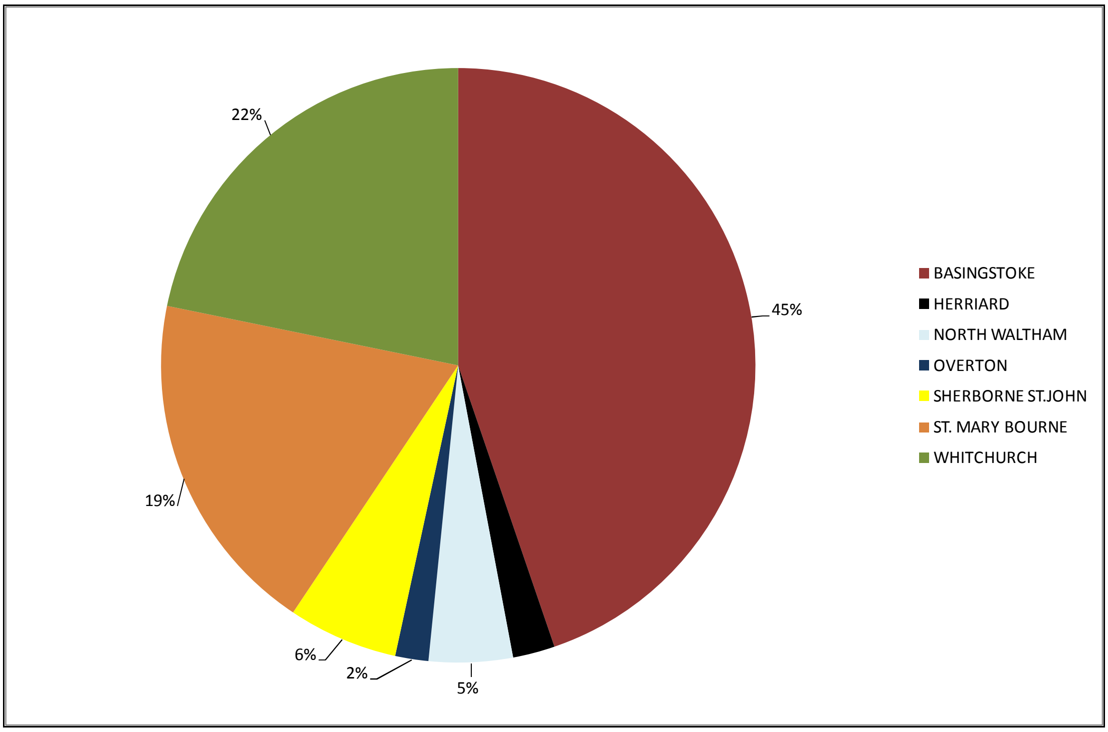
### *B8 space*

5.44 There are 22,900 sqm of permitted B8 floorspace in the pipeline and another 1.2 ha allocated. Most of the permitted floorspace is in Basingstoke (45%) followed by Whitchurch (22%)[23] and St Mary Bourne (19%). All allocations are in Basingstoke.

[22] GLA, *London Industrial Land Release Benchmarks*, April 2007

[23] With possible constraints on development based on limited access. See Employment Area Assessments.

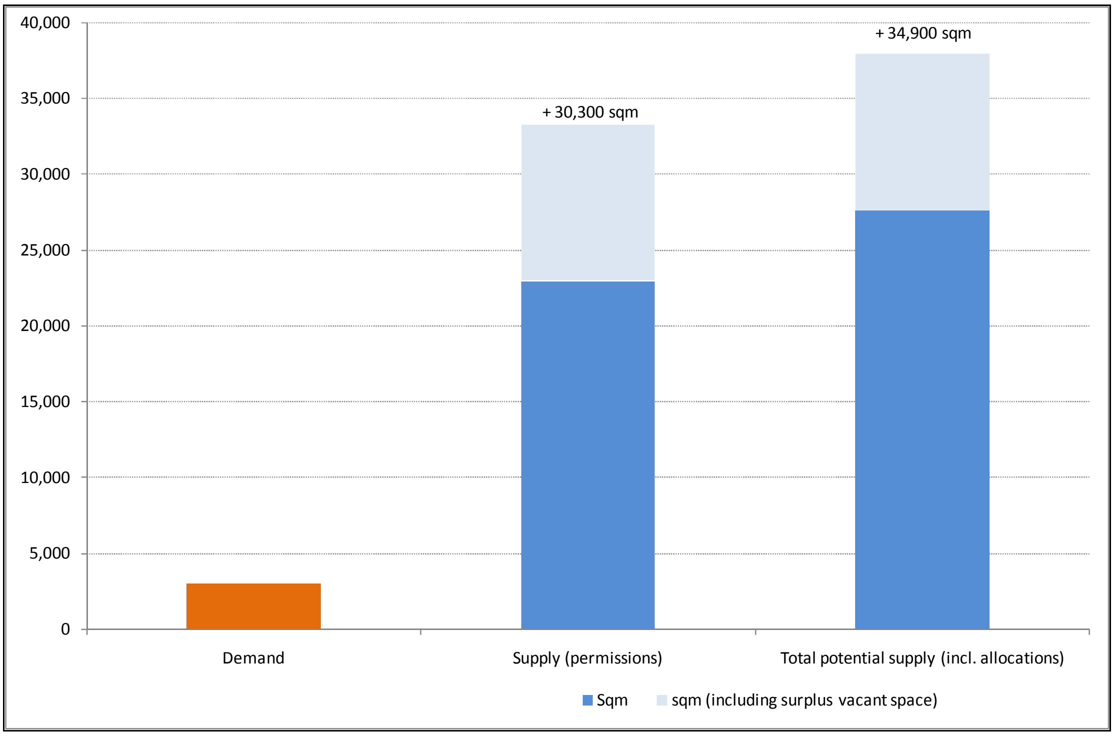
**Figure 5.3: Geographical distribution of permitted B8 floorspace**




5.45 As shown in Figure 5.4 below, Basingstoke & Deane is set for a significant over-supply of B8 floorspace, even without developing allocated land.

5.46 As for offices, we include surplus vacant space in our supply estimates. We follow the same method which compares the actual vacant space for B8 use (10% according to the market profile) with the "frictional" rate of 8%. The gap between the two is considered surplus vacant space.

**Figure 5.4: B8 future market balance 2006-2026**



5.47 As a result of slow employment growth in B8 sectors, the additional demand for floorspace is estimated to be small over the next 20 years, at 3,000 sqm. There is however over 33,000 sqm of permitted or surplus vacant space leading to a significant over-supply of B8 for the future.

5.48 When taking allocations into account and applying a 40% plot ratio, the estimated over-supply in B8 space rises to 34,900 sqm.

# 6 CONCLUSIONS AND RECOMMENDATIONS

6.1 In our recommendations below, we assume that, in line with national policy, a key objective of Basingstoke & Deane Borough Council's employment land policies is fully to meet the demand for employment land so that planning does not constrain economic growth. In fact, the borough needs to go beyond "not constraining economic growth", it needs to exceed expectations set by historical trends; it needs to actively boost economic performance in order to fulfil the role of regional office hub and Diamond for Investment and Growth set for Basingstoke by the RES and the South East Plan.

6.2 We look at what this means in planning policy terms for B1, B2, B8 employment space based on our socio-economic analysis, market profiling, employment areas assessment and SEEDA's employment forecasts.

## Offices

6.3 Based on SEEDA's forecasts, in order to meet growth in office-based employment, there could be a need for an additional 156,000 sqm of B1 floorspace between 2006-2026. Whilst outstanding permissions alone do not provide enough floorspace to meet the borough's future needs, the potential floorspace from existing allocations is likely to generate enough additional space to support projected employment growth. In fact, in view of the possibility of higher density plot ratios in Basing View, an over-supply is more likely, providing some degree of flexibility to the borough in the use of allocated land.

6.4 However, our analysis does raise some qualitative issues which are critical to Basingstoke & Deane's future economic prosperity.

### *From allocations to development*

6.5 Whilst quantitative analysis suggests there should be enough land permitted and allocated in the borough to meet its future needs, it does not take into account timing and it does assume that all allocations for B1 use come through.

6.6 Our employment areas assessment sheds some light on these issues. The large majority of the existing employment areas and sites are considered to be well defined and should be retained for employment as they make a distinct contribution to the Borough's employment land offer. While some of these areas are seen as having scope for intensification of use through more efficient use of land over time, it is concluded that this role may be better focused upon Basing View. For a few areas it is suggested that consideration be given to a mixed use approach to generate fresh investment in the employment area.

6.7 Ultimately, whether new premises are built is down to the market but public intervention can be needed in some cases in order to ensure the viability of a development.

6.8 Examples where such intervention may be justified have been identified by our employment areas assessment. This may be because:

- New infrastructure is needed to make the site appealing to investors as they are unlikely to shoulder the upfront costs. (Whitchurch – Ardglen)
- The site provides or should provide specific types of premises which, whilst necessary to the borough's economic vitality, are not viable or the most profitable option for a developer. Incubators are such an example. (Houndmills)
- There are ownership and leases issues (for example in Basing View)
- Current use designation is not attracting investors. (Beggarwood).

6.9 To address these barriers to development the Council may want to consider a range of measures including:

- Subsidies
- Changes to lease policy – the Council is already looking into this possibility.
- The possibility of introducing mixed use development where current employment use designation is not attracting investors. Such a change can raise value and improve investment potential.

### *The town centre and the key role of Basing View*

6.10 The desire to shift office provision towards the town centre reflects policy priorities for sustainable development and its implementation depends on the success of Basing View. It also fits in with the expected growth of Finance and Business Services; activities which tend to favour a central location in order to benefit from accessibility and agglomeration economies.

6.11 Basing View can deliver high density, high quality office space for various business sizes. In fact, it is the only location in the borough with real potential for intensification. However it does currently record large amounts of vacant space and low interest from investors. The redevelopment of the area needs to address a number of issues such as: ground leases, accessibility and linkages to the town centre which the Council is already looking into.

6.12 Another key issue is the level of vacancy in Basing View highlighting the fact that the supply does not match the requirements of occupiers or that there is not enough demand. From a market perspective and in view of the objective to transform central Basingstoke into a place to live, work and visit, there appears to be a strong case for some element of mixed and supporting use in Basing View to make it more attractive to occupiers and more profitable for investors. It could trigger change for the area as well as boost demand for offices in the area.

#### *Office policy conclusions*

As a general approach, we would advocate resisting the loss of B1 space and we do not foresee the need to allocate new land for B1 use at this point in time. However, we encourage close monitoring of gains and losses of office space in order to identify any changes in trends and prevent any shortfall.

However, we would also suggest some flexibility in considering the possibility of mixed use for special cases where it is needed to make investment viable and attract occupiers. This should be done on a case by case basis and be criteria-based using market evidence. In view of market balance we would also suggest that, in such cases, the ensuing reduction in B1 space developed should be compensated for by identifying B1 space elsewhere. There may be some potential on existing business parks with B8 uses.

## B2 space

6.13 Whilst a decline in manufacturing employment is projected by SEEDA's forecasts, leading to a reduction in the need for B2 space, we would urge caution for a number of reasons:

- The forecasts are mostly based on historical trends and assume the decline of manufacturing will continue at the same rate as in the past. However, it does not mean that nothing can be, will be or should be done to alter these trends. Supporting manufacturing activity and a stabilisation of employment in this broad sector may be desirable in Basingstoke & Deane;

- Manufacturing activity in the borough does include high value activities which Basingstoke & Deane is competitive in. In addition to planning policies, the Council might want to put in place other measures (regarding training, business support, etc) to maximize the potential of these newer forms of high value industrial activities. The Learning Campus for instance is an opportunity to support relevant training. The Council must also recognise the need for flexibility and the fact that some of these activities are more likely to occupy B1c space;
- Manufacturing provides skilled trades for residents with low qualifications who may be more at risk of unemployment or may be forced into low-paid, low-quality jobs.
- B2 space, possibly more so than all other employment uses, is constantly under pressure from other higher value uses. Once a transfer of use has occurred, there is no going back as the values gained from B2 developments cannot compete with those from B1 or housing. In addition, contrary to B8 and B1, there are no allocations and permissions purely for B2 uses in the pipeline to replace any lost floorspace.

***B2 policy conclusions***

There is no justification for allocating new land for B2[24].

We would suggest protecting current industrial land designations unless they are proved unviable. Any release of land to other uses should be justified by robust, extensive market research and after all efforts have been taken by the council to encourage continued use of the space for B2.

A major issue to bear in mind with B2 is the growing obsolescence of the stock which means refurbishment will increasingly become necessary. Experience elsewhere has shown that, in some cases, owners may defer refurbishment as much as possible and let the stock deteriorate in order to show that there is no demand and thereby justify a transfer of use. The council must be aware of this and monitor progress in order to ensure the refurbishment / maintenance of stock. This also ensures that any release of land is done for the right reasons.

## B8 space

6.14 Our quantitative analysis shows that future market balance for B8 is likely to lead to an over-supply of as much as 34,900 sqm.

6.15 The high number of permissions suggest there is demand from investors, beyond that suggested by the employment forecasts and in line with the strength of the borough in Logistics activity. The property market analysis also suggests demand from occupiers for B8 space.

6.16 Our recommendations take account of this evidence by emphasizing the need for flexibility.

[24] For the purpose of this study, “allocations” include vacant sites within the Local Plan Employment Areas.

### *B8 policy conclusions*

We would not recommend that more land is allocated for B8 use.

There should also be a willingness to review allocations over time and consider the possibility of transfers to other uses, such as B1 should the need arise. Any release of land however needs to be done on a case by case basis, informed by market evidence as mentioned for B1 and B2.

## Cross-cutting conclusions

### *The importance of monitoring change*

6.17 We have mentioned this earlier in this chapter but want to stress again the need for effective monitoring. The Council should assess the implementation of employment land policies by monitoring:

- Gains and losses of employment space;
- Indicators of market demand and the supply-demand balance, especially vacancy rates (availability) and prevailing rents.

6.18 This will of course show how well LDF policies are working and where they need to be reviewed. It will also provide ammunition at future appeals and inquiries to defend the Council's stance.

6.19 It also allows the Council to be more flexible, more responsive to changes and provide the right mix of land for its economy.

### *Flexibility*

6.20 We have also mentioned the need for flexibility earlier but feel it is important to further explain our reasons here.

6.21 At all times during the plan period sites will need to be available for new development, even for manufacturing uses that are declining in net terms. But as well as finding land for gross new development the planning system must identify and recyle redundant land over the plan period.

6.22 Whilst it is crucial to provide enough land to accommodate economic activity, it is equally important to strike the right balance in terms of the quantity and quality of the offer. A large over-supply of land can be detrimental to the operation of the property market as well as preventing the borough from addressing other imperatives, especially housing.

6.23 Whilst flexibility is important however, the Council must avoid being driven by cyclical fluctuations which are not representative of long-term trends.

6.24 Another reason to favour a flexible approach is the growing pressure from policy-makers and individuals alike to take into account environmental imperatives and act upon them. This will continue to transform what can be built, where, how, what businesses seek and further support the need for sustainable practices. This cannot be overlooked as it is undoubtedly going to be one of the strongest transformational drivers for the long-term.

6.25 As another aspect of this flexible approach, we would advocate that consideration be given to the loss of employment land where it can be demonstrated that through the provision of alternative supporting uses the employment area would be a more attractive environment in which occupier demand was preserved and enhanced. However, as stated earlier, any release of employment land must first be justified by market evidence, as per Draft PPS4.

# APPENDIX 1

# KNOWLEDGE-BASED ACTIVITIES

**Knowledge Based Industries (OECD KB Serv DTI Hi-Te**

SIC 1992

2214 : Publishing of sound recordings
223 : Reproduction of recorded media
244 : Manufacture of pharmaceuticals etc
300 : Manufacture: office machinery/computers
311 : Manuf: electric motors/generators etc
312 : Manuf: electricity distrib. apparatus
314 : Manufacture of accumulators etc
316 : Manufacture of electrical equipment nec
321 : Manufacture of electronic valves etc
322 : Manufacture of TV/radio transmitters etc
323 : Manufacture of TV/radio receivers etc
331 : Manuf: medical/surgical equipment nec
332 : Manuf: instruments for measuring etc
334 : Manufacture of optical instruments etc
335 : Manufacture of watches and clocks
353 : Manufacture of aircraft and spacecraft
642 : Telecommunications
741 : Accounting/book-keeping activities etc
742 : Architectural/engineering activities etc
743 : Technical testing and analysis
744 : Advertising
745 : Labour recruitment etc
921 : Motion picture and video activities
922 : Radio and television activities
65 : Financial intermediation, etc
66 : Insurance and pension funding, etc
67 : Act auxilliary financial intermediation
72 : Computing and related activities
73 : Research and development

# APPENDIX 2

# REGIONALLY SIGNIFICANT SECTORS

**Advanced Engineering**
SIC 2003 class (4 digit)
2941 : Manufacture of portable hand held power tools
2942 : Manufacture of metalworking machine tools
2943 : Manufacture of other machine tools not elsewhere classified
3130 : Manufacture of insulated wire and cable
3210 : Manufacture of electronic valves and tubes and other electronic components
3310 : Manufacture of medical and surgical equipment and orthopaedic appliances
3320 : Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, exc
3330 : Manufacture of industrial process control equipment
3340 : Manufacture of optical instruments and photographic equipment
3410 : Manufacture of motor vehicles
3420 : Manufacture of bodies (coachwork) for motor vehicles: manufacture of trailers and semi-trailers
3430 : Manufacture of parts and accessories for motor vehicles and their engines
3530 : Manufacture of aircraft and spacecraft

**Aerospace & Defence**
SIC 2003 class (3 digit)
353 : Manufacture of aircraft and spacecraft

**Environmental Technologies**
SIC 2003 class (4 digit)
2923 : Manufacture of non-domestic cooling and ventilation equipment
3120 : Manufacture of electricity distribution and control apparatus
3710 : Recycling of metal waste and scrap
3720 : Recycling of non-metal waste and scrap
4100 : Collection, purification and distribution of water
4511 : Demolition and wrecking of buildings; earth moving
4524 : Construction of water projects
4532 : Insulation work activities
7430 : Technical testing and analysis
9001 : Collection and treatment of sewage
9002 : Collection and treatment of other waste
9003 : Sanitation, remediation and similar activities

**Finance & Business Services**
SIC 2003 broad industrial group
7 : Banking, finance and insurance, etc (SIC J,K)

**Healthcare Technologies**
SIC 2003 class (4 digit)
2441 : Manufacture of basic pharmaceuticals
2442 : Manufacture of pharmaceutical preparations
3310 : Manufacture of medical and surgical equipment and orthopaedic appliances
7310 : Research and experimental development on natural sciences and engineering

**Marine Technology**
SIC 1992 class (4 digit)
2911 : Manufacture of engines and turbines
3511 : Building and repairing of ships
3512 : Building repairing of pleasure boats etc

**Media Technologies & Telecommunications**
32 : Manufacture of radio, television and communication equipment and apparatus
64 : Post and telecommunications

**Property & Construction**
70 : Real estate activities
45 : Construction

**Tourism**
SIC 2003 group (3 digit)
551 : Hotels
552 : Camping sites and other provision of short-stay accommodation
553 : Restaurants
554 : Bars
633 : Activities of travel agencies and tour operators; tourist assistance activities not elsewhere classified
925 : Library, archives, museums and other cultural activities
926 : Sporting activities
927 : Other recreational activities

**Logistics**

SIC 2003 class (4 digit)

5111 : Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished go
5112 : Agents involved in the sale of fuels, ores, metals and industrial chemicals
5113 : Agents involved in the sale of timber and building materials
5114 : Agents involved in the sale of machinery, industrial equipment, ships and aircraft
5115 : Agents involved in the sale of furniture, household goods, hardware and ironmongery
5116 : Agents involved in the sale of textiles, clothing, footwear and leather goods
5117 : Agents involved in the sale of food, beverages and tobacco
5118 : Agents specialising in the sale of particular products or ranges of products not elsewhere classified
5119 : Agents involved in the sale of a variety of goods
5121 : Wholesale of grain, seeds and animal foods
5122 : Wholesale of flowers and plants
5123 : Wholesale of live animals
5124 : Wholesale of hides, skins and leather
5125 : Wholesale of unmanufactured tobacco
5131 : Wholesale of fruit and vegetables
5132 : Wholesale of meat and meat products
5133 : Wholesale of dairy produce, eggs and edible oils and fats
5134 : Wholesale of alcoholic and other beverages
5135 : Wholesale of tobacco products
5136 : Wholesale of sugar and chocolate and sugar confectionery
5137 : Wholesale of coffee, tea, cocoa and spices
5138 : Wholesale of other food including fish, crustaceans and molluscs
5139 : Non-specialised wholesale of food, beverages and tobacco
5141 : Wholesale of textiles
5142 : Wholesale of clothing and footwear
5143 : Wholesale of electrical household appliances and radio and television goods
5144 : Wholesale of china and glassware, wallpaper and cleaning materials
5145 : Wholesale of perfume and cosmetics
5146 : Wholesale of pharmaceutical goods
5147 : Wholesale of other household goods
5151 : Wholesale of solid, liquid and gaseous fuels and related products
5152 : Wholesale of metals and ores
5153 : Wholesale of wood, construction materials and sanitary equipment
5154 : Wholesale of hardware, plumbing and heating equipment and supplies
5155 : Wholesale of chemical products
5156 : Wholesale of other intermediate products
5157 : Wholesale of waste and scrap
5181 : Wholesale of machine tools
5182 : Wholesale of mining, construction and civil egineering machinery
5183 : Wholesale of machinery for the textile industry, and of sewing and knitting machines
5184 : Wholesale of computers, computer peripheral equipment and software
5185 : Wholesale of other office machinery and equipment
5186 : Wholesale of other electronic parts and equipment
5187 : Wholesale of other machinery for use in industry, trade and navigation
5188 : Wholesale of agricultural machinery and accessories and implements, including tractors
5190 : Other wholesale
6024 : Freight transport by road
6030 : Transport via pipelines
6110 : Sea and coastal water transport
6120 : Inland water transport
6311 : Cargo handling
6312 : Storage and warehousing
6321 : Other supporting land transport activities
6322 : Other supporting water transport activities

# APPENDIX 3

# EXPERIAN SECTORS

| **Experian Sector** | **SIC 2003** |
|---|---|
| Agriculture, Forestry & Fishing | 01: Agriculture, hunting and related service activities |
| | 02 : Forestry, logging and related service activities |
| | 05 : Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing |
| Oil & Gas Extraction | 10 : Mining of coal and lignite; extraction of peat |
| | 11 : Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction excluding surveying |
| Other Mining | 12 : Mining of uranium and thorium ores |
| | 13 : Mining of metal ores |
| | 14 : Other mining and quarry |
| Food, Drink & Tobacco | 15 : Manufacturing of food and beverages |
| | 16 : Manufacture of tobacco products |
| Textiles & Clothing | 17 : Manufacture of textiles |
| | 18 : Manufacture of wearing apparel; dressing and dyeing of fur |
| | 19 : Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear |
| Wood & Wood Products | 20 : Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials |
| Paper, Printing & Publishing | 21 : Manufacture of pulp, paper and paper products |
| | 22 : Publishing, printing and reproduction of recorded media |
| Fuel Refining | 23 : Manufacture of coke, refined petroleum products and nuclear fuel |
| Chemicals | 24 : Manufacture of chemicals and chemical products |
| Rubber & Plastics | 25 : Manufacture of rubber and plastic products |
| Minerals | 26 : Manufacture of other non-metallic mineral products |
| Metals | 27 : Manufacture basic metals |
| | 28 : Manufacture of fabricated metal products, except machinery and equipment |
| Machinery & Equipment | 29 : Manufacture of machinery and equipment not elsewhere classified |
| Electrical & Optical Equipment | 30 : Manufacture of office machinery and computers |
| | 31 : Manufacture of electrical machinery and apparatus not elsewhere classified |
| | 32 : Manufacture of radio, television and communication equipment and apparatus |
| | 33 : Manufacture of medical, precision and optical instruments, watches and clocks |
| Transport Equipment | 34 : Manufacture of motor vehicles, trailers and semi-trailers |
| | 35 : Manufacture of transport equipment |
| Other Manufacturing | 36 : Manufacture of furniture; manufacturing not elsewhere classified |
| | 37 : Recycling |
| Gas, Electricity & Water | 40 : Electricity, gas, steam and hot water supply |
| | 41 : Collection, purification and distribution of water |
| Construction | 45 : Construction |
| Wholesaling | 50 : Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel |
| | 51 : Wholesale trade and commission trade, except of motor vehicles and motorcycles |
| Retailing | 52 : Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods |
| Hotels & Catering | 55 : Hotels and restaurants |
| Transport | 60 : Land transport; transport via pipelines |
| | 61 : Water transport |
| | 62 : Air transport |
| | 63 : Supporting and auxiliary transport activities; activities of travel agencies |
| Communications | 64 : Post and telecommunications |
| Banking & Insurance | 65 : Financial intermediation, except insurance and pension funding |
| | 66 : Insurance and pension funding, except compulsory social security |
| | 67 : Activities auxiliary to financial intermediation |
| Other F&Bs | 70 : Real estate activities |
| | 71 : Renting of machinery and equipment without operator and of personal and household goods |
| | 72 : Computer and related activites |
| Business Services | 73 : Research and development |
| | 74 : Other business activities |
| Public Admin. & Defence | 75 : Public administration and defence; compulsory social security |
| Education | 80 : Education |
| Health | 85 : Health and social work |
| Other Services | 90 : Sewage and refuse disposal, sanitation and similar activities |
| | 91 : Activities of membership organisations not elsewhere classified |
| | 92 : Recreational, cultural and sporting activities |
| | 93 : Other service activities |
| | 95 : Private households as employers of domestic staff |
| | 96 : Undifferentiated goods producing activities of private households for own use |
| | 97 : Undifferentiated services producing activities of private households for own use |
| | 99 : Extra-territorial organisation and bodies |

# APPENDIX 4

# EMPLOYMENT FORECASTS BY SECTOR

| Sectors | 2006 | 2011 | 2016 | 2021 | 2026 | Change 06-26 | % Change 06-26 |
|---|---|---|---|---|---|---|---|
| Agriculture, Forestry & Fishing | 1,120 | 957 | 771 | 628 | 527 | -593 | -53% |
| Oil & Gas Extraction | 33 | 2 | 0 | 0 | 0 | -33 | -100% |
| Other Mining | 8 | 10 | 9 | 8 | 7 | -1 | -13% |
| Food, Drink & Tobacco | 698 | 651 | 610 | 544 | 494 | -204 | -29% |
| Textiles & Clothing | 108 | 47 | 18 | 16 | 14 | -94 | -87% |
| Wood & Wood Products | 109 | 127 | 121 | 108 | 93 | -16 | -15% |
| Paper, Printing & Publishing | 2,527 | 2,524 | 2,552 | 2,628 | 2,674 | 147 | 6% |
| Fuel Refining | 0 | 0 | 0 | 0 | 0 | 0 | - |
| Chemicals | 1,926 | 1,798 | 1,663 | 1,493 | 1,329 | -597 | -31% |
| Rubber & Plastics | 302 | 317 | 292 | 266 | 239 | -63 | -21% |
| Minerals | 38 | 28 | 20 | 13 | 7 | -31 | -82% |
| Metals | 486 | 492 | 462 | 413 | 353 | -133 | -27% |
| Machinery & Equipment | 1,447 | 1,349 | 1,260 | 1,105 | 926 | -521 | -36% |
| Electrical & Optical Equipment | 2,752 | 2,653 | 2,758 | 2,764 | 2,695 | -57 | -2% |
| Transport Equipment | 198 | 159 | 134 | 94 | 86 | -112 | -57% |
| Other Manufacturing | 156 | 152 | 161 | 164 | 164 | 8 | 5% |
| Gas, Electricity & Water | 839 | 729 | 738 | 754 | 749 | -90 | -11% |
| Construction | 5,955 | 5,804 | 6,046 | 6,389 | 6,624 | 669 | 11% |
| Wholesaling | 8,938 | 8,431 | 8,270 | 8,218 | 8,154 | -784 | -9% |
| Retailing | 8,067 | 8,277 | 8,774 | 9,135 | 9,374 | 1,307 | 16% |
| Hotels & Catering | 3,824 | 3,928 | 4,425 | 4,852 | 5,316 | 1,492 | 39% |
| Transport | 3,038 | 3,480 | 3,660 | 3,771 | 3,798 | 760 | 25% |
| Communications | 1,968 | 1,968 | 2,030 | 2,103 | 2,127 | 159 | 8% |
| Banking & Insurance | 2,831 | 2,955 | 3,268 | 3,445 | 3,588 | 757 | 27% |
| Business Services | 17,861 | 20,727 | 23,583 | 25,707 | 27,124 | 9,263 | 52% |
| Other F&Bs | 1,983 | 2,174 | 2,274 | 2,317 | 2,296 | 313 | 16% |
| Public Admin. & Defence | 1,819 | 1,678 | 1,707 | 1,715 | 1,731 | -88 | -5% |
| Education | 5,605 | 5,488 | 5,718 | 5,894 | 6,151 | 546 | 10% |
| Health | 8,253 | 8,976 | 9,594 | 10,116 | 10,639 | 2,386 | 29% |
| Other Services | 5,866 | 6,087 | 6,770 | 7,315 | 7,918 | 2,052 | 35% |
| **Total** | **88,755** | **91,968** | **97,688** | **101,975** | **105,197** | **16,442** | **19%** |

Source: Experian