BASINGSTOKE AND DEANE

EMPLOYMENT LAND REVIEW (ELR)

FEBRUARY 2014

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Executive Summary

This Employment Land Review has been prepared to inform the development of the Council's Local Plan to 2029.

The study provides current information on the borough's existing employment sites and premises, and assesses future floorspace needs and land requirements for B class employment uses (offices, industry and warehousing) under a range of different growth scenarios. It also considers the current and future balance of demand and supply for employment land in the borough, and appropriate policy approaches in relation to employment floorspace for the final Local Plan.

The key findings of the study are as follows:

1. Basingstoke and Deane has a successful economy which has generated 7500 extra jobs between 2001 and 2011 and demonstrated resilience throughout the economic down turn due to the broad range of businesses in the borough that sit within a wide range of sectors. The borough's strong economic performance is demonstrated by the productivity measure (Gross Value Added) which is higher than that of the borough's neighbouring boroughs and districts with the exception of West Berkshire. The borough has higher business start-up rates and lower failure rates than the regional and national averages, demonstrating the importance of the borough's SME business base. There is a mismatch between residence and workplace earnings in the borough due to a significant number of the borough's residents commuting to London and other major economic centres such as Reading where higher wages are on offer. The borough has historically attracted significant inward investment and whilst there has been a decline in recent years due to the economic down turn, there have been some recent high profile investments in the borough.

2. The borough's commercial property market is predominantly concentrated in Basingstoke Town and provides over 1.4 million square meters of employment floorspace and a relatively balanced mix of employment floorspace by type when compared to neighbouring areas. Prior to the economic downturn the borough experienced a strong growth in gross completions in employment floorspace peaking at 34,233 sqm in 2006/07, however by 2012/13 this had reduced to 1,427 sqm of floorspace, demonstrating the impacts of the economic downturn upon investment in commercial property.

3. The borough's office market is currently experiencing high vacancy rates at 28%, well above the normal range of 8%-10%, and the borough has over 36% of the available stock in the Enterprise M3 Local Enterprise Partnership Area. There has been reduced demand for office floorspace, with transactions currently 30% of the levels achieved in 2009. There is a significant oversupply of low grade office stock and a shortage of quality Grade A accommodation.

4. In contrast to the borough's office market, demand for industrial premises remains strong with low levels of vacancy (8%) which is within the normal range despite some of the stock being poor quality. Basingstoke town is a highly desirable location for distribution uses due to its quality transport connections and accessibility, even when compared to competing centres such as Reading. There is an identified demand for land to enable the delivery of storage and distribution floorspace to meet the needs of the market. Commercial Agents indicate strong pent up demand for B8 warehouses providing 50,000 to 100,000 sq ft of floorspace.

5. The borough has a supply of un-implemented employment allocations, but under the Saved Local Plan these are allocated for office or Research and Development uses with the exception of one site which has recently been granted planning consent and can therefore no longer be counted towards the land supply. There are a number of un-implemented planning permissions for employment floorspace that could come forward which make up a significant proportion of the identified land supply, and the majority of the land supply for industrial uses, the majority of which are concentrated in Basingstoke Town.

6. The Saved Local Plan (2006) designates 19 employment sites in the borough which cumulatively provide 355ha of employment land. Five of these sites are deemed to be high quality good performing sites against a range of criteria, whilst only one small site is considered to be low quality. The vast majority of these sites are fully built out, although there are development plots available for office and Research and Development uses at some of the sites.

7. Three different scenarios of future employment floorspace and land requirements have been considered for the period to 2029, based on approaches which reflect economic growth, past development trends and potential housing supply factors. Two of the three scenarios could generate a higher level of job creation than has been achieved in the borough in the recent past, during a period which experienced both strong economic growth and severe economic decline. A Labour Demand Scenario is higher than the

findings of the 2009 Employment Land Review (ELR) forecast, whilst past development trends are broadly in line with the 2009 ELR forecast. The overall (gross) floorspace requirements range from 80,795 sqm to 211,450 sqm for all types of floorspace, implying in broad terms the needs for between 12.4 ha and 32.1 ha of employment land (some if which could be met by existing commitments and pipeline supply).

8. The borough is expected to see relatively strong growth in office based sectors over the plan period and in quantitative terms, the borough has sufficient office floorspace or un-implemented allocations to meet business needs under all scenarios of future growth. There is an identified surplus of land available for office uses in the borough over the plan period in addition to the significant amount of vacant stock. The regeneration of Basing View could make a significant contribution towards meeting the borough's needs for additional quality office floorspace.

9. In terms of future industrial needs, requirements range from 8.5ha to 21.8ha of industrial land using the three scenarios. Whilst there is an identified supply of land to meet some of this need (14.8ha), this supply is made up of un-implemented permissions that may not be completed, including a site of 4.9ha that has known deliverability issues. Therefore the potential supply of land for industrial uses is likely to be overestimated for all scenarios.

10. It is recommended that the emerging Local Plan:

    a. Designates the borough's strategic employment sites and, in some cases, amends the boundaries or de-allocates some sites designated within the Saved Local Plan
    b. Provides employment policies that are not prescriptive on the types of employment uses within Strategic Employment Areas.
    c. Encourages the refurbishment and regeneration of office stock in the strategic employment areas to improve the quality of the borough's office stock and reduce the oversupply of low quality accommodation, whilst enabling the loss of some office floorspace to alternative uses,
    d. Allocates a new site / sites to provide in excess of 15ha of employment land to meet the currently forecast land requirement for the industrial sector, specifically the storage and distribution sectors,
    e. Provides a policy framework to encourage the intensification and regeneration of industrial areas that are designated as strategic employment areas.

Introduction

1.1 Basingstoke and Deane Borough Council has produced this document to provide an updated assessment of the borough's employment land requirements to 2029 to inform the Council's Local Plan (2011-2029).

1.2 This document forms the Council's Employment Land Review (ELR) and takes account of relevant guidance from the South East England Planning Partnership Board (SEEPB)[1] and ODPM[2] (now CLG), and has regard to the National Planning Policy Framework (NPPF) and draft National Planning Policy Guidance (NPPG). The main elements of the ELR involve three key stages:

1.3 Stage 1: Taking Stock of the Existing Situation: analysis of the economic strengths and weaknesses of the local economy, functional economic area, and an assessment of the fitness for purpose of a portfolio of designated employment sites;

1.4 Stage 2: Assessing Future Requirements: testing the implications of different population/household growth scenarios on future employment floorspace requirements for the borough, including latest economic forecasts and housing requirements emerging from the Strategic Housing Market Assessment (SHMA);

1.5 Stage 3: Identifying a Site Portfolio: analysing the suitability and deliverability of sites available to meet future needs under each growth scenario, which sites / premises should be retained for employment uses and which could be released for alternative uses, and any need for additional sites.

Aims

1.6 The key aims of this ELR update are to:

- Establish how the economic situation in Basingstoke and Deane has changed since the previous ELR was undertaken in 2009;
- Analyse recent and current commercial property market trends in Basingstoke and Deane and its functional market area;
- Undertake a review of current employment floorspace provision in the Borough;

[1] SEEPB Economic and Employment Land Assessments Supplementary Guidance Consultation Document, 2009. Although the SEEPB no longer exists and the formal status of this guidance is unclear, it is considered to be a source of good practice

[2] Employment Land Reviews: Guidance Note, ODPM, 2004

1.7 The Strategic Housing Market Assessment has also been updated for the borough concurrently to this ELR, and the two elements have been undertaken in tandem but are presented in separate reports.

Scope of Study

1.8 The focus of this report is on the employment space needs for the group of B class sectors outlined below:

- B1 Business (offices, research & development, light industry);
- B2 General Industrial; and
- B8 Storage or Distribution (wholesale warehouses, distribution centres).

1.9 Demand for B-class employment land and floorspace is considered in this report. Industrial space includes both manufacturing (which includes industrial) and storage and distribution uses. This study identifies the employment growth potential of some other economic development uses as defined by the NPPF such as education, health and retail.

1.10 The purpose of this study is to provide evidence to support the development of the Local Plan. It is not a policy or strategy document, but instead provides an evidence base input to specific planning or economic development policies being developed by the Borough Council.

1.11 An important consideration for any work of this nature is that it is inevitably a point-in-time assessment that cannot entirely reflect very recent changes in circumstances. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by the Borough Council.

1.12 As part of the study, consultation was undertaken with a range of stakeholders including:

- Commercial Agents[3]
- Basingstoke and Deane Borough Council Economic Development Team
- Basingstoke and Deane Borough Council Property Services

[3] A commercial Agents Forum was held by the Borough Council to obtain the views of commercial agents operating in the borough on both the demands of the office market and industrial market.

Structure of Report

2.1 The report is structured as follows:

- Policy Context (Section 3)– provides an overview of current policy that is influencing the commercial property market and the Local Planning Authority functions.
- Economic Context (Section 4) – a review of current economic conditions and recent trends in the borough and its economic strengths and weaknesses that may affect future needs for employment space;
- Overview of Employment Floorspace (Section 5) – analysis of the current stock and trends of employment space in the borough in terms of mix of uses, development rates, gains and losses, age of premises, and provision in adjoining local authority areas;
- Basingstoke and Deane Commercial Property Market (Section 6) – a review of the local commercial property market, including the supply of and demand for different types of employment space within the borough and the needs of different market segments;
- Review of Current Employment Sites Portfolio (Section 7) – assessment of the quality of current and potential employment land supply against defined criteria including its attractiveness to the market and its ability to meet future needs;
- Future Requirements for B Class Employment Space (Section 8) – estimates of future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors;
- Balancing Supply and Demand (Section 9) – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of existing sites;
- Overall Conclusions and Policy Implications (Section 10) – considers policy and other measures needed to maintain a site portfolio and to deliver ‘sustainable economic growth in Basingstoke and Deane.

Policy Context

National Planning Policy

3.1 The National Planning Policy Framework (NPPF) was published in March 2012 to replace the existing planning policy documents (Planning Policy Statements and Planning Policy Guidance). The NPPF is focused on the delivery of sustainable development through the presumption in favour of sustainable development.

3.2 The NPPF is clear (paragraph 161) that local authorities should use evidence to assess the 'existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs. Reviews of land available for economic development should… include a reappraisal of the suitability of previously allocated land. This Employment Land Review will provide this evidence to support the Local Plan 2011-2029 which will set strategic policies to deliver the homes and jobs needed in the area up until 2029.

3.3 The NPPF (paragraph 21) states that local planning authorities should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth
- Set criteria, or identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period
- Support existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area
- Set policies which are flexible enough to accommodate needs not anticipated in the plan period and to allow a rapid change to changes in economic circumstances
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high tech industries
- Identify priority areas for economic regeneration.

3.4 A crucial paragraph within the NPPF is paragraph 22 which states (emphasis added) that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.

3.5 Continuing the theme outlined of only safeguarding economic land that is required, paragraph 51 of the NPPF states that local authorities should approve 'planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate'.

Basingstoke and Deane Saved Local Plan

3.6 The Development Plan for the borough is the saved policies of the Basingstoke and Deane Local Plan (1996-2011) that was adopted in July 2006. The saved policies provide the policy framework for determining planning applications in the Borough.

3.7 The following table provides an overview of the relevant Local Plan policies:

Local Plan Policy	Policy purpose
Policy EC1 – Employment Areas	States that employment development and redevelopment proposals will be permitted within the boundaries of the defined employment areas.
Policy EC2 – Employment Areas	Sets out policy criteria that applications for re-using land for alternate uses at the defined employment locations will be judged against.
Policy EC3 – Office and High Tech Employment Uses	States that at five of the defined employment areas, proposals for employment uses outside B1(a) and B1(b) of the use classes order will not be permitted at these location unless these proposal is to meet the needs of an existing occupier.
Policy EC4 – Loss of Local Employment Opportunities	Sets out the criteria for determining applications which result in the loss of employment in employment use outside of Basingstoke Town to other uses.
Policy EC5 – Live/Work units	Provides a policy that is supportive of the establishment of live work units in suitable locations.

Revised permitted development rights

3.8 On 30 May 2013 changes were made to the permitted development rights. A change of use from B1(a) offices to C3 residential will now be permitted, subject to a prior approval process, covering significant transport and highway impacts, development in safety hazard zones, areas of high flood risk and land contamination.

3.9 The permitted development rights only cover change of use and any associated physical development which currently requires a planning application will continue to need one.

Summary

3.10 The National Planning Policy framework is clear the emerging Local Plan should strive to meet the economic needs of the borough by supporting existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area. This study will identify the likely needs of the local economy over the Local Plan period.

3.11 It is important that the emerging economic policies are clear and concise and complement each other, and that the plan does not protect sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose over the plan period.

Economic Context

4.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within Basingstoke and Deane, relative to the wider sub region and the national economy. This is important in identifying the existing strengths and weaknesses of the local economy, and the factors likely to influence the nature and level of future demand for employment space.

Overview

4.2 The borough of Basingstoke and Deane covers an area of over 63,000 hectares (245 square miles) of north Hampshire, with Basingstoke town and the adjoining parish of Chineham comprising the main settlement in the borough and the focus for key services and employment.

4.3 Basingstoke town developed rapidly in the 1960s from a market town of around 16,000 people to accommodate part of the London overspill as an ‘expanded town’. The number of residents in the borough has steadily increased since Basingstoke’s this time and the population currently stands at around 170,000 (2012). Around 60% of the population live within Basingstoke town and Chineham, with the remainder living in the borough’s large rural areas, including the towns and larger villages of Bramley, Kingsclere, Oakley, Old Basing, Overton, Tadley and Whitchurch, in addition to a number of small villages and hamlets.

4.4 The borough’s close proximity to London, excellent road and rail connections, the ports of Southampton and Portsmouth and the airports of Heathrow, Gatwick and Southampton has also helped its commercial success. Commuting out of the borough to work in other nearby centres such as Newbury, Reading, or London, is counter-balanced by those commuting into the borough from other parts of Hampshire and surrounding counties. Overall, the borough provides over 83,700 jobs (2011).

4.5 The borough benefits from good transport connections to London and the rest of the region and the council is working with partners to deliver improvements to the highway network to reduce peak hour congestion and maintain the borough's competitiveness.

4.6 Basingstoke has a strong and diverse economy with a good balance of business across a range of sectors, including advanced manufacturing and ICT; financial/business services; logistics/distribution and environmental technologies. Employment floorspace in the borough is concentrated within Basingstoke Town at the established employment locations which combined provide 343 Ha of employment land. However, a number of these employment sites contain premises that are reaching the end of their functional life. Therefore, to maintain a supply of quality employment land

and premises of the right quality, type and size, the regeneration and / or redevelopment of these sites for future employment uses is essential.

4.7 Basing View is an existing business park in a prime location in close proximity to the town centre, the railway station, bus station and junction 6 of the M3. Basing View is currently run-down, under-utilised and poorly designed. There are also no through routes and limited access into the area. There are a number of vacant buildings, sites and limited supporting facilities which has resulted in reduced pedestrian footfall and lower rentals, which, in turn, has impacted upon the character and overall perception of the area. Basing View is recognised as a key asset for the borough and the regeneration of this business district is underway to create a 21st century business park with a mix of supporting uses vital to the commercial future of the town, borough and the wider area of the Local Enterprise Partnership (LEP).

Neighbouring Authorities

4.8 Basingstoke and Deane does not exist in isolation from its neighbours (the borough shares its boundary with five other districts) or areas further afield. There is not only economic movement between the districts in terms of commuting across the borders for employment, but communities close to the district boundaries utilise some of the borough's services, and vice versa. Residents are, in some cases, reliant upon neighbouring areas for access to higher order services, highlighting the complex cross boundary issues that exist.

Local Enterprise Partnership

4.9 The Enterprise M3 area stretches for approximately seventy five miles through Hampshire and Surrey from The New Forest in the south to the perimeter of Heathrow Airport in the north.

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

- Home to 1.6 million people with approximately 86,000 businesses and 740,000 employees.
- Strengths include the sectors of ICT and digital media, financial and professional services, pharmaceuticals and healthcare, advanced engineering and marine, aerospace and defence and energy and environment sectors.
- High rates of economic growth in the past. The annual economic growth rate between 1998 and 2008 was 5.1%. Only seven other LEPs grew at a higher rate and most from a much lower base.

- An above average concentration of micro and small businesses that are responsible for almost 50% of private sector out and 60% of private sector jobs.
- High level of integration with its neighbours, an example of this being the significant flows of workers between the LEP and surrounding areas with 220,000 people commuting out and 167,000 commuting in (source: Enterprise M3).
- A highly productive workforce (GVA per head of £24,200 in 2009 compared to the figure for England of £21,000) with low rates of economic inactivity and a high skills profile (39.5% of working residents hold a NVQ Level 4 qualification compared to the national average of 32.7%).

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

- To the North (areas neighbouring the M25 including Guildford, Woking and the Farnborough / Camberley / Aldershot conurbation): With strong links to London and the Thames Valley and including a large number of international headquarters and technology based businesses. Some large urban centres with light industry and vibrant service sectors.
- At the Centre (including Basingstoke and Winchester): Predominantly a rural economy but with significant urban centres. Some large businesses (particularly in Basingstoke) but largely small scale service businesses. Prosperity largely based on employment flow north or south.
- To the South (New Forest/ southern fringe including Whitehill and Bordon and Waverley): Similar to the Centre (above) apart from industrial fringe along Solent. Strong emphasis on environment assets and tourism and leisure industries.

4.12 Within the LEP area the Basingstoke and Deane economy features as having among the highest numbers of new businesses forming each year. The borough has the highest number of employee jobs of all the LEP authority areas and proportionately higher numbers of employees in the manufacturing, construction and information and communication sectors. Basingstoke and Deane also has the highest working age population of all the EM3 LEP areas.

Basingstoke and Deane Borough Council Plan (2013 to 2017)

4.13 The Council Plan sets out the following priority for improving the economic vitality of the borough which is set out below:

- Encouraging businesses to locate in Basingstoke by regenerating Basing View and other key business areas, creating a modern image and more jobs.

4.14 The emerging Local Plan will seek to deliver the above aspirations and this study will prove a useful resource for potential investors seeking employment sites in the borough.

2033 An Economic Master Plan for Basingstoke

4.15 The Council's recently adopted (February 2014) economic Masterplan has been produced to assist the council in

i. Attracting public sector investment to support the economy, such as from Enterprise M3 or Government
ii. attract private sector investment to support the economy, such as from new developers
iii. attract companies and provide new employment to the area

4.16 The economic master plan sets out a vision for 2033 which is that the borough will have a strong and diverse economy providing:

i. 4,000 new jobs from the regeneration of Basing View
ii. An additional £233m GVA per annum as a result of economic growth

4.17 The document states that new commercial development is welcomed particularly development of grade A offices and new industrial units where there is a current shortage.

Economic Conditions and Trends

4.18 Current economic conditions and trends in Basingstoke and Deane are summarised below, with comparisons made, where appropriate, with regional and national averages. Data is drawn from published Office for National Statistics (ONS) sources via Nomis unless indicated otherwise.

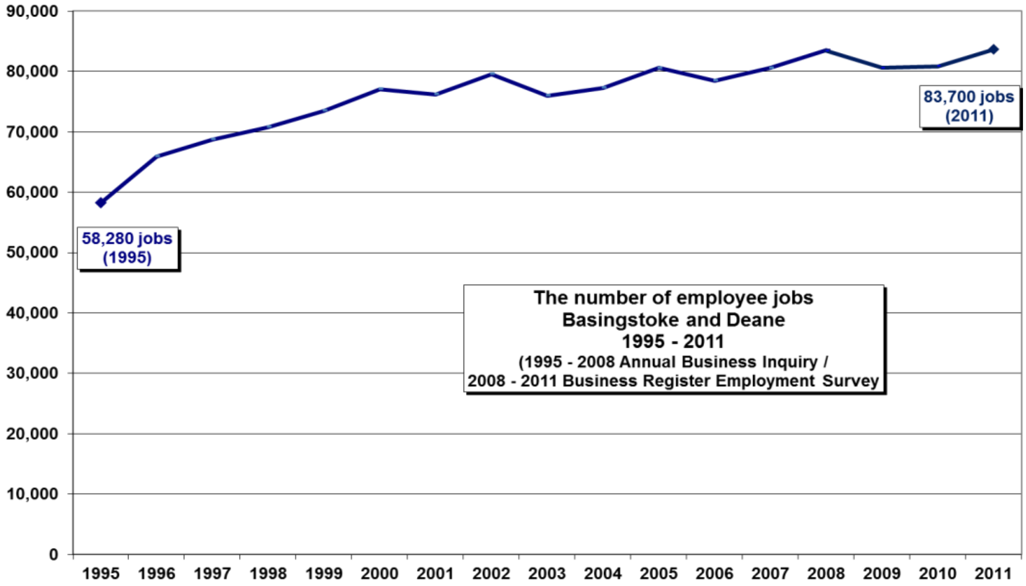
Employment

4.19 The overall population of Basingstoke and Deane, currently 167,800[4], grew by some 10.2% between 2001 and 2011, above both regional (7.8%) and national (7%) averages.

4.20 Basingstoke and Deane recorded 83,700 employee jobs in 2011[5], representing an increase of 9.8% (7,500 jobs) from its 2001 level. Through the latter years of the decade, including through the years of recession, the number of jobs has remained between 80,000 and 84,000 as demonstrated by figure 4.1.

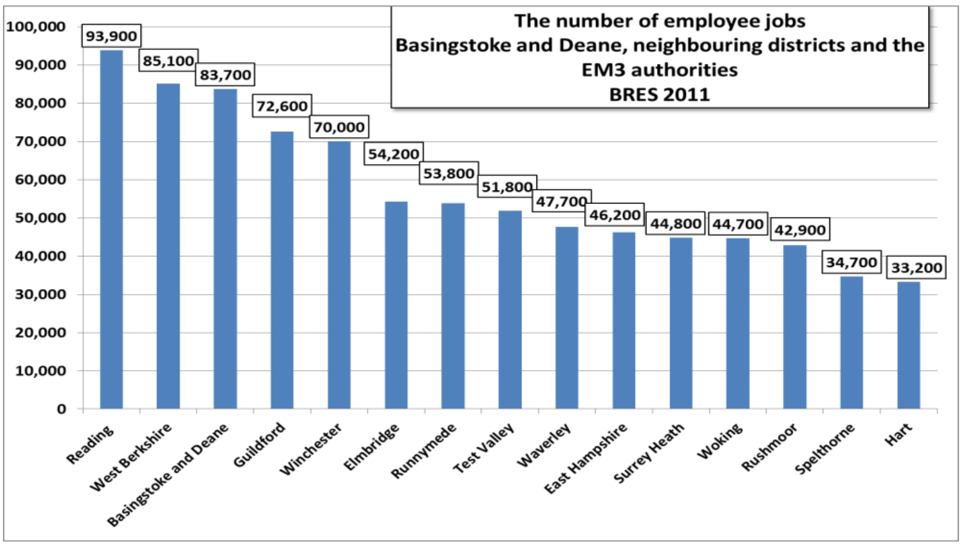
[4] Census 2011 data
[5] Data Source: Business Register Employment Survey (BRES)

Figure 4.1: Employee Jobs in Basingstoke and Deane



4.21 In the context of all the Hampshire, Surrey and Berkshire authorities, only Southampton, Portsmouth and Reading have a higher number of employee jobs (104,900, 100,900 and 93,900 respectively). In the context of the borough's immediate neighbouring districts, Basingstoke and Deane has a similar number of employee jobs to West Berkshire and has seen a similar rate of increase. The neighbouring districts range from Reading with the highest number of jobs to Hart with the lowest (33,000). Figure 4.2 shows the number of employee jobs in each of the borough's neighbouring authority areas and those for the EM3 authorities.

Figure 4.2: The number of employee jobs in the borough and neighbouring districts



4.22 The Hampshire Economic Assessment notes that across the HEA three-quarters of employee jobs are in the three broad sectors of finance and business services, public administration, education and health and shops, hotels and catering. Closer examination of the Basingstoke and Deane employee profile shows similarly high representation within the wholesale and retail, education, healthcare, admin and support services sectors but also in manufacturing and professional, scientific and technical services. Figure 4.3 shows the general spread of jobs across these broad groups.

Figure 4.3: Number of employee jobs by industry sectors

Number of employee jobs by industry sections: Basingstoke and Deane Business Register Employment Survey (BRES)	2008	2009	2010	2011
A : Agriculture, forestry and fishing	200	300	100	200
B : Mining and quarrying	100	100	0	0
C : Manufacturing	8,600	7,700	7,700	8,400
D : Electricity, gas, steam and air conditioning supply	100	200	300	400
E : Water supply; sewerage, waste management and remediation activities	300	300	500	400
F : Construction	4,000	5,200	5,000	4,800
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	16,400	15,300	15,300	15,600
H : Transportation and storage	3,200	2,500	2,600	2,600
I : Accommodation and food service activities	4,200	3,800	4,200	4,500
J : Information and communication	6,000	5,500	5,200	5,700
K : Financial and insurance activities	3,900	4,200	3,700	3,200
L : Real estate activities	1,100	900	1,200	1,200
M : Professional, scientific and technical activities	5,400	5,700	5,600	5,800
N : Administrative and support service activities	8,000	5,900	6,000	7,300
O : Public administration and defence; compulsory social security	1,500	1,700	1,500	1,400
P : Education	5,900	5,800	6,400	6,500
Q : Human health and social work activities	7,600	9,000	8,600	8,200
R : Arts, entertainment and recreation	1,400	1,600	1,800	1,900
S : Other service activities	5,600	4,900	5,200	5,600
Total employee jobs	**83,500**	**80,600**	**80,900**	**83,700**

4.23 In employment terms, the boroughs largest sectors in 2011 were wholesale and retail trade; (18.6%), manufacturing (10%) and health and social care (9.8%), with admin and support (8.7%) and Education (7.8%) also accounting for a significant share of employment (Figure 2.3).

Productivity

4.24 Productivity (measured by Gross Value Added (GVA) per worker) within the Basingstoke and Deane labour force is higher than regional and national averages. Figure 4.4 demonstrates that the average GVA generated by workers in Basingstoke and Deane (£51,600) is higher than the combined output of all Hampshire authorities and higher than most of our neighbouring boroughs / districts with the exception of West Berkshire.

Figure 4.4: Gross Value Added per Worker

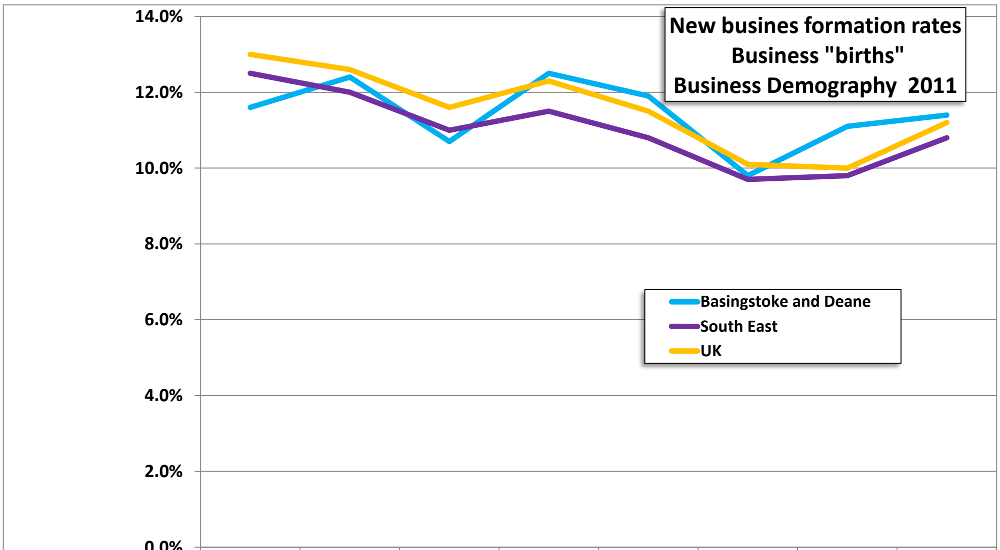
Location	GVA per employee 2012 (£)	Relative to the UK (UK=100)
Basingstoke & Deane	51,600	106.4
East Hampshire	49,600	102.3
Guildford	55,800	115.1
Hart	51,000	105.2
Reading	58,400	120.4
Test Valley	48,600	100.2
West Berkshire	61,300	126.4
Winchester City	48,700	100.4
Woking	54,100	111.5
Wokingham	53,200	109.7
Hampshire	47,000	96.9
South East	50,600	104.3
UK	48,500	100.0

4.25 This may reflect the existing mismatch in the local economy between jobs available which tend to be lower skilled, and a more highly qualified and professional resident workforce, many of whom commute out of the borough to higher paid employment elsewhere.

Business Demography

4.26 Business formation rates for Basingstoke and Deane have generally been higher than the South East average, the dip in rate in 2009 was not only experienced by this borough but country-wide. Figure 4.5 below shows how borough, region and UK rates compare.

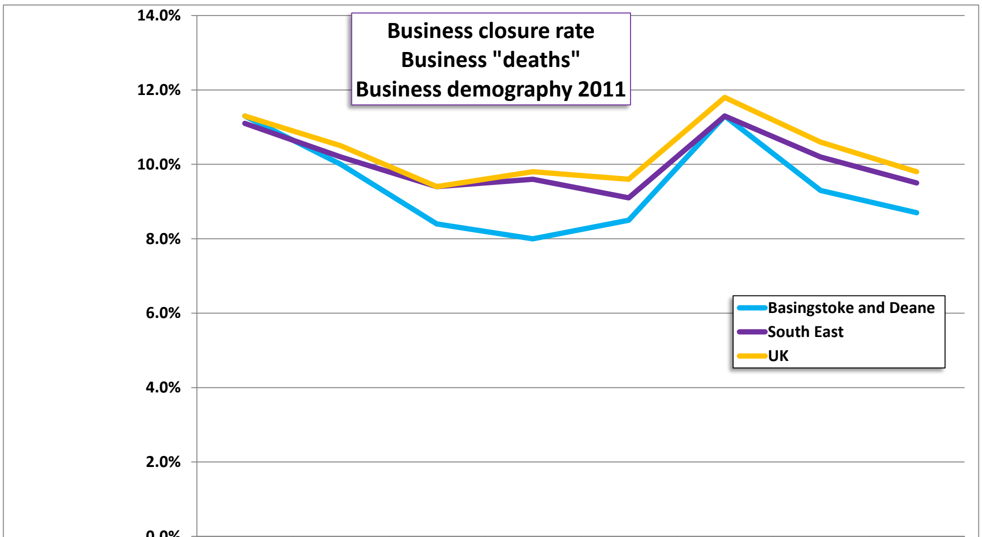
Figure 4.5: Business formation rates



	2004	2005	2006	2007	2008	2009	2010	2011
Basingstoke and Deane	11.6%	12.4%	10.7%	12.5%	11.9%	9.8%	11.1%	11.4%
South East	12.5%	12.0%	11.0%	11.5%	10.8%	9.7%	9.8%	10.8%
UK	13.0%	12.6%	11.6%	12.3%	11.5%	10.1%	10.0%	11.2%

4.27 Business closure rates have tended to be lower than both the national and regional average even when business closures peaked in 2009. Figure 4.6 demonstrates that the closure rate has fallen for two successive years such that the borough rate now stands at 8.7%, a rate closer to that in 2006 and 2008.

Figure 4.6: Business closure rates



	2004	2005	2006	2007	2008	2009	2010	2011
Basingstoke and Deane	11.3%	10.0%	8.4%	8.0%	8.5%	11.3%	9.3%	8.7%
South East	11.1%	10.2%	9.4%	9.6%	9.1%	11.3%	10.2%	9.5%
UK	11.3%	10.5%	9.4%	9.8%	9.6%	11.8%	10.6%	9.8%

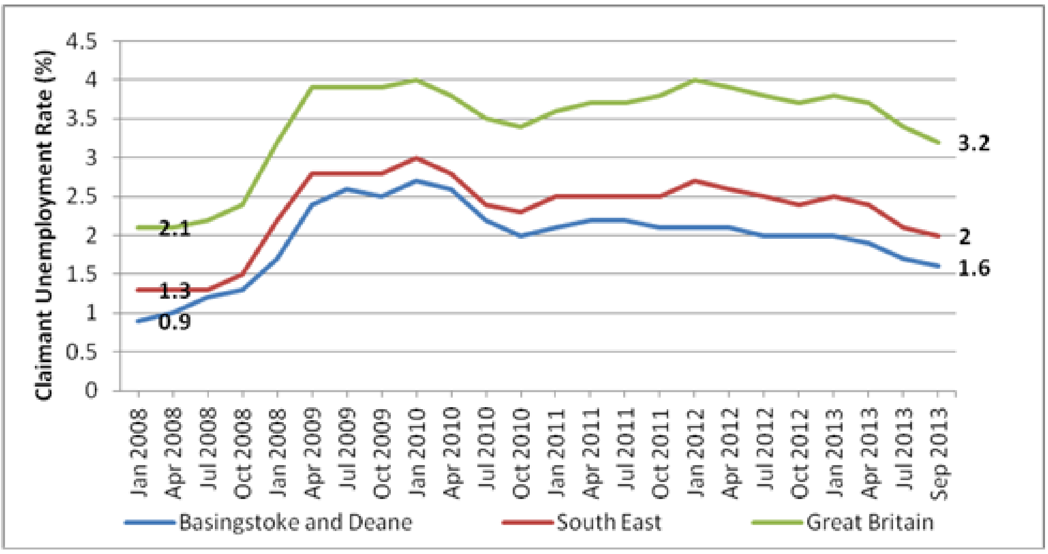
4.28 With the exception of 2009, a higher birth rate than death rate in the borough has meant that more businesses have started up than have closed each year. In the last eight years there have been well over 600-700 new businesses formed each year, in 2007 and 2008, well over 800 businesses and 805 in 2011. The number of business closures reduced significantly from 2006-2008 resulting in higher levels of net gain.

Labour Market

4.29 The borough's economic activity rate[6], the proportion of working age residents in or seeking employment, at 85.1% is higher than both the South East (79.7%) and national (77.3%) figures. This indicates that a relatively 'tight labour' market exists within the borough and that there may be limited scope to expand local labour supply from current residents. However, as housing developments continue to be completed, the borough's labour pool will increase.

4.30 Claimant unemployment trebled between January 2008 and January 2010 (increasing from 0.9% to 2.7%). However, the claimant rate has continued to decrease an in September 2012 was 1.6%, below the regional (2%) and national average (3.2%), a pattern that has prevailed historically (Figure 2.7). On the wider Annual Population Survey measure, the borough's unemployment rate is higher at 5.5%, although this also remains below both the regional rate (6.2%) and that of Great Britain (7.8%).

Figure 4.7: Claimant unemployment January 2008 – September 2013



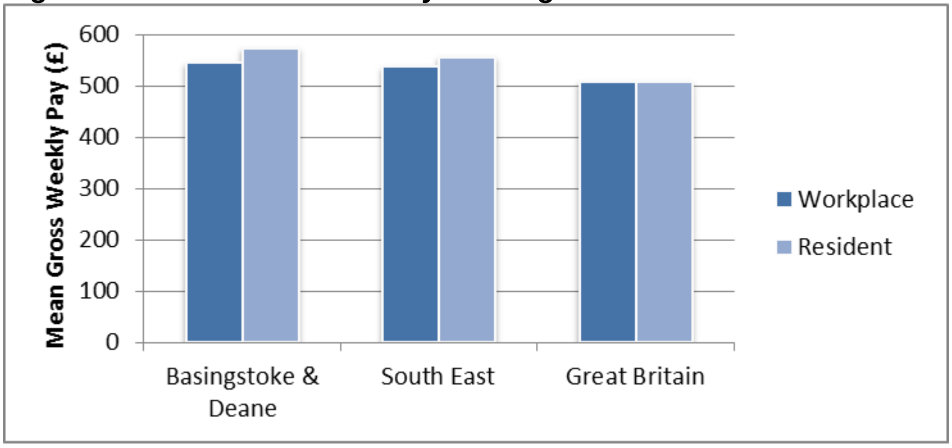
4.31 The borough's resident workforce has higher than average skill levels when compared to the South East region as a whole, with a higher proportion of graduate level workers (38.5% compared to 36.8%) and a low proportion with no qualifications (6%). The occupation profile of its workforce is broadly in line with the regional average but with slightly higher proportions of highly skilled occupations (SOC groups 1 to 3), but also higher proportions of lower and unskilled manual workers (SOC groups 8 to 9).

[6] ONS Annual Population Projection Data (Jul 2012-Jun 2013)

4.32 Turning to earnings in the borough, Figure 4.8 below sets out the earning of those residing and working in the borough. Driven in part by out-commuting to London and other major economic centres such as Reading, resident wages in Basingstoke and Deane (at £573 per week) are 9.4% and 12.8% higher than the South East and national averages respectively.

4.33 However, residents who work in the borough earn less, with workplace wages (at £543 per week) are 5.7% and 7.2% higher than the South East and national averages respectively.

Figure 4.8: Mean Gross Weekly Earnings 2012



Source: Annual Survey of Hours and Earnings 2012

4.34 Basingstoke and Deane is characterised by generally low levels of deprivation, and is ranked as the 277th most deprived local authority area out of 326 in England, which places it well within the 20% least deprived areas in the country. However, this borough-wide profile masks significant variation within Basingstoke and Deane, with long term unemployment and worklessness remaining in pockets of deprivation with Basingstoke town.

Inward Investment

4.35 Basingstoke and Deane has been an economically successful borough in recent years. The borough is a centre of regional importance for employment, housing and culture, all of which must be encouraged as essential components of economic prosperity.

4.36 The council wants to drive economic prosperity by supporting business to innovate and create new jobs and encouraging residents to develop their skills. The Council Plan (2013-2017) identifies encouraging businesses to locate in Basingstoke by regenerating Basing View and other key business areas to create a modern image and more jobs as a corporate priority.

4.37 The Council continues to play a pro-active role in promoting the development of major sites and attracting investment to the borough, working in partnership the Local Enterprise Partnership in the area to bring sites forward and enable development. Recent examples of inward investment in the borough include:

- Network Rail establishing a £10million training and operations centre at Gresley Road in Basingstoke town.
- Waitrose / John Lewis seeking to establish a new store on the Western edge of Basing View.
- Sainsbury's investing to extend their existing storage and distribution centre in Basingstoke town.
- Bombay Sapphire establishing a gin distillery and visitor centre at Laverstoke Mill.

Functional Economic Area

4.38 Examining commuting flows can help in defining the functional economic market area of a particular local economy. The Census (2001) provides commuting data although more up to date information is available from the Labour Force Survey/Annual Population Survey. The latest release relates to 2011 although caution needs to be given to this data due to its small sample size.

4.39 In 2001, some 33% of Basingstoke and Deane working residents worked outside the borough indicating that the borough has a relatively self-contained labour market. In total, nearly 25,100 residents worked elsewhere, predominantly in the adjoining/nearby Districts of West Berkshire (27%) and Reading (9%). London also accounted for a significant proportion (13%) of all out-commuting from the borough and although the capital is beyond the borough's immediate functional economic area, this significant out-flow means that the borough maintains strong economic links with London. At the same time, a significant number of workers commute into Basingstoke and Deane, predominantly from adjoining districts. It is important to note that the level of out commuting to in commuting in the borough were near balanced in 2001, with a commuting ratio of 1.03. This indicates that there is a small net outflow of commuters.

Figure 4.9: Percentage of in and out commuters - Basingstoke and Deane (Source: 2001 Census and 2011 Annual Population Survey)

	2001 Census		2011 APS	
	Percentage*	Percentage*	Percentage*	Percentage*
West Berkshire	8.5%	27.1%	3.1	10.7
London	6.5%	13.0%	1.8	8.9
Hart	10.3%	9.1%	4.2	3.2
Test Valley	9.2%	4.1%	0.5	2.6
Reading	3.4%	8.9%	2.6	7.3
Winchester	7.3%	3.9%	1.7	0.4
Wokingham	4.0%	4.2%	1.1	0.5
East Hampshire	5.8%	2.0%	1.9	2.6
Rushmoor	3.6%	3.9%	3.6	1.4

*as a % of all in-commuters to the borough

4.41 The main net outflows of commuters are to West Berkshire, London and Reading. According to the 2001 Census, those going to West Berkshire are more likely to work in the public sector, real estate and business services whilst most of those going to Reading tend to work in financial intermediation. The main net flows of workers come from the Test Valley and East Hampshire. The borough attracts people to work in its manufacturing sector.

4.42 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 structure of the economy. It also confirms that the borough has a pool of qualified labour to draw from.

Conclusions

4.43 Drawing together the above analysis, the borough's economic strengths and weaknesses, together with potential opportunities and threats, will influence future demand for employment space are summarised in Figure 4.10.

4.44 The borough has recorded significant job growth between 2001 and 2011 (7500 jobs[7]), outperforming both regional and national trends, and has an economy that has proved relatively resilient through the economic downturn and periods of recession.

4.45 The boroughs economy is characterised by above average Gross Value Added (GVA) per worker) which could be explained by the diverse range and

[7] BRES data (2001-2011)

balance of businesses in the borough, including advanced manufacturing and ICT; financial/business services; logistics/distribution and environmental technologies.

4.46 The borough's residents hold higher than average workforce skills and occupations, and economically activity rates remain high and unemployment rates low compares to the national average. Resident earnings are higher than workplace earnings, which is not unexpected given the level of out-commuting to other commercial centres (specifically London).

4.47 In light of the above, deprivation remains an issue in parts of the borough, specifically within the some wards within the Basingstoke town urban area.

Figure 4.10: SWOT Analysis of the Basingstoke and Deane Economy

Current Strengths / Opportunities	Current Weakness / Threats
• Strong employment growth • High economic activity and labour market participation, low unemployment • Above average business formation rates • Higher than average skills • Diverse business base • Relatively high productivity measured by GVA • Good transport links to London • Attracted inward investment despite economic conditions • Competitive cost base	• Competition from other centres • Localised pockets of deprivation • Relatively tight labour market • Relatively high out-commuting of higher skilled / higher paid residents

Overview of Employment Space

5.1 This section provides an overview of the current stock of employment space in Basingstoke and Deane and adjoining districts, and recent trends and changes to the supply of this space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses:

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

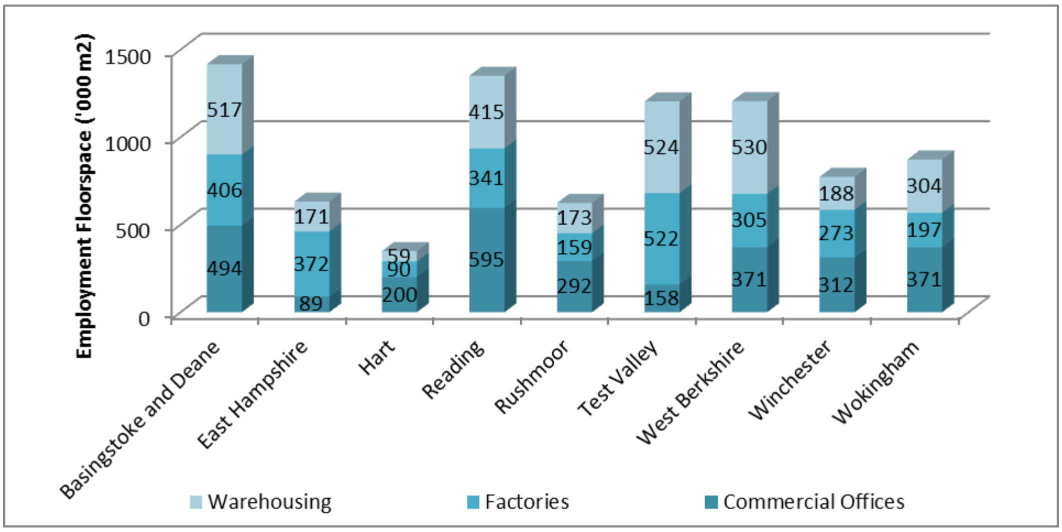
5.2 This analysis is based on data from the following sources:

- Commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Hampshire County Council's monitoring data on commercial space; and
- Estates Gazette Property Link database and other commercial property sources.

Current Stock of Employment Space

5.3 In 2008, Basingstoke and Deane contained some 1,417,000 sqm of B class floorspace. A breakdown of this space by main uses, and a comparison with employment space levels in nearby districts, is shown in Figure 5.1.

Figure 5.1: Employment Floorspace by District ('000 sqm)



Source: Valuation Office 2008

5.4 Figure 5.1 demonstrates that the borough has the greatest level of employment floorspace compared to its neighbours and other competing economic centres such as Reading. The data also demonstrates that the borough has a relatively balanced mix of employment floorspace by type when compared to other neighbouring authorities, demonstrating the wide range of businesses sectors that are represented in the borough.

5.5 The borough's office stock is predominantly concentrated within the Basingstoke town urban area, while factory and warehousing space is clustered around Basingstoke town urban with some units located in rural areas. In contrast, workshop and business unit space tends to be dispersed more evenly across the borough, with sites in the smaller settlements such as Whitchurch and Tadley, and also on more rural sites.

5.6 Commercial office space in Basingstoke and Deane increased by 5.3% over the 10 year period 2002-2012 according to published VOA data (Figure 5.2), compared with 12.3% average for eight authorities with strong economic linkages to the borough. In contrast Figure 5.3 shows that total industrial space also grew by just over 9.1% over the same period, compared with just 5.5% average for eight authorities with strong economic linkages to the borough, possibly reflecting the strong representation of industrial sectors within the boroughs economy.

Figure 5.2: Change in Office Floorspace (2002 – 2012)

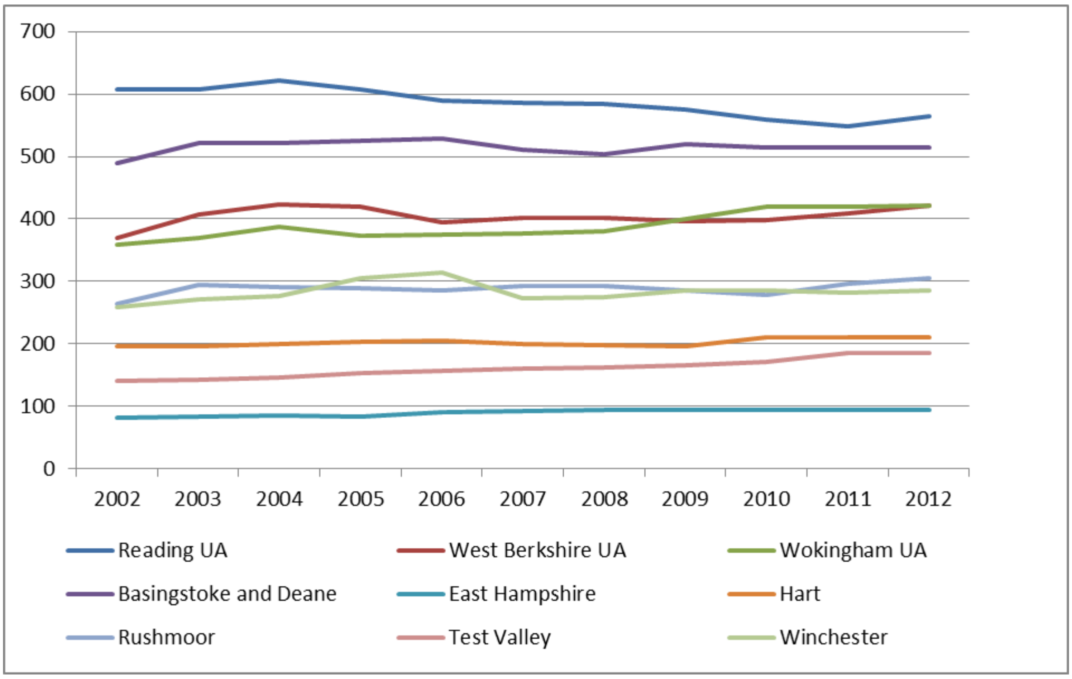
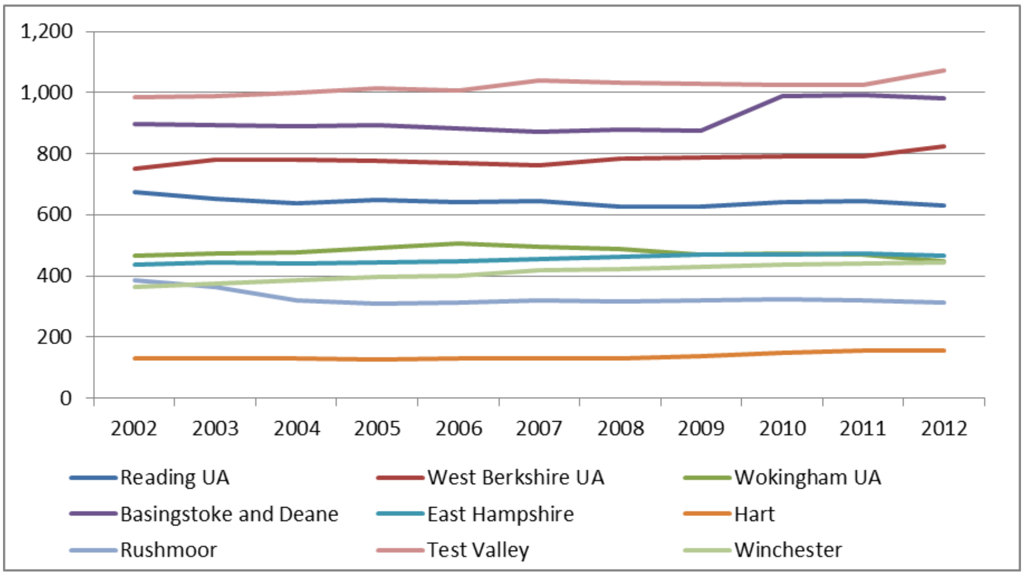


Figure 5.3: Change in Industrial Floorspace (2000 – 2012)

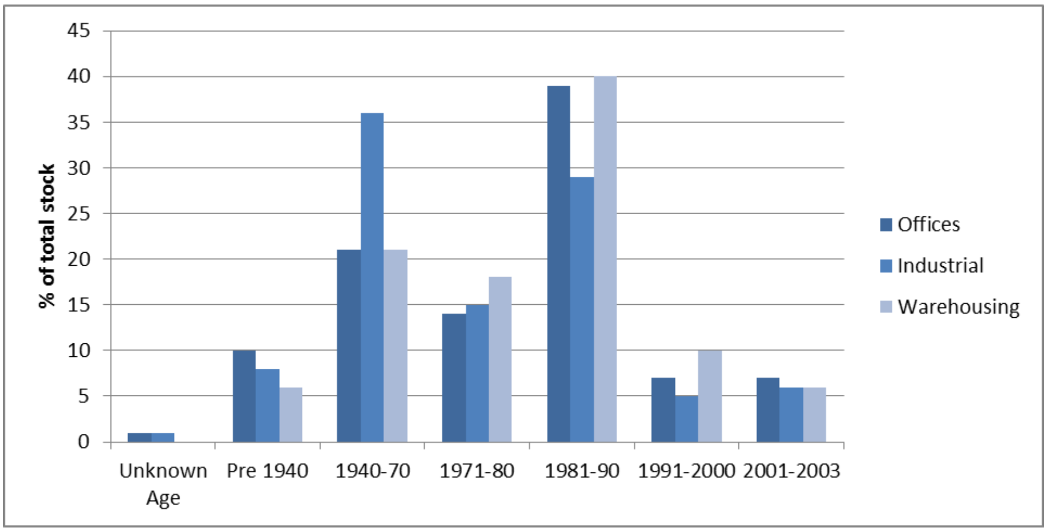


Age of Premises

5.7 Although only covering the period up to 2003, ONS data on the age of premises provides a useful indication of the age of stock in the borough. The data (presented in Figure 5.4) demonstrates that a significant proportion of the boroughs employment premises were constructed between 1981 and 1990.

- Office: the boroughs office stock predominantly originates from the 1980's (39% of stock) with approximately 15% of stock being built between 1991 and 2003.
- Industrial: a sizable proportion of the stock was built between 1940 and 1970 (36%), although the decade 1981-1990 accounts for a sizable proportion of the stock (29%).
- Warehousing: A significant proportion of the Borough's warehousing stock originates from 1981 onwards (56%).

Figure 5.4: Age of premises in Basingstoke and Deane



Source: Office of National Statistics 2003

5.8 The industrial stock is widely distributed around Basingstoke Town, with a number of established employment areas predominantly catering for the industrial / storage and distribution sectors.

Vacant Floorspace

5.9 A historic view of vacancy levels in Basingstoke and Deane borough from Valuation Office Agency data indicates local vacancy of employment space was above normal market rates in 2004/05, at 12% compared with a regional rate of 8%.

5.10 A review of the Enterprise M3 Commercial Property Market Study (2013) provides some useful information on the current vacancy levels across the Enterprise M3 and how these compare to other local authorities within the EM3 LEP. The study goes on to assess 101 larger employment sites across the LEP area.

5.11 The key findings from the study relevant of the borough for office and industrial stock (includes both industrial and warehousing uses) is detailed below:

Office

- The borough has the highest amount of available office space in the EM3 area at 144,015 sqm.
- The borough has an office vacancy rate of 28%.
- The borough has 36.6% of the available office stock in the Hampshire EM3 area and 16.8% of the available office stock in the wider EM3 area (includes some Surrey Authorities.

5.12 The Commercial Agents Forum highlighted how that prior to 2009, in the region of 150,000 sq ft off office space was let/sold to new occupiers in any one year. The impact of the economic downturn has been that over the past twelve months lettings / sales of office floorspace in the borough have been between 35,000-40,000 sq ft. Whilst the economic downturn is a key driver behind these reductions, it was highlighted that with there being so much choice of vacant office floorspace for prospective tenants both within Basingstoke and Deane but also the wider Enterprise M3 area, demand is for the best quality stock.

5.13 This is a key threat for Basingstoke as there is a distinct shortage of Grade A office stock in the borough and new stock is required for the long term economic benefit of the town. The agents noted that whilst good quality grade A office stock in the town can achieve £18-19 per sq ft, on more peripheral locations or in lower grade stock rents of £5 per sq ft can be achieved.

5.14 This lack of quality office floorspace needs to be addressed as both established companies in the town and potential investors cannot find office accommodation that meets their needs and as a result they are relocating to rival office locations in neighbouring authority areas (e.g. Reading and Farnborough) where vacant quality office stock is available.

5.15 As noted above, Basingstoke and Deane's competitive rent levels mean it is an affordable location for businesses seeking lower grade office stock, in part due to the oversupply this type of stock and competition between landlords for prospective tenants. This is having an impact upon the owners of lower grade office stock as the rent and yields generated from the stock are so low that such properties are becoming increasingly uneconomic to run.

5.16 Given the 'oversupply' of lower grade office buildings in the borough this may encourage the redevelopment of some office premises for alternate uses. Such proposals would reduce the supply of lower grade stock and potentially increase rent levels and yields on the stock that remains, thus encouraging investment through refurbishment (where feasible and viable). In addition, a reduction in the amount of vacant lower grade office space may assist in improving the image of the town as a location to invest. As part of the Council's commitment to regenerating Basing View, 3 obsolete office buildings totalling 16,250 sqm of floorspace have been demolished since 2010 to provide development plots to deliver the emerging Masterplan for the site.

5.17 However, the relatively low rent levels being achieved for low grade office stock in the borough and low levels of demand (demonstrated by transactions for such premises) is also a significant disadvantage for owners / developers seeking to invest in upgrading / refurbishing such office stock in the borough as the potential yields (returns on investment) that could be achieved are relatively low. The position for Grade A stock is different with quality premises in the right locations attracting rents up to £19 sq ft. However, accessing financing for such schemes remains difficult with lenders tending to require a 'pre-let' of any building before finance is approved.

Industrial Stock

- The borough has second largest local authority in terms of industrial space available with 79,952 sqm.
- The vacancy rate for Basingstoke and Deane is within the normal range at 8%.
- The borough has 27.2% of the available industrial stock in the Hampshire EM3 area and 16.7% of the available industrial stock in the whole EM3 area

5.18 The common benchmark for vacancy rates considered to be within a normal range is a figure of between 8% and 10% of the total built stock. This 'vacant supply' enables a degree of natural churn within the commercial property market and is essential for the functional operation commercial property market.

5.19 The above information indicates that the industrial component of the boroughs commercial property market is functioning much more effectively than the office component. This was explored with the Commercial Agents Forum where it was highlighted that despite the economic downturn there has been consistent strong demand for high quality storage and distribution accommodation in the borough, reflected by the fact that there is currently no available stock in excess of 50,000 sq ft (5,000 sqm) and that recent investments in modern B8 accommodation (i.e. Horizon at Kingsland Business Park) are fully occupied.

5.20 The Commercial Agents and council's economic development team acknowledged that they are receiving queries for industrial premises and land in the borough, with the majority of queries being for distribution floorspace in the region of 50,000 sq ft to 100,000 sq ft, although there is demand for units providing over 250,000 sq ft. It was noted that one commercial agent has received in excess of 20 queries for such premises over the past year and that they also received queries for larger storage and distribution premises of up to 400,000 sq ft.

5.21 It was noted that some of the existing industrial and distribution sites are not well developed (in part due to piecemeal development) and are over developed in places which is preventing businesses from expanding. It was noted that Basingstoke is a highly desirable location for distribution uses due to its quality transport connections and accessibility, even when compared to competing centres such as Reading.

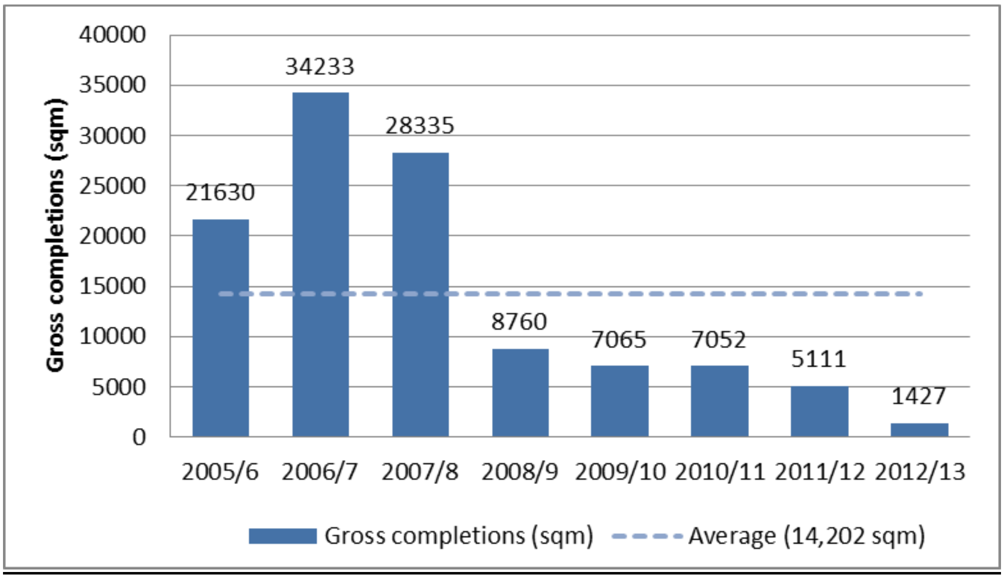
5.22 The Commercial Agents considered that the lack of available allocated employment sites suitable for industrial uses (with specific reference to Storage and Distribution uses) was constraining the growth of the logistics sector and therefore hindering the long term growth potential of the borough economy.

Development Rates

5.23 Past development rates provide a useful indication of the amount of employment floorspace that has been completed in the borough over recent years. The data presented in figures 5.5 and 5.6 are based on annual monitoring data collected by Hampshire County Council. The time series does not go back further than the monitoring year 2005-2006 due to changes in the methodology that took place prior to the 2005 data being collected.

5.24 Figure 5.5 below displays the gross completed employment floorspace over an 8 year monitoring period and indicates the average completion rate over the same time period (14,202 sqm). The data demonstrates how floorspace completions in the borough peaked in the monitoring year 2006-07 when 34,233 sqm of employment floorspace was completed and available for occupation. The data also indicates that significant impact that the economic down turn has had upon the completion of employment floorspace in the borough, with a significant decline evident between 2007/08 and 2008/09 which has continued.

Figure 5.5: Gross completed employment floorspace April 2005 – March 2013

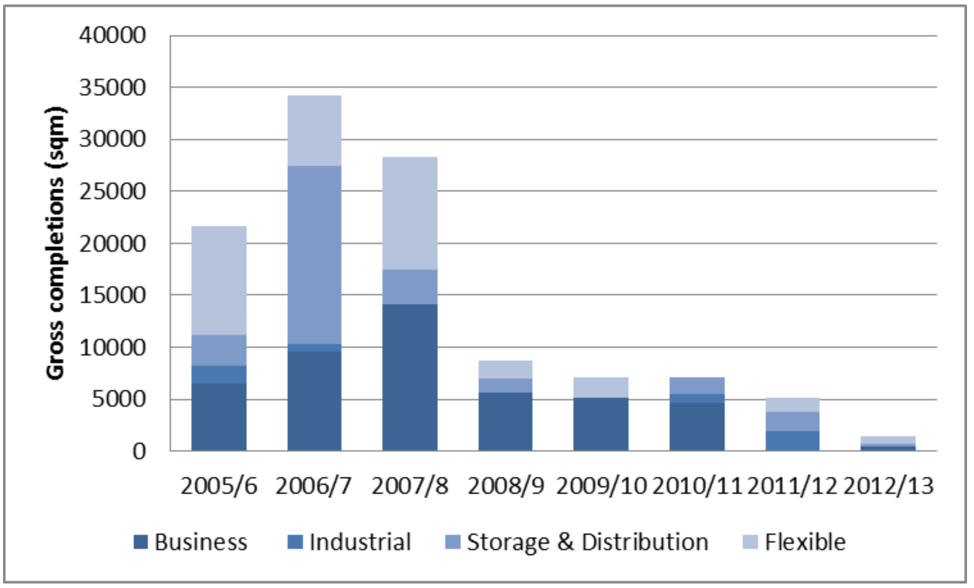


Source: HCC Monitoring data / BDBC analysis

5.25 Whilst figure 5.5 provides a useful analysis of the total amount of employment floorspace completed between 2005 and 2013 it does not provide a breakdown of the types of employment floorspace completed. Therefore, figure 5.6 provides this breakdown which demonstrates that during the period of strong economic growth (monitoring years 2005/06 to

2007/08) a variety of floorspace was completed, with significant amounts of business floorspace[8] and flexible floorspace[9].

Figure 5.6: Gross completed employment floorspace by type April 2005 – March 2013



Source: HCC Monitoring data / BDBC analysis

5.26 To put the data presented in Figure 5.6 into perspective over the 2005/06 to 2012/13 monitoring period the floorspace can be broken down into the following:

Floorspace type	Proportion of completed floorspace between 2005/06 and 2012/13	Gross Average Annual completion rate between 2005/06 and 2012/13 (sqm)
Business (B1a & B1b)	40.7%	5,774
Industrial (B1c & B2)	4.6%	649
Storage & Distribution (B8)	25%	3,546
Flexible (B1-B8)	29.8%	4,233

Source: HCC Monitoring data / BDBC analysis

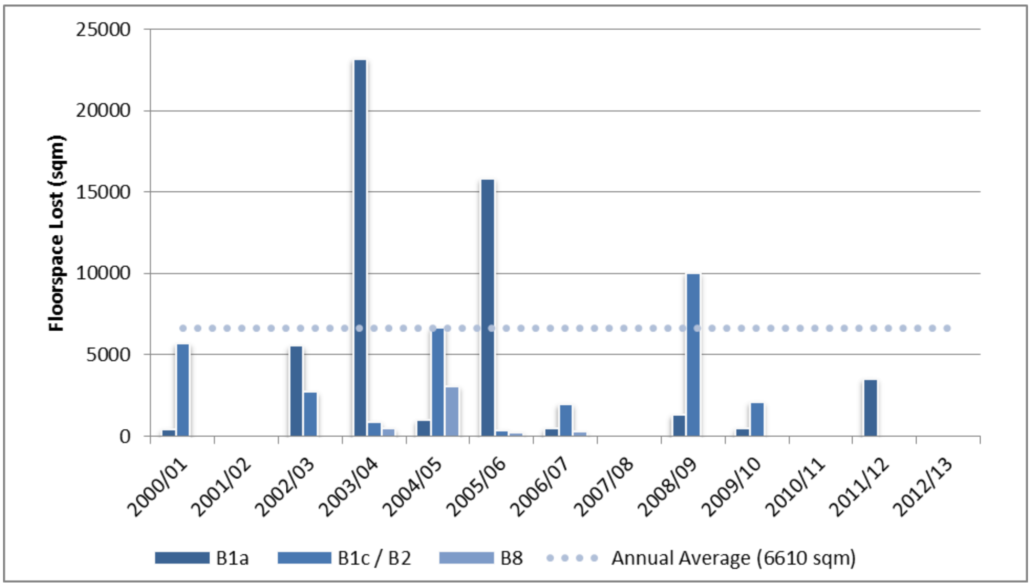
5.27 The data demonstrates that there has been limited gross completions of industrial floorspace in the borough over the monitoring period, reflecting the decline in the manufacturing sector that has occurred in recent years. During the period of strong economic growth (up until 2007/08), there were significant completions of flexible floorspace which generally replaced obsolete employment floorspace.

[8] Business Floorspace includes B1a offices and B1b Research and Development
[9] Mixed floorspace (B1 – B8 use classes permitted)

Losses of Employment Space

5.28 Hampshire County Council monitoring data indicates that historic losses have varied considerably between 2000/01 and 2012/13. The monitoring year 2003/04 stands out as recording significant loss of office floorspace whilst there were substantial losses of industrial floorspace in 2008/09. The data shows that losses have declined since the 2006/07 monitoring year 06/07 which is most likely a direct result of the economic downturn and reduced demand for development land.

Figure 5.7: Loss of employment floorspace between April 2005 and March 2013



Source: HCC Monitoring data / BDBC analysis

5.29 The borough recorded an annual average loss of 6,610 sqm for the period 2000/01 -2012/13, with approximately 60% of losses being from B1a/b office uses, 35% from B1c/B2 factory uses and 5% B8 warehousing space. This loss of office space is in part due to the over-supply of dated office stock within the borough which has led to the demolition of some office buildings in the borough.

5.30 The loss of industrial floorspace reflects the decline that has been experienced in the manufacturing sector over recent years which has resulted in some dated industrial premises that were either obsolete or were best suited to a specific use, being lost to alternate uses such as residential and retail.

Supply of Employment Land

5.31 The supply of employment space in the borough's development pipeline comes from two key sources:

1. Local Plan Allocations: sites allocated for employment development under Policy EC1 of the Saved Basingstoke and Deane Local Plan (that have not yet been built out), and;
2. Existing permissions: other sites with outstanding planning permission (at March 2013).

Local Plan Allocations

5.32 The Basingstoke and Deane Local Plan (adopted in July 2006) allocated a site for industrial and business use through Policies EC2 and EC3. While the majority of these sites have been partially developed, a number of development plots (sites) forming part of the allocated sites have not been developed and remain undeveloped and available for future employment use. Figure 5.8 below provides details on the local plan allocations available at the end of March 2013.

Figure 5.8: Local Plan: Review (1996-2011) Employment Allocations

Settlement	**Site Name**	**Site Area (Ha)**	**Use Class**
Basingstoke	Basing View (five sites)	3.86	B1a / B1b
Basingstoke	Gresley Road Triangle	2.96	B1 - B8
Basingstoke	Viables Business Park	3.34	B1a / B1b
Basingstoke	Jays Close	0.65	B1a / B1b
Basingstoke (Chineham)	Chineham Park (including Hampshire International Business Park)	7.94	B1a / B1b
Basingstoke (Beggarwood)	Area N, Kennel Farm	2.42	B1a / B1b
Total		**21.17**	

5.33 Together, these six areas above have the potential to provide 21.17 ha of employment land with a significant proportion of the land available being allocated for B1a / B1b uses (i.e. offices and research and development), with only the Gresley Road Triangle being considered suitable for industrial (B2) and storage and distribution (B8) uses.

Other Sites with Planning Permission

5.34 Hampshire County Council monitoring data records the amount of employment space with outstanding planning permission (i.e. permissions that have not yet been started). For the purposes of this assessment, this source of supply has been identified as available to help meet future needs in the borough. In total, these permissions amount to 101,295 sqm of floorspace or 42.3ha of development land in net terms, as demonstrated by the findings in Figure 5.9.

Figure 5.9: Unimplemented Planning Permissions (March 2013)

B Use Class	**Un-implemented Planning Permissions**	
	Sqm	Ha
Business (B1a & B1b)	13,138	8.72
Manufacturing (B1c & B2)	19,809	9.10
Warehousing (B8)	62,348	19.58
Flexible use (B1-B8)	16,000	4.9
Total	**101,295**	**42.3**

Note: Outstanding planning permissions exclude the Local Plan Allocations detailed in Figure 5.6 to ensure no double counting of available employment floorspace.

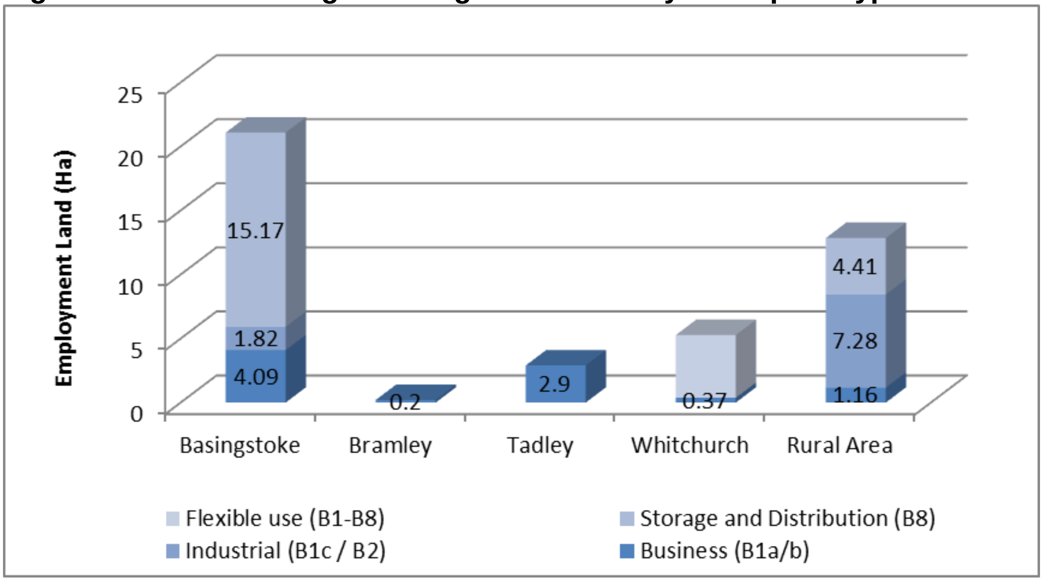
5.35 The extant planning permissions detailed in Figure 5.9 above are distributed across 25 sites in the borough, with ten of the sites being located within the Basingstoke town urban area.

5.36 One of the sites with extant planning permission is designated as flexible employment use (B1-B8). This site of 4.9 Ha which makes up approximately 12% of the total land available from outstanding planning permissions.

5.37 Figure 5.10 below visually presents the distribution of employment land across the borough, highlighting that whilst Basingstoke town accounts for 68.7% of all the extant employment land in the borough, the settlement of Whitchurch (12.5%) and the wider rural area (30.4%). Out of the 25 sites, fifteen are small sites (1ha or under).

5.38 It should be noted that there is no guarantee that these permissions will be implemented and brought forward for employment use over the plan period, specifically in light of the economic conditions which have constrained the availability of finance available to developers to invest in commercial property.

Figure 5.10 Outstanding Planning Permission by floorspace type and location



Summary

5.39 Together, these sources of available supply amount to just over 66.65 ha of employment land that is available for development, as summarised in Figure 5.11.

Figure 5.11: Available Employment Floorspace in Basingstoke and Deane in March 2013

Source	**New Employment Floorspace (ha)**			
	Office and Light Industrial	Industrial (B1c / B2)	Warehousing (B8)	Flexible (B1-B8)
Local Plan Allocations	18.21	---	---	2.96
Other sites with Planning Permission	8.72	9.10	19.58	4.9
Total	**26.93**	**9.10**	**19.58**	**7.86**

5.40 The data presented in Figure 5.11 demonstrates that there is a strong supply of employment land available for office and research and development uses (B1a and B1b) uses in the borough with up to 26.93 ha of land being available. This supply is split between un-implemented local plan allocations (which account for approximately 65% of the supply) and extant planning permissions.

5.41 For Industrial uses (B1c and B2) there are no local plan allocations that have yet to be developed. However, there is a potential supply of 9.10 hectares of land through un-implemented permissions, although the vast majority of this land (over 80%) is located outside of defined settlement policy boundaries and is located in the borough's rural areas.

5.42 For storage and distribution (B8) there is no land available specifically for this use through local plan allocation sites that have yet to be developed and what appears to be a good supply of land available through extant planning permissions (18.58 ha). However, it is important to note that a significant proportion of this land supply is made up by a single development. The Reality Check section below discusses this in more detail.

5.43 Flexible (B1-B8) land accounts for just over 12% of the overall employment land supply from local plan allocations and un-implemented planning permissions. Flexible permissions means that the site is considered suitable (subject to satisfying relevant planning policies) for any of the traditional B class uses, or potentially a mix of uses.

5.44 To conclude there appears to be a healthy supply of employment land for office and light industrial uses and a good supply of land for storage and distribution uses, however the availability of land for industrial uses is more constrained. Given the time that has lapsed since the monitoring data was produced the following section provides a reality check on the supply of sites detailed above.

Reality check

5.45 The above data is based on monitoring data for the year April 2012 – March 2013. Since this time a number of development proposals have been approved or have progressed, impacting upon the land supply data contained in Figure 5.8. Figures 5.12 and 5.13 set out details of a consented planning application and a planning application that is pending determination that have or will reduce the available land supply.

Figure 5.12: Permissions on Local Plan allocation sites

Site Name	Allocated Use	Permitted use	Allocation land area	All of site developed	Development land remaining
Gresley Road Triangle	B1 – B8	B1 / Sui Generis use	2.96	No	None*

*a small area of land (approximately 2ha) will not be developed as part of the proposal. The long term intention for this site is for it to provide car parking to support the regeneration of Basing View.

Figure 5.13: Proposed changes of use at Local Plan allocation sites

Site Name	Allocated Use	Proposed use	Allocation land area	All of site developed	Development land remaining
Basing View – Site Number 1	B1a / B1b	Retail / Hotel	0.90	No#	None#

This site forms part of the land area that is likely to be developed for a John Lewis / Waitrose Store at Basing View. The remaining land area is likely to be developed for a hotel use in the future.

5.46 Turning to the identified supply of B8 floorspace through un-implemented planning permissions, it is important to note that since the collection of annual monitoring data in March 2013, one of the applications that contributed substantially towards the identified supply (accounting for 15.1ha) is currently being developed to enable an existing occupier to expand their operations. Therefore, this additional floorspace will not be available to the market and will not contribute towards meeting identified future needs.

5.47 In addition, 5.7ha of land identified for industrial floorspace is currently being developed to enable an existing occupier to expand their operations. Therefore, this additional floorspace will not be available to the market and will not contribute towards meeting identified future needs.

5.48 In light of the above, the reality checked (actual) supply of floorspace available for B1-B8 development as of February 2014 is presented in Figure 5.14

Table 5.14: Available Employment Floorspace in Basingstoke and Deane in February 2014

Source	**New Employment Floorspace (ha)**			
	Office (B1a / B1b)	Industrial (B1c / B2)	Warehousing (B8)	Flexible (B1-B8)
Local Plan Allocations	17.31	---	---	----
Other sites with Planning Permission	8.72	5.4	4.48	4.9
Total	26.03	5.4	4.48	4.9

5.49 Table 5.14 indicates that there is approximately 40.8 ha of employment floorspace available to meet the needs of the borough's economy, 64% of this supply being in the form of office accommodation and sites, and approximately 5ha provided for the industrial and warehousing sectors, and as flexible floorspace. The data indicates that there are a limited number of sites available for the industrial sector (light industrial, industrial and storage and distribution) uses which could be constraining the growth of industry sectors requiring modern / bespoke industrial and warehousing accommodation in the borough.

Employment Space in adjoining areas

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

5.51 A brief review of Employment Land Reviews has therefore been undertaken of our neighbouring authorities with the findings detailed. Figure 5.1 summarises the amounts of B class employment floorspace in these neighbouring authority areas relative to Basingstoke and Deane.

East Hampshire

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

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

Industrial

5.54 East Hampshire district continues to represent a reasonably strong industrial location, reflecting its proximity to major transport routes, good rail links to London and a good local labour supply. Despite the economic downturn, demand remains steady for industrial premises in the District mainly for light industrial and small-scale distribution activities. Industrial vacancy rates at 9% are currently below the normal market average, while a lack of larger scale industrial premises means that East Hampshire is unable to retain many of its indigenous firms within the District as they grow and expand.

5.55 In terms of quantitative requirements, the Employment Land Review identifies a modest positive requirement for industrial floorspace under all three scenarios considered, ranging from 52,710sqm to 136,930sqm. The study notes that this potential shortfall is supported by qualitative market feedback which indicates that the District requires more industrial space to accommodate indigenous growth and enable the necessary churn and upgrading/intensification of existing sites.

Office

5.56 The office market in East Hampshire is relatively small and localised, lacking the critical mass to attract and sustain larger office occupiers, particularly in light of strong competition from nearby established centres, including Basingstoke.

5.57 The District is expected to see reasonably strong office job growth over the plan period, and in quantitative terms, the District would appear to have sufficient office floorspace to meet business needs under all scenarios of future growth.

Hart

5.58 Hart commissioned a joint Employment Land review with Surrey Heath and Rushmoor which was published in November 2009. The report concludes that Hart has a particularly high concentration of jobs in financial / business services and transport & communications with lower proportions in public services, manufacturing and distribution.

5.59 The study forecasts that there will be strong growth in the Business / Financial services sector and some growth in the Distribution sector, whilst there will be a small decline in manufacturing jobs.

5.60 Hart has some office space in Fleet town centre, a number of small business parks such as Bartley Wood Business Park in Hook, Waterfront Park in Fleet, Ancells Farm and Sandy Lane, and a range of small industrial estates such as the Blackbushe estate.

5.61 The report notes that in April 2009 there was 88.5 ha of employment land was identified as available for development for employment uses. The majority of this comprises land at Pyestock (47.5 ha), of which a large part of which has been granted permission storage and distribution (B8) development.

5.62 In March 2011 Hart District Council published a District Profile which states that the District has an abundance of older, unattractive, employment sites and premises. Levels of industrial vacancy are generally low, but office vacancy rates are quite high. The view is that there is enough office space (albeit of poor quality) to meet future demand, but there may be a shortfall in terms of provision of industrial sites and premises.

Test Valley

5.63 The Test Valley Employment Land Update (October 2013) sets that employment in Test Valley is forecast to increase over the period (2011-31) by some 6,000 jobs, which averages out at around 300 jobs pa over the 20 year period.

5.64 The sectors that account for the largest share of growth are the business services sector which accounts for almost half of all job growth and the distribution and retail sector. Manufacturing employment is projected to decline by 1,550 jobs. This pattern of sectoral change means that there will be a substantial requirement to re-provide business premises, with a growing requirement for offices (B1) and warehouses (B8), and a reduced requirement for traditional industrial buildings (B2).

5.65 The study states that to accommodate the anticipated level of job growth, there will be a requirement for between 35,250 and 76,400 sq m of additional floorspace development. The higher figure assumes that there is no re-use of employment land released by the reduced requirement for B2 land, while the lower figure would be associated with all employment land released by the falling requirement for B2 land is redeveloped.

5.66 The ELR recommends that a 10,000 sq m pa planning target should be implemented which compares with the forecast based on anticipated employment growth. Assuming that take up averages out at 10,000 sq m pa, existing planning consents would cover almost the full requirement in Test Valley for the plan period, before drawing on the 19 ha of allocated land without planning consent for development. This would indicate that there is no need to allocate additional land for the general baseline level of employment requirements. The potential for redevelopment of redundant B2 premises and use of vacant employment floorspace provides a further buffer to absorb demand.

West Berkshire

5.67 West Berkshire’s Employment Land Review (May 2007) provides the following conclusions for the three main types of Employment Floorspace:

Office

5.68 B1 space there is insufficient supply to meet the maximum level of likely future requirements up to 2026. There is a potential shortfall of approximately 121,000 sq m;

5.69 Consultants consider that there is a clear economic rationale to retain the quantity of office floorspace, and subject to the monitoring of take-up of the existing supply, seek to encourage an increase in the quantity of office floorspace through the development control process in the longer term. The report recommends that the Council should look favourably on proposals to upgrade office stock in locations of market demand where stock is poor quality or outdated.

5.70 Should additional quantities of B1a office space be required, suitable locations would include areas of market demand and existing established locations such as Newbury/Thatcham and Theale.

Industrial

5.71 For industrial (B2) floorspace the forecast decline in demand for space means there is an excess of supply.

Distribution

5.72 There is sufficient quantity to meet the best estimate of future requirements (five to ten years worth of take-up), but over the longer term (up to 2026) there is potential for a small shortfall in requirements.

Winchester

5.73 The Winchester Review of Employment Prospects, Employment Land and Demographic Projections (August 2011) concludes that between 2009 and 2025 total employment in Winchester District is anticipated to grow by 7,580 jobs (11%) from 66,300 in 2009. The main generator of employment growth in Winchester is expected to be the Services sector, which is expected to generate an additional 8,010 jobs in Winchester to 2025 (an increase of 13%).

5.74 The study highlights that manufacturing is expected to continue to decline although this may under-estimate the potential of Winchester's manufacturing businesses to buck the national trend.

5.75 The analysis reveals a net additional floorspace requirement of 92,500 sq m in Winchester District from 2009 – 2031.

5.76 The study concludes that around half of the requirement for business space required up until 2025 could be accommodated within Winchester City which is more likely to be suited to B1a (office) business space than to other activities. The study implies that there is a case for the establishment of a new knowledge based business park within the District.

Chapter Conclusions

5.77 Basingstoke and Deane provides a mixed supply of employment floorspace and contains a larger supply of total employment floorspace than neighbouring districts with the exception of Reading.

5.78 The borough has seen moderate levels of development between 2005/06 and 2012/13, with the economic downturn significantly reducing the rate of completions. The majority of completions over this period were for office based uses (circa 41%), with flexible permissions accounting for circa 25%.

5.79 The borough has an aging stock of employment floorspace and an identified lack of modern business premises. Vacancy rates for office floorspace is currently at 28%, significantly higher than the normal vacancy rate of 8-10%. In contrast the industrial property market experiences vacancy rates of 8% which is within the functional market norm, suggesting a tight supply relative to demand.

5.80 The supply of employment space in the boroughs pipeline equates to 63.5ha, of which 21.2 ha consists of Local Plan allocations that remain undeveloped. The remaining 42.3ha of supply comes from un-implemented planning conditions. This supply is mostly concentrated in Basingstoke Town, although windfalls in rural areas make a valuable contribution.

5.81 The employment land requirements of the borough's neighbouring authorities have been assessed. This has identified that East Hampshire, West Berkshire and Winchester are seeking to allocate additional land for employment uses to meet their forecast needs, whilst Hart and Test Valley consider they have sufficient supply to meet their future needs.

The Basingstoke and Deane Commercial Property Market

6.1 This section describes the current property market conditions in Basingstoke and Deane and its relationship with neighbouring authorities and the wider Enterprise M3 Local Enterprise Partnership area, including recent trends in the demand and take up of commercial property in the borough. These findings are based on published data, desk based research and discussions with commercial property agents that are active in the local area.

Overview

6.2 The commercial property market in the UK is continuing to recover from the impacts resulting from the financial crisis of 2007/08 and the ensuing economic downturn. Falls in the capital value and rental levels of commercial premises combined with more restrictive lending from banks and the abolishment of empty property tax relief have significantly impacted upon the viability of commercial property development, with significant reductions in speculative development that was prevalent prior to the economic down turn.

6.3 There are differing views as to how the commercial property market will evolve over the Local Plan period, although a reduction in demand for B1 (office) floorspace is evident as organisations have consolidated and reduced their head counts in response to the economic downturn and organisations are now using the floorspace they have more effectively by encouraging ‘hot desking’ and remote working.

Market Geography

6.4 Basingstoke and Deane has a relatively localised and self contained commercial property market, although there are strong linkages with Test Valley (LEP Study).

6.5 Employment floorspace is generally concentrated with the town of Basingstoke, although there are range of small to medium sites in the settlements of Whitchurch and Tadley, in addition to some rural business space contributes to the borough’s supply of employment floorspace.

6.6 The Borough is home to a wide range of firms in a range of sectors as demonstrated by the list below:

Office based HQ / Corporate Headquarters

- Motorola
- Sony
- The AA
- AXA Wealth

Advanced Manufacturing

- Thales
- De la Rue

- Capricorn Automotive
- Chas A Blatchford & Sons

General Manufacturing

- Luxonic
- Inductotherm
- Mars Drinks
- Labcold

Storage and Distribution

- Sainsburys
- Fyffes
- Game
- Parcelforce

6.7 Basingstoke and Deane benefits from good connectivity, with the Basingstoke town having excellent strategic highway access being served by junctions 6 and 7 of the M3, and having good connectivity to neighbouring commercial centres including Reading (via the A33) and Newbury (via the A339).

6.8 Basingstoke Town is well connected by rail, being served by the South Western Mainline, West of England Main Line and Cross Country Services providing frequent direct services to London Waterloo and other economic centres including Exeter, Southampton, Birmingham and Manchester.

6.9 The settlement of Whitchurch is also served by the West of England Main Line which provides hourly services to London and Salisbury.

Office Market

6.10 The office market across Basingstoke and Deane is well established, with a strong concentration of office stock within Basingstoke Town. Vacancy levels have historically been higher in the borough than neighbouring authority areas.

6.11 Much of the borough's supply comes from business parks built from 1970's onwards and as a result the local office market will continue to battle with the substantial over-supply of secondary space, with owners exploring alternative uses and conversions. This second hand space in peripheral office locations can be let for £5 per sq ft. In contrast the lack of Grade A floorspace (approx 2% of supply) is maintaining headline rents at between £17 and £20 per sq ft.

6.12 The significant supply of vacant floorspace is of potential benefit to prospective tenants, who given the economic uncertainty are increasingly commanding flexible leases with short-terms and regular breaks. This is enabling businesses to review their property requirements more regularly, but can also mean that business regularly move both within the borough, or to competing centres to obtain property that best meets their needs.

Industrial Market

6.13 The borough's industrial property market is predominantly concentrated in Basingstoke Town and dispersed across a number of sites which are well occupied and experience low vacancy rates, despite the economic downturn.

6.14 Basingstoke Town benefits from good access to the strategic road network (including the M3) for businesses in the manufacturing and storage and distribution sectors.

6.15 Recent research produced for the Local Enterprise Partnership (Enterprise M3) identifies the importance of the industrial and warehouse property market will continue to be the best performing sector once more, particularly with regard to modern stock which is ensuring that strong rental levels (and yields) are being achieved.

6.16 Vacancy levels are within the normal range at 8% despite the overall quality of the borough's stock. There are no un-implemented Local Plan allocations that can contribute towards increasing the supply of land to meet the needs of sectors requiring industrial and warehousing floorspace and land.

Provision for start ups / small businesses

6.17 The borough provides a range of accommodation to support business start ups and small businesses which make a valuable contribution to the borough's economy.

6.18 The borough contains a number of small office suites (serviced offices) to support businesses requiring such floorspace which is predominantly located in Basingstoke Town. Examples include the Innovation Centre at Basing View, Basepoint Business Centre, Regus and Worting House. In addition, smaller office provision is available outside of Basingstoke Town, for example at Campbell Court in Bramley.

6.19 Small industrial units are crucial to the local economy and the borough's established employment areas contain a number of premises suitable for SME's requiring industrial floorspace. Examples include, Bear Lion Court, Eagle Court and Moniton Trading Estate.

Review of Employment Sites Portfolio

7.1 This section summarises the characteristics and quality of existing and allocated employment sites in the borough and their suitability to meet future employment development needs.

7.2 A total of 19 employment sites were assessed amounting to approximately 356 ha in total area. These sites compromise the borough's main established employment areas and the majority of these sites are allocated as employment land within the Basingstoke and Deane Local Plan (2006). Not all employment sites within the borough are included.

7.3 The sites assessed, there main B use and the site area are detailed in Figure 7.1 below. The maps showing the locations and boundaries of these sites can be found in Appendix 3.

Figure 7.1: Portfolio of Employment Sites

Estate / Employment Area	Main B use	Size of site (approx. ha)
Houndmills	Industrial	86.7
Land North of Daneshill East	Industrial	51
Viables	Office	40
Chineham Business Park	Office	33
Hampshire International Business Park	Office	26
Daneshill East	Industrial	24
Daneshill West	Industrial	21.5
Basing View	Office	21
Brighton Hill	Industrial	15
West Ham	Industrial	12.8
Whitchurch (Ardglen)	Mixed	4.1
Land South of Chineham Business Park	Mixed	4.0
Bramley (Campell Court)	Office	3.5
Beggarwood	Office	3.0
Hatch Industrial Park (Old Basing)	Industrial	2.5
Kingsclere	Office	2.4
Moniton	Industrial	2.4
Houndmills East	Mixed	1.8
Coronation Road	Mix	0.95
		355.6

7.4 Each of the above sites was visited to assess its suitability for employment use assessed against the criteria listed below:

- Prestige/ identity
- Prominence
- Public Realm
- Parking, internal circulation and servicing

- Local amenities (including public transport)
- Ease of access to strategic road network

7.5 The assessment also considered whether the sites offer local or inward investment potential and whether there is scope for the intensification of the site through more efficient use of land in the future.

7.6 It is important to note that the site assessment process does not provide a complete picture of a site’s role within the local economy or its suitability to meet the needs of local businesses. For example, a site’s importance to meeting the needs of particular business sector would be in important reason for retaining a site, even if it does not perform well against the site assessment criteria.

Findings

7.7 Overall, the assessment of the existing sites indicate that the borough contains a reasonable range of employment sites of differing type and quality, totalling just over 355 ha of land. Seven of the nineteen sites are office park locations and account for 129 ha of the total land area.

7.8 The assessment process identified five high performing, good quality sites (scoring 75% or above) on the 6 criteria which account for 58% of total supply (219 ha), thirteen average quality sites (42% of supply) and one sites being graded as low quality (less than 1% of supply). These broad categories of ‘good’, ‘average’ and ‘lower quality’ are intended to provide a broad indication of the overall quality of employment land supply in the borough rather than a comparison of one site against another.

7.9 From the assessment in conjunction with the findings of section 3 it is evident that there is a reasonable quantity of undeveloped land within existing employment areas (specifically the established office / business park locations) which will be able to accommodate additional office, light industrial and research and development floorspace to meet future needs. There is a limited supply of land within existing employment areas that could accommodate new industrial / warehousing uses.

7.10 The assessment identified five high performing sites (those scoring over 75% and highlighted green in Figure 7.2) and 13 sites that scored over 50% through the site assessment process (those highlighted yellow in Figure 7.2).

Figure 7.2: Employment Area Assessment Summary

Estate / Employment Area	Main B use	Size of site (approx. ha)	Score
Chineham Business Park	Office	33	54
Hampshire International Business Park	Office	26	51
Basing View	Office	21	50
Viables	Office	40	49
Houndmills	Industrial	86.7	46
Houndmills East	Mixed	1.8	44
Hatch Industrial Park (Old Basing)	Industrial	2.5	44
Beggarwood	Office	3.0	44
Kingsclere	Office	2.4	43
Land North of Daneshill East	Industrial	51	42
Brighton Hill	Industrial	15	42
West Ham	Industrial	12.8	41
Land South of Chineham Business Park	Mixed	4.0	41
Daneshill East	Industrial	24	41
Daneshill West	Industrial	21.5	40
Bramley (Campell Court)	Office	3.5	38
Whitchurch (Ardglen)	Mixed	4.1	36
Moniton	Industrial	2.4	33
Coronation Road	Mix	0.95	26
		355.5	

Summary of the Main Employment Areas

7.11 Figure 7.2 demonstrates that there are nineteen established employment areas in the borough which cover an area of 355Ha. A short summary of these sites is detailed below:

7.12 **Chineham Business Park –** is a well-established and attractive business park providing a campus style environment with low density development and high quality landscaping. There is a range of accommodation provided at the site, whilst this is predominantly office accommodation there are some industrial units. The site has good quality on site facilities including a fitness centre, nursery and restaurant. There are several development plots available at the site (see Figure 5.8) which could meet future demand for high quality office or research and development floorspace, and potentially industrial uses subject to a policy change in the emerging Local Plan.

7.13 The site is somewhat constrained by its single access point that it shares which can become congested at peak times, however there are proposals for a new railway station in Chineham which if implemented could improve the sites accessibility and desirability to businesses.

7.14 **Hampshire International Business Park** is a well-established and attractive business park providing a campus style environment with low density development and high quality landscaping. There is a range of accommodation provided at the site, including offices and some industrial providing accommodation for a large number of businesses. There are several development plots available at the site (see Figure 5.8) which could meet future demand for high quality office or research and development floorspace, and potentially industrial uses subject to a policy change in the emerging Local Plan.

7.15 The site is somewhat constrained by its single access point that it shares with Chineham Business Park which can become congested at peak times, however there are proposals for a new railway station.

7.16 **Basing View** – is an established business park location in a prominent edge of centre location. The site has excellent access to public transport (with the rail and bus stations being located in close proximity) and also excellent access to the Basingstoke Ringway. The overriding image of Basing View is that some of the older buildings are becoming obsolete. The regeneration of Basing View is a key opportunity to raise the profile of the town and attract inward investment through the delivery of a net gain in quality (grade A) office floorspace in addition to the refurbishment and replacement of aging office floorspace at this highly accessible and sustainable town centre location.

7.17 **Viables Business Park** – is an established business park in a prominent location (viable from the M3 Motorway) that houses a range of high profile occupiers including Sony, De La Rue and Motorola. The site is located approximately 2 miles from Basingstoke Town Centre and has little in the range of shared amenities, possibly as a result of the larger occupiers providing their own facilities for staff (e.g. canteen). The site in general performs well by providing some modern (Grade B) office accommodation and other than the undeveloped development plots identified there is limited scope for intensification of the site unless one of the existing occupiers ceased operations at the site and their site became available for redevelopment.

7.18 There are several development plots (totalling 3.3Ha) available at the site (see Figure 5.8) which could meet future demand for high quality office or research and development floorspace, and potentially industrial uses subject to a policy change in the emerging Local Plan.

7.19 **Houndmills Industrial Estate** - is fully developed employment site and is occupied by a wide range of traditional employment uses, with a concentration of storage and distribution premises and other industrial uses in additional to other economic uses such as trade counters and car showrooms. There is limited scope for the regeneration of this site as industrial and warehousing units are generally well let and these types of units can be refurbished with relative ease. The recent expansion of the Sainsbury's distribution centre is an example of vacant land within the site being utilised by existing occupiers to meet their expansion needs.

7.20 There is also office floorspace at Houndmills, some of which is becoming dated and therefore is likely to reach the end of its functional economic life over the plan period. There is an expectation that such sites could become available for redevelopment for alternate uses (e.g. light industrial or warehousing) over the Local Plan period although there is no certainty whether such redevelopment will take place.

7.21 **Houndmills East** – Houndmills East is a relatively small area adjoining the former Eli Lilly manufacturing site that has recently been granted planning permission for residential use. The employment sites consist of a relatively modern B8 storage and distribution warehouse occupied by Laleham and adjacent to this is an office development. There is limited scope for the regeneration / redevelopment of this site, however if the part of the site occupied by the office use were to became available it is considered that this could be redeveloped to provide storage and distribution accommodation.

7.22 **Hatch Industrial Park** – is located to the East of Old Basing and is a prominent site that is visible from the M3 Motorway. The site provides modern industrial / distribution premises in well maintained external areas and public realm. The site has good access to the A30 which provides good access to the M3 via Black Dam roundabout. There were units being marketed as vacant at the time of the site visit demonstrating that there is strong demand for modern industrial accommodation in the borough.

7.23 **Beggarwood** – is a partially developed Saved Local Plan Allocation, and is currently occupied by a motorcycle showroom, some small scale offices and a residential dwelling. The majority of the site lacks prominence (with the exception of the motorcycle showroom) which could explain why a significant proportion of the site remains undeveloped. There has historically been weak demand for employment uses in this location and the market has avoided speculative development to date. The Agents Forum considered that this was the wrong location for the sites allocated use (office and research and development uses).

7.24 **Kingsclere Park** – is a busy well occupied estate in the main Newbury to Basingstoke Road (A339) and the southern parts of the site are located in a prominent location. The site fulfils an important role in the north of the borough partly due to its proximity to the M4 Motorway. The site is located approximately 800m from Kingsclere Village Centre and its associated services and there were no evident amenities on site. The site provides both modern buildings and some stock from the 1980s' and was well occupied at the time of the site visit, although two units were being marketed.

7.25 **Land North of Daneshill East** – is a prominent employment area in a prominent location close to the A33 and Basingstoke Ringway. The site is split into multiple areas, with a large part of the northern area of the site forming the Kingsland Industrial Park which is being regenerated through the provision of new B8 storage and distribution units and refurbished stock.

7.26 The Southern area of the site contains a mix of industrial and storage and distribution uses, in addition to some sui generis uses such as vehicle repair and servicing. There is some opportunity to refurbish existing units when the opportunity arises as the units although the industrial stock experience high occupancy levels.

7.27 **Brighton Hill** – is a well-established industrial estate providing a range of industrial units and some office accommodation located in close proximity to the Basingstoke Ringway (A340). The sites industrial units appear to be well occupied with a mix of occupiers, including trade counters, manufacturers and distribution companies. There are a number of vacant properties along Wella Way which could provide redevelopment potential to provide more modern industrial premises at this location.

7.28 **West Ham** – is a well-established industrial estate split into two halves (east and west) that provides storage and distribution and industrial premises. The site provides a range of buildings dating from the 1960s and 1980s and is located close to the Basingstoke Ringway which provides good linkages to Newbury and the M3 motorway. The units on the site have the scope for refurbishment and potentially replacement with more modern industrial / storage and distribution premises. The site appears to be popular and there appeared to be relatively low vacancy rates at the time of site visits.

7.29 **Land South of Chineham Business Park** – is an established employment area located adjacent to the A33 that provides a range of industrial and warehousing units, in addition to high tech units at the Park View Business Centre and a sui generis car showroom located at the sites entrance. The units are, on the whole, well occupied with some evidence of vacant floorspace. Longer term there may be scope to redevelop / refurbish some of the units to meet the needs of the industrial / warehousing market.

7.30 There is some office accommodation located on the estate which at the time of the site visit appeared to be experiencing high vacancy rates, such as the dated office Building Ringway House and more modern accommodation such as that at the Intec Business Park. Given the site’s core role as an industrial estate and the high office vacancy levels at the site, there may be scope for the redevelopment of these office sites to provide modern industrial accommodation over the Local Plan period.

7.31 **Daneshill East –** An industrial location that houses a range of business units, including industrial premises suitable for a range of business types, but specifically small and medium enterprises (SMEs). Whilst the industrial park looks a bit tired, the site is well let and is widely recognised as providing affordable accommodation. It is considered unlikely that any substantial redevelopment will take place on the site over the plan period. It is more likely that units will be refurbished.

7.32 **Daneshill West** – An industrial location that houses a range of business units, including large storage and distribution centres (such as that occupied by Boots). The site offers a range of unit types and sizes and is also home to the boroughs bus depot, whilst smaller industrial units are provided at Enterprise Court which provides affordable accommodation for SMEs. The site benefits from good access to the Basingstoke Ringway and A33. A small area of the site in the North West corner (adjacent to the A33) has recently been redeveloped for retail uses.

7.33 **Bramley (Campbell Court)** – is a small established employment area providing a mix of B1 uses. The site lacks prominence but benefits from being located in close proximity to the A33 corridor which connects Basingstoke to Reading. The units, which originate from the 1980s and 1990s, are well specified and appear to perform well, although at the time of the site visit there was evidence of a number of the units being marketed. The units provide a valuable supply of smaller B1 premises to support the needs of SMEs.

7.34 **Whitchurch (Arglen)** – is an established business area that plays an important local role and provides premises mainly in light industrial use with ancillary storage and offices. The site has examples of firms occupying more than one unit which may suggest potential for relocations as firms expand. The site lacks prominence and accessibility is somewhat constrained due to its access via relatively minor roads. The site benefits from being located approximately 700m from Whitchurch Town Centre and its associated services.

7.35 **Moniton** – is a relatively prominent location to the West of the Borough located off the B3400 that provides a range of B class units, some of which are occupied by sui-generis uses such as trade counters and vehicle repairs in addition to traditional engineering firms. The majority of the buildings on the site are becoming dated and the public realm is poor, although this appears to attract firms seeking low cost premises. Two new light industrial / industrial units have been constructed recently and are currently being marketed, indicating that there may be scope for the wider regeneration / refurbishment of the site over the plan period. There was evidence of some vacant units being marketed during site visits.

7.36 **Coronation Road** – is a small estate located at the end of a residential cul-de-sac that lacks prominence. The site caters for small businesses and there is a mix of dated light industrial units to the west of the site, whilst there are more modern (1980s) buildings located within the Woodlands Business Village. There may be scope to redevelop the poorer quality western areas to provide additional employment floorspace but the site's access issues may restrict demand for such premises. There was evidence of some units being marketed during site visits.

Additional considerations

7.37 The Energy Act 2011 contains a number of provisions which will affect owners and occupiers of property. Probably most significant are the proposed minimum energy standards which mean that from April 2018, the proposed legislative changes would make it unlawful to let residential or commercial properties with an EPC Rating of F or G (i.e. the lowest 2 grades of energy efficiency). The above change is likely to lead to a number of the boroughs business premises being upgraded to meet the minimum standards in advance of the April 2018 deadline.

Future Requirements for B Class Employment Space

8.1 This section assesses the B Class employment space requirements that are likely to be required up until 2029 using three methods which are as follows:

a) Labour demand projections - Projections of employment growth in the main B class sectors derived from economic forecasts produced by Experian[10];
b) Past trends - Considerations of past trends in completions of employment space based on monitoring data supplied by Hampshire County Council, and how these might change in the future;
c) Labour supply - Estimating future growth of local labour supply based on the housing requirement in the emerging Local Plan 2011-2029 (748 dwellings per annum) and the amount of jobs and employment space that this can support.

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

Figure 8.1: Forecast method SWOT analysis

Forecast Method	**Strengths**	**Weaknesses**
Labour demand	• Forecasts are broken down by jobs by sector (Standard Industrial Classification (SIC) code)	• Do not apply policy on factors to inform local plan allocation • Less robust over the longer term (10+ years) • The forecasts are calculated using a disaggregation approach and local forecasts need to be treated with a degree of caution
Past trend	• identifies the actual levels of commercial development that has taken place in the borough over a set time period	• Do not take market sectors into account or identify sectors • Do not take account of the impacts of constrained supply, i.e. if there were

[10] Experian Spring 2013 Local Market Database (LMD) forecasts. For further details on the Experian Local Markets Database (UK local markets estimates and forecasts) see http://www.experian.co.uk/economics/uk-local-market-forecasts.html

	• Provides a useful reality check on the other forecast methods.	limited land available for a specific use this would suppress delivery rates • Policy on aspirations such as smart growth and regeneration are not taken into account.
Labour supply	Provides a useful reality check on the labour demand forecasts	• The forecast output does not break the labour supply down into sector type therefore assumptions have been made. • Do not take account of policy aspirations such as delivering economic growth and attracting inward investment.

8.3 Despite the strengths and weaknesses of each forecast method set out in Figure 8.1, for the Employment Land Review to be robust, the economic growth potential and likely demand for employment space in the borough needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future.

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

a) Labour Demand Forecasts

8.5 Forecast of job growth in the borough for the Local Plan period (2011-2029) were obtained from the economic forecasting house Experian. As noted in Figure 8.1 such forecasts tend to be most reliable at national and regional scales and consequently less so at the local level. This is because the standard forecasts are built around 'shift-share' models. This means that, in broad terms, the historical performance of a county is interpreted in terms of its share of the regional economy to which it belongs. Labour demand forecasts are known to be less robust during periods of economic stability and for long term projections (10 years or more) in part due to the fact they are based on trend data. In addition due to the disaggregation approach used the sub-regional and district forecasts need to be treated with a degree of caution.

8.6 It is important to note that Basingstoke and Deane experienced strong economic and employment growth between 2006 and 2008, outperforming neighbouring districts. Therefore in light of the disaggregation methodology used to produce the trend based Experian forecasts could over-estimate the amount of jobs that are likely to be required in the Borough over the plan period.

Scenario 1: Job Growth

8.7 The Experian forecasts of job growth by sector reflect recent trends but also reflect the current post-recession economic climate and the significant uncertainty surrounding future economic prospects generally.

8.8 The overall employment change forecast by Experian over the Local Plan period (2011-2029) is in excess of 21,000 jobs, of which 8,500 (38%) relate to traditional B class employment sectors.

8.9 The resulting employment change is shown in Figure 8.2 along with expected job growth in three core employment floorspace uses, notably:
- Office and research and development
- Manufacturing
- Storage and distribution

8.10 This includes an allowance for jobs in sectors that traditionally do not use B use class floorspace, such as land transport, utilities and specialised construction (see Appendix 1).

8.11 The level of growth proposed within the B use classes in the borough up until 2029 is significant and is dominated by a strong growth in office based sectors with moderate gains in job growth in distribution jobs which is almost offset by a moderate decline in manufacturing employment. This is within the context of overall job growth of over 21,000 jobs in the borough, which outside the B class sectors are made up from strong growth in the health, education and retail sectors.

Table 8.2: Forecast Employment Change in Basingstoke and Deane (2011-2029)

Sector (Use Class)	Number of jobs		Change
	2011	2029	2011-2029
Offices (B1a/b)	20,698	29,230	8,532
Manufacturing (B1c/B2)	13,941	12,116	-1,825
Distribution (B8)	13,941	11,135	1484
Total B-class Jobs	**44,290**	**52,481**	**8,191**
Jobs in all sectors	**99,760**	**120,800**	**21,040**

Source: Experian / BDBC analysis, 2013 –Total Workforce jobs including jobs including self-employment

8.12 We can convert the above jobs forecasts into future employment floorspace requirements by applying typical rations of jobs to floorspace for each of the different B uses. To estimate needs the following average ratios have been applied:
- Offices: 1 job per 11.5 sqm[11]
- Industry: 1 job per 43 sqm[12]

[11] Floorspace density based on Gross Internal Area (GIA) which includes the entire area inside the internal wall of a building to take account of corridors, lifts, plant rooms and service accommodation.
[12] Floorspace density based on Gross Internal Area

- Warehousing: 1 job per 75 sqm is assumed to account for a mix of general smaller scale warehousing and larger scale, lower density warehousing units.

8.13 These assumptions are based on the latest HCA/Offpat guidance on employment densities published in 2010. This guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot desking. This has resulted in a decrease in the amount of floorspace per office worker that is assumed compared to earlier guidance and therefore those contained in the 2009 Basingstoke and Deane Employment Land Review.

8.14 To reflect a normal level of market vacancy in employment space, an allowance of 10% is added to all positive floorspace requirements. Where a reduction in jobs is forecast, the associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost.

8.15 Figure 8.3 sets out the employment floorspace requirements over the plan period based on the Experian Labour Demand forecasts and average jobs to floorspace rations set out.

Figure 8.3: 2011-29 floorspace requirements based on labour demand forecasts

Sector (Use Class)	**Floorspace (sqm)**
Offices (B1a/b)	107,930
Manufacturing (B1c/B2)	-39,238
Distribution (B8)	122,430
Total	**191,122**

Source: BDBC Analysis

8.16 This forecast net increase of 8,191 jobs in traditional employment floorspace (B1-B8) use class sectors over the Local Plan period. This forecast underpins this estimate of future employment space needs, is equivalent to an average of 455 additional B Class jobs per annum over the Local Plan period.

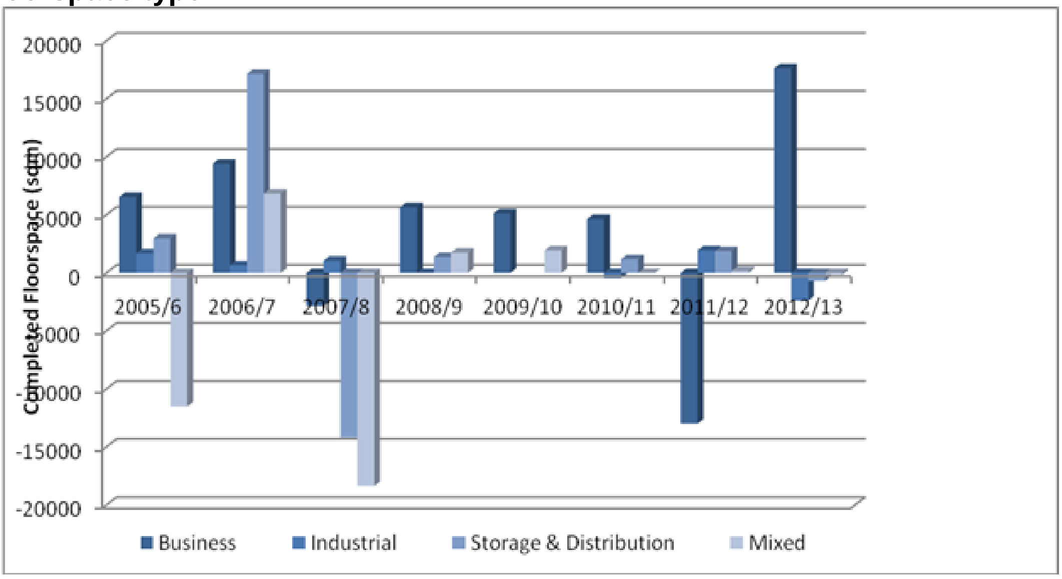
b) Past Development Rates

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

Scenario 2: Past Development Rates

8.18 Data on past completions by B class sector was provided by Hampshire County Council. Completions in the period 2005/06 - 2012/13 have been analysed, since this is a reasonably long period that reflects a business cycle with a period of both strong economic growth, a period of recession and period of economic recovery. Figure 8.4 displays how net completions fluctuated on an annual basis over this 8 year period, with a net loss of business floorspace in 2005/06.

Figure 8.4: net employment development in the borough by year and floorspace type



Source: HCC / BDBC analysis

8.19 In order to use this data to forecast potential employment land requirements over the plan period, the average annual take up of floorspace needs to be calculated over the monitoring period. Figure 8.5 displays both the average net and gross completions by three use class categories between 2005/06 and 2012/13. This demonstrates that whilst there have been gross completions of 79.749 sqm over the 8 year monitoring period, when the losses of employment floorspace to enable the development take place are considered, the amount of net floorspace delivered is significantly lower at 45,200 sqm.

8.20 The average annual net completions for B Class uses over this time period amounted to some 5,651sqm whilst average annual gross completions were significantly higher at 9,969 sqm annually, highlighting how gross data masks losses of employment space in development schemes.

Figure 8.5: Completion Rates in Basingstoke and Deane, 2005-2013

Sector (Use Class)	Floorspace (sqm)			
	Net completions	**Net annual completions**	**Gross annual completions**	**Gross annual completions**
Business	33,094	4,137	46,188	5,774
Manufacturing	2,452	307	5,194	649
Distribution	9,654	1,207	28,367	3,546
Total	**45,200**	**5,651**	**79,749**	**9,969**

Source: Hampshire County Council

8.21 One view of future growth in Basingstoke and Deane is to assume that future development rates carry on at the long term average achieved in the past. If it were assumed that the past net completion rates continued over the Local Plan Period 2011-2029 the employment land requirements are set out in Figure 8.6.

Figure 8.6: Employment floorspace required based on past trends continuing, 2011-2029

Sector (Use Class)	**Trend net annual completion rate (sqm)**	**Additional floorspace required by 2029 (sqm)**
Business	4,137	81,913
Manufacturing	307	6,079
Distribution	1,207	23,899
Total	**5,651**	**111,891**

Source: BDBC analysis

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

8.23 The use of net data takes account of demolitions of low grade office stock that has been demolished in the borough, such as the 16,250 sqm of low grade office accommodation that has been demolished at Basing View since 2010 to provide development plots to deliver the Masterplan for the site.

c) Future Labour Supply

8.24 It is important to consider how many jobs and associated employment floorspace would be required to meet projected labour supply resulting from the housing number contained in the emerging Local Plan. It is therefore important to consider how many jobs, and hence how much employment space, would be required to broadly match forecast growth of the borough's resident workforce over the plan period.

8.25 In contrast to the two preceding approaches, this forecasts the supply of labour rather than labour demand. It then indicates the amount of new jobs needed to take-up this future supply of workers to maintain high levels of economic activity in the borough and how much employment space would be needed to accommodate these jobs.

Scenario 3: Labour Supply (748 Dwellings per annum)

8.26 The recently updated Basingstoke and Deane Strategic Housing Market Assessment (SHMA) identifies a range of scenarios relating to objectively assessed housing need and demand for the plan period 2011 to 2029. The housing number in the emerging Local Plan is for an additional 13,464 dwellings in the borough over the Local Plan period, equivalent to 748 dwellings per annum.

8.27 The labour supply implications of this housing number have been calculated as 406 jobs per annum which takes account of economic activity rates and future pension age changes outlined in current national policy. The forecasts also take into account commuting trends and a derived commuting ratio of 1.03 is used which indicates that there is a net outflow of commuters.

8.28 The workplace labour supply forecasts indicate an increase of 7,308 workers in the borough by 2029 (Figure 8.7). From these forecasts, the number of B Class jobs required was estimated assuming one additional job would be required for each additional worker forecast and based on the forecast proportion of B Class jobs within total jobs in the borough in 2029[13]

Figure 8.7: Forecast Labour Supply / Job Requirement in Basingstoke and Deane to 2029.

	Average per year (2011-2029)	Change 2011-2029
Dwellings	748	13,464
Resident Labour Supply	406	7,308
B-class job requirement	176	3,168

Source: Edge Analytics / BDBC analysis

8.29 The resulting job numbers were then translated into estimated requirements for B class employment floorspace by applying the same standard

[13] Based on Experian Labour Demand Forecasts

employment densities used in the labour demand based approach and adding a 10% vacancy allowance.

8.30 Overall, future employment space requirements based on meeting the job needs of local residents would mean approximately 73,057 sqm of B class employment space being required by 2029 (Figure 8.8).

Figure 8.8: B Class Floorspace Required from the increased Labour Supply, 2011-2029

Employment Use	Jobs per sector	Floorspace (sqm) 2011-2029
Offices (B1a/b)	3300	41,745
Manufacturing (B1c/B2)	-706	-15,179
Distribution (B8)	574	47,355
Total	3,168	73,921

Source: BDBC Analysis

8.31 This labour supply based estimate provides a useful benchmark for comparison with labour demand approaches.

Net Employment Space Requirements

8.32 Drawing together the results from these different approaches and growth scenarios, Table 8.9 summarises the net floorspace requirement up to 2029 for each of the three scenarios.

Figure 8.9: Net Floorspace requirements to 2029 for the three growth scenarios

Use	Floorspace (sqm)		
	Scenario 1 – Labour Demand Net sqm	**Scenario 2 – Past Take Up Gross sqm**	**Scenario 3 – Labour Supply Net sqm**
Offices (B1a/b)	107,930	81,193	41,745
Industrial (B1c/B2/B8)	83,192	29,978	32,176
All B uses	191,122	111,171	73,921

Source: BDBC Analysis

8.33 These forecasts reflect a fairly wide range of potential space requirements over the local plan period, ranging from in excess of 191,000sqm of B class floorspace through the scenario 1 Labour Demand forecasts to 73,900 sqm from the Labour Supply Forecasts.

8.34 All of the forecasts project an increase in both office and industrial floorspace, although this varies considerably by forecast. The projected increase in industrial floorspace across all three scenarios contrasts significantly from the Experian data for the period (2006-2026) that informed the previous Employment Land Review.

Converting Floorspace Requirements from net to gross

8.35 An estimate for the net additional floor space required has been calculated by multiplying the forecast change in the number of workers by the amount of floor space (measured in sq m per worker). Net internal floorspace and gross internal floorspace for employment developments can vary significantly according to use. The 2009 HCA Offpat guidance indicates that:

- for office space the gross figure is typically 15-20% higher than net internal space;
- for larger warehouses, the net area can be as much as 95% of the gross area.

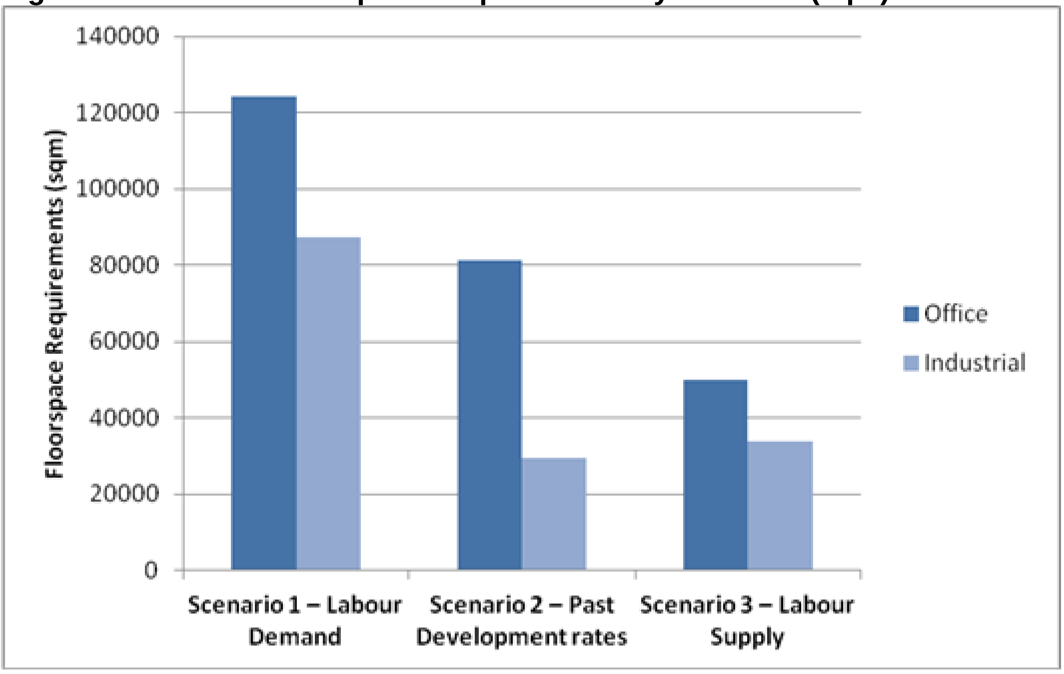
8.36 Therefore to scenarios 1 and 3, an upscalling ratio of 1.15 has been applied to the net office floorspace requirements and 1.05 to industrial requirements set out in table 7.9 to determine the gross floorspace requirements for these scenarios. These findings are displayed in Table 8.10 and Figure 8.11 below:

Figure 8.10: Gross Floorspace requirements to 2029 for the three growth scenarios

Use	Floorspace (sqm)		
	Scenario 1 – Labour Demand	**Scenario 2 – Past Take Up**	**Scenario 3 – Labour Supply**
Offices (B1a/b)	124,120	81,193	50,094
Industrial (B1c/B2/B8)	87,352	29,978	33,784
All B uses	211,472	111,171	83,879

Source: BDBC Analysis

Figure 8.11: Gross Floorspace Requirements by Scenario (sqm)



Land Requirements

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

- Offices – assumed that 50% of the floorspace requirement would be met in lower density developments with a plot ratio of 0.4, and 50% would be in higher density town / edge of centre locations at a plot ratio of 2.0. Therefore, a plot ration of 1.2 was applied so that a 1 ha site would be needed to accommodate 12,000sqm of employment floorspace; and
- Industrial – a plot ratio of 0.4 was applied so that a 1 ha site would be needed to accommodate 4,000sqm of employment floorspace; and

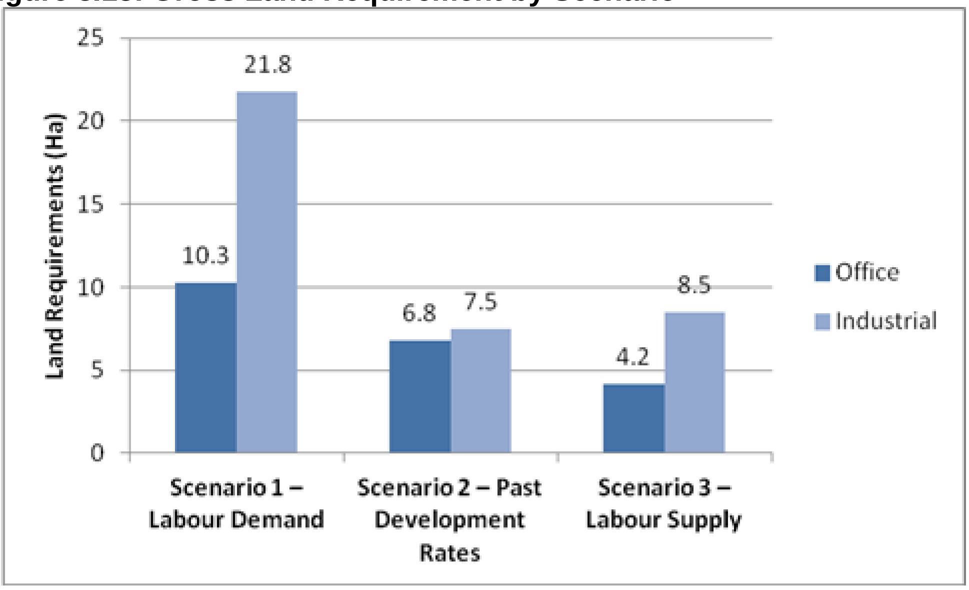
8.38 The resulting land requirements are set out in Figure 8.12 and Figure 7.13

Table 8.12: Employment Space Requirements by Scenario

Use	**Scenario 1 – Job Growth**	**Scenario 2 – Past Development Rates**	**Scenario 3 – Labour Supply**
Offices (B1a/b)	10.3	6.8	4.2
Industrial (B1c / B2 / B8)	21.8	7.5	8.5
All B uses	32.1	14.3	12.7

8.39 The range of land requirements for each of the forecasting scenarios varies considerably, with job growth forecasts indicating that 32.1 Ha of employment land would be required over the plan period, in contrast to the labour supply forecasts indicating that only 12.7 Ha of employment land would be required.

Figure 8.13: Gross Land Requirement by Scenario

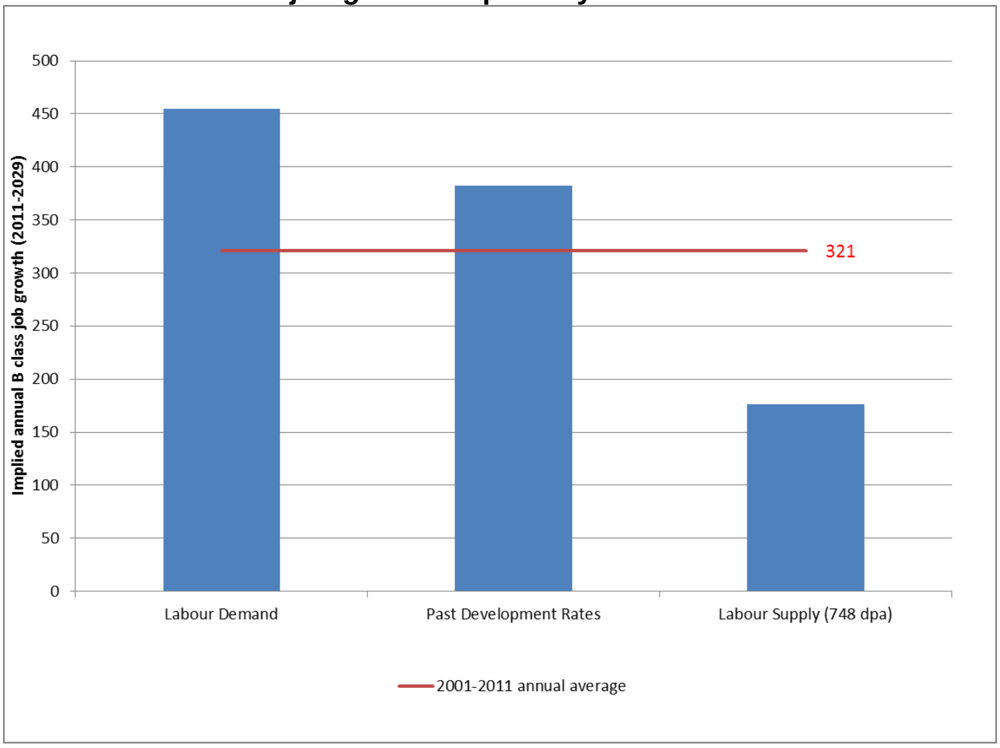


Sensitivity Tests

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

8.41 It is useful to compare the employment growth implied by these amounts of land with employment growth actually achieved in Basingstoke and Deane in recent years (Figure 8.14). The lowest labour supply based estimate implies about 176 B class jobs annually would be created over the next 18 years, mostly office jobs. The highest growth estimate based on labour demand forecasts implies some 455 B class jobs will be created annually, again mostly office jobs. These figures compare with an average gain of 321 B class jobs achieved in Basingstoke and Deane per year between 2001 and 2011.

Figure 8.14: Annual B class job growth implied by scenarios



Source: BDBC Analysis

8.42 This indicates that two of the three scenarios could generate a higher level of job creation than has been achieved in the borough in the recent past, during a period which experienced both strong economic growth and severe economic decline. In contrast the Labour Supply forecast (based on 748 dpa) would generate a much lower level of job creation than what has been achieved in the recent past.

8.43 Past trends suggest that loss of employment space has been relatively high in Basingstoke and Deane in recent years (see figure 5.7), partly due to concentrations of aging industrial and office stock in poor condition being redeveloped for higher value alternate uses. It is important to note that this trend has reduced considerably in recent years due to the economic down turn and associated development viability issues. However, whilst the losses look substantial, some of these losses are to enable the redevelopment of employment sites for future employment uses, such as the demolition of 16,250 sqm of obsolete office floorspace at Basing View since 2010, which will enable this site to be regenerated.

8.44 The forecasts assume that half the industrial (B2) employment floorspace that is projected to be lost over the Local Plan Period will be re-used for either light industrial (B1c) or storage and distribution uses (B8 uses). If this were to reduce it would increase future land demands for the industrial sector.

8.45 It is also important to note that a significant proportion of the identified industrial supply (4.9ha) comes from a single un-implemented planning permission (and Saved Local Plan allocation) in Whitchurch. There is however no certainty that the site will be delivered over the plan period, as is the case with all un-implemented planning permissions. If this site did not come forward over the plan period and only half of the un-implemented permissions were developed, this would provide only 5ha of industrial land, thus failing to meet the requirements of any of the scenarios detailed in this report.

8.46 The estimates of land requirements will also reflect the various assumptions on job/floorspace ratios and plot ratios adopted. Those used in the study come from DCLG, SEEPB and HCA Guidance. At present, it is assumed that 50% of any new office space would be in a high density town centre/edge of centre location at a plot ratio of 2.0, and the remaining 50% in other urban sites at a lower average ratio of 0.4. If, for example, all new office space was built at a plot ratio of 0.4, the maximum land requirement would increase from 10.3ha to 30.9ha. Conversely, if all the office demand was met in higher density, town centre / edge of centre locations, the land required falls to only 6.2 ha. This suggests that the land requirement for office based uses is sensitive to this factor.

Comparison with 2009 Employment Land Review

8.47 The pre- submission version of the Basingstoke and Deane Local Plan (August 2013) was informed by the Employment Land Review (2009), which formed the key piece of evidence to inform the overall quantum of employment land that the borough should plan for to 2029. It is therefore useful to compare these requirements with the findings of this study to identify any change in overall employment floorspace requirements.

8.48 Figure 8.15 below sets out a comparison of the various forecasts of employment growth set out in the 2009 Employment Land Review (ELR) and this study.

8.49 While the different forecasts relate to slightly different time periods, this indicates that annual B class job growth implied by one scenario in this study exceed job growth indicated within the 2009 study.

8.50 The resulting employment floorspace requirements associated with these forecasts of employment growth are presented in Table 7.11. Reflecting the assumptions above, only one of the three scenarios tested for the period 2011-2029 exceed the employment floorspace requirement identified in the 2009 ELR.

Table 8.15: Net Employment Space Requirements by Scenario

Time period	Forecast Source	Total B Class (sqm)	Office (sqm)	Industrial (sqm)
2006-2026	Experian Spring 2006	119,753 (5,989 p.a)	156,019 (7,801 p.a.)	-36,266 (-1,813 p.a.)
2011-2029	Experian 2013	191,122 (10,618 p.a.)	107,930 (5,996 p.a.)	83,192 (4,622 p.a.)
	Past development rates (2003-2013)	111,171 (6,176 p.a.)	81,913 (4,511 p.a.)	29,978 (1,665 p.a.)
	Labour supply	73,921 (4,107 p.a.)	41,745 (2,319 p.a.)	32,176 (1,788 p.a.)

8.51 It is important to note that the 2009 ELR used just one approach as a basis for estimating future employment space requirements (Experian 2006 Labour Demand forecasts). This meant there was no opportunity to benchmark its results against other approaches. A low level of demand for office accommodation is indicated by the more recent forecasts in addition to a much higher level of growth in warehousing based jobs.

8.52 When translated into space requirements, the main variation relates to the gross requirement for industrial floorspace; 83,192 sqm over the 18 years to 2029, compared with a negative requirement of minus 36,266 sqm in the 2009 ELR (covering the 20 year period to 2026). This could be explained by the economic downturn and subsequent recovery which has seen office (service based) business particularly hard hit, whilst on the whole the industrial sector at the local level has been more resilient. In addition, the increase in demand is predominantly made up of the storage and distribution sectors, which could be linked to the increase in businesses (specifically those in the retail trade) offering home delivery and click and collect services which require a network of distribution hubs.

8.53 It is important to note that whilst the labour demand forecasts used in this study project increased levels of employment in office based uses when compared to the 2009 ELR, the floorspace requirements in this study are lower. The main reason for this being this study's use of more recent HCA/Offpat published employment densities that point to more efficient use of office space. To put this info perspective the assumed floorspace per worker ratio for office used has reduced from 18 sqm per worker in the 2009 study to 11.5 sqm per worker in this study. The change in floorspace per worker ratio's was made in light of more up to date evidence reflecting organisations shifts towards using office space more efficiently in light of technology advances in terms of remote working and hot desking.

Conclusions

8.54 Three different scenarios of future employment space requirements have been considered in this chapter, based on a number of approaches which reflect economic growth forecasts, past development trends and potential housing supply factors. The updated labour demand forecasts indicate a higher level of future economic growth in the borough than has been achieved in the recent past, with a much greater economic growth forecast in the industrial sectors than the scenario assessed in the 2009 ELR.

8.55 The overall space requirements related to these different scenarios range from 83,879 sqm to 211,472 sqm of all types of employment space to 2029, implying in broad terms a need for between 12.7 ha and 32.1 ha of employment land. Given the uncertain economic outlook, it is difficult to select the most likely option from these alternative growth pictures and all three scenarios have been tested against the boroughs land supply position (see section 5).

8.56 These reflect the needs arising within the borough. In order to ensure a robust approach, the emerging Local Plan or future Development Plan Documents, should aim to meet the identified needs of the borough's economy under each of these scenarios to ensure that it is not unduly constrained

Balancing Supply and Demand

9.1 This section draws together the forecasts of future employment land needs in Section 8 and the estimates of land available on the area's existing and allocated employment sites and vacant stock that could be brought back into use detailed in Section 5 to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

Quantitative Balance

9.2 The previous section identified a need for between 83,879 sqm and 211,472 sqm of employment floorspace up to 2029, The land requirements associated with these amounts of employment floorspace were estimated at between 12.7 ha and 32.1ha.

Pipeline Supply

9.3 As detailed in Section 3 (Figure 3.8), the pipeline supply of employment space in the borough comprises 6 sites allocated for employment development in the Saved Local Plan (that remain undeveloped) and other sites with extant planning permission for B class space. It is important to note that where a site has an extant permission and is an allocated site it is only counted the once under extant planning permissions.

9.4 From these sources, the floorspace available to help meet future needs in the borough is estimated to comprise just over 40.8 ha in net terms as shown in Figure 9.1

9.5 Approximately 58% of the available land supply comprises sites with outstanding planning permissions, with the remaining 42% being provided by undeveloped Local Plan Allocations. The majority (64%) of the 40.8 ha is allocated or approved for office (B1a/b) space, with the remaining 14.8 ha having consent for light industrial, industrial and storage and distribution uses. It is important to note that the industrial supply includes permission for a 4.9 ha site that has consent for B1-B8 uses. Having considered the location of the site and adjoining uses, it is the Councils view that if this site were to be developed it would most likely be for industrial uses (specifically light industrial uses).

Figure 9.1: Available Employment Floorspace in Basingstoke and Deane (February 2014)

Source	Employment Land (Ha)		
	Office and R&D (B1a, B1b)	Industrial (B1c, B2, B8)	Total
Local Plan Allocations	17.31	--	17.31
Other sites with Planning Permission	8.72	14.8*	23.52
Total	**26.03**	**14.8**	**40.83**

Source: Hampshire County Council / BDBC

*Includes 4.9 Ha of land with consent for flexible uses which is best suited for light industrial / industrial purposes.

9.6 Although this pipeline supply is distributed across the borough, all of the Local Plan allocations are located within the Basingstoke town settlement policy boundary and the majority of sites are located at established employment areas. In addition, 67% of the land area available from unimplemented planning permissions, is in the Basingstoke urban area.

9.7 As reported in Section 5, current levels of vacant employment space being marketed vary considerably by sector, with vacancy rates of 28% in the boroughs office market which is considerably higher than the ‘normal’ vacancy rates of 8-10% and in contrast, the industrial property market is performing well with vacancy rates of 8% which is within the ‘normal’ market vacancy rate.

9.8 Table 9.2 presents a broad comparison of estimated demand for B Class space against undeveloped Local Plan allocations and unimplemented planning permissions, indicates that the borough has enough employment land in quantitative terms to up to 2029 to meet the needs arising from any of the three scenarios of future requirements.

Table 9.2: Demand / Supply of B Class Employment Space in Basingstoke and Deane (to 2029)

	Scenario 1 – Labour Demand	Scenario 2 – Past Take up	Scenario 3 – Labour Supply
Requirement for B Class Space (ha)	32.1	14.3	12.7
Available Employment Space (ha)	40.8		
Surplus (+) / Shortfall (-) (ha)	8.7	26.5	28.1

Source Hampshire CC, BDBC Analysis

9.9 Whilst this information above provides a useful overview of the total quantum of employment land available for development in the borough, it does not provide a useful context for identifying whether the needs of sectors requiring business (office) or industrial accommodation are being met.

Needs of Different Employment Uses

9.10 Ensuring an adequate choice of types of sites is important to meet the needs of different employment sectors of the borough's economy which cater for a diverse range of skill levels. Potential supply of employment space for office and industrial land therefore needs to be compared to forecast demand. Figure 9.3 displays the supply of employment land for office uses in February 2014 compared to the forecast demand for employment land for office uses by scenario.

Figure 9.3: Demand / Supply of Office Floorspace

	Scenario 1 – Job Growth	Scenario 2 – Past Development Rates	Scenario 3 – Labour Supply
Office			
Demand	10.3	6.8	4.2
Supply	26		
Surplus (+) / Shortfall (-) (ha)	**14.7**	**19.2**	**21.8**

9.11 Table 9.3 indicates that there is a large surplus of land available for office and research and development uses in the borough, ranging from 14.7 hectares to 21.8 hectares dependent upon the forecast scenario uses. However, it is important to note that the element of supply that has been identified from extant planning permissions could be lost if the permission is not implemented within the designated time frame.

9.12 The above table does not include vacant office floorspace which could potentially come back into use, although as noted in Section 5 the borough experiences high vacancy office rates which are well above the normal levels, however there is a sizable amount of stock that is low quality stock that is becoming obsolete and would require substantial investment to improve. Therefore, the surplus of land for office uses could be underestimated.

9.13 In contrast, Figure 9.4 displays the supply of employment land for industrial uses in February 2014 compared to the forecast demand for employment land for industrial uses by scenario.

Table 9.4: Demand / Supply of Industrial Floorspace

	Scenario 1 – Job Growth	Scenario 2 – Past Development Rates	Scenario 3 – Labour Supply
Industrial			
Demand	21.8	7.5	8.5
Supply	14.8*		
Surplus (+) / Shortfall (-) (ha)	**-7.0**	**7.3**	**6.3**

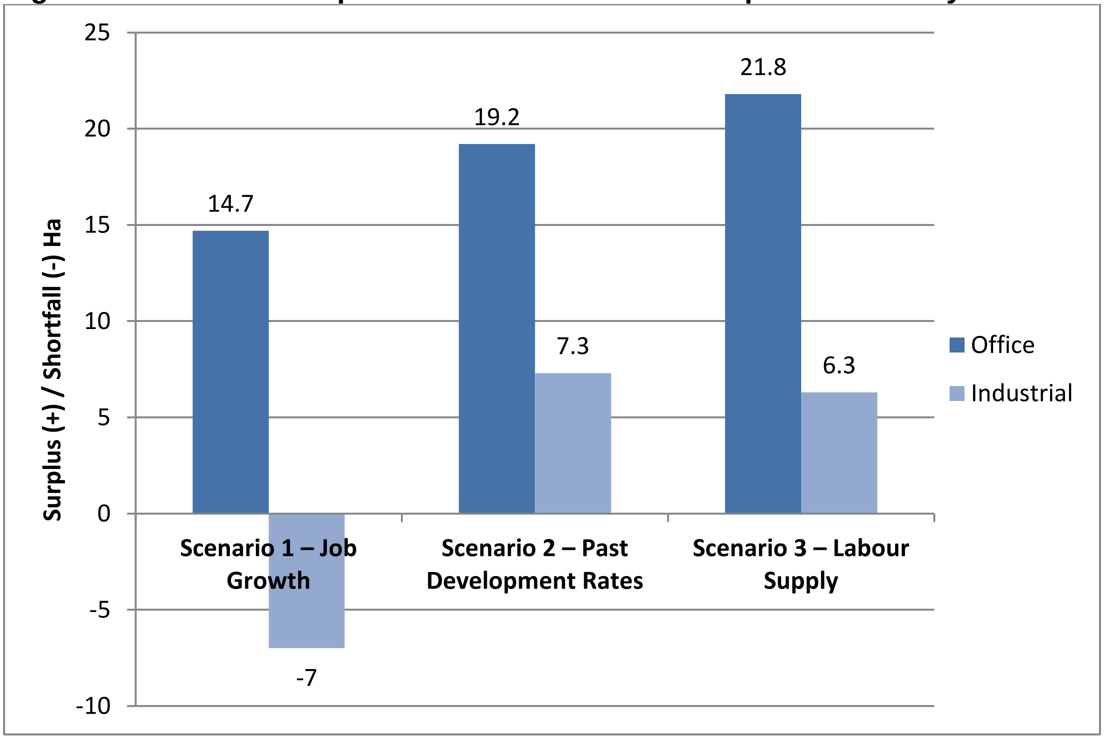
*Includes a single consent for 4.9 Ha of land to be developed for flexible employment uses. This site is best suited for light industrial / industrial purposes.

9.14 Figure 9.4 indicates that using the scenario 1 there is a shortfall of 7 hectares of land available for industrial uses, however under scenarios 2 and 3 there is forecast to be a small surplus of land for industrial uses over the local plan period . However, it is important to note that the all of the industrial land supply is made up from un-implemented planning permissions that may not be delivered prior to the lapse of permissions (typically the permission identified will lapse prior to March 2016 unless an application to extend the consent is submitted). One of the sites with permission is 16,000 sqm of employment floorspace on a 4.9ha site and there are known deliverability issues with this permission which has not been delivered since 2002. Therefore the potential supply for industrial uses over the plan period could be considerably over-estimated as there are no formal land allocations for industrial uses in the saved Local Plan (2006).

9.15 Unlike the office market, vacancy levels within the industrial property market are actually slightly below functional norms which is required to provide a functioning property market and enable a natural churn of premises. Therefore, no assumptions have been made about an increased proportion of vacant floorspace coming back into use.

9.16 To summarise, the industrial predictions assume that all outstanding planning permissions (as of February 2014) come forward in full for employment development over the plan period. Therefore, any deviation from this assumption could potentially worsen the existing deficit of industrial space in Scenario 1 and potentially result in the forecasts in Scenarios 2 and 3 turning from a surplus of land to a deficit (shortfall).

Figure 9.5: Forecast surplus of office and industrial space to 2029 by scenario



9.17 Figure 9.5 suggests that while the identified pipeline supply as it stands provides a surplus of land to meet the boroughs office development needs to 2029 (in purely quantitative terms), it is forecast to significantly under-provide the need for industrial space that arises under Scenario 1.

Windfall Supply

9.18 The 40.8 ha of employment land outlined above represents the baseline supply position; as either Local Plan allocations or sites subject to extant planning permissions, these sites already have the necessary planning status which helps to provide greater certainty that they can come forward for development, however, current market conditions can strongly influence whether the schemes are implemented. Beyond this, it is possible to identify additional land that could come forward through windfall supply and include this within an alternative supply position for testing purposes.

Windfall allowance

9.19 As indicated in Section 3, employment development on windfall sites (i.e. non-allocated land) has been significant over the last 10 years, specifically for office uses. This indicating the important role that these sites can play in meeting business needs in the borough. It is, to some extent, a policy choice as to what extent windfalls might be relied upon to meet future needs, balancing their potential contribution to providing for employment land needs but also the requirement to set out a clear portfolio of sites in sustainable locations. If a relatively low level of windfalls were assumed for the purposes of meeting future needs, for example equivalent to 20% of past annual average net completions, this would be equivalent to16,300 sqm of office floorspace or 1.4ha of land and 5,450 sqm of industrial floorspace which would also equate to 1.4ha over the plan period.

9.20 It should be noted that there is a lot less certainty that these non-allocated sites will continue to come forward in the future at the same rates as in the past. Over-reliance on windfall sites to provide employment floorspace and land has the potential to lead to unsustainable development as sites outside of the settlement policy boundaries often come forward in rural areas away from the boroughs labour force and facilities in local centres. This source should therefore be viewed as one of a number of contributions to future supply.

9.21 Figure 9.6 summarises the effect applying a windfall allowance to the land supply position.

Figure 9.6: Available employment land (with windfall allowance)

Source	Supply of Employment Floorspace		
	Offices	Industrial	Total
Local Plan Allocations	17.3	-----	17.3
Other Sites with Extant Planning Permission	8.7	14.8	23.5
Windfall allowance*	1.4	1.4	2.8
Total	27.4	16.2	43.6

Source: Hampshire County Council / BDBC Analysis

9.22 It is useful to test the various employment floorspace requirements to 2029 against this alternative supply position (i.e. if an allowance for windfall sites were to also come forward for employment development within the plan period). In this situation, the borough would have enough employment space in quantitative terms to accommodate the three scenarios of future employment space requirements. However, there is an identified shortage (5.6Ha) of land to deliver the industrial land requirements of Scenario 1.

Figure 9.7: Forecast supply of office and industrial space to 2029 by scenario (including Windfall allowance)

	Scenario 1 – Labour Demand	**Scenario 2 – Past Development**	**Scenario 3 – Labour Supply**
Office			
Office space requirement	10.3	6.8	4.2
Potential supply of office space	27.4		
Surplus(+) / Shortfall (-)	**17.1**	**20.6**	**23.2**
Industrial			
Industrial space requirement	21.8	7.5	8.5
Potential supply of industrial space	16.2*		
Surplus(+) / Shortfall (-)	**-5.6**	**8.7**	**7.7**

*Includes a single consent for 4.9 Ha of land to be developed for flexible employment uses. This site is best suited for light industrial / industrial purposes.

Basing View Regeneration

9.23 As referred to in Chapter 4, the regeneration of Basing View is a corporate priority for the council and work is underway with the council's development partner. The regeneration of the site will result in some obsolete office buildings being replaced with modern office floorspace. The regeneration proposals could deliver approximately 55,000 sqm of new Grade A office floorspace at this strategic town centre site, which could make a significant contribution towards the forecast needs for office floorspace in the borough and significantly increase the supply of quality office floorspace in the borough. The impact this additional floorspace could have in meeting the gross office floorspace requirements for reach scenario is set out in Figure 9.8.

Figure 9.8: Reductions in floorspace requirements based on the extra supply generated from the regeneration of Basing View

	Office Floorspace (sqm)		
	Scenario 1 – Labour Demand	**Scenario 2 – Past Take Up**	**Scenario 3 – Labour Supply**
Gross floorspace requirement	124,120	81,193	50,094
Potential gain in floorspace from the regeneration of Basing View	49,500*		
Office floorspace requirement remaining	74,620	31,693	594

*It is assumed that 10% of the 55,000 of new office floorspace that will be delivered at Basing View will be vacant to take account of natural vacancies as part of a functioning property market.

9.24 Figure 9.8 demonstrates that the net gain in office floorspace as part of the Basing View regeneration proposals could deliver a significant proportion of the boroughs identified needs for additional office accommodation over the Local Plan period, or in the case of the Labour Supply forecast practically all of the borough’s needs for office accommodation.

9.25 This will ultimately reduce land requirements further for office based development, exacerbating the surplus set out in Figure 9.8.

Delivery of Employment Land

9.26 The land supply considered above represents the ‘maximum case’ – the total amount of land theoretically available to accommodate employment development. A sizable surplus of office land is identified under all scenarios considered, whilst a shortfall of industrial land is identified through one of the scenarios. However, there are a number of factors that may impact on the amount of land that actually becomes available for employment development within the plan period and consequently the demand/supply balance:

- Planning applications on local plan allocations
- Outstanding planning permissions

Planning applications on Local Plan allocations

9.27 Section 5 contains a reality check of the available land supply for employment development in the borough and made amendments to the land supply forecasts that informed this study. This was to take account of a recently consented scheme at the Gresley Road site for a training centre for Network Rail. In addition, the reality check takes account of a planning application received by the council for development on part of Basing View for the development of a retail store at this location, which will reduce the land available for office development. At this time of writing, this application remains under consideration by the local planning authority. Dependent upon the outcome this scheme could reduce (albeit marginally) the amount of employment land available for office and research and development uses in the future.

Un-implemented planning permissions

9.28 Whilst County Council monitoring data indicates that the borough currently has around 101,000 sqm of floorspace or 42.3ha of outstanding planning permissions (i.e. permissions that have not yet been started) for B class development, there is no guarantee that these permissions will be implemented over the plan period and will therefore bring land forward for employment use.

9.29 Section 5 contains a reality check of the available land supply for employment development in the borough and made amendments to the land supply resulting from un-implemented planning permissions to take account of two large schemes that are currently being implemented to enable existing businesses to expand.

9.30 Whilst reductions were made to take account of these two sizable schemes, it is important to note that a significant number of the permissions that have been counted in the land supply are likely to relate to specific schemes and users and may therefore be less able to meet general future needs. These planning permissions are distributed across 25 sites in the borough, with fifteen of these sites having a site area of less than 1 ha. This restricts the scale of development that could be accommodated on these individual sites and therefore their ability to meet identified sector needs, notably high quality office accommodation and land to accommodate 50,000 sq ft plus storage and distribution accommodation.

Qualitative Factors

9.31 The above sections have reviewed the quantitative need for employment floorspace and supporting land in the borough to meet future needs. However, it is important to consider whether additional land is required to take account of qualitative factors. For example, even where no quantitative shortfall of space is identified, in some circumstances additional employment land may be needed for qualitative reasons, for example to:

- Improve the choice of provision for established businesses
- Improve or modernise the quality of current provision and so help attract inward investment
- Meet gaps in the supply of particular types of premises
- Provide a spatial distribution of employment sites so that sites are located close to a labour supply.

9.32 The qualitative needs of the two broad property types, notably office and industrial, are considered below and refer to the findings detailed in Section 5.

Office

9.33 The borough has a well-established office market, concentrated in Basingstoke towns established employment areas and in the Town Centre. The office market in Basingstoke is currently experiencing high vacancy levels, which have been exacerbated by the economic down turn which has led to companies consolidating their accommodation requirements as part of business restructuring. Market feedback suggests that the office market will continue to play a key role in the boroughs economic balance, but that the quality of a majority of the vacant stock is not meeting modern business requirements with much of the supply being dated second hand stock and that there is a shortage of good quality, high specification (grade A) office accommodation.

Industrial

9.34 The borough is a successful industrial location and continues to experience strong demand for industrial space (which includes storage and distribution), although a significant proportion of the stock is getting old and is likely to require refurbishment if it is to continue meeting business needs and comply with appropriate legislation (see section 7). Low levels of vacancies for industrial floorspace reflect the limited supply of industrial accommodation (particularly modern, good quality space). The borough provides a range of industrial premises from smaller industrial units suitable for SMEs, to larger bespoke workshops which enable local businesses to remain in the borough as they grow and expand.

9.35 Local commercial agents report a shortage of readily deliverable industrial sites (specifically to meet the needs of the sectors requiring storage and distribution accommodation). This limited availability of new land and high occupancy levels on existing sites is preventing natural churn in the industrial property market and also preventing the refurbishment and or regeneration that some of the districts stock requires for it to remain attractive to occupiers. The agents have also reported a shortage of storage and distribution premises of circa 50,000 – 100,000 sqft and that the businesses seeking such accommodation require good access to the strategic road network.

9.36 In light of the above, it appears that to address the qualitative needs of the industrial market that new sites suitable for industrial uses are made available in locations with good access to the strategic road network. Given the borough's established and successful industrial sector who benefit from the borough's market strengths (notably proximity to the strategic highway network and M3 freight corridor), it is important that this sector is able to grow and not unduly constrained by the lack of suitable accommodation or sites to both sustain indigenous firms and attract inward investment.

Settlement Distribution

9.37 Whilst a key aim of this ELR update is to estimate gross employment land requirements for the borough overall, it is also important to ensure the appropriate distribution of allocated sites across the borough to meet future requirements, and to accord with market demand. As such, this section provides an overview of the demand for different uses by established employment locations to identify where any gaps in future provision may exist.

Basingstoke Town (including Chineham)

9.38 Basingstoke Town contains the majority of the borough's established and formally allocated employment sites, which provide a total of 355 Ha of employment land. The Borough's employment sites provide accommodation in all use classes, although some sites are predominantly office based (such as Basing View, Viables and Chineham Business Park), whilst other sites are predominately industrial uses such as Houndmills, Daneshill, Brighton Hill and West Ham.

9.39 The borough's office market is currently operating with very high vacancy levels well above the functional market norm, and a significant amount of this supply is second hand lower grade office stock. Agents have identified a shortage for quality (Grade A) office floorspace in the borough which currently makes up a very small proportion of the supply and is therefore in demand and can command healthy rentals (up to £20 sqft) in comparison to the lower grade stock that can be obtained for as little as £5 sq ft.

9.40 There are a number of un-implemented Local Plan allocations for both office and research and development uses with the established employment areas in the Basingstoke Town that could meet the borough's future office needs. The Agents did identify a need to allocate additional land for office or R&D uses in the borough.

9.41 Basingstoke Town is the main industrial location in the borough and the industrial property market is performing well with vacancies marginally below the functional norm. Agents have identifies the lack of available industrial land as being a key constraint to enabling businesses requiring industrial floorspace to grow or establish in the borough. The Agents identified the limited scope to intensify use at the established employment areas and identified the need to provide additional land close to the strategic highway network to meet future industrial needs in the town.

<u>Whitchurch</u>

9.42 The Town of Whitchurch is home to the Ardglen Industrial Estate, an established employment site of 4.1Ha that provides a range of accommodation needs for businesses requiring light industrial / industrial premises. In addition to this established employment site, there is a historic local plan allocation for a 4.9Ha employment sites that the council resolved to grant planning permission subject to the applicant entering into a legal agreement. This site has been included in the supply of un-implemented permissions, however the site is proving hard to deliver due to a number of constraints affecting the site. There is therefore no certainty as to whether the site will be delivered over the local plan period. The council is aware that a local businesses is seeking employment land in Whitchurch to enable them to expand their business. If the site with an un-implemented permission fails to come forward over the plan period, Whitchurch Parish Council may allocate additional land for employment uses through their Neighbourhood Plan to meet future demands.

9.43 To summarise, the majority of demand for premises in Whitchurch is from established businesses seeking move on accommodation to enable them to expand their businesses.

<u>Bramley</u>

9.44 The village of Bramley contains an established and allocated employment site of 3.5Ha. Campbell Court provides 29 office suites of circa 250sqm of floorspace. The units are in an attractive setting and are located a relatively short distance from the A33. At the time of site survey there were vacant units at the site being marketed, although this is to be expected given the current economic conditions and need for some vacant floorspace as part of a functioning commercial property market. Agents have identified that there is no demand for additional employment land at Bramley given the Villages proximity to established employment areas in Basingstoke and good transport links by both private motor vehicle and public transport to the established employment locations of Basingstoke and Reading.

<u>Kingsclere</u>

9.45 The 2.4Ha Kingsclere Park employment site is located on the outskirts of Kingsclere with good access to the A339 which connects Basingstoke and Newbury. The site provides offices and light industrial accommodation in an attractive setting. At the time of site survey there was a vacant unit being marketed at the site, although this is to be expected given the current economic conditions and need for some vacant floorspace as part of a functioning commercial property market. Agents have identified that there is no demand for additional employment land at Kingclere.

Rural/other settlements

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

Conclusions

9.47 Based on available employment space identified by un-implemented Local Plan Allocations, the borough has a significant oversupply of land for office and research and development accommodation in quantitative terms to meet future needs up until 2029 under all three scenarios of future growth.

9.48 However, the borough's office market experiences a range of qualitative factors such as high vacancy rates of older premises, competition from other centres such as Reading and Farnborough and a lack of modern high quality Grade A space that businesses are increasingly demanding. The regeneration of Basing View will deliver a significant quantum of Grade A office accommodation that could meet a significant proportion of this need, whilst the established office and Research and Development locations of Chineham Business Park (including Hampshire International Business Park) and Viables businesses park have un-developed plots which could be developed to meet market needs.

9.49 In contrast, the Borough has insufficient industrial floorspace in quantitative terms to meet future needs up to 2029 under the labour demand scenario. It is important to note that there are no plots available at allocation sites to enable the delivery of industrial floorspace and that all of the identified land supply for industrial uses comes from un-implemented permissions (60% of which are for small scale developments on sites of under 1Ha). Therefore, this supply represents the maximum available supply and it is likely that some of these permissions will not be implemented and or are likely to relate to specific schemes and users and may therefore be less able to meet general future needs.

9.50 Alongside this, there are a range of qualitative requirements that point to the need for new land being allocated for industrial uses. Demand for industrial space remains strong with relatively low levels of vacancy reflecting a limited supply of industrial accommodation (particularly modern, good quality space). There is an identified need for additional land for land and premises for storage and distribution uses to provide high bay warehousing to meet the needs of the distribution sector, typically the premises required are between 50,000 – 100,000 sqft although some business are seeking smaller premises, whilst others are seeking premises that would provide up to 400,000 sq ft.

9.51 The lack of any readily developable industrial sites and high occupancy levels on existing sites is limiting natural churn in the industrial property market and could be preventing the refurbishment of existing stock. Therefore, it is recommended that to address the qualitative and quantitative needs of the industrial market that new sites suitable for industrial uses are made available in locations with good access to the strategic road network.

Overall Conclusions and Policy Implications

10.1 This section draws together overall conclusions and considers appropriate policy approaches in relation to employment space for the Submission Basingstoke and Deane Local Plan, as well as other measures which may be required to support the economic growth of the borough.

Overview of Basingstoke and Deane

10.2 Basingstoke and Deane has a successful economy which has proved to be relatively resilient through the recent recessions and subsequent period of low economic growth. The borough has a diverse business base in sectors requiring office, industrial and storage and distribution floorspace. Businesses range from SMEs to headquarters of global companies and the borough has relatively high productivity levels and continues to attract inward investment despite the economic downturn.

10.3 The Boroughs has a distributed portfolio of employment land that isn't dominated by a particular sector, which could reflect why the borough has proved relatively resilient to the economic downturn. The borough has seen moderate levels of employment floorspace development (gross) over recent years, although this has been largely driven by completions of office space. The town of Basingstoke accommodates the majority of employment floorspace in the borough, although some of the boroughs smaller settlements make a valuable contribution towards the overall supply. As the agricultural sector has continued to diversify, rural business space has become increasingly popular and has traditionally been delivered through 'windfalls'.

10.4 Demand for office remains limited to quality Grade A stock in high quality locations and there is an identified over supply of lower grade office stock that experience high vacancy rates and are becoming both obsolete and increasingly uneconomic for operators to run. In contrast, there is an underlying shortage of land for industrial uses and the industrial property market experiences low vacancy levels is limiting natural churn and could be preventing the refurbishment of existing stock.

10.5 An underlying shortage of quality (Grade A) office accommodation, and sites for industrial and storage distribution uses could potentially threaten the boroughs long term ability to both retain and attract the business base required to achieved sustained economic growth.

Policy Approaches

10.6 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to forecasting the boroughs future employment space needs.

10.7 In the context of the National Planning Policy Framework, it is considered that the Council's policy approach should aim to at least fully meet the boroughs employment space needs so that the borough's economy is not constrained.

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

10.9 The Local Plan policies will need to determine which sites to allocate or protect for employment development, which should be considered for de-allocation to redress the identified oversupply of employment land for office uses or to reflect that such sites do not fulfil a strategic function. In making such decisions the council will need to take account of:

- the local benefits of B-class sectors and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);
- the economic and other outcomes if some sectors become constrained from expanding within the borough;
- maintaining a supply of employment space to enable economic growth over the life of the Plan.

10.10 The emerging Local Plan will need to provide a framework that will deliver a choice of sites and locations to meet the needs of particular sectors and occupier needs.

10.11 Some further commentary on the approach and potential options for providing for the different B-class uses are considered below.

General recommendations

10.12 The following are general recommendations for the borough's policy approach that could be followed through the emerging Local Plan:

1. Identify the boroughs strategic employment sites

10.13 The Local Plan should identify the boroughs strategic employment sites taking account of the NPPF (paragraph 22) which states that planning policies should avoid the long term protection of employment sites where there is no realistic prospect of the site being uses for the allocated employment use.

10.14 Given the oversupply of employment land identified for B1a / B1b uses in the plan and submissions from land owners to the Pre Submission Local Plan it is recommended that the following sites are not designated as strategic employment areas in the emerging Local Plan as they are unlikely to be delivered for employment uses:

- Kempshott Park Industrial Estate – existing site has been demolished and consent for a residential mixed use scheme has been granted
- Beggarwood – the site has not been developed for employment uses since allocation and Agents consider that this is the 'wrong' location for office development.
- Coronation Road – established employment location that is under 1ha in size and scores poorly in the site assessment, in part due to the site being accessed via a narrow residential road. It is therefore considered that this site does not fulfil a strategic function.

10.15 In addition, this study has identified the importance of the industrial sectors (specifically those requiring storage and distribution accommodation) and their forecasted land needs over the plan period. It is recommended that the council designates the Hatch Industrial Park site as a strategic employment site through the emerging Local Plan. This site provides modern, quality industrial floorspace in the borough which is identified as being in demand.

2. Review the boundaries of some of the boroughs established employment areas

10.16 As noted in the previous section, the Local Plan should identify the boroughs strategic employment sites taking account of the NPPF (paragraph 22) which states that planning policies should avoid the long term protection of employment sites where there is no realistic prospect of the site being uses for the allocated employment use.

10.17 In light of recent planning decisions and submissions from land owners to the Pre Submission Local Plan, is recommended that the following site boundaries are amended in the emerging Local Plan as the sites are unlikely to be delivered for employment uses:

- Daneshill West – amend the boundary to remove an area to the North West of the site that has been granted consent for retail uses.
- Chineham Business Park – amend the boundary to remove an area of land to the North East of the site as this site has failed to come forward for development, the site adjoins a proposed Local Plan housing allocation (Razors Farm) and the landowner is promoting this site for residential use.
- Kempshott Park Industrial Estate – existing site has been demolished and consent for a residential mixed use scheme has been granted
- Beggarwood – site has not been developed for employment uses since allocation in the Saved Local Plan and commercial Agents

considered that this is the ‘wrong’ location for office and or research and development uses.

- Coronation Road – established employment location that is under 1Ha in size and scores poorly through the site assessment process, in part due to the site being accessed via a narrow residential road. It is therefore considered that this site does not fulfil the role of a strategic employment allocation.

3. Employment Policies that do not specify use classes to specific sites

10.18 The Saved Local Plan (2006) Policy EC3 (Office and High Tech Employment Uses) is highly prescriptive in terms of the types of employment uses that can be undertaken at specific employment sites in the Borough. The policy states that development for Employment uses outside of B1a (offices) or B1b (Research and Development) will not be permitted at these locations unless the proposal is to meet the needs of an existing occupier at the following sites:

- Beggarwood Lane
- Hampshire International Business Park
- Chineham Business Park
- Viables Business Park
- Basing View

10.19 As identified in Section 5, the sites detailed above make up a significant proportion of the boroughs un-implemented Local Plan allocations and future land supply. This indicates that there is limited demand for such uses. The NPPF states that planning policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances.

10.20 In light of the significant over-supply of land identified for B1a/B1b uses and the potential shortfall of land for industrial (B1c/B2/B8) uses over the Local Plan period, it is recommended that the emerging Local Plan’s economic policies provide a policy framework that will designate the borough’s strategic employment sites but enable these sites to be developed for all types of B class employment uses (subject to satisfying other policies in the plan). This will provide a flexible employment land supply and potentially improve the supply of land for industrial uses to meet short term needs.

Recommendations relating to Office uses

10.21 The borough has a well-established office market, concentrated in Basingstoke Town’s established employment areas and the town centre. The office market in Basingstoke is currently experiencing high vacancy levels, which have been exacerbated by the economic downturn which has led to companies consolidating their accommodation requirements as part of business restructuring. Market feedback suggests that the office market will continue to play a key role in the boroughs economic balance, but that the quality of a majority of the vacant stock is not meeting modern business requirements with much of the supply being aging second hand stock and there being a distinct shortage of good quality, high specification (grade A) office accommodation.

10.22 Much of the identified future supply of office space is located in the borough's established office market locations, including Basing View which is set to be regenerated over the plan period to replace and refurbish obsolete office floorspace with quality office accommodation.

10.23 The borough is expected to see reasonably strong office job growth over the Local Plan period (reflecting wider macro-economic trends) and the sector will continue to play an important role in the boroughs future economic growth. Quantitatively, it would appear that the borough has a large surplus of office floorspace to meet future needs under all three development scenarios to 2029.

Basing View

10.24 The emerging Basing View Masterplan sets out how this edge of centre employment site will be transformed over the plan period to deliver a modern urban business park environment. The regeneration proposal will involve the refurbishment and replacement of existing buildings to improve the overall quality of floorspace at the site and meet business needs by providing Grade A floorspace.

Upgrade existing office supply

10.25 Upgrading and renewal of the borough existing stock of office accommodation at the borough's core office locations will also be important. It will not only ensure that this space remains attractive to the market, but will also improve the overall quality of supply. This may comprise redevelopment, but qualitative improvements can also be delivered through refurbishment of existing buildings.

Enabling the loss of some office floorspace to alternate uses

10.26 Given the identified over-supply of low quality employment floorspace and the associated high vacancy levels in Basingstoke Town, it is considered that the council should take a flexible approach to enabling low grade office floorspace to be redeveloped for alternate or mixed uses (including some office provision). Such proposals should be resisted in the strategic employment areas unless they will provide complementary use(s) to support the operation and function of the Strategic Employment Area and / or support the wider regeneration of the site.

10.27 The redevelopment of some of the Town’s aging office stock that is becoming obsolete will reduce the oversupply of low quality stock and potentially improve the borough’s image and a business location, whilst providing development land to meet the needs of other land uses (such as residential).

Recommendations relating to Industrial uses

Resist the loss of industrial space in the Strategic Employment Areas

10.28 The boroughs industrial market is characterised by a shortage of readily deliverable industrial sites, low vacancy and a lack of surplus space to enable churn, and upgrading of existing sites. The assessment of sites undertaken as part of this study (Section 7) indicates that the majority of the boroughs existing industrial sites appear to be performing well and receive a good or average score, with the exception of the 0.95 ha allocation at Coronation Road. It is therefore suggested that all of the industrial sites with the exception of Coronation Road should be safeguarded for employment use through the allocation in the emerging Local Plan policies, although it is considered that a policy should be included to provide a policy framework for determining employment sites that are not formally allocated in the Local Plan.

Allocate new industrial sites

10.29 The option of allocating additional sites for industrial development would increase the current choice of sites and provide the borough with new development opportunities of the size and scale necessary to enable Basingstoke and Deane to accommodate indigenous firm expansion and relocations / inward investment from outside of the borough.

10.30 In light of the shortfall of industrial space to meet objectively assessed requirements identified by this study, it is recommended that the council allocate at least one new site for employment use over the plan period to provide in excess of 15ha of land for industrial uses. This figure would meet the current forecasted need for industrial space, as detailed in Section 5, taking into account the fact that it is likely that the majority of current extant permissions will not be implemented. In addition the allocation of an additional site(s) will provide flexibility and accommodate needs not anticipated in the plan and allow a rapid response to changes in economic circumstances.

10.31 In addition the allocation of an additional site(s) will provide flexibility and accommodate needs not anticipated in the plan and allow a rapid response to changes in economic circumstances.

10.32 Any new allocations should benefit from the borough’s strong transport links by being located close to the strategic highway network (M3, A339, A30, A33), and should provide the necessary scale to be flexible enough to accommodate long term industrial needs.

10.33 The emerging Local Plan enables employment uses to be provided on suitable strategic housing allocations where they are of a scale and type appropriate to the sites location. Therefore, some additional supply for industrial uses could come forward in the latter years of the plan to meet some of the identified industrial need at these development sites. However, there is currently no certainty that such proposals will come forward.

Intensification of existing sites

10.34 The redevelopment or refurbishment of existing industrial stock with the designated strategic employment areas could contribute towards meeting the forecast need for additional high quality industrial floorspace. Better utilisation of the existing industrial stock could be achieved through gradual redevelopment of individual plots, for example replacing a large older unit that is reaching the end of its functional life with development of modern smaller units for which there is a demand.

10.35 The site assessments identify limited scope to upgrade and renew some of the borough established employment sites, to ensure that the borough maintains a portfolio of floorspace that remains attractive and viable to the market. In the first instance, this approach could focus on older employment sites that score poorly through the site assessment process and do not currently reflect modern working layouts, densities, technology and premises. This could comprise redevelopment, however such floorspace provides a valuable supply of affordable floorspace for businesses. However, qualitative improvements can also be delivered through the refurbishment of existing buildings and improvements to the surrounding environment, security and traffic management at larger sites.

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

Conclusions

10.37 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to modelling the borough’s future employment floorspace and land needs. These reflect the needs arising within the borough. In order to ensure a robust approach, the emerging Local Plan or future Development Plan Documents, should aim to meet the identified needs of the borough’s economy under each of these scenarios to ensure that it is not unduly constrained. Also, in order to ensure a flexible and responsive policy framework, it will be necessary to not just focus on meeting forecast quantitative requirements, but also to consider the opportunities to meet the qualitative needs of both established businesses and inward investors.

10.38 The borough is expected to see reasonably strong office job growth over the plan period, and in quantitative terms, the borough has a surplus of office floorspace to meet business needs under all scenarios of future growth. Therefore, the focus of future policy for office uses should be on addressing a range of qualitative issues, such as increasing the amount of Grade A office stock.

10.39 The Council should ensure that new office provision continues to be located within those areas of the borough that attract the majority of demand from office based firms.

10.40 In addition, the need to encourage upgrading and renewal of existing office space should also be explored whilst enabling some stock to be lost to alternate uses to correct the imbalance in the office property market.

10.41 In terms of future industrial needs, a positive requirement has been identified through the labour demands scenario which, based on the existing portfolio of sites in Basingstoke and Deane the borough would be unable to meet. In addition, the identified land supply for industrial is reliant upon un-implemented permissions which are predominantly for smaller development sites and are likely to relate to specific schemes and users and may therefore be less able to meet general future needs. Therefore, the supply could be significantly over-estimated and consequently flexibility needs to be provided to ensure an adequate supply of land in the future.

10.42 Whilst the borough contains a good supply of industrial floorspace that is concentrated in Basingstoke Town, the majority of this is fully occupied, limiting the natural churn and scope to refurbish stock to maintain market competitiveness and appeal. There are a number of potential options for how additional supply might be provided, which include:

a) Providing appropriate protection through the policy framework to retain land in the defined strategic employment areas for economic uses, whilst also, providing protection to employment floorspace that is located sites located outside of the strategic employment areas. This will prevent sites suitable for industrial uses (i.e. light industrial, industrial or storage and distribution) being lost to alternate uses.
b) Consider allocating new industrial sites to provide a supply of land for industrial uses and enable both the floorspace requirements of both established businesses and inward investors to be met.
c) Intensification of existing sites through upgrading and refurbishment for more efficient use.

10.43 It is also important that the borough continues to provide a range of affordable workshop space for small high growth start-up businesses, by:

- Seeking to resist the loss of premises that provide suitable accommodation for SMEs
- Seeking to provide smaller units within larger employment, residential or mixed use schemes that come forward.

Appendix 1 - Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of jobs by use class		
	B1 office	B2 industrial	B8 Warehousing
Accommodation & Food Services	Non B-Class		
Administrative & Supportive Services	100	0	0
Agriculture, Forestry & Fishing	Non B-Class		
Air & Water Transport	Non B-Class		
Chemicals (manufacture of)	0	100	0
Civil Engineering	Non B-Class		
Computer & Electronic Products (manufacture of)		100	
Computing & Information Services	100	0	0
Construction of Buildings	Non B-Class		
Education	Non B-Class		
Extraction & Mining	Non B-Class		
Finance	100	0	0
Food, Drink & Tobacco (manufacture of)	0	100	0
Fuel Refining	0	100	0
Health	Non B-Class		
Insurance & Pensions	100	0	0
Land Transport, Storage & Post	0	0	90
Machinery & Equipment (manufacture of)	0	100	0
Media Activities	100	0	0
Metal Products (manufacture of)	0	100	0
Non-Metallic Products (manufacture of)	0	100	0
Other Manufacturing	0	100	0
Other Private Services	Non B-Class		
Pharmaceuticals (manufacture of)	0	100	0

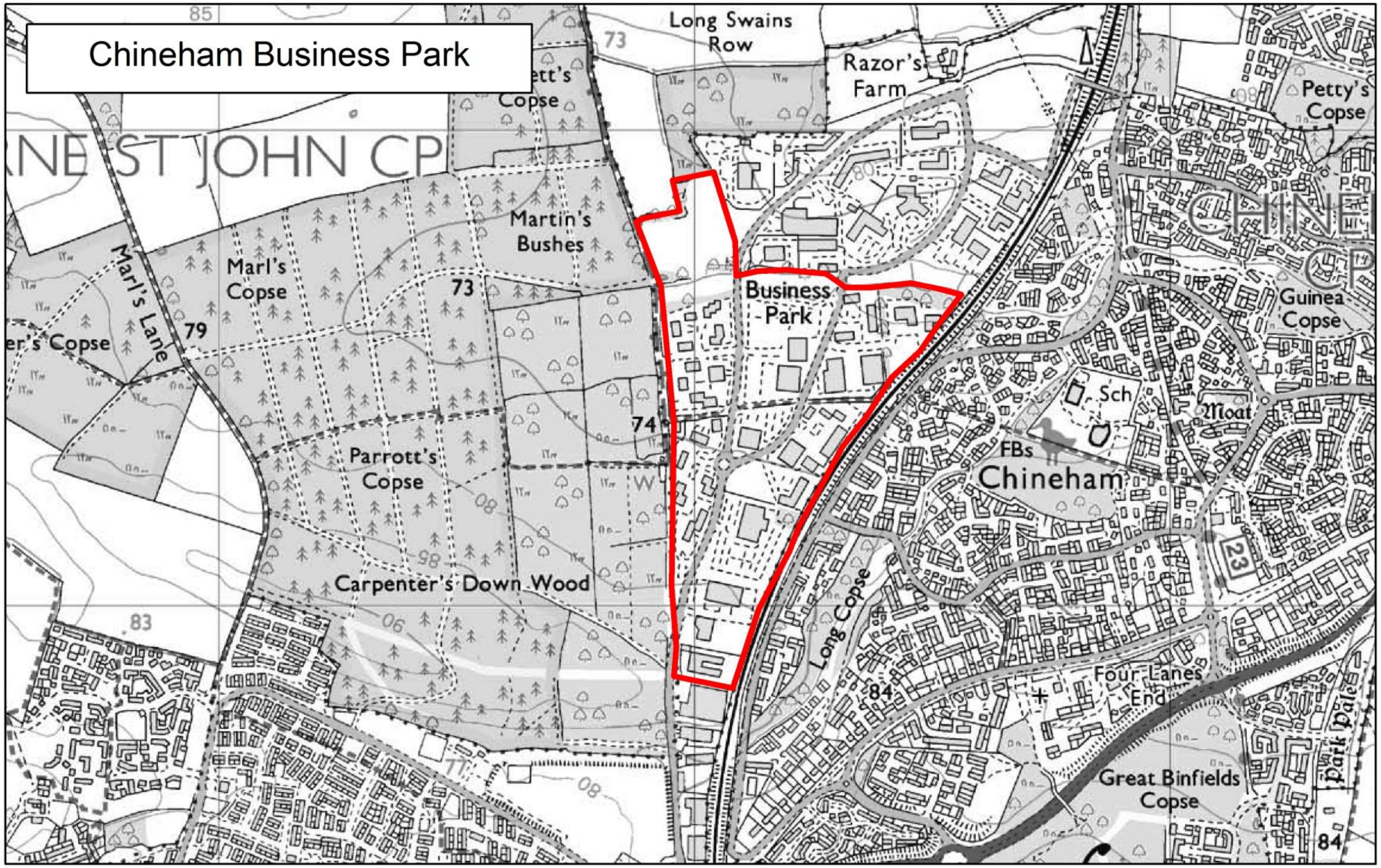
Printing and Recorded Media (manufacture of)	0	100	0
Professional Services	100	0	0
Public Administration & Defence	10	0	0
Real Estate	100	0	0
Recreation	Non B-Class		
Residential Care & Social Work	Non B-Class		
Retail	Non B-Class		
Specialised Construction Activities	0	55	0
Telecoms	100	0	0
Textiles & Clothing (manufacture of)	0	100	0
Transport Equipment (manufacture of)	0	100	0
Utilities	0	80	0
Wholesale	0	20	80
Wood & Paper (manufacture of)	0	100	0

Appendix 2 – Employment Area Assessments

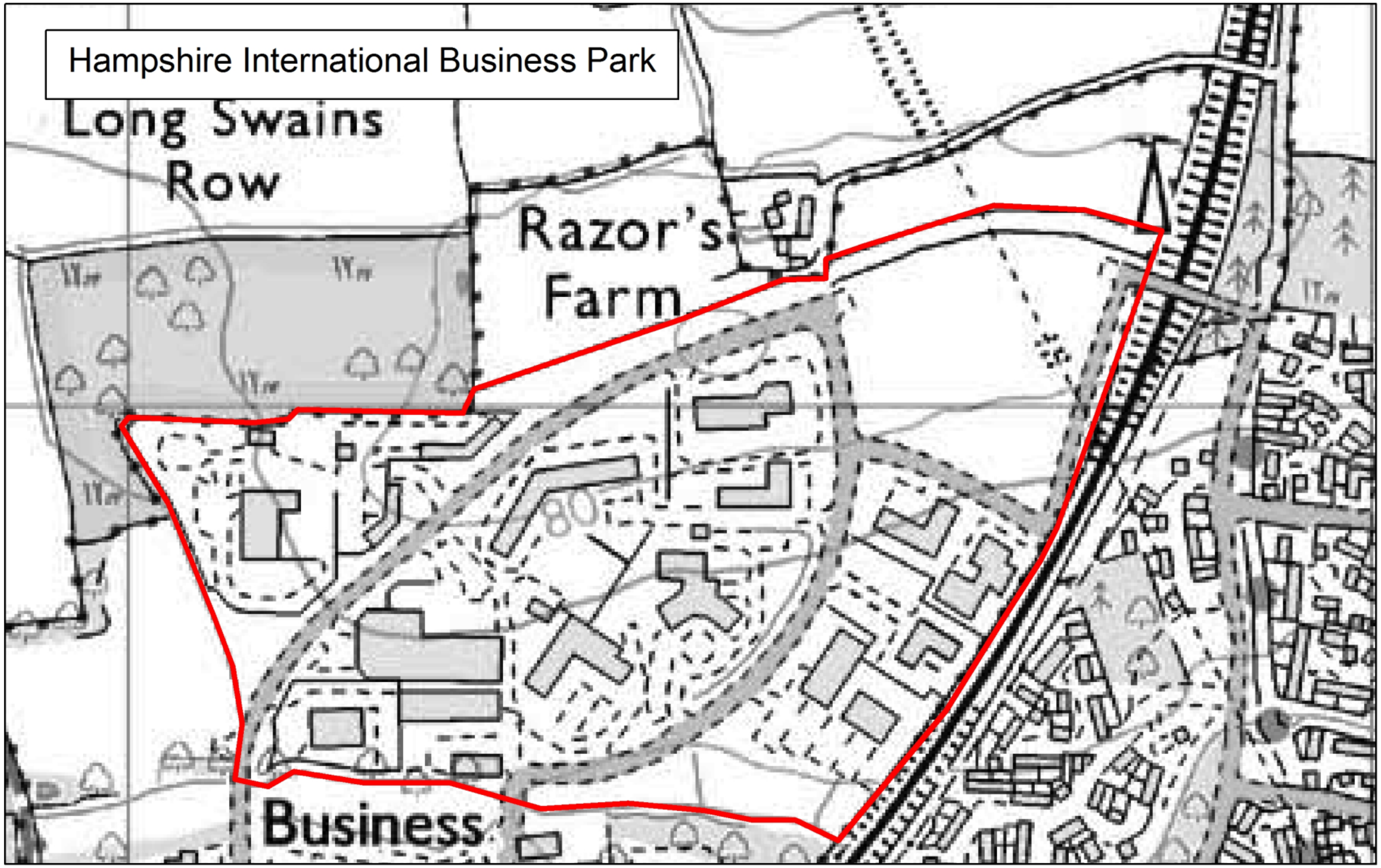
Estate / Employment Area	Size of site (approx. ha)	Prestige / identity	Prominence	Public Realm	Parking / Circulation	Local Amenities	Road Access	Total Score
Chineham Business Park	33	10	8	10	10	8	8	54
Hampshire International Business Park	26	10	8	10	10	6	7	51
Basing View	21	8	10	7	8	8	9	50
Viables	40	10	9	9	9	4	8	49
Houndmills	86.7	9	9	7	7	6	8	46
Houndmills East	1.8	8	9	6	6	7	8	44
Hatch Industrial Park (Old Basing)	2.5	8	8	7	8	5	8	44
Beggarwood	3.0	6	9	7	8	6	8	44
Kingsclere	2.4	8	8	8	6	6	7	43
Land North of Daneshill East	51	8	9	6	6	5	8	42
Brighton Hill	15	8	10	4	6	6	8	42
West Ham	12.8	7	6	6	7	7	8	41
Land South of Chineham Business Park	4.0	7	8	4	6	8	8	41
Daneshill East	24	7	9	6	6	4	9	41
Daneshill West	22.5	7	8	6	6	4	9	40
Bramley (Campell Court)	3.5	7	4	8	7	6	6	38
Whitchurch (Ardglen)	4.1	7	4	7	6	7	5	36
Moniton	2.4	5	7	2	8	6	5	33
Coronation Road	0.95	6	2	5	5	4	4	26

Appendix 3 – Employment Sites Assessed

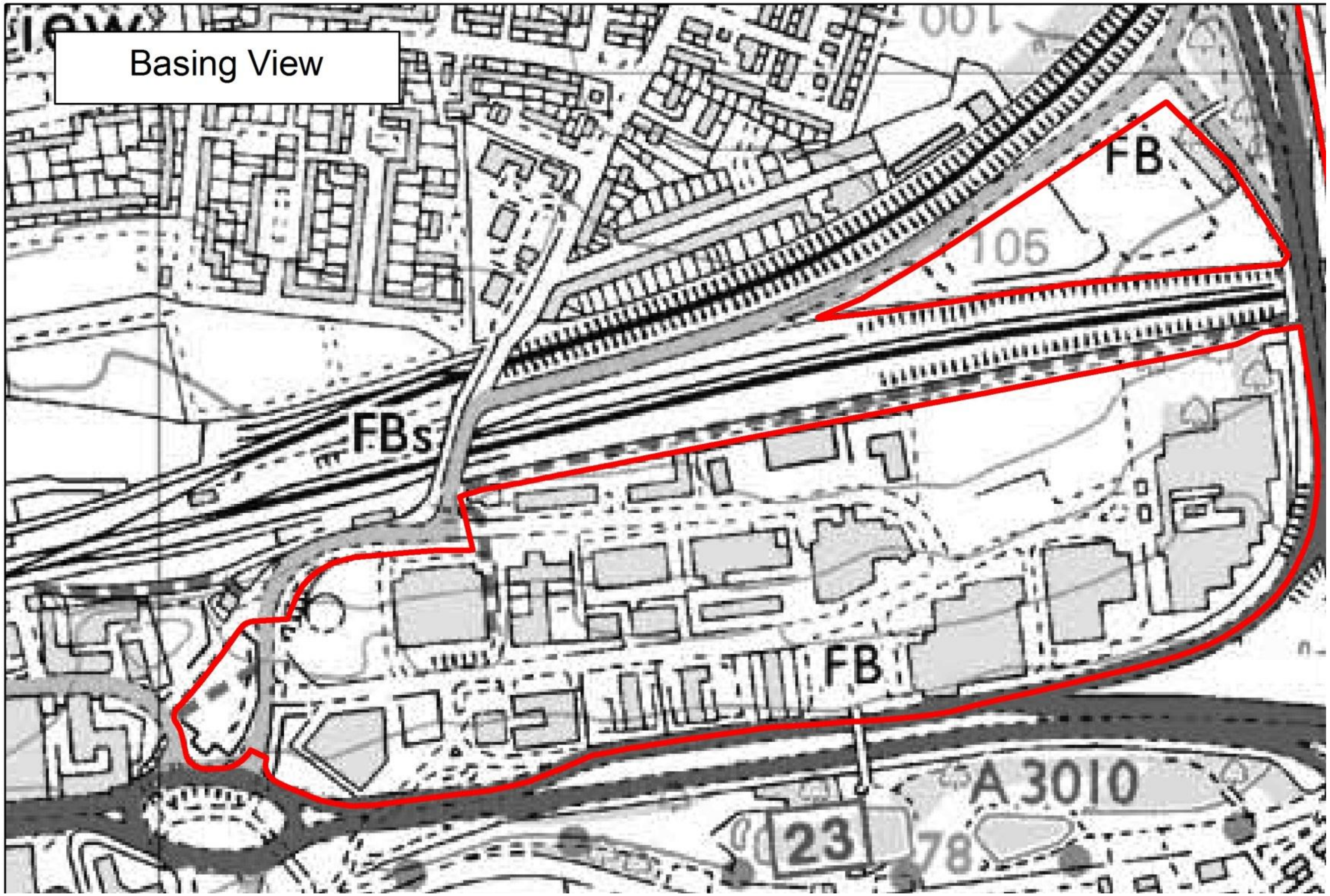
Chineham Business Park



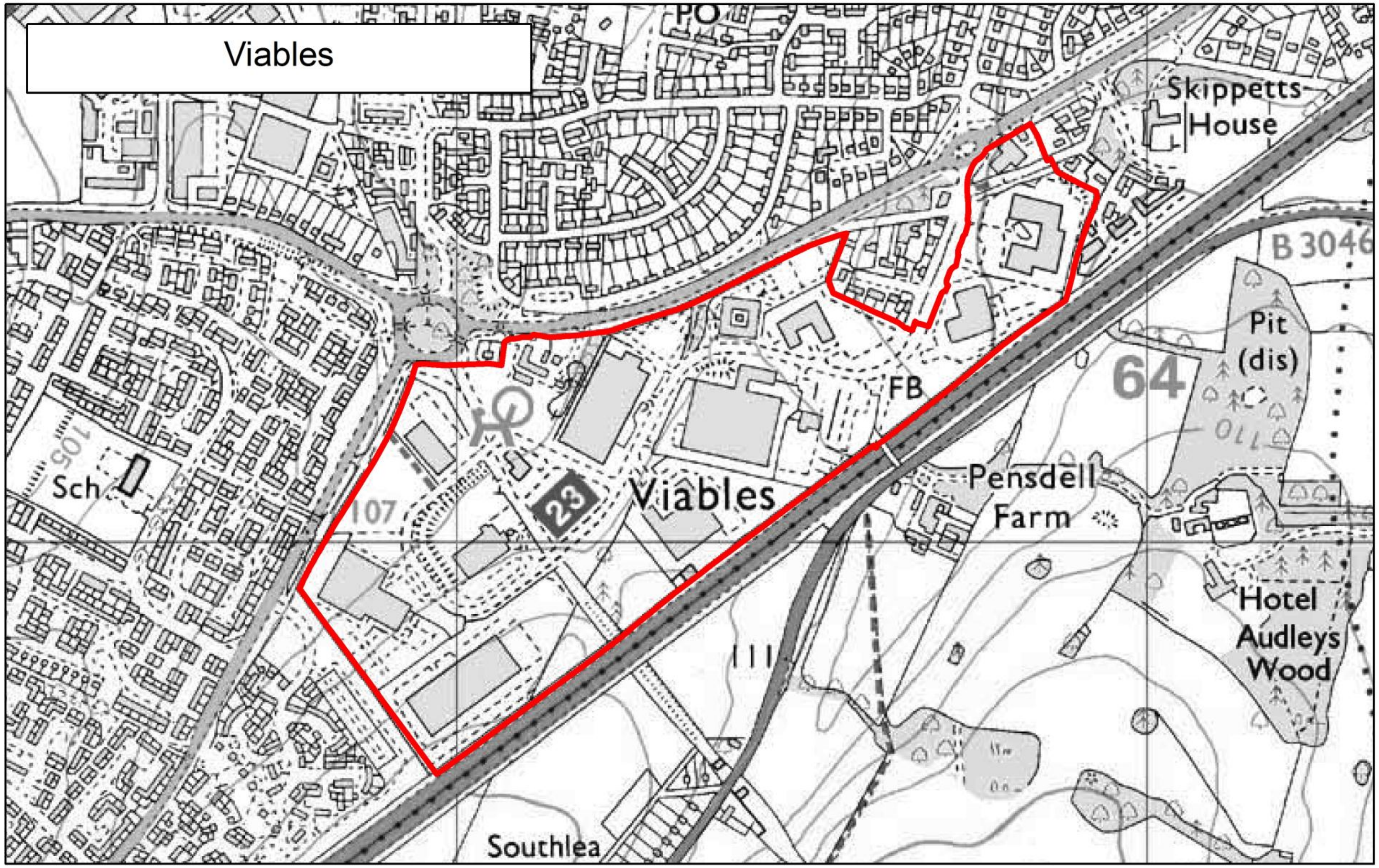
Hampshire International Business Park



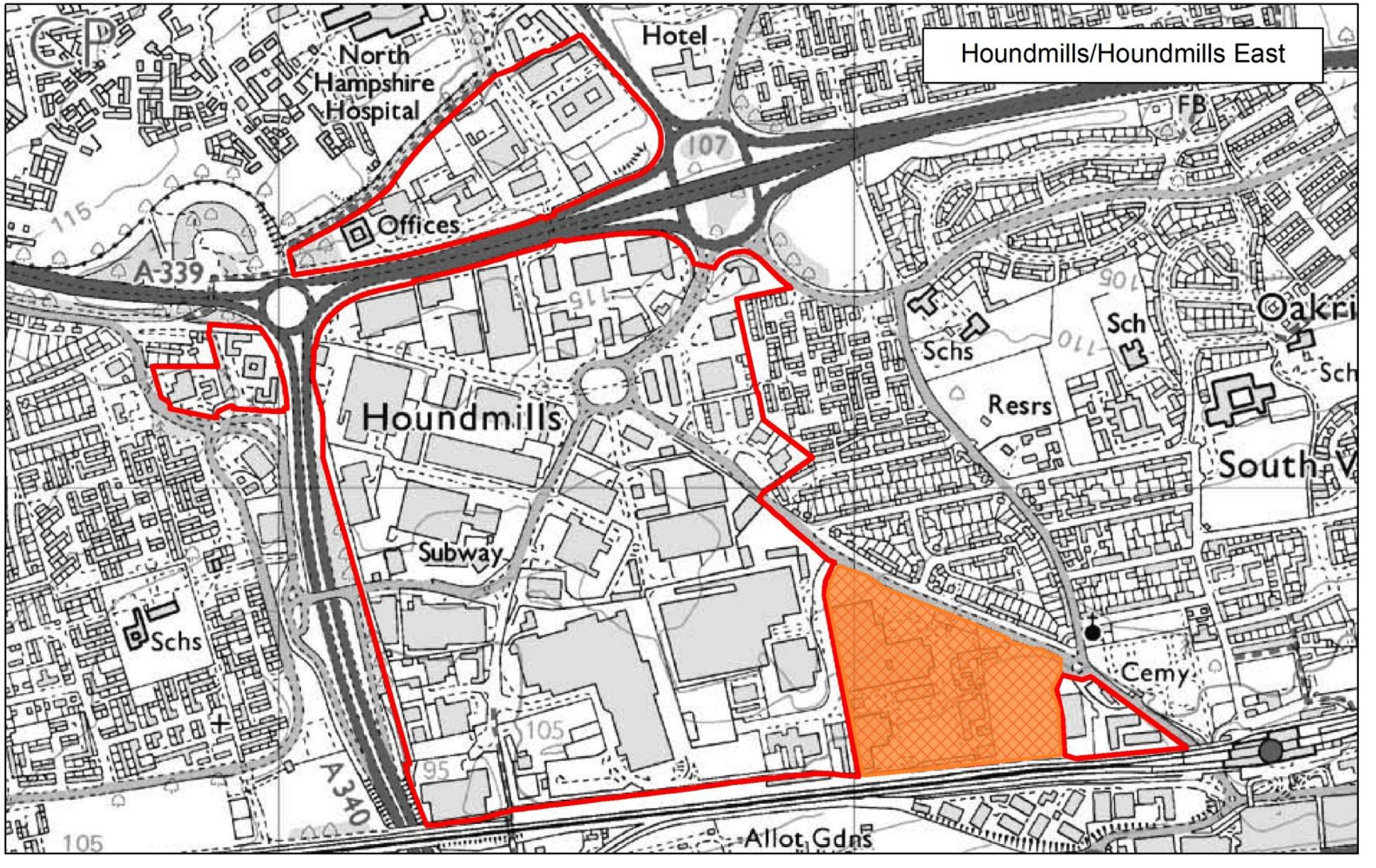
Basing View



Viables Business Park



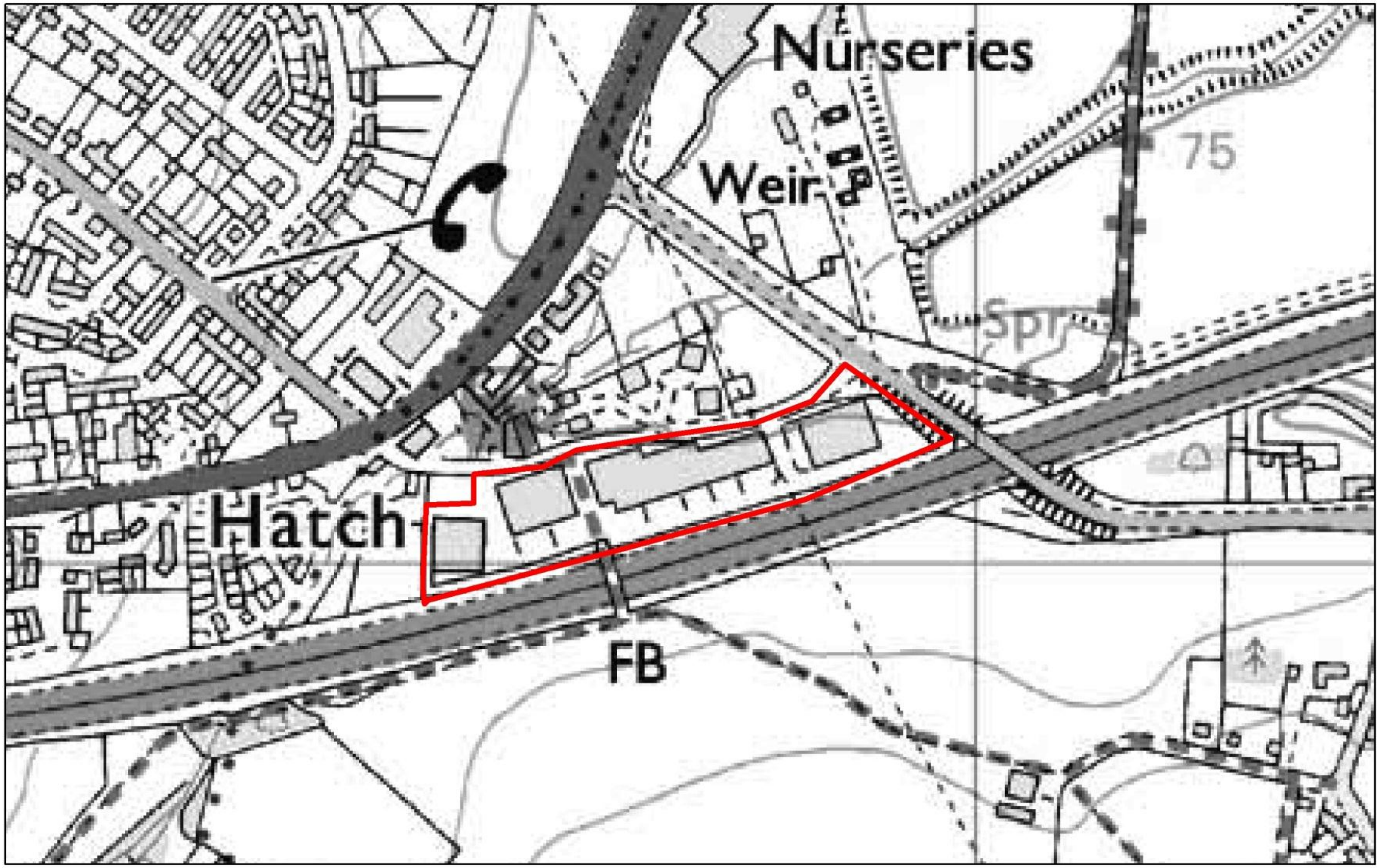
Houndmills & Houndmills East



Employment Area assessed

Area not assessed due to loss to non-employment use

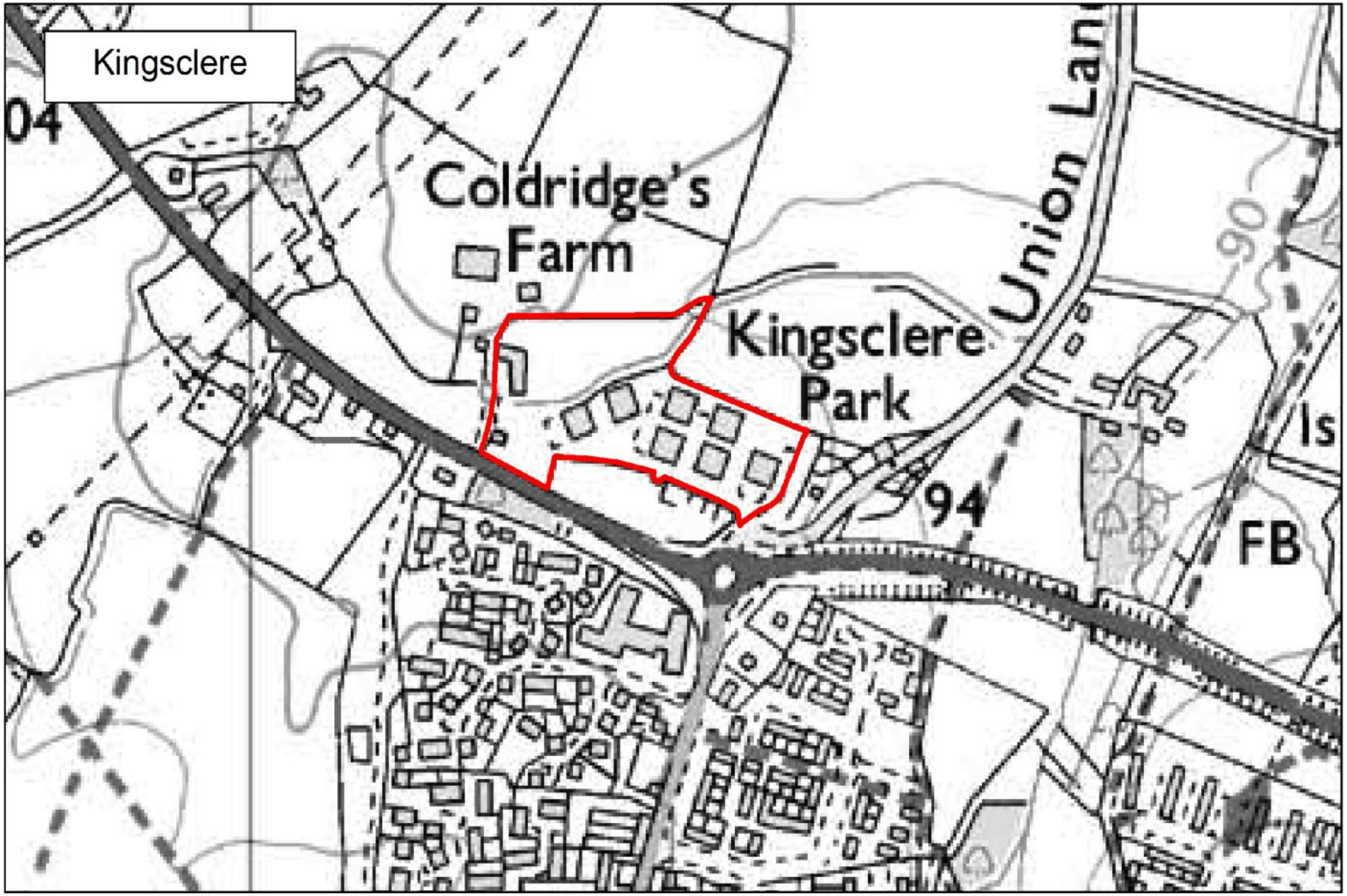
Hatch Industrial Park



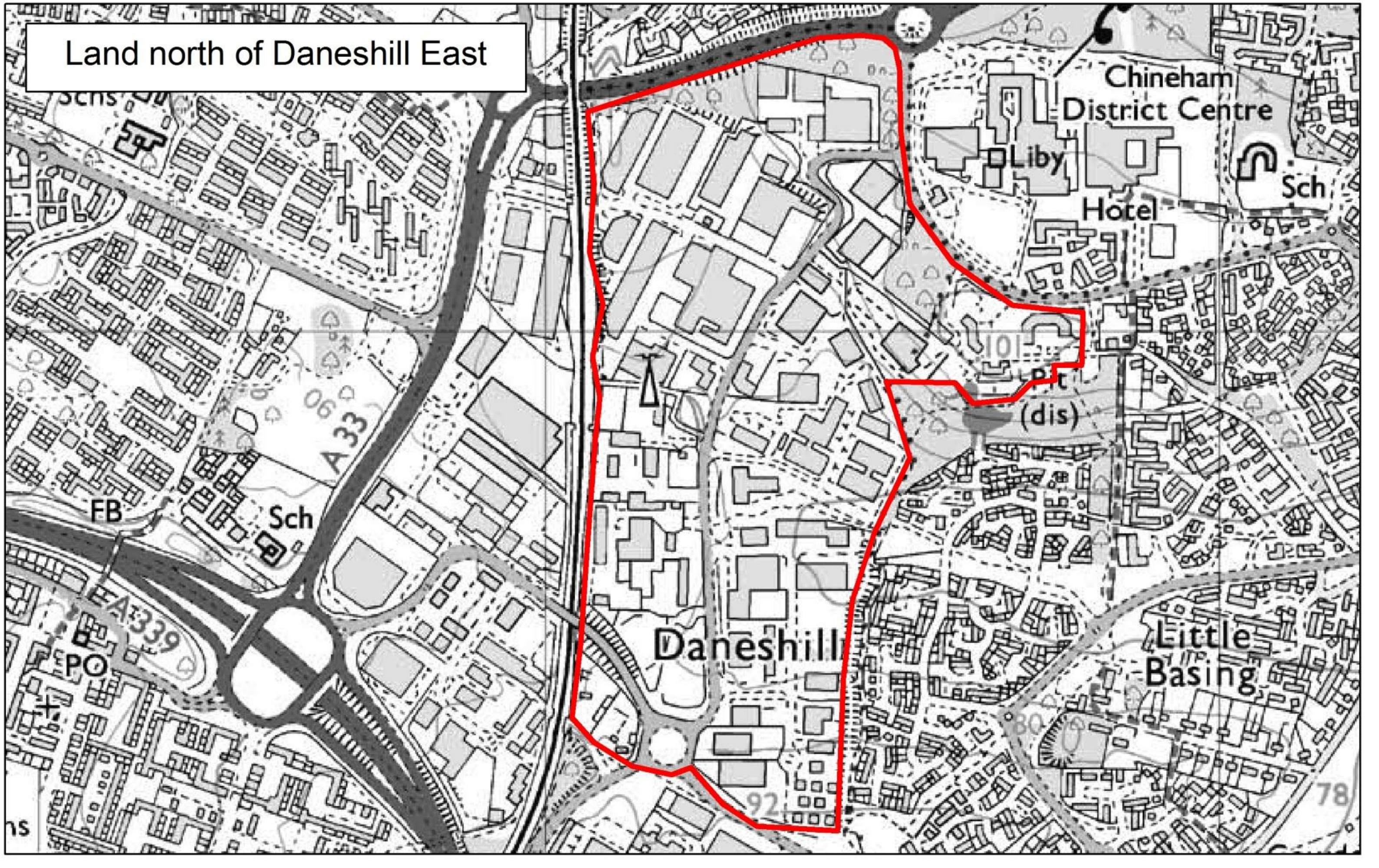
Beggarwood

Beggarwood
168
165
MS
CH
Lower
Old Beggarwood L
Coachroad
Belt
nchester Road

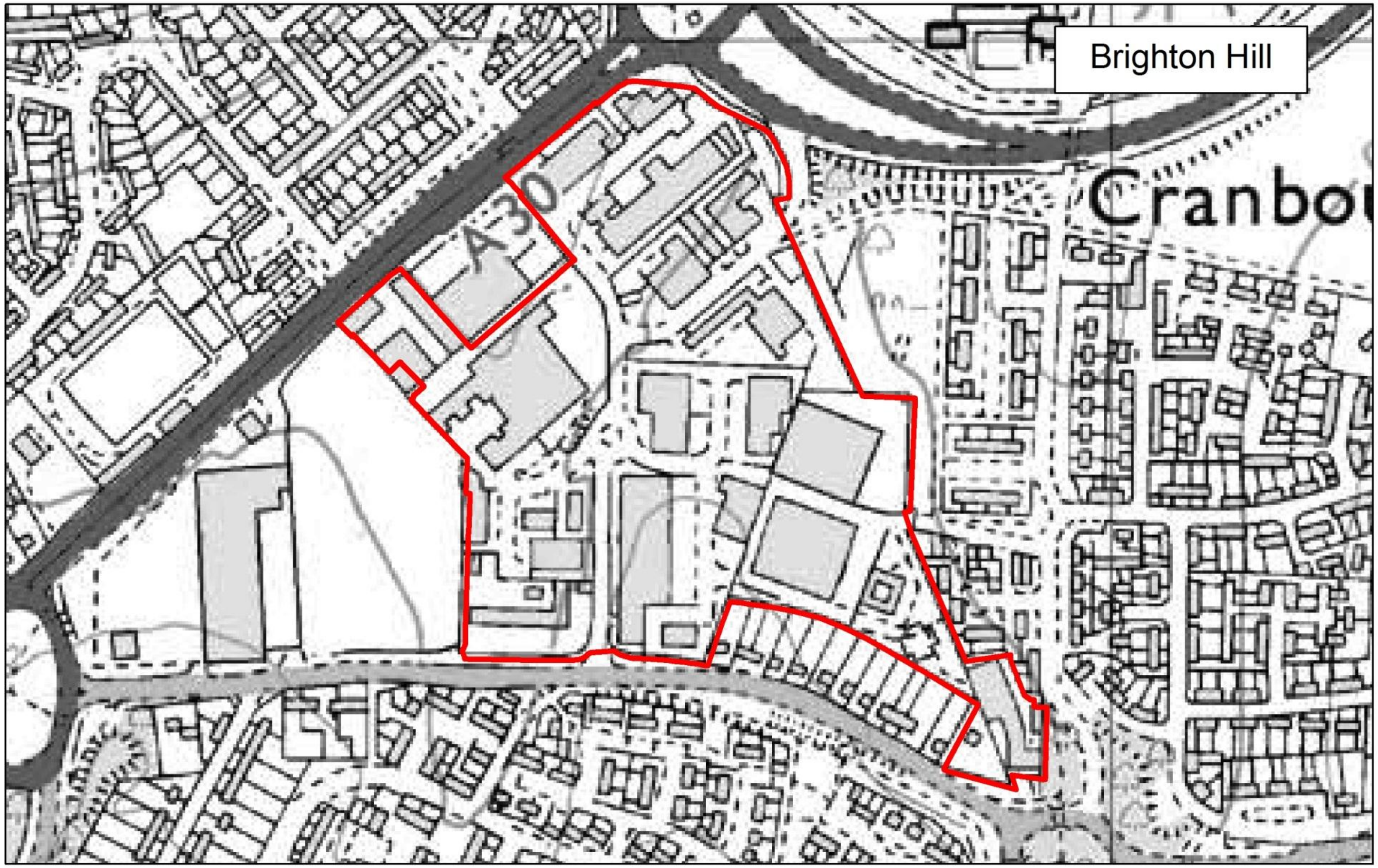
Kingsclere


Kingsclere
04
Coldridge's
Farm
Kingsclere
Park
Union Lan
94
FB
Is
90

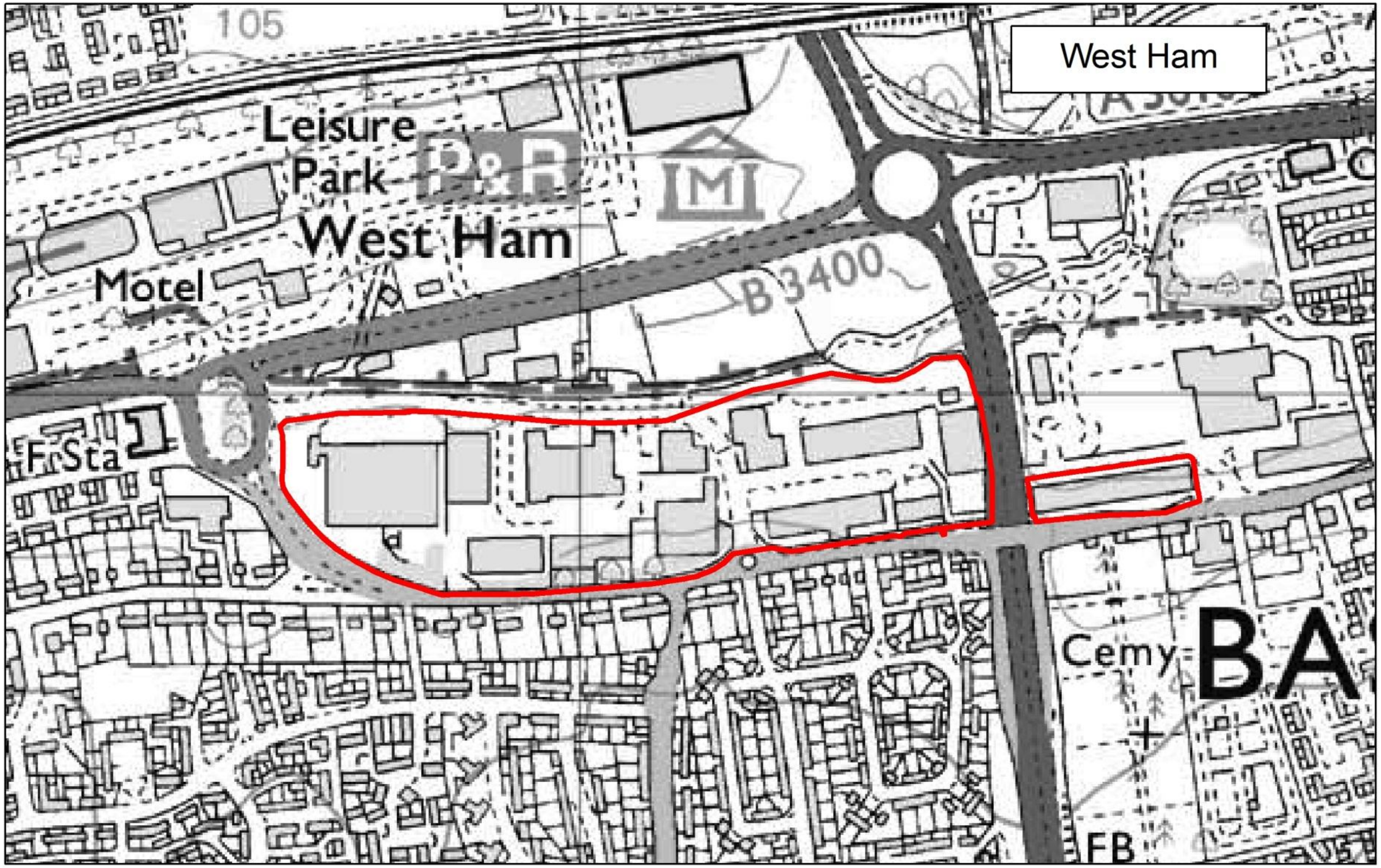
Land North of Daneshill East



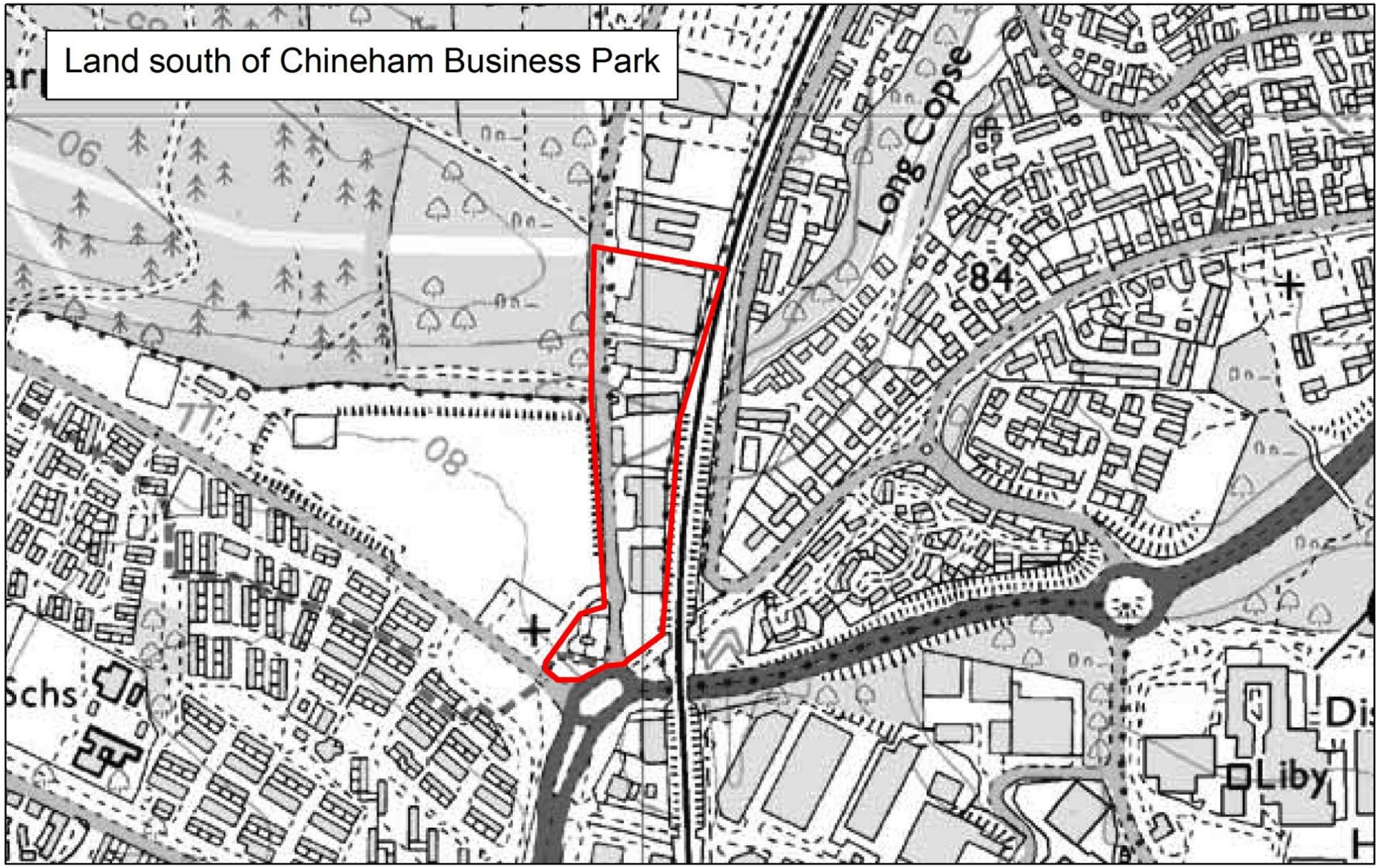
Brighton Hill



West Ham Industrial Estate

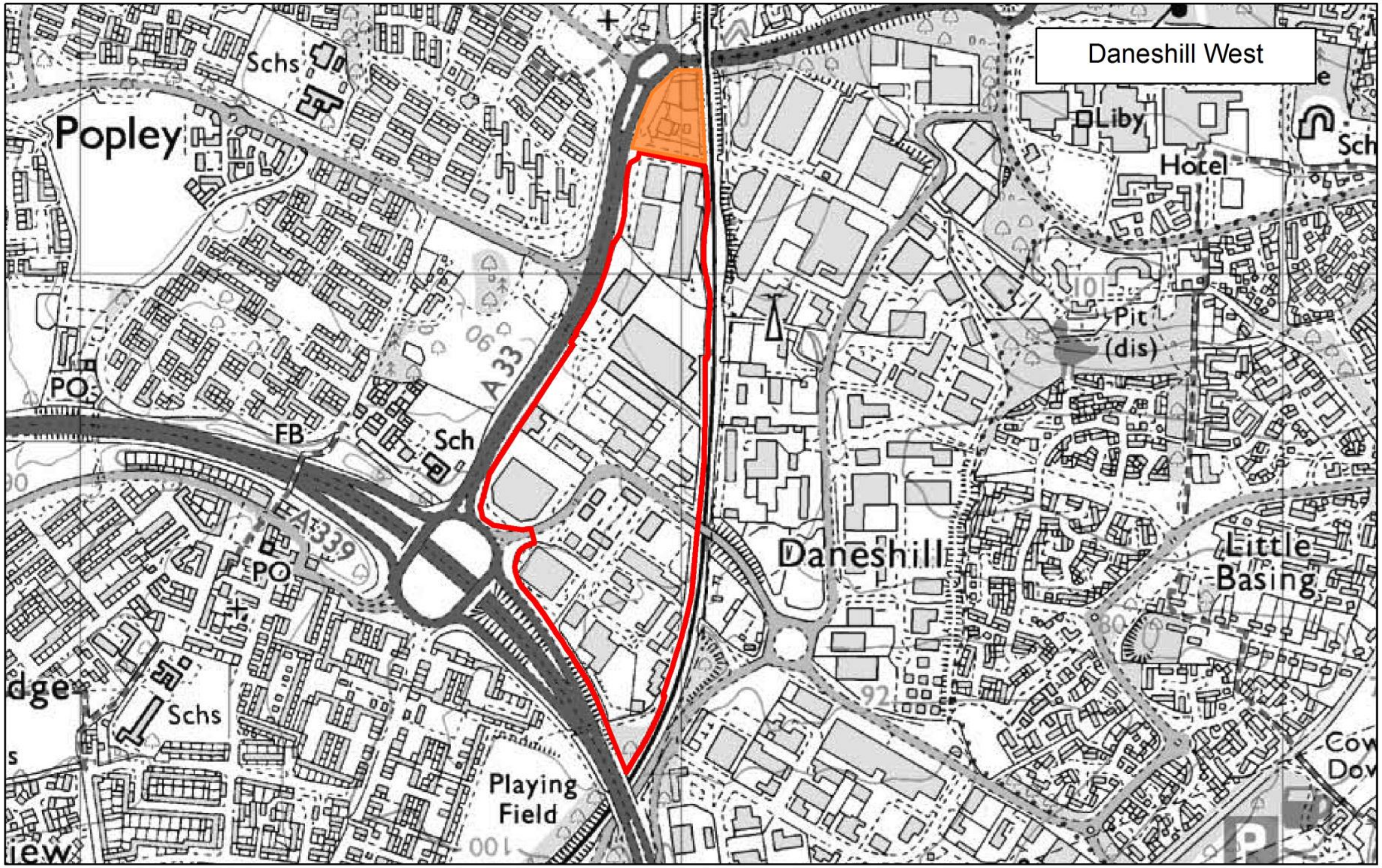


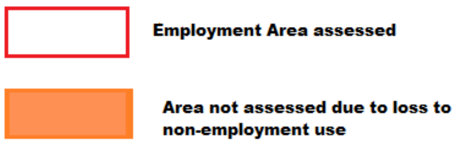
Land South of Chineham Business Park



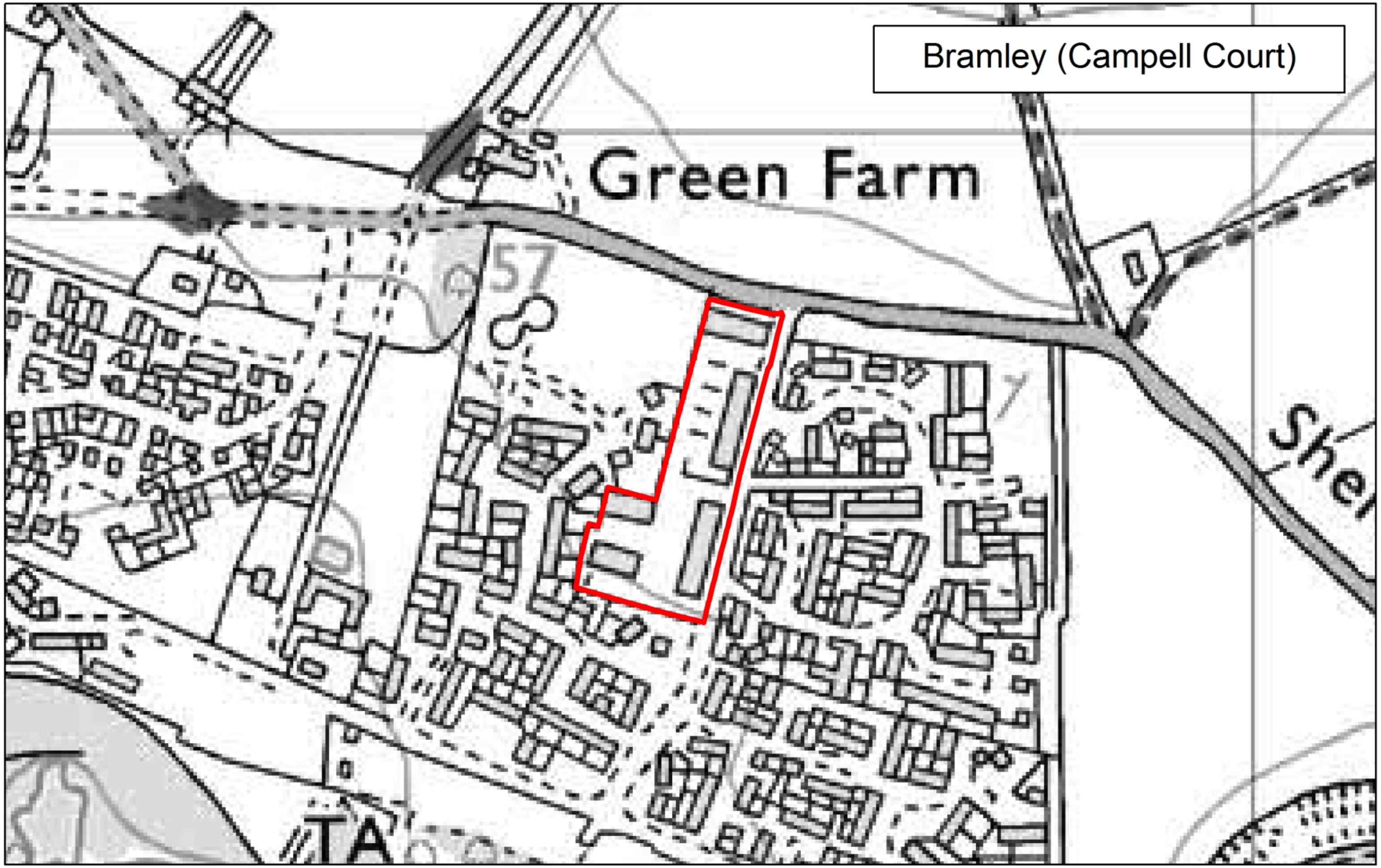
Daneshill East

Daneshill West

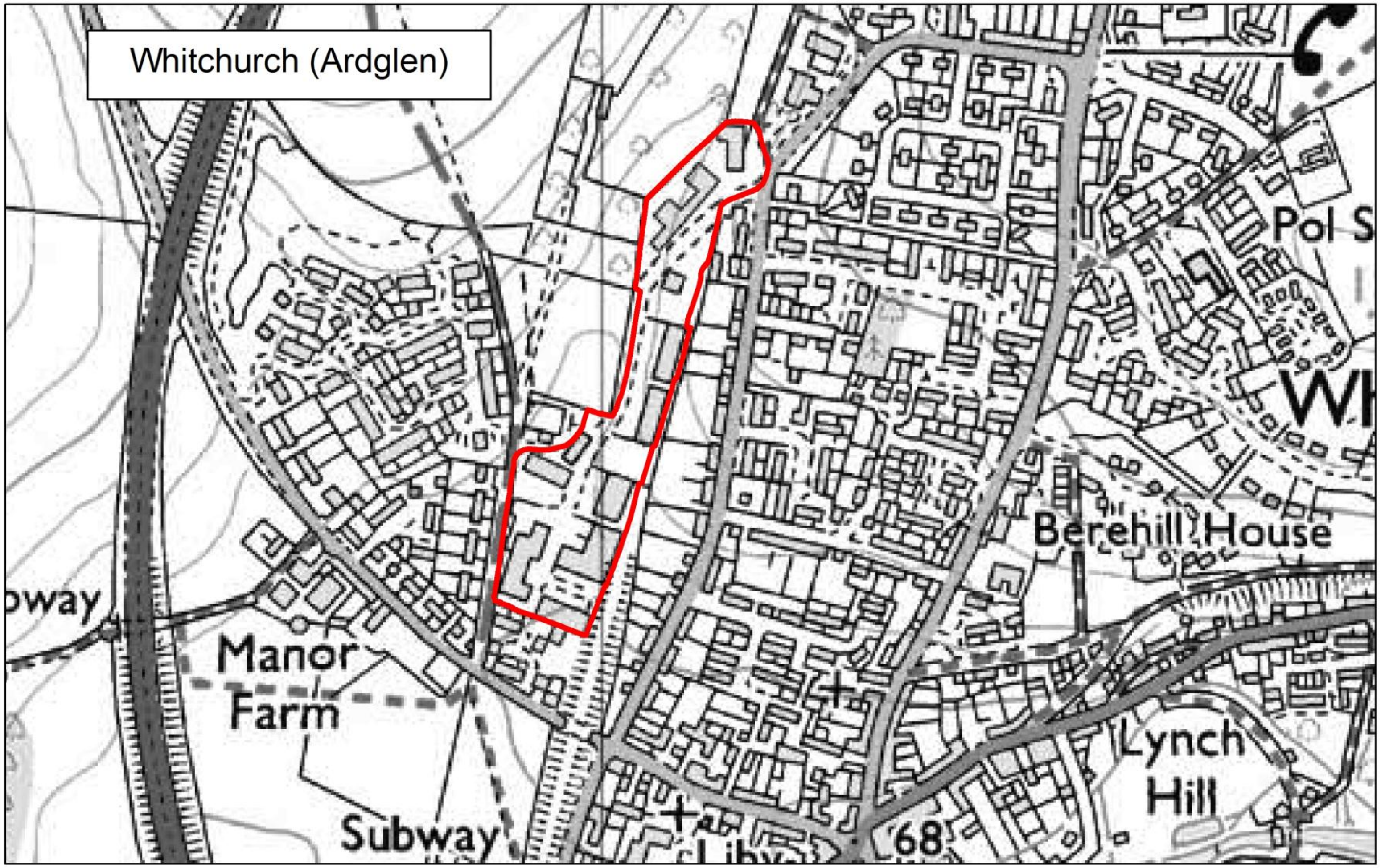




Bramley (Campell Court)

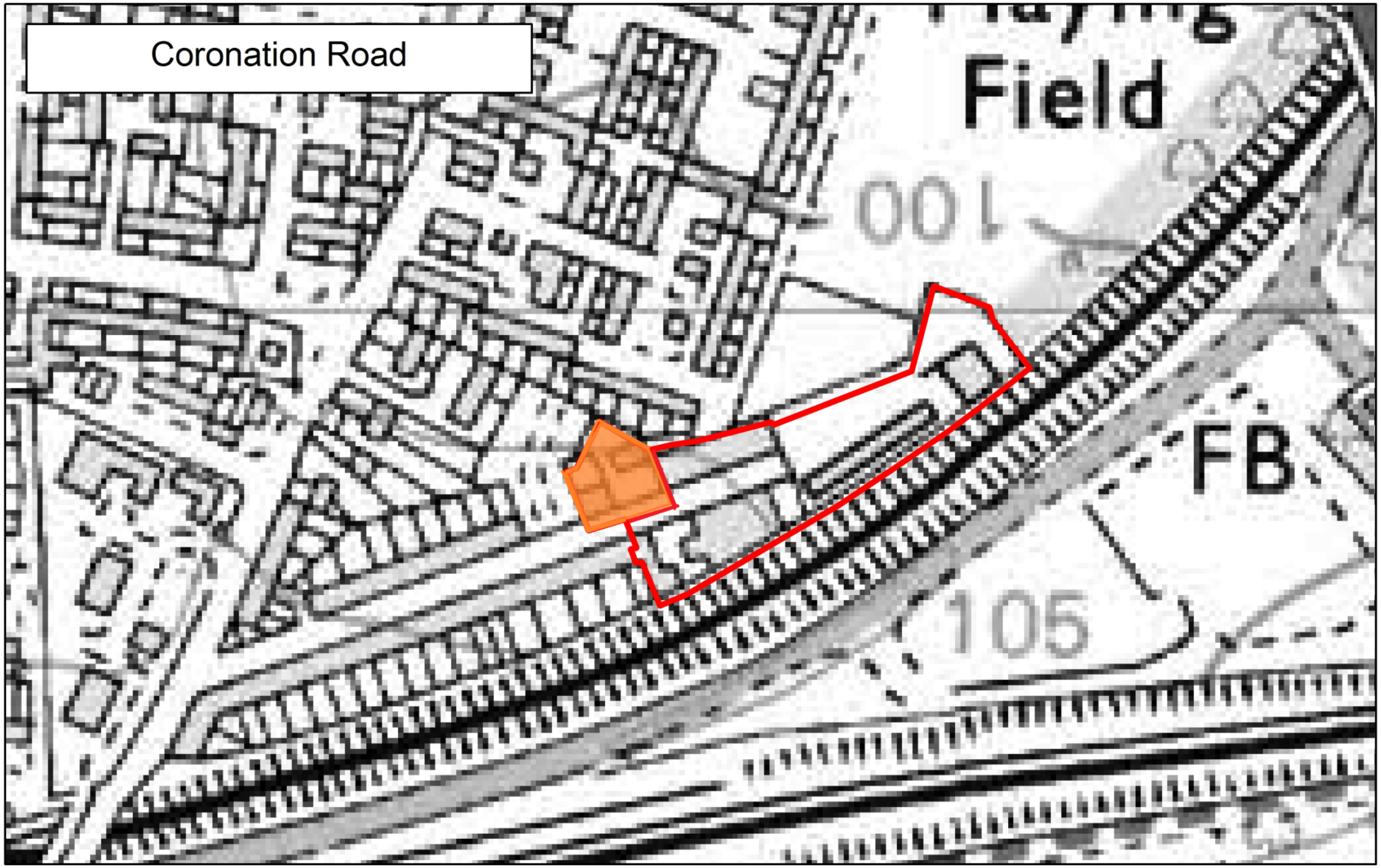


Whitchurch (Ardglen)



Moniton Industrial Estate

Coronation Road



Employment Area assessed

Area not assessed due to loss to non-employment use