
Hart, Rushmoor and Surrey Heath Joint Employment Land Review Update

Final Report

November 2016



**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Contents

	Executive Summary	5
1	Introduction	9
2	Policy Context	15
3	Economic Context	27
4	Overview of Employment Floorspace	37
5	Available Supply of Employment Land	53
6	Commercial Property Market	57
7	Future Requirements for B Class Employment Space	69
8	Balancing Supply and Demand	81
9	Review of Current Employment Sites Portfolio	89
10	Overall Conclusions and Policy Options	95

Appendices

Appendix 1	Employment Site Surveys (published as a separate document)	103
Appendix 2	Employment Land Supply in the FEA (March 2016)	105
Appendix 3	Apportionment of B Class Sectors to Land Uses	111
Appendix 4	Apportionment of the land supply generated by flexible planning permissions or allocations	113

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Executive Summary

Context

- 1 This Employment Land Review Update has been prepared to inform Development Plans in Hart, Rushmoor and Surrey Heath. These three authorities have strong economic linkages and together they form a single Functional Economic Area (FEA) referred to as the HRSH area. The previous Employment Land Review (ELR) published in 2015 was produced by Hart District Council, Rushmoor Borough Council and Surrey Heath Borough Council.
- 2 The 2015 ELR has been updated by Wessex Economics as part of a combined study involving the preparation of both an updated Strategic Housing Market Assessment (SHMA) for the HRSH area and this update of the ELR. The 2016 update of the ELR uses the most recent data on employment land take up, baseline data and employment forecasts. It also takes account of the findings of the 2016 Enterprise M3 LEP Commercial Property Market report, but much of the text and commentary of the 2015 ELR remains unchanged.
- 3 The ELR Update is consistent with the November 2016 SHMA, and covers the same period 2014-2032 as the SHMA. The ELR Update provides current information on existing employment sites and premises in the HRSH area, and assesses future floorspace needs and land requirements for B class employment uses (offices, industry and warehousing) associated with the level of anticipated employment growth set out in the SHMA. It also considers the current and future balance of demand and supply for employment land in the HRSH area, and potential approaches in relation to employment land in emerging development plans.
- 4 The National Planning Policy Framework (NPPF) is clear that emerging Local Plans should strive to meet the economic needs of their areas by supporting existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identifying and planning for new or emerging sectors likely to locate in the area.

Findings

- 5 The FEA has a successful economy that has generated over 10,000 additional jobs between 2009 and 2015. The local economy has been resilient throughout the economic downturn. This is attributable to the broad range of businesses across a wide range of sectors to be found in the FEA. Productivity (measured by Gross Value Added (GVA) per worker) within the FEA labour force is lower than Enterprise M3 LEP and national averages, although there are significant variations between the three local authority areas. Self-containment within the FEA is 53%, which is not surprising given the dense pattern of urban settlements in the wider area and opportunities for residents in the three local authority areas to commute into London and other economic centres.
- 6 The FEA has a relatively balanced mix of employment floorspace that can support a range of sectors, although it has a significantly higher proportion of office floorspace when compared to other competing economic centres. There is a good supply of office

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

floorspace available for occupation, with over 117,000 sqm of office space being marketed in November 2016. In contrast, only 14,175 sqm of industrial floorspace was being marketed in November 2016 and available for immediate occupation. There are a number of development proposals in adjoining local authorities that compete with the offer in the FEA for future employment development. Examples include high profile established Business Parks such as Winnersh Triangle in Wokingham; Arlington Square, Bracknell Forest; and Longcross Park in Runnymede. Somewhat further afield, Reading is becoming increasingly dominant as an office location in the western corridor/Thames Valley.

Supply

- 7 There is a reasonable pipeline supply of employment land, consisting of Local Plan allocations that have not been built out (in full or part) and planning permissions that have yet to be implemented. The maximum available land supply as of April 2016 that could be delivered to meet the needs of the FEA's economy is around 54.4 ha of land, compromising a combination of allocations and extant planning permissions.
- 8 The FEA forms part of the Blackwater Valley, which is widely perceived to be a relatively self-contained commercial property market despite its proximity to a number of other large centres. A significant quantity of large-footprint office accommodation has been developed across the Blackwater Valley over the past two decades, although it is widely acknowledged that occupier demand has never kept pace with this supply and the post 2007 economic downturn exacerbated this. However, the office market has started to recover with the amount of floorspace let in the FEA increasing by 42% between 2013 and 2015.

Demand

- 9 Commercial agents highlight that there are two distinct tiers to the office market within the FEA. These are as follows:
 - Modern Grade A stock in prominent, accessible business park environments is in strong demand; the supply of such floorspace is continuing to reduce as the market improves.
 - Lower grade stock for which there is limited demand and a large supply. As a result of limited demand. The poorer quality stock is remaining vacant for prolonged periods.
 - The current over-supply of lower grade office accommodation is limiting investment in the refurbishment of such stock as low rent levels make such investment unviable.
- 10 The FEA has a strong industrial market, with concentrations of industrial land in and around the A331 Blackwater Valley Road. Demand for industrial property is more evenly spread across the FEA's main centres. This is reflected in the fact that rents for industrial property do not vary greatly across the FEA. The industrial market remained relatively stable throughout the economic downturn with transactions remaining strong since 2011 and high occupancy levels. There is a limited supply of vacant floorspace available to meet the needs of the market with only 14,175 sqm of vacant industrial floorspace in November 2016 and available for immediate occupation. Commercial

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Property Agents note that there is demand for premises of 4,650 sqm (50,000 sq ft) to 9,300 sqm (100,000 sq ft) close to the strategic road network for both industrial and warehousing activities.

- 11 As part of this ELR 72 employment sites across the FEA of 0.25 ha or more were assessed. The detailed site assessments examine a number of factors that will help inform future decisions about the allocation status of these sites through emerging Development Plans, including information on the type and role of each site, its accessibility, environment and parking. In addition, the surveys provide information on a selection of planning constraints and any vacant premises at the site. The site appraisals are published as a separate freestanding Appendix to this report.
- 12 Two different scenarios of future employment floorspace and land requirements have been considered for the FEA for the period up until 2032. The first scenario is based the labour demand and supply projections aligned with the Objectively Assessed Housing Need as set out in the November 2016 Strategic Housing Market Assessment, which is linked to anticipated employment growth in the FEA of 1,200 jobs pa over the period 2014-32. The second scenario is based on the assumption that the pattern of past employment floorspace development delivery continues into the future.

Outcomes

- 13 Forecast floorspace requirements amount to a need for between 210,640 and 229,029 sqm of B-class floorspace. This translates into a land requirement of between 47 and 49.2 ha. This level of requirement can be met from the existing supply of land allocations and extant permissions, but without there being a significant surplus of employment land.
- 14 The quantum of land for development for B class uses has been significantly reduced relative to the 2015 ELR, by the exclusion in this study of Hartland Park from the future supply of employment land, in the light of the likelihood that this will be brought forward for residential development. The exclusion of Hartland Park has roughly halved the availability of employment land in the FEA.
- 15 The FEA is expected to see relatively strong growth in Office/Research and Development (R&D) based sectors up until 2032. In quantitative terms, the FEA has sufficient vacant office floorspace and land available to meet the identified requirements although this situation will need to be monitored closely, particularly given the ongoing impact of permitted development rights.
- 16 In terms of the industrial and warehousing sector, in quantitative terms, the FEA has only just a sufficient amount of vacant land available to meet the requirements.
- 17 It is concluded that emerging Development Plans in the FEA should:
 - a. Identify strategic and locally important employment sites
 - b. Review the boundaries of some established employment areas
 - c. Encourage the refurbishment and upgrading of existing office stock at core office locations, whilst also enabling the loss of some lower grade office to alternative uses to rebalance supply with demand

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- d. Encourage the development of vacant land at strategic and locally important employment sites to meet the requirements for quality office stock and premises to meet the needs of the industrial sectors
 - e. Encourage the refurbishment / redevelopment of industrial floorspace
 - f. Consider the identification of additional employment land, particularly for industrial and warehousing uses, given the relatively tight supply of such land, and the need to provide opportunities for choice.
18. It is recommended that each of the FEA authorities continue to monitor the amount of new floorspace being delivered and the amount of employment floorspace being lost to alternative uses. This information is crucial, specifically in light of the extension of Permitted Development rights for the conversion of employment premises to residential dwellings.

1. Introduction

- 1.1 A joint Employment Land Review was prepared by Hart District Council, Rushmoor Borough Council and Surrey Heath Borough Council and published in June 2015. Together the areas of the three authorities comprise a single Functional Economic Area (FEA). This report updates the 2015 Employment Land Review for the FEA.
- 1.2 Wessex Economics has undertaken the update at the same time that work has been undertaken to update the Strategic Housing Market Assessment for the Hart, Rushmoor and Surrey Heath (HRSH) area. The updated study provides robust evidence to enable the three authorities to plan holistically for provision of employment land across the FEA through the production of Development Plans.
- 1.3 The focus of the study is on strategic employment land issues across the Functional Economic Area, taking account of demand/supply factors. However, the individual economic issues and employment requirements of each District/Borough are also drawn out. Specific outputs required from this study are:

Stage 1

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

Stage 2

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

Stage 3

- a qualitative appraisal of sites
- an indication of which sites should be retained and the level of protection to be afforded
- which sites could be released to other uses
- a clear indication of any gaps in the portfolio broken down into typologies of use and/or market segments
- an indication of whether individual sites can accommodate future employment needs.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 1.4 The study's approach follows the Government Guidance on undertaking Employment Land Reviews contained within the [National Planning Practice Guide \(NPPG\)](#). It focuses on the employment space needs for the group of B Use Classes i.e. B1 (business), B2 (industry) and B8 (warehousing/distribution). It does not assess the future land needs of other employment generating uses such as retail, tourism, healthcare and education.
- 1.5 The study draws on earlier Employment Land studies prepared for the three local authorities and adjoining areas as well as other relevant documents including National Planning Policy Framework (NPPF) and NPPG, property market information, planning policy documents, economic sector studies and published economic statistics.

Aims

- 1.6 The key aims of the Employment Land Review Update are to:
- establish how the economic situation in the HRSH Functional Economic Area has changed since the previous ELR was undertaken in 2009 and to update the 2015 Study to a 2016 position.
 - analyse recent and current commercial property market trends in the HRSH Functional Economic Area
 - undertake a review of current employment floorspace provision in the HRSH Functional Economic Area
- 1.7 The Strategic Housing Market Assessment (SHMA) for the Hart, Rushmoor and Surrey Heath Housing Market Area (HMA) has been updated at the same time as this ELR and is presented as a separate report. Where the same types of data are used for both the ELR and the SHMA, the parallel updating of both reports ensures that both are using the same datasets and are current for the same dates.

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 light industrial (B1c), industrial (B2) and storage and distribution uses (B8).
- 1.10 The purpose of the study is to provide evidence to support the development of Development Plans in the HRSH FEA. It is not a policy or strategy document, but

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

provides the evidence base required to inform specific planning or economic development policies being developed by the partner authorities.

- 1.11 An important consideration for any work of this nature is that it is inevitably a point-in-time assessment. It cannot entirely reflect very recent changes in circumstances. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by the partner authorities.
- 1.12 As part of the June 2015 study, consultation¹ was undertaken with a range of stakeholders including:
- Enterprise M3 Local Enterprise Partnership
 - Commercial Agents
 - The Economic Development Teams at Hart, Rushmoor and Surrey Heath.
- 1.13 Wessex Economics has included those views and sentiments that still remain relevant within this updated report and have supplemented these with further consultations with commercial agents where necessary.

Duty to Cooperate and Stakeholder Engagement

- 1.14 It is evident in examinations of Core Strategies and Local Plans that the Planning Inspectorate is scrutinising whether the evidence base used in plan making is up-to-date and robust; and whether local authorities have fulfilled the Duty to Co-operate.
- 1.15 Whilst the three local authorities have worked together to deliver this ELR, they recognise the need for wider engagement and joint working with other adjacent local authorities. As part of this, the findings of the work to define the Hart, Rushmoor and Surrey Heath Functional Economic Area were sent to stakeholders including neighbouring authorities and the Enterprise M3 LEP.

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

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

The duty:

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

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

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

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

Structure of Report

1.16 The report is structured as follows:

- **Policy Context (Section 2)** – provides an overview of current policy that is influencing the commercial property market in the HRSF FEA and Local Planning Authority functions.
- **Economic Context (Section 3)** – a review of current economic conditions and recent trends in the HRSF FEA and a summary of the economic strengths and weaknesses that may affect future needs for employment space
- **Overview of Employment Space (Section 4)** - analysis of the current stock in the HRSF FEA and trends of employment space in terms of mix of uses, development rates (gains and losses), age of premises and provision in neighbouring local authority areas
- **Supply of Employment Land (Section 5)** – provides a summary of the supply of land available for employment uses based on data up to March 2016

- **Commercial Property Market (Section 6)** – a review of the HRSH commercial property market, including the supply of and demand for different types of premises and the needs of different market segments
- **Future Requirements for B Class Employment Space (Section 7)** – estimates of future employment space requirements for B Class sectors in quantitative terms in the HRSH FEA, drawing on three types of forecasts and other factors; the selection of a scenario for further testing is then justified
- **Balancing Supply and Demand (Section 8)** – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, by comparing the selected forecast requirements with availability of employment land in the FEA
- **Review of Current Employment Sites Portfolio (Section 9)** – provides a brief summary of each of the employment sites that have been assessed as part of this study
- **Overall Conclusions and Policy Options (Section 10)** – considers policy and other measures that could be implemented to maintain a portfolio of sites within the FEA to deliver sustainable economic growth

ELR Disclaimer

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

- The identification of land with potential for employment uses in the ELR does not imply that the appropriate planning authority will necessarily grant planning permission for employment development on that land or allocate land for employment development through an emerging development plan. All planning applications will continue to be determined against the development plan and material planning considerations.
- The inclusion of land for employment development in the ELR does not preclude it being developed for uses other than employment. Proposals will be considered against the development plan and other material planning considerations.
- The site boundaries included in the ELR are based on the best information reasonably available at the time. The ELR does not limit an expansion or contraction of these boundaries for the purpose of a planning application or future allocation through an emerging Development Plan.
- The exclusion of sites from the ELR (either because they were discounted or not identified) does not preclude the possibility of planning permission being

Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016

granted on them for employment uses. The three authorities acknowledge that sites may come forward through the planning system, which have not been identified in this ELR. Proposals will be considered against the development plan and other material considerations.

- The three authorities do not accept liability for any factual inaccuracies or omissions in the ELR. The information within the ELR represents the information that was reasonably available to the project team at the time of writing. Users of the study should acknowledge that there may be additional constraints on sites that are not included within the ELR document and that planning applications will continue to be determined on their own merits rather than on the information contained within this document. Issues may arise during the planning application process that could not be and were not foreseen at the time of publication of the ELR. Applicants are therefore advised to carry out their own analysis of site constraints for the purpose of the planning application and should not rely on the information contained within the ELR.
- The ELR represents a snapshot of information held at the time of publication. The three authorities will monitor employment land supply through their respective Authority Monitoring Reports and it is anticipated that the ELR will be reviewed at least every five years.
- A variety of sources have been used in the preparation of the ELR and the base dates for some of the information vary. However, the most up to date information has been used wherever possible.

2. Policy Context

National Planning Policy

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

need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate’.

Planning Practice Guidance

- 2.6 The Government has produced Planning Practice Guidance (PPG) to support the implementation of the NPPF. The document provides a range of guidance on different topics including the production of economic evidence to support Local Planning Policies.
- 2.7 The following provides a summary of the key aspects of the PPG that apply to the production of an Employment Land Review.

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

034	Provides guidance on calculating employment land requirement and identifies four key relationships that need to be quantified: <ul style="list-style-type: none">• Standard Industrial Classification sectors to use classes;• Standard Industrial Classification sectors to type of property;• employment to floorspace (employment density); and• floorspace to site area (plot ratio based on industry proxies).
-----	--

Enterprise M3 Local Enterprise Partnership

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

2.9 Research carried out by Enterprise M3² shows that the area as a whole has an advanced knowledge-based economy with high levels of innovation and productivity. Some of the main findings of the research into the Economic Profile of the Enterprise M3 economy are summarised below:

- Enterprise M3 has a far higher number of businesses per 1,000 population than England as a whole
- The area has the third highest GVA per capita nationally at £25,300, which is 18% above the national average and increasing at a higher rate than any other LEP area
- Job growth in the Enterprise M3 area was the second fastest in the South East between 2010 and 2012, well ahead of the regional and national average.
- Strengths include the following sectors: ICT and digital media; financial and professional services; pharmaceuticals and healthcare; advanced engineering and marine; aerospace and defence; and energy and environment sectors.
- Enterprise M3 is one of the key workforce arteries supporting the London economy, with more than one in ten economically active/employed residents of the Enterprise M3 area travelling to London to work.

2.10 The Strategy for Growth discussion document (December 2012) states that the EM3 LEP can be split into three main areas:

- 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.

² Strategic Economic Plan Annex A – Economic Profile

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 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.
- 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 environmental assets and tourism and leisure industries.

Enterprise M3 Strategic Economic Plan

- 2.11 The [Strategic Economic Plan](#) (SEP) (March 2014) identifies that the EM3 area has:
- over 1.64 million residents, of which 42.4% are qualified to graduate level.
 - 86,500 business
 - 744,000 jobs
- 2.12 The SEP sets out the vision for the Enterprise M3 area as being *'the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life'*. The SEP identifies that the LEP area has world-class sectors in ICT and digital media, pharmaceuticals, aerospace and defence and professional and business services, which are supported by knowledge-based businesses, traditional and high value manufacturing and services, and world-class higher-level skills. These four sectors are also identified as priority sectors by the LEP.
- 2.13 In addition to the four priority sectors, the LEP identifies eight niche sectors in which the area has established strengths and which it will aim to support:
- Satellite Technologies
 - 5G Mobile Communication Technologies
 - Cyber Security
 - Advanced Material and Nano-technology
 - Photonics
 - Advanced Aerospace / Automotive Manufacturing
 - Animal Health
 - Computer Games and Entertainment Technologies
- 2.14 The SEP maps the key economic assets of the LEP; the following are located within the Functional Economic Area:
- QinetiQ / Cody Technology Park (Rushmoor)
 - Fluor (Rushmoor)
 - TAG Farnborough (Rushmoor)
 - Farnborough College of Technology (Rushmoor)
 - Aldershot Garrison (Rushmoor)
 - RAF Odiham (Hart)

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- Sandhurst Military Academy (Surrey Heath)

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

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

2.16 In addition, the SEP includes the following LEP wide targets:

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

Local Corporate Strategies

Hart Corporate Plan

2.17 Hart District Council's Corporate Plan sets out the main themes and objectives of the Council. The aims regarding the local economy are to:

- Help businesses get established and grow
- Strengthen town and village centres
- Ensure infrastructure needs are met
- Work with communities to help them plan their futures

Hart Economic Development Strategy

2.18 The Economic Development Strategy (EDS) sets three principal economic priorities:

1. Dynamic Business Base

The rationale is that business dynamism is fundamental to the success of the local economy. Hart has some successful and very influential global companies. It also has many vibrant micro and small businesses and home-based and pre-incorporated businesses. These smaller firms are often the lifeblood of Hart's rural economy. More can be done to exploit Hart's rural potential and make the most of forthcoming rural economic development measures. The mission for this strategic objective is simple; it is about business growth

2. Competitive Advantage

The rationale for this strategic objective is that 'people matter'. The skills of residents and workers also contribute to Hart's exceptional economic profile and competitive advantage. But the District does not want to be complacent. It wants to maintain its highly skilled and well qualified workforce and the Council is acutely aware the District needs to create more opportunities for young people as its population continues to age.

3. Desirable Business Location

The rationale is that Hart's sense of place is important. While preserving the District's distinctive identity, its thriving businesses need space to grow and connections need to improve. Hart's natural assets make it an attractive place to be but the Council wants its centres to thrive and become destinations of choice for visitors.

2.19 The EDS notes that Hart's strongly performing economy brings many economic opportunities that, as yet, are largely under exploited. There is scope to enhance the District's sites and premises offer to encourage more grow-on units for the District's many unregistered businesses or home workers looking to move to the next step. The statistics show that enterprise survival rates are good and investment in new business growth makes economic sense. As businesses are showing signs of confidence and growth in both employment and premises, the Council could take a more active interest in retaining them and supporting their aspirations, promoting strategic sites and securing investment in high tech industries via Enterprise M3.

- 2.20 However, the EDS also notes that there is a danger of the local economy ‘coasting’ unless the District can support the business growth aspirations of fledgling and existing firms. Without action on sites and premises there is a danger the gulf between the two tiers of the office market will widen, retail expenditure will continue to leak out of the District and there will be insufficient land to meet the requirements of priority sectors. Without investment in superfast broadband some employers will suffer considerably. There is a danger that the rural economy will not be able to support its continued growth without this investment, improved public transport and/or advice on how to exploit new markets.

Rushmoor Corporate Plan 2015-16

- 2.21 The Rushmoor Corporate Plan 2015 – 2016 recognises that it is important to have a strong local economy and that Aldershot and Farnborough should be places where businesses want to settle and can flourish. It highlights the fact that the Borough is already home to a wide range of businesses, from global companies to small enterprises. It seeks to continue to support and encourage the growth of the Borough’s “blue chip” and high value business sectors; and states that ‘our small businesses are equally important to our economy’.
- 2.22 At the same time, the Council wants to encourage a broad mix of businesses that will offer employment to local people. Equally important is making sure that residents, particularly young people, have the right skills needed for local employers.

Surrey Heath Corporate Plan – Five Year Strategy

- 2.23 Surrey Heath’s Five Year Strategy spans the period 2016-2021. One of the strategy’s 4 key themes is ‘Prosperity’, for which it sets out the aim, to sustain and promote Surrey Heath’s local economy so people can work and do business across the Borough, promoting an ‘open for business’ approach that attracts investment and complements the ‘place’.
- 2.24 The Council’s principal objective in relation to ‘Prosperity’ is to sustain and promote the local economy so that Surrey Heath’s people can work and do business across the Borough. This is underpinned by 4 priorities:
- To work with partners to support the urban and rural economy through strategic development planning and economic growth;
 - To support local businesses by encouraging economic development and improvements to local transport and other infrastructure;
 - To encourage inward investment by promoting Surrey Heath as a great place to live and work;
 - To deliver new development within the borough to strengthen the local economy.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

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

Local Planning Policy

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

Hart District Local Plan

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

Rushmoor Core Strategy (Adopted 2011)

Document	Policy	Policy Purpose
Core Strategy (2011)	Policy SS1: The Spatial Strategy	The policy states that: <ul style="list-style-type: none"> • Capacity exists for 164,000 sqm of new employment floorspace in the Borough up to 2027. • Major employment uses will be located within town centres and the Key Employment Sites (twelve sites in Farnborough, nine sites in Aldershot)
	SP3: Aldershot Town Centre	The policy states that to regenerate Aldershot town centre the development of offices outside the primary shopping areas will be supported ³ .
	SP4: Farnborough Town Centre	The policy states that to revitalise Farnborough town centre the strategy the development of offices outside the primary shopping areas will be supported.
	CP8: Key Employment Sites	The policy states that the council will seek a mix of employment premises on the Key Employment Sites defined in Policy SS1. Non B-class uses will be permitted on Key Employment Sites where they are small scale, and support, or are not detrimental to, the function and operation of the employment site.
Saved Local Plan Policies (2000)	FA1: Farnborough Aerodrome	The policy states that planning permission for major development proposals at Farnborough Aerodrome will be permitted if a number of criteria are satisfied. This includes the criteria that the proposals would not result in development proceeding at a rate in excess of 25,000 square metres of employment floorspace per annum.
	FA3: Farnborough Aerodrome other uses	The policy states that the main factory site is allocated for employment development. At least 20 hectares (70,000sqm of floorspace) of the site should be reserved for Class B1 (b and c) uses. The Council will permit parts of the site to be developed for other appropriate uses.
	FA4: Queen's Gate	The policy states that the Queen's Gate site is allocated for a mix of employment and residential.

³ The policies recognise that in Farnborough and Aldershot Town Centres new development is likely to be small scale.

Surrey Heath Core Strategy and Saved Local Plan Policies

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

Document	Policy	Policy Purpose
Core Strategy and Development Management Policies DPD (2012)	CP1: Spatial Strategy	The policy states that new development will come through largely through redevelopment of previously developed land. Employment growth will be largely focussed on Camberley Town Centre, Core Employment Areas and other existing large employment sites in Frimley. Other settlements have limited capacity for employment growth through redevelopment of existing sites.
	CP8: Employment	Will seek to make provision for 7,500 new jobs in the period to 2027 through utilising existing employment areas and promoting more intense use of these sites. Core Employment Areas will be retained for employment use (with no overall loss of industrial floorspace) and along with Camberley Town Centre will be the focus for economic regeneration and inward investment. In Camberley Town Centre, mixed-use development making a positive contribution to the economic role of the town centre will be encouraged. Redevelopment of other employment sites to provide small flexible B1 units will be promoted.
	CP10: Camberley Town Centre	The policy states that regeneration of the town centre to sustain vitality and viability and in particular address the high level of office vacancies within the town will be promoted. Up to 200 homes and 41,000 square metres of gross retail floorspace is anticipated to 2028.
	DM12: District and Local Centres and Neighbourhood Parades	The Borough Council will encourage development that offers environmental improvements and supports and enhances the viability, vitality and retail function of District and Local centres and Neighbourhood Parades. Resists loss of retail units below specified levels. Non A use classes not normally permitted at ground floor level and development at first floor level should first consider residential accommodation although community or B1a office uses may be acceptable.
	DM13: Employment Development Outside Core Employment Areas and Camberley Town Centre	Outside Core Employment Areas and Camberley Town Centre, development for B class uses will generally be restricted to existing buildings/operations in employment use (extension, alteration, addition, redevelopment) and sites allocated for employment use in a Site Allocations DPD. The loss of employment sites may be permitted if that loss fulfils certain criteria.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

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

Revised Permitted Development Rights

- 2.28 On 30 May 2013, changes were introduced to permitted development rights enabling a change of use from B1(a) offices to C3 residential to be permitted for a period of three years to May 2016. Permission is 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. These rights were set to expire in May 2016.
- 2.29 The Government has now made the permitted development right enabling a change of use from B1(a) offices to C3 residential permanent; and current proposals where the applicant has been granted under the permitted development right, but the scheme has not been completed now have up to May 2019 to complete the scheme. The amended rights also enable the change of use of light industrial buildings falling within use class B1(c) to a C3 residential use with effect from October 2017.

Summary

- 2.30 The NPPF is clear that the emerging Development Plans should strive to meet the economic needs of their areas by supporting existing business sectors, taking account of whether they are expanding or contracting and, wherever possible, identify and plan for new or emerging sectors likely to locate in the area. This study identifies the likely needs of the local economy over the period 2014-2032.
- 2.31 The Enterprise M3 Local Enterprise Partnership Strategic Economic Plan identifies four priority sectors and eight niche sectors that are well represented in the FEA and should continue to be supported. The identification of Farnborough as a 'Growth Town' in addition to Aldershot and Camberley as 'Step-Up Towns' highlights the importance of the FEA to delivering economic growth across the wider LEP area.
- 2.32 At the Local Authority level, corporate plans set out high level visions for how economic development will be supported, and planning policies set out the delivery mechanisms for achieving this, for example by allocating land for traditional employment uses.
- 2.33 It is important that the economic policies in emerging Development Plans are clear, concise and complement each other, and that plans do not protect sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose over the plan period. However, the potential for loss of buildings in employment use classes through permitted development rights also needs to be considered.

3. Economic Context

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

Overview of the Functional Economic Area

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

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Farnham, specialising in art, design, media and communications. There are several further highly regarded education colleges in and around this area, including Farnborough College of Technology that provide a range of vocational courses as well as applied science, technology and engineering courses.

Population

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

Figure 3.1: Total Population Change 2001 – 2011

Geographic Area	2001	2011	change 2001-2011	change 2001-2011 (%)
Hart	83,500	91,000	7,500	9.0%
Rushmoor	91,000	93,800	2,800	3.1%
Surrey Heath	80,300	86,100	5,800	7.2%
FEA	256,800	273,000	16,200	6.3%
South East	8,000,600	8,634,800	634,100	7.9%
Great Britain	49,138,800	53,012,500	3,873,600	7.9%

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

- 3.9 More up to date data on population are available from the Office for National Statistics (ONS) mid-year population estimates (MYE). The mid-year population estimates for 2015 are shown in Figure 3.2. These estimates indicate that between 2011 and 2015 the total population of the FEA has increased by 4,300.

Figure 3.2: Population and Economic Activity Data

Geographic Area	Population	Population aged 16-64
Hart	93,900	57,400
Rushmoor	95,300	63,100
Surrey Heath	88,100	54,600
FEA	277,300	175,100

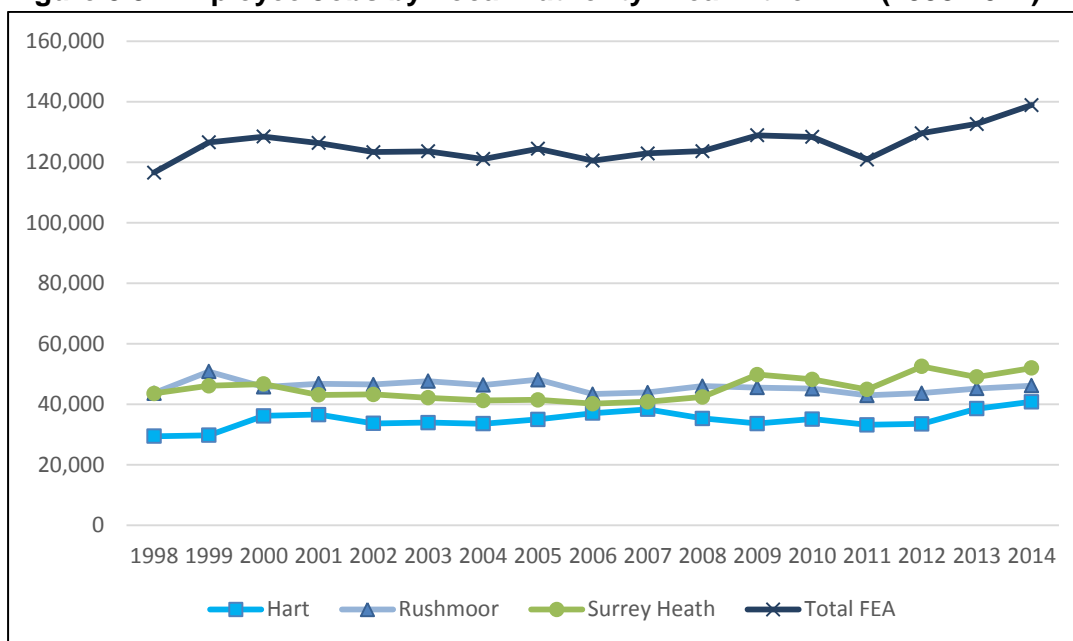
Source: ONS mid-year population estimates – accessed from NOMIS 11/10/2016

Employment

- 3.10 The pattern of job growth in the recent past across the FEA provides useful context to demonstrate how the local economy has performed. Figure 3.3 presents historic trends in employee jobs in the FEA between 1998 and 2014, whilst Figure 3.4 summarises how the number of employee jobs in the FEA have changed over this time period in comparison to national and regional averages.

Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016

Figure 3.3: Employee Jobs by Local Authority Area in the FEA (1998-2014)



Source: ABI 1998-2008; BRES 2009-2014, accessed from NOMIS 08/12/2015

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

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

Geographic Area	2009	2014	Change 2009-2014	% change
Hart	33,600	40,800	7,200	21%
Rushmoor	45,500	46,100	600	1%
Surrey Heath	49,800	52,000	2,200	4%
FEA	128,900	138,900	10,000	8%
South East	3,727,200	3,908,000	180,900	5%
England	23,064,700	24,299,900	1,235,200	5%

Source: ABI (1998-2008), BRES (2009-2014). Note discontinuities in the ABI and BRES methodology so the two periods cannot be directly compared.

- 3.11 Figures 3.3 and 3.4 show the change in the number of employee jobs over a fifteen-year period across each of the three local authority areas and the wider FEA. The data demonstrates that between 1998-2008 Hart experienced strong job growth (20%) whilst Surrey Heath experienced a small decline in employment (-3%). During the period 2009-2014 Hart once again experienced the greatest increase in employment (7,200 jobs) whilst Rushmoor and Surrey Heath experienced more moderate increases (600 jobs and 2,200 respectively). It is important to note that this

Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016

data has been separated into two periods (1998-2008 and 2009-2014) because of discontinuities in the methodology utilised by the Office for National Statistics (ONS). It should also be noted the data excludes those in self-employment⁴.

- 3.12 In addition, the two periods are also characterised by different economic circumstances. Broadly, 1998-2008 was a period of economic and employment growth at the national level (with the exception of the dot-com 'check' within the international economy which produced a slowdown for the UK from 2000-2002). In contrast, the UK economy experienced a recession in 2008-2009 followed by turbulent economic conditions (including a prolonged period of low economic growth) up until 2012 with moderate economic growth since 2012.
- 3.13 It is important to understand the breakdown of employee jobs by sector within the FEA. Figure 3.5 details the level of employment (by sector) for each of the local authority areas that make up the Functional Economic Area. In addition, Figure 3.5 presents the FEA total number of employee jobs and proportion by sector.

⁴ Appendix 5 includes the full set of data from ABI, BRES and AES

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Figure 3.5: Number of employee jobs by industry sectors (2015)

Number of employee jobs by industry sections: HRSH FEA Business Register Employment Survey (BRES)	Hart	Rushmoor	Surrey Heath	FEA	
				Number	%
A : Agriculture, forestry & fishing (A)	0	0	0	0	0.0%
B : Mining and quarrying	20	0	0	20	0.0%
C : Manufacturing	1,750	3,500	3,500	8,750	6.2%
D : Electricity, gas, steam and air conditioning supply	20	200	5	225	0.2%
E : Water supply; sewerage, waste management and remediation activities	225	250	200	675	0.5%
F : Construction	2,000	1,750	1,750	5,500	3.9%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	5,000	7,000	9,000	21,000	14.8%
H : Transportation and storage	700	1,750	900	3,350	2.4%
I : Accommodation and food service activities	5,000	3,000	4,000	12,000	8.4%
J : Information and communication	5,000	7,000	3,500	15,500	10.9%
K : Financial and insurance activities	700	2,250	1,000	3,950	2.8%
L : Real estate activities	700	1,000	500	2,200	1.5%
M : Professional, scientific and technical activities	4,500	5,000	7,000	16,500	11.6%
N : Administrative and support service activities	3,500	6,000	8,000	17,500	12.3%
O : Public administration and defence; compulsory social security	450	1,250	800	2,500	1.8%
P : Education	3,500	4,000	3,000	10,500	7.4%
Q : Human health and social work activities	2,500	4,000	9,000	15,500	10.9%
R : Arts, entertainment and recreation	700	900	1,250	2,850	2.0%
S : Other service activities	1,750	900	1,000	3,650	2.6%
Total Employee Jobs	38,015	49,750	54,405	142,170	100.0%

Source: BRES 2015– Accessed from NOMIS 11/11/2016

- 3.14 In employment terms, the FEA's largest sectors in 2015 were: business administration and support services (12.3%); professional, scientific and technical services (11.6%); and information and communication services (10.9%). Employment in manufacturing based businesses is relatively low within the FEA at just over six percent. Wholesale, retail and repair of vehicles formed 14.8% of the FEA's employment, with the three of these subcategories forming distinctive sectors in their own right.

Labour Market

- 3.15 Within the FEA, it is estimated that there are 175,100 people aged between 16 and 64 – a common measure of the size of the work force. However, it is important to note that a significant number of 16-18 year olds will be in full time education (though some will have jobs as well). Some people aged over 64 work and due to a number of economic and social factors the number of people in this age group who work is increasing. Figure 3.6 displays data on levels of economic activity by the three local authority areas and for the wider HRSH FEA.

Figure 3.6: Economic Activity and Employment, July 2015-June 2016

	Hart	Rushmoor	Surrey Heath	FEA	South East	England
Population aged 16-64	57,400	63,100	54,600	175,100	5,563,814	34,669,641
of which, economically active	81.4%	91%	82%	84.8%	80.8%	77.9%
<i>in employment</i>	79.7%	86.8%	80.4%	82.3%	82.2%	78.7%
<i>unemployed</i>	2.7%	3%	3%	2.9%	4%	5.1%
of which, economically inactive	18.6%	9%	18%	15.2%	19.2%	22.1%
<i>would like a job</i>	*	*	*	*	26.8%	24.5%
<i>not seeking work</i>	86.4%	*	86.1%	*	73.2%	75.5%
1: managers, directors and senior officials	10.2%	9.5%	12.5%	10.7%	11.9%	10.5%
2: professional occupations	29.1%	18.4%	25.1%	24.2%	21.8%	20%
3: associate prof & tech occupations	11.9%	15.2%	19.6%	15.6%	15.2%	14.2%
4: administrative and secretarial occupations	6.3%	12.8%	14.6%	11.2	10.7%	10.5%
5: skilled trades occupations	19.2%	7.8%	4%	10.3	10.2%	10.5%
6: caring, leisure and other service occupations	*	10.3%	11.2%	*	9%	9.2%
7: sales and customer service occupations	*	6.3%	6.2%	*	7.1%	7.5%
8: process, plant and machine operatives	*	8.5%	*	*	4.9%	6.4%
9: elementary occupations	*	10.8%	*	*	8.9%	10.7%

Source: ONS Annual Population Survey (Jul 2015-Jun 2016) – Accessed from NOMIS 11/11/16; * Data is subject to disclosure constraints and not available

- 3.16 The FEA's economic activity rate (the proportion of working age residents in or seeking employment) at 84.8% is higher than both the South East (80.8%) and

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

national (77.9%) figures. There are variations between the levels of economic activity within the FEA with Rushmoor having the highest economic activity rates (91%) and Hart the lowest (81.4%) (see Figure 3.6).

- 3.17 Unemployment rates vary from 3.0% for Surrey Heath and Rushmoor and 2.7% for Hart, compared to 4% for the South East and 5.1% for England (see Figure 3.6).
- 3.18 The analysis above indicates that the labour market within the FEA functions well but that there is scope to expand labour supply from current residents⁵. As housing developments continue to be completed, the labour pool within the FEA will increase, but future change in the workforce also needs to take into account the demographic profile of the population, which, other things being equal, is ageing.
- 3.19 On average across the FEA, the resident workforce has higher than average skill levels when compared to the South East region and England. Over half (50.5%) of the FEA workforce is made up of people employed in highly skilled occupations (SOC groups 1 to 3) compared to the South East average of 48.9% and the England average of 44.7%.
- 3.20 Figure 3.7 sets out the earnings of those living and those working in each of the local authority areas and the FEA. Those who live in the FEA (earning on average £742 per week) earn 6.5% and 16.6% higher than the South East and national averages respectively. This will reflect the presence of high value employment in the FEA and surrounding areas, including London.
- 3.21 However, those people who work in the FEA (regardless of where they live) earn less than those who live in the FEA, (with workplace wages on average £725 per week). However this is still 10.5% and 14.0% higher than the South East and national averages respectively. Residents of Rushmoor have the lowest mean gross earnings of the three authorities within the FEA. In contrast earnings by workplace in Rushmoor are the highest out of three local authority areas. This shows that residents in Rushmoor are on average less well paid than those who work in Rushmoor.

Figure 3.7: Mean Gross Weekly Earnings 2015

Geographic Area	Earnings by resident (£)	Earning by Workplace (£)
Hart	861.3	740.8
Rushmoor	596.1	743.9
Surrey Heath	793.5	696.0
FEA⁶	742.1	724.7
South East	696.6	655.7
Great Britain	636.3	636.0

Source: Annual Survey of Hours and Earning 2015

⁵ Data on the number of residents seeking employment is subject to confidentiality constraints

⁶ The mean for the FEA has been calculated based on the number of jobs and earnings or number of residents and earnings in each local authority and therefore reflects a weighted mean.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

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

Business Demography

- 3.24 In 2012, business formation rates for the HRSH Functional Economic Area were lower than both the South East and England averages (see Figure 3.9). However, business closure rates for the FEA are lower than those for the South East and England. The overall business survival rate of the FEA (-1.6%) is lower than both the South East and England averages.

Figure 3.9: Business Formation and Closure

Geographic Area	Business Formation Rates		Business Closure Rates		Business Survival rate
Hart	500	10.2%	475	9.7%	-1.6%
Rushmoor	325	10.2%	335	10.6%	-2.1%
Surrey Heath	555	11.6%	495	10.3%	-1.1%
HRSH FEA	1,380	10.7%	1,305	10.1%	-1.6%
South East	41,245	10.8%	39,280	10.3%	-2.2%
England	239,975	11.6%	223,800	10.8%	-2.7%

Source: ONS Neighbourhood Statistics (updated 7 March 2013) – Accessed 08/12/2015

Commuting Flows

- 3.25 Figure 3.10 shows where those who live in Hart, Rushmoor and Surrey Heath work, both for each of the individual authorities and for the HRSH area as a whole. Around 53% of all those who live in the HRSH area (including all those who work at or from home) also work in the HRSH area.

Figure 3.10: Where those that live in Hart, Rushmoor and Surrey Heath Work, 2011

Place of work	Usual place of residence		
	Hart	Rushmoor	Surrey Heath
Hart	11,468	3,226	1,247
Rushmoor	4,679	16,752	2,804
Surrey Heath	2,971	4,711	11,044
Mainly work at or from home	6969	4575	6284
No fixed place	3762	4165	3715
Other (including London)	18,749	18,312	20,133

Source: Wessex Economics, ONS Census 2011

- 3.26 Not surprisingly, a high proportion of those people in work in each of the authorities also work in that authority, but the areas are far from being self-contained. Thus:

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 38%⁷ of those who live in Hart work in Hart, and 62% commute out to work in other areas
- 41% of those who live in Rushmoor work in Rushmoor, and 59% commute out to work in other areas
- 38% of those who live in Surrey Heath work in Surrey Heath, and 62% commute out to work in other areas.

3.27 It is worth noting that a significant proportion of those in work in each of the local authorities (c.8%) in each authority have no fixed place of work. These are likely to be contractors and self-employed people who are mobile workers working at different sites for different clients.

3.28 The Office for National Statistics has mapped the 2011 Census data to show significant net commuting flows between local authority areas. The significant net commuting flows for the three local authority areas that make up the HRSHE FEA are detailed in Figure 3.11.

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

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

Source: Census 2011

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

Conclusions

3.30 This section provides a brief overview of the Hart, Rushmoor and Surrey Heath FEA which recorded relatively strong job growth between 2009 and 2014 (+10,000 jobs), with the economy demonstrating resilience through the recent economic downturn.

⁷ 11,468 + 6969 home workers

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 3.31 Across the three authorities, an above average proportion of residents within the HRSH FEA have high level skills and/or are employed in higher earning occupations when compared to the South East and national averages. Economic activity rates in the HRSH FEA are high and unemployment rates low compared to the national average. Average resident earnings are higher than workplace earnings, which is not unexpected given the level of out-commuting to other commercial centres (specifically London).
- 3.32 The FEA's economic strengths and weaknesses, together with potential opportunities and threats, are summarised in Figure 3.12. These considerations will influence future demand for employment space

Figure 3.12: SWOT Analysis of the Functional Economic Area

Current Strengths / Opportunities	Current Weaknesses / Threats
<ul style="list-style-type: none"> • Relatively strong employment growth • Resilient economy • Economic activity above and unemployment below national and regional averages • Relatively diverse business base • Scope to expand the labour supply • Good transport links to London and access to the M3 corridor 	<ul style="list-style-type: none"> • High house prices • Competition from other centres • Local pockets of deprivation • Relatively high out commuting of higher skilled / higher paid residents. • Localised traffic congestion • Local pockets of lower skilled residents

4. Overview of Employment Floorspace

4.1 This section provides an overview of the commercial property market for B1-B8 floorspace in the HRSH FEA, and recent trends and changes to the supply of employment floorspace space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses:

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

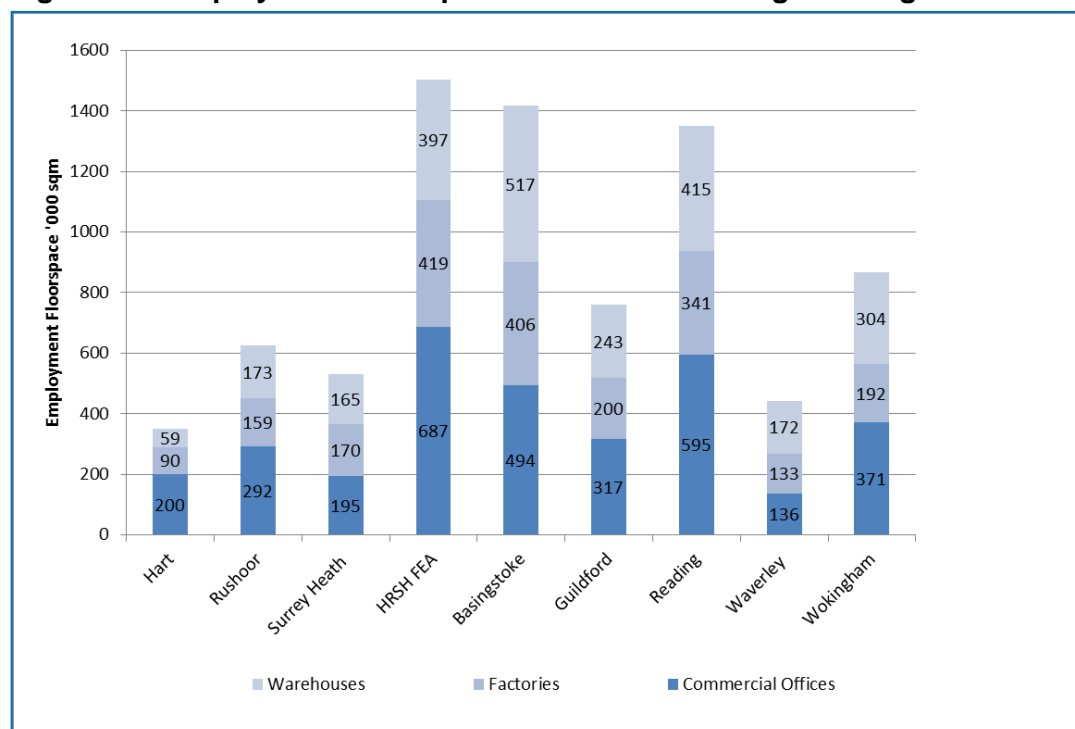
4.2 This analysis is based on data from the following sources:

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

Stock of Employment Space

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

Figure 4.1: Employment Floorspace in the FEA and neighbouring authorities

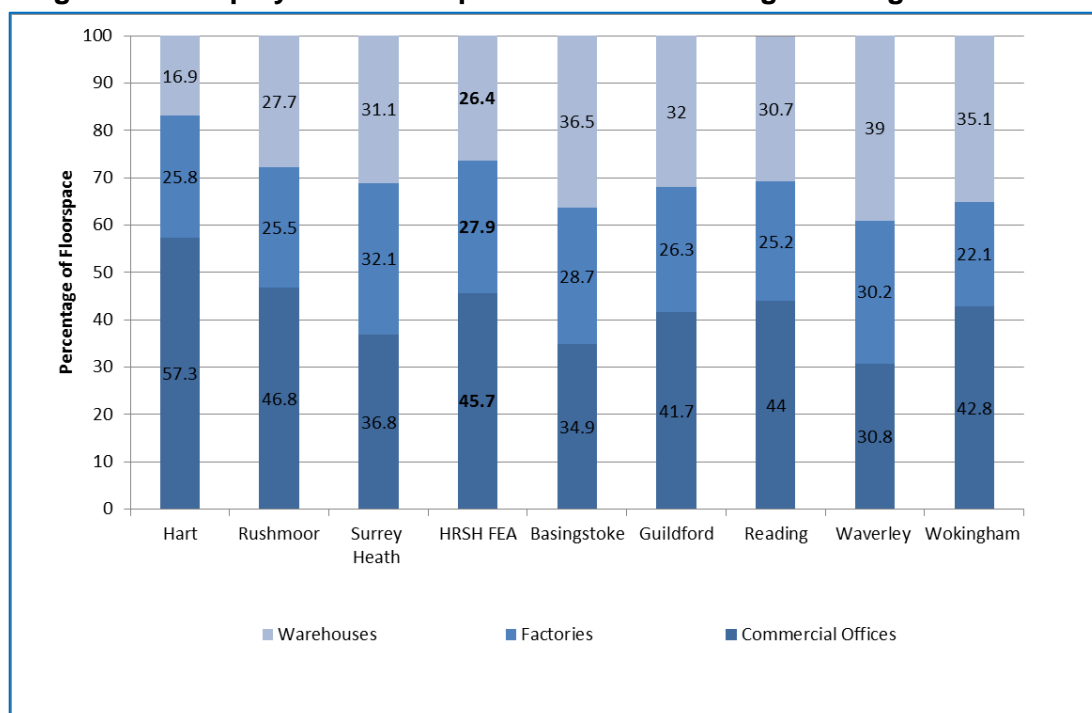


Source: Valuation Office 2008

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

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

Figure 4.2: Employment Floorspace Mix FEA and neighbouring authorities



Source: Valuation Office 2008 / RBC Analysis

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

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

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

Source: Valuation Office 2008 / RBC Analysis

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

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

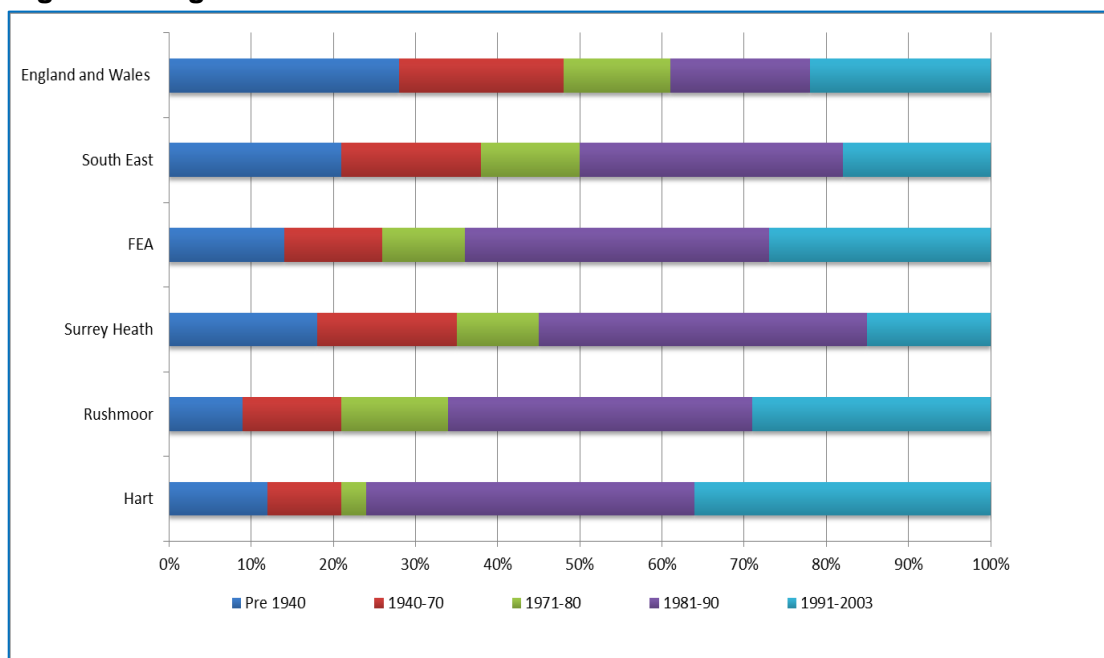
(27%) increase in offices (+146,000 sqm) and more modest gains (7%) in warehousing (+27,000 sqm).

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

Age of Premises

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

Figure 4.4: Age of Office Premises

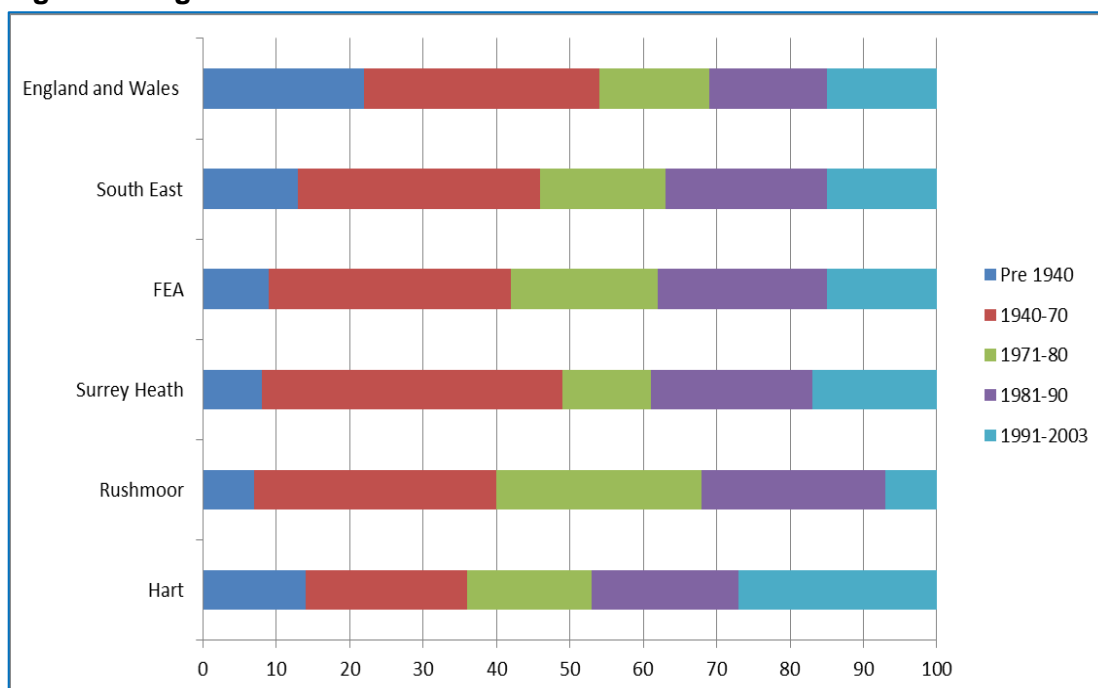


Source: ONS, ODPM Planning Statistics

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

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

Figure 4.5 Age of Industrial Premises



Source: ODPM Planning Statistics

Vacancy levels

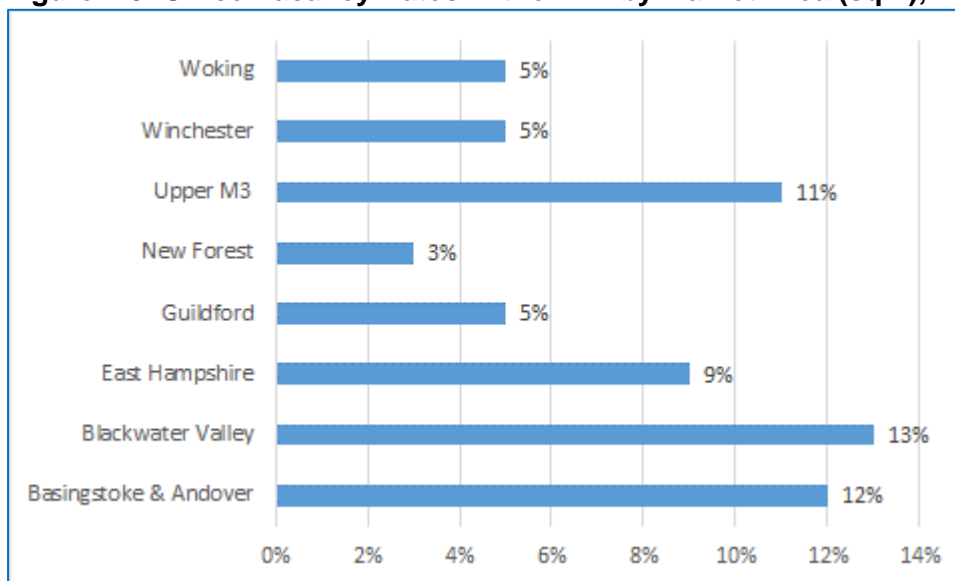
4.11 The Valuation Office no longer provides up to date data on vacancies. Data on vacancy rates and the stock of vacant space has therefore been sourced from CoStar, a provider of commercial property data. Reference has also been made to vacancy data presented in the Enterprise M3 Commercial Property Market Study (2016).

4.12 Vacancy levels within the FEA vary considerably by the two core typologies of commercial property, notably business floorspace (office and R&D) and industrial floorspace (light industrial, industrial and warehousing). The following sections provide a brief overview of vacancy levels for these two distinct markets.

Offices

4.13 The Enterprise M3 Commercial Property Market Study (2016) study identifies the Blackwater Valley market area, which includes all three local authorities, as having the highest office vacancy rates at 13% as of December 2015 in the Enterprise M3 LEP area. According to the report, a vacancy rate over 10% this indicates an over-supply of office space.

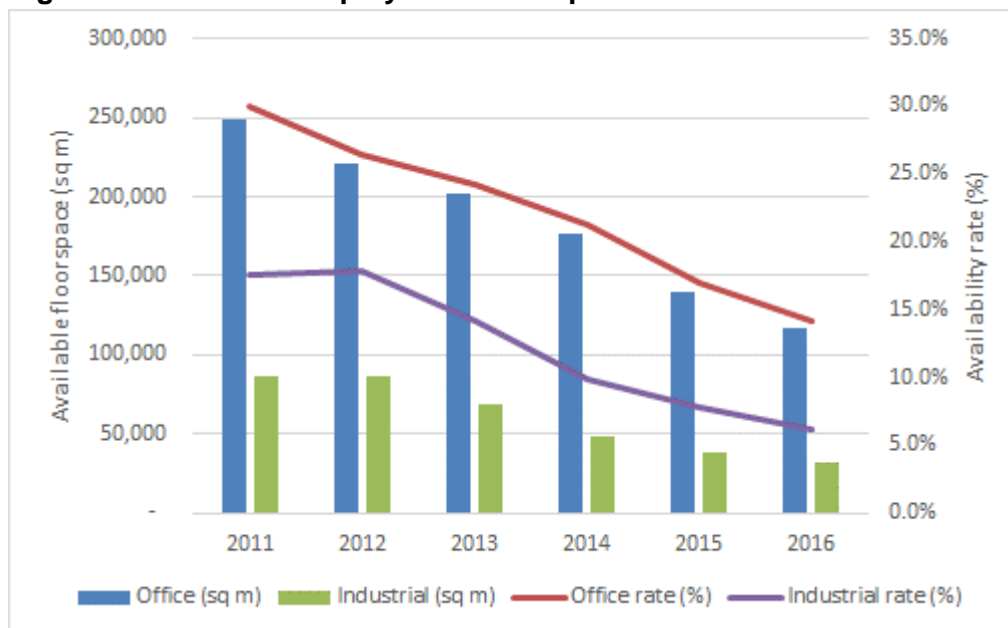
Figure 4.6: Office Vacancy Rates in the LEP by Market Area (sqm), Dec 2015



Source: EM3 Commercial Property Market Study (2016)

- 4.14 Despite the relatively high vacancy rates in the Blackwater Valley market area, the EM3 Commercial Property Market Study goes on to suggest that much of the over-supply is due to a large quantity of dated and poor quality stock which no longer meets business requirements, and that vacancy rates for Grade A space are substantially lower. The study also notes that the over-supply of poor quality office space is a constraint within the Blackwater Valley market area in that it affects rental values and discourages development of new, high quality office space.
- 4.15 However, it should be noted that since the previous version of the EM3 Commercial Property Market Study (2013), office vacancy rates in the Blackwater Valley market area have reduced considerably. The 2013 EM3 Commercial Property Market Study previously reported that the average office vacancy rate for the HRSH FEA was 37 % (compared to 13% reported in the 2016 study). Indeed, since the 2013 study was published a number of large-scale transactions have occurred in the FEA. For example the sale of 28,000 sqm to BMW in Farnborough in September 2013 reduced the amount of vacant stock in Rushmoor Borough by 23%.
- 4.16 Data sourced from CoStar provides a more up to date picture of the vacant floorspace currently being marketed across Hart, Rushmoor and Surrey Heath. Figure 4.7 shows the amount of available floorspace as well as the available floorspace rate over the last five years for office and industrial properties. The current availability of office floorspace in the HRSH amounts to around 116,999 sqm, representing a vacancy rate of 14.1% of available stock. However, It is important to note that circa 26,500sqm of this vacant floorspace is located at Guillemont Park (see Appendix 1: Site H10) where pre application advice has been sought from Hart District Council for a residential scheme of circa 320 dwellings. If a residential scheme is progressed, approved and subsequently implemented at this site then the office vacancy rate in the FEA could reduce further.

Figure 4.7 Available Employment Floorspace marketed in the HRSH FEA,



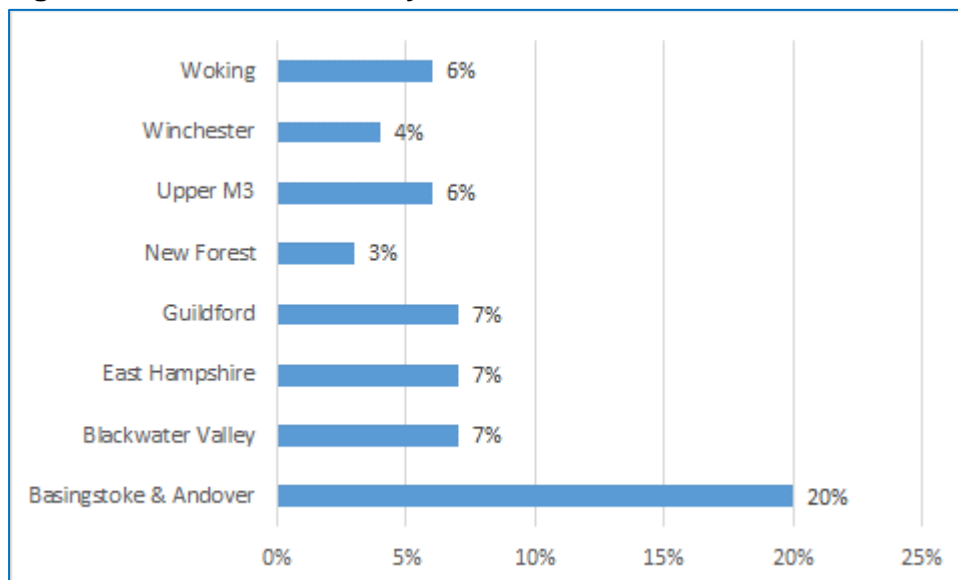
Source: CoStar, November 2016

Industrial

- 4.17 The Enterprise M3 Commercial Property Market Study (2016) indicates that industrial vacancy rates in the Blackwater Valley market area were around 7% as of December 2015, which is in line with other locations such as East Hampshire and Guildford and slightly higher than Winchester, Woking and the Upper M3 area. Vacancy rates are substantially higher in Basingstoke and Andover⁸ (in excess of 250,000 sqm) as a result of new speculative development that has just come on to the market.
- 4.18 Industrial vacancy rates across the Blackwater Valley market area are within the normal vacancy range (typically between 5 and 10% of total built stock) for a functioning property market.

⁸ The EM3 Property Market Study (2016) does not provide an actual figure for Basingstoke and Andover and we have therefore made an estimate based on the graphical depiction within the study.

Figure 4.8: Industrial Vacancy Rates in the LEP Market Areas, December 2015



Source: EM3 Commercial Property Market Study (2016)

- 4.19 Data from CoStar has been used to determine the levels of vacant floorspace currently⁹ being marketed in Hart, Rushmoor and Surrey Heath. The CoStar data (see Figure 4.7) indicates that 32,251sqm of industrial floorspace is currently being marketed in the FEA, representing an availability rate of 6.2%. This represents a figure slightly higher than the amount identified through the Enterprise M3 study for the Blackwater Valley area as a whole, but still within normal vacancy rates range.

Development Rates

- 4.20 Past development rates provide a useful indication of the actual amount of new employment floorspace that has been completed in the HRSH FEA over recent years and demand for new employment floorspace within the area. The data presented in Figures 4.9 and 4.10 are based on annual monitoring data collected by Hampshire County Council¹⁰ and Surrey Heath Borough Council. The Hampshire County Council time series does not go back further than the monitoring year 2005/06 due to changes in the methodology that took place prior to the 2005 data being collected.
- 4.21 Figure 4.9 shows gross employment floorspace completed between the years 2004/05 and 2014/15. The data reveals that almost 240,000 sqm of employment floorspace was completed over this ten year period, an average annual completion rate of around 21,800 sqm.

⁹ CoStar database accessed January 2016

¹⁰ Hampshire County Council undertakes the monitoring of the implementation of planning permissions across the County on behalf of the Hampshire districts. Surrey Heath undertake their own monitoring.

Figure 4.9: Completed Employment Floorspace (gross) within the HRSH FEA April 2004 – March 2016

Floor-space type	Floorspace Completions (gross)							
	Hart		Rushmoor		Surrey Heath		HRSH FEA	
Business (B1a/B1b)	44,563	47.1%	76,097	77.1%	38,327	52.7%	158,987	59.8%
Industrial (B1c / B2)	8,053	8.5%	415	0.4%	1,230	1.7%	9,698	3.6%
Storage & Distribution (B8)	3,284	3.5%	12,560	12.7%	15,151	20.8%	30,995	11.7%
Flexible (B1-B8)	38,660	40.9%	9,654	9.8%	18,051	24.8%	66,365	24.9%
Total	94,560		98,726		72,759		266,045	

Source: HCC / SHBC Monitoring data / Wessex Economics

- 4.22 Figure 4.9 shows the proportion of gross floorspace completions in the FEA by type of floorspace. Around 60% of the employment floorspace completions in the FEA over this twelve-year period were for business floorspace (office or R&D facilities). However, it is important to note that there are variations by local authority area; for example, in Rushmoor, 77.1% of gross completions have been for business uses (B1a and B1b); while in contrast in Hart and Surrey Heath this figure was 47.1% and 52.7% respectively.
- 4.23 Flexible employment floorspace completions (B1, B2 and B8 uses) make up 24.9% of the supply in the FEA (again there are variations by local authority area) whilst Storage, Distribution (warehousing), and industrial floorspace makes up the remainder (15.3%).
- 4.24 The data demonstrates that within the FEA there has been significant investment to deliver new office floorspace provision.

Losses of Employment Floorspace

- 4.25 Monitoring data collected by Hampshire County Council¹¹ and Surrey Heath Borough Council indicates that historic losses of employment floorspace across the three districts have varied considerably between 2004/05 and 2015/16. Figure 4.10 shows the pattern of employment floorspace loss by local authority. The monitoring data indicates that approximately 9,484 sqm of employment floorspace was lost per annum over the 12-year period 2004-2016.

¹¹ Hampshire County Council undertakes the monitoring of the implementation of planning permissions across the County on behalf of the Hampshire districts. Surrey Heath undertake their own monitoring.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

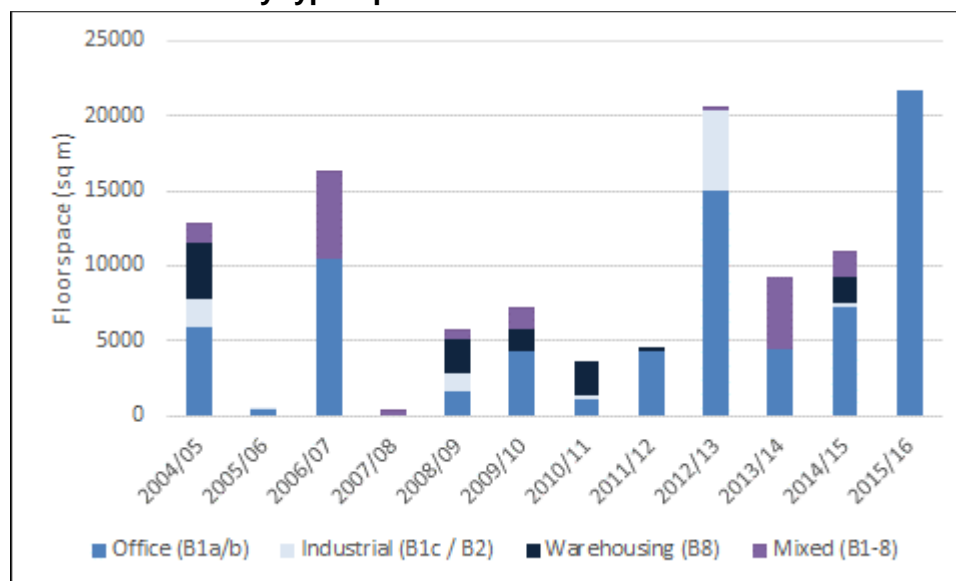
Figure 4.10: Losses of Employment Floorspace (sqm) to Non-Employment Uses in the FEA by Type April 2004 – March 2016

Floorspace type	Hart	Rushmoor	Surrey Heath	HRSH FEA
Business (B1a/B1b)	26,552	33,428	16,420	76,400
Industrial (B1c / B2)	4,705	2,957	1,482	9,144
Storage & Distribution (B8)	-	9,553	2,285	11,838
Flexible (B1-B8)	1,433	14,997	-	16,430
Total	32,690	60,935	20,187	113,812

Source: HCC / SHBC Monitoring data / Wessex Economics

- 4.26 Figure 4.11 indicates that there is no set trend in the losses of employment floorspace to alternative uses across the FEA, other than that the amount of industrial land being lost to other uses has reduced substantially since 2012. However, the amount of office floorspace being lost to other uses (predominantly residential) has also increased substantially since 2011/12.

Figure 4.11: Annual Losses of Employment Floorspace to Non-Employment Uses in the FEA by type April 2004 – March 2016



Source: HCC / SHBC Monitoring data / RBC Analysis

- 4.27 The EM3 Commercial Property Market Study (2016) notes that a ‘substantial proportion of the recent losses of office space have been as a result of the introduction of permitted development rights (PDR)’. Although data on the impact of PDR is not consistently available across the EM3 area, the study reports that between 2012 and 2015 use of PDRs has accounted for a loss of 3,300 sqm of office floorspace in the Blackwater Valley market area, with a further loss of 12,800 sqm in outstanding planning consents. According to the study, all of this was poor quality/dated stock and is helping to reduce the over-supply in office floorspace.

- 4.28 To summarise, the FEA recorded a loss of 113,812 sqm of employment floorspace to non-employment uses over the 12-year monitoring period, with approximately 67% of losses being from B1a/b office uses, 8% from B1c/B2 factory uses and 10% B8 warehousing space. The majority of the office floorspace that was lost over this period could be described as low grade / poor quality stock that did not meet market needs. The majority of industrial floorspace (including warehousing) that has been lost was either converted or redeveloped to retail or sui generis uses, including trade counters.

Legislative Requirements

- 4.29 The Energy Act 2011 contains a number of provisions that will affect owners and occupiers of property, the most significant of which is the proposed minimum energy standards. From April 2018, the legislation will 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 either to business premises in the HRSH FEA being refurbished to meet the minimum standards in advance of the April 2018 deadline; or properties being demolished with the potential for redevelopment of business or other uses.

Employment Land in Adjoining Areas

- 4.30 It is important to understand the availability of 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 planned provision in the HRSH area for future demand.

Basingstoke and Deane

- 4.31 Basingstoke and Deane contains the main town of Basingstoke (identified as a growth town in the Enterprise M3 Strategic Economic Plan) and an extensive rural area. The town is home to the UK headquarters of a number of large firms including Sun Life Financial of Canada, The Automobile Association, GAME, Motorola and Sony Professional Solutions (Europe).
- 4.32 Other industries include pharmaceutical manufacture, IT, communications, insurance and electronics. The largest employment locations in the Borough are on the periphery of Basingstoke and include the Hampshire International Business Park, the Chineham Business Park (both offices and light industrial) and the Viabes Business Park (offices).
- 4.33 The Basingstoke and Deane (2015) Employment Land Review Update identifies that the Borough's office market is currently experiencing high vacancy rates at 28% and that transactions in 2013 were 30% of the levels achieved in 2009. The report confirms that there is a significant oversupply of low-grade office stock and a shortage of Grade A quality accommodation.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 4.34 In contrast, demand for industrial premises remains strong with low levels of vacancy despite some of the stock being of poor quality. There is an identified demand for land to enable the delivery of storage and distribution floorspace to meet the needs of the market. Commercial agents indicate strong pent up demand for B8 warehouses providing 4,650 to 9,300 sqm of floorspace. The EM3 Commercial Property Market study (2016) has identified increased levels of vacant industrial floorspace as of December 2015 as a result of very large speculative development of warehouses at Andover Business Park.
- 4.35 In Autumn 2015 employment land at Basing View in Basingstoke was designated as an Enterprise Zone, along with Borden-Whitehill (East Hants) and Longcross Park in Chertsey (Runnymede).

Bracknell Forest

- 4.36 Bracknell Forest is a small but densely developed local authority area containing the principal town of Bracknell and the smaller settlements of Crowthorne and Sandhurst. The commercial property market in the local authority area is dominated by office accommodation, with a number of large occupiers located in purpose-built accommodation within, or on the edge of Bracknell town centre. In addition, there are a number of older industrial areas, primarily located within Bracknell's suburbs.
- 4.37 The now dated Bracknell Forest (2009) Employment Land Review identifies that office floorspace and office development sites are heavily oversupplied within the local authority area and the wider sub-region. The report concluded that in the short to medium term, there appeared to be no requirement for new office sites in the local authority area, either on quantitative or qualitative grounds.
- 4.38 In contrast, the 2009 report concluded that Bracknell Forest's industrial/warehouse market is reasonably in balance, certainly for smaller units, below 930 sqm (10,000 sq ft). For larger units, above this threshold, there was some oversupply in 2009. The report identified that the Borough needs to supply additional land for industry/warehousing. The estimated requirement in 2009 for the period to 2026 was 53,000 sqm of net additional space, which at the standard plot ratio would take up some 13 hectares of land.
- 4.39 It should be noted the information above is now dated and the situation within Bracknell Forest is likely to have changed, particularly given the town centre regeneration that is underway.

East Hampshire

- 4.40 This large rural district borders the sub-region to the south west and contains the towns of Alton, Petersfield, Liphook, Bordon and Horndean.
- 4.41 The East Hampshire Employment Land Review (May 2013) states 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

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

driven by new completions of industrial space. The main settlements of Petersfield, Alton, Bordon and Horndean accommodate the majority of employment space, although demand for rural business space has increased as the District's agricultural sector continues to diversify.

- 4.42 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. Employment land at Borden-Whitehill was designated as an Enterprise Zone in autumn 2015, along with Basing View in Basingstoke and Longcross Park in Chertsey (Runnymede).

Guildford

- 4.43 Guildford Borough lies to the south east of the FEA (adjoining both Rushmoor and Surrey Heath) and largely comprises the town of Guildford and its rural hinterland. The town itself has a number of large office occupiers including Vodafone, Mitsubishi, Electronic Arts, and Colgate-Palmolive. There are also a number of manufacturing firms including the fire engine and bus manufacturers Dennis. The University of Surrey is also a major employer and the main employment areas are the Guildford Business Park (a mixed office and industrial park) and the Surrey Research Park (a 29 ha science park developed by the University). Both of these areas are fully developed. Slyfield Industrial Estate is the Borough's premier industrial location.
- 4.44 The Guildford Borough Employment Land Needs Assessment (2015) identifies that an additional 37,200-47,200 sqm of office floorspace and an additional 4.7 ha to 5.3 ha of industrial land is required to meet the Borough's identified employment needs for the period 2015-2033. The ELR suggests a large proportion of the net additional land requirement for industrial/storage could be met through the permissions which have been consented, but which have yet to be implemented.
- 4.45 In the context of a net additional demand for employment land / floorspace, the Study recommends that the Council should act to identify, retain and intensify those existing employment sites that are suitable and will help to meet the identified need. This could be through a criteria-based policy. It is anticipated that strategic sites are retained and, where suitable, supported for further provision, given their relative importance over non-strategic sites in providing employment land in the borough

Runnymede

- 4.46 Runnymede covers a small area to the north east of the sub-region and contains some densely developed areas as well as large quantities of land designated as Green Belt. Runnymede contains the town centres of Addlestone, Chertsey and Egham and the smaller local centres of Virginia Water, New Haw, Woodham, Englefield Green, Thorpe and Ottershaw.
- 4.47 The Runnymede Employment Land Review (update 2012) notes that a total supply of 184,000sqm of office floorspace exists, which more than meets the requirement

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

under the highest forecast requirement of 148,700sqm for Class B1 (a) floorspace. Under some estimates, there is a modest requirement for industrial floorspace, but it is not considered that this requirement justifies any specific policy allocation. It is considered that any requirement can be met from the redevelopment of existing sites or the change of use on existing sites.

- 4.48 The Runnymede ELR recommends that the Borough take a cautious approach to releasing employment sites to non-B Class uses. It should however be noted that the Employment Land Review does not include reference to Longcross Park, located at Chertsey, which will provide up to 78,500 sqm of high quality office floorspace together with ancillary retail and leisure facilities. Longcross Park was designated as an Enterprise Zone in autumn 2015, along with Basing View in Basingstoke and employment land at Borden-Whitehill (East Hants); and is located on the north eastern border with Surrey Heath.

Waverley

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

Woking

- 4.51 This small and densely developed Borough lies to the east of the HRSH area. The largest sector of Woking's economy is Financial & Business Services sector and includes considerable representation from the IT and telecoms sectors as well as financial services. The single most important employment location is Woking town centre, although there are existing industrial estates in Sheerwater and Byfleet, which are fully developed. However, unlike other parts of Surrey and Hampshire, there is little modern out of town business park accommodation.
- 4.52 The Woking Employment Land Review (2010) identifies that residual requirements for the period 2009-2026, would be approximately 28,000 sqm for B1 office, 31,000

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

sqm for B2 Industrial and 20,000 sqm for B8 warehousing and storage. In the longer term, there will need to be an adequate supply of land for new office development in order that suitable space is available to occupiers. Support will be given to enable the comprehensive refurbishment or redevelopment of a large number of the older buildings.

- 4.53 There is a general shortage of industrial land in the Borough and so it is important to resist loss in the future. However, there is not the demand from occupiers for large Green Belt development opportunities because there are better locations with better access elsewhere in nearby Boroughs.

Windsor & Maidenhead

- 4.54 The Royal Borough of Windsor & Maidenhead is a small, mainly rural district with extensive areas of Green Belt. The main employment areas are in Maidenhead and comprise a number of industrial estates (such as Vanwall Estate (14 ha), Reform Road Industrial Area (12 ha), and Cordwallis Industrial Estate (9 ha)) and a large number of office premises in the town centre. There is a smaller amount of office space in Windsor town centre serving a more niche market. Maidenhead is a popular location for a number of large office occupiers with a high concentration of headquarter-type buildings for IT, telecoms and pharmaceutical firms.
- 4.55 The Employment Land Review (2009) states that the overall space requirements related to these different futures scenarios range from 53,000 sqm to just over 70,000 sqm of all types of employment space, and between 75,000 sqm and 104,000 sqm of office space. The report concludes that due to the anticipated large losses of industrial space, this implies a need for between +1ha or -1 ha of employment land in net terms, although this would assume all surplus industrial land can be redeveloped for office uses. Otherwise, the needs for employment land would be up to 9 ha.
- 4.56 Demand for office space may rise with the commencement of Crossrail services in 2019, which will provide high frequency rail services from/to London starting in 2020; the opening of the Heathrow West Rail Access, planned for 2024, could provide another boost to the office market.

Wokingham

- 4.57 The Borough adjoins the FEA to the north and comprises the main town of Wokingham as well as the southern and eastern suburbs of Reading. Key employment areas include Winnersh Triangle Business Park (41 ha), Suttons Business Park (24 ha), Thames Valley Park (26 ha remaining) and Green Park (26 ha) on the Reading border. In total, there is around 128,000 sqm of outstanding committed floorspace in the Borough, the great majority of which is B1a office space.
- 4.58 The Borough's 2005 Employment Land Review indicated small deficits in industrial and warehousing land supply up to 2016, with additional sites with capacity of some 21,000 sqm needing to be identified. Conversely, a surplus of office space was identified, so that some sites could be released for other uses. This surplus was

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

estimated at 75,000 sqm or 18% of the District's current stock of B1 class floorspace. The study found no need for allocation of additional employment areas.

- 4.59 Wokingham's Employment Land Monitoring Report (2013) notes that between 2006/07 and 2013/14 there has been a net gain in office floorspace (8,567 sqm) and storage and distribution floorspace (12,093 sqm), whilst industrial floorspace has declined by 17,821 sqm. A recent development is approval of the first phase of the Thames Valley Science Park development at Shinfield on the southern edge of Reading, just south of the M4.

Conclusions

- 4.60 Valuation Office data (2008) indicates that the FEA has a relatively balanced mix of employment floorspace that can support a wide range of sectors, although there is a noticeably higher proportion of office stock in the FEA when compared to other competing economic centres such as Basingstoke and Guildford.
- 4.61 There are variations between the local authority areas, with Surrey Heath having the greatest concentration of industrial floorspace and Rushmoor having the greatest concentration of office floorspace.
- 4.62 ONS data (2003) suggests that the FEA's supply of office premises is significantly more modern than that in the South East generally and nationally, and that the stock of industrial premises is slightly more modern than the regional and national average.
- 4.63 Within the FEA there is a good supply of vacant office floorspace that is available for occupation, with over 117,000 sqm being marketed in November 2016. In contrast, for the industrial market there is approximately 14,175 sqm of floorspace available.
- 4.64 In the FEA, between 2004 and 2016 in excess of 266,045 sqm of additional employment floorspace was completed, with a significant proportion of this (59.8%) being business (B1a/b) floorspace. Over the same time period in excess of 113,812 sqm of floorspace has been lost to non-employment uses, with 67% of this consisting of office floorspace, although much of this has been lower quality office floorspace.
- 4.65 This section has provided a brief overview of the findings of Employment Land Reviews in authorities that adjoin the HRSH FEA and it is evident that in some areas (Basingstoke, Bracknell Forest and Wokingham) there is an oversupply of office floorspace, whilst industrial supply remains balanced or constrained.
- 4.66 In contrast, Guildford is forecast to experience strong demand for employment land and is set to meet this need through the allocation of new greenfield sites through its emerging Local Plan.
- 4.67 It is important to note that there are a number of development proposals in adjoining local authorities that will compete with the offer in the FEA for future employment development. Examples include, high profile established Business Parks such as Winnersh Triangle in Wokingham, Green Park in Reading, the University of Reading

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Science Park Phase 2 to the south of Reading, and sites with planning consent such as the former DERA site in Longcross, which now has the benefit of Enterprise Zone status.

5. Available Supply of Employment Land

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

- Development Plan Allocations: sites allocated for employment development within the Development Plans of the three authorities that have not been built out yet
- Existing permissions: sites with planning permission (at March 2016)

5.2 It is important to note that there are some allocated sites, which have unimplemented planning permissions. The supply from unimplemented planning permissions (Figure 5.2) does not include supply from the Local Plan Allocations included in Figure 5.1, to ensure that there is no double counting of available employment floorspace.

Local Plan Allocations

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

Figure 5.1 Development Plan Allocations within the HRSH FEA by District

District	Settlement	Site Name	Site Area (Ha)	Use Class
Hart	Church Crookham	Beacon Hill Road	1.51	B1-8
	Hook	West of Osborne Way	0.08	B1
	Hook	Rawlings Road	0.11	B1
Rushmoor	Aldershot	Blackwater Park	1.71	B1-8
	Farnborough	70 Hawley Lane	0.28	B1
	Farnborough	Farnborough Business Park	5.15*	B1
	Farnborough	Civil Enclave	3.28	B1-B8
	Aldershot	Aldershot Urban Extension	2.4	B1-B8
Surrey Heath	Bagshot	Land at Half Moon Street	2.58**	B1-8
FEA Total			17.10	

* This only includes one plot of available employment land on Farnborough Business Park. Other plots have been counted within the unimplemented planning permissions in Figure 5.2.

**This is a larger mixed use allocation and for the purposes of this study it is assumed that 30% of the total site area of 8.6ha will be available for employment uses

Source: HCC / SHBC Monitoring data / RBC Analysis

5.4 Together the nine sites above have the potential to provide 17.10 ha of employment land to meet future economic needs in the FEA.

Other Sites with Planning Permission

- 5.5 Monitoring data provided by Hampshire County Council and Surrey Heath Borough Council records the amount of employment floorspace that has been granted planning permission and remains valid, but where construction has not yet commenced. For the purposes of this study, this source of supply has been identified as being available to meet future need for employment land. Figure 5.2 identifies that in total, these un-implemented permissions amount to 37.29 hectares of development land in net terms.

Figure 5.2: Unimplemented Planning Permissions by District (March 2016)

District	B Use Class	Un-implemented Planning Permissions	
		Land Area (Ha)	Sqm
Hart	Business	1.00	2,694
	Manufacturing	0.35	971
	Warehousing	0.71	1,213
	Flexible	5.00	20,606
	Total	7.06	25,484
Rushmoor	Business	9.81	30,364
	Manufacturing	0.00	-
	Warehousing	0.33	1,800
	Flexible	4.92	11,494
	Total	15.06	43,658
Surrey Heath	Business	9.52	26,032
	Manufacturing	0.06	382
	Warehousing	3.24	3,926
	Flexible	2.35	9,840
	Total	15.17	40,180
HRSH FEA	Business	20.33	59,090
	Manufacturing	0.41	1,353
	Warehousing	4.28	6,939
	Flexible	12.27	41,940
	Total	37.29	109,322

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

Source: HCC / SHBC Monitoring data / RBC Analysis

- 5.6 The unimplemented planning permissions detailed in Figure 5.2 above demonstrate that there is a significant supply of employment land available that could be delivered to meet future economic needs across the three local authority areas. The number of unimplemented permissions varies significantly by local authority area, with Hart having 10 sites, Rushmoor 11 sites and Surrey Heath 9 sites that could be delivered in the short term to meet economic needs.
- 5.7 It is important to note that a relatively small number of unimplemented permissions make a significant contribution towards the potential land supply.

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

Sites not included in the employment land supply

- 5.9 The site known as **Hartland Park** was previously home to the National Gas Turbine Establishment prior to the site being decommissioned in 2000. In 2009, the Secretary of State granted outline planning consent to deliver a 125,500 sqm major distribution facility at this 47.5 hectare site.
- 5.10 The outline consent was subsequently extended by 3 years in December 2012 and following this the scheme was partially implemented with the majority of the site being cleared (three buildings were retained as part of the consent) and the off-site highway improvements have been completed. Whilst the outline permission has been partially implemented, a reserved matters application has not been submitted.
- 5.11 However, Hartland Park has been excluded from the employment land supply in this study despite it being included in the previous ELR (June 2015). The reasoning for the exclusion is that the site has recently changed ownerships and is now in the possession of a residential developer who is actively promoting this brownfield site for residential development through the emerging Hart Local Plan.
- 5.12 Whilst the FEA authorities recognise that the site is neither allocated in a development plan, nor has a current consent, for residential use, given the change in ownership of the site, the FEA authorities agree that it is highly unlikely that the site will be developed for employment uses. Therefore, the site is not included as a source of employment land supply in this ELR.

Conclusions

- 5.17 Within the HRSH FEA there is a reasonable pipeline supply of employment land, consisting of Local Plan allocations that have not been built out (in full or part) in addition to un-implemented planning permissions. The maximum available land supply as of March 2016 is **54.4 ha** of land that could be delivered to meet the needs of the FEA's economy.
- 5.18 It is important to note that the majority of this supply is from extant planning permissions and there is therefore a degree of risk that some of these permissions could lapse and not be implemented.

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 5.19 Consideration should also be given to the impact of Longcross Park on the demand for employment floorspace in the FEA. The scheme has consent for 79,000 sqm of B1 floorspace and has been designated an Enterprise Zone. This development lies just in Runnymede Borough, but immediately adjacent to the boundary with Surrey Heath.

6. The Commercial Property Market

6.1 This section describes current property market conditions in the Hart, Rushmoor and Surrey Heath FEA, providing a summary of each of the core employment locations within the FEA, including information on recent trends in the demand for a supply of office and industrial premises. The findings are based on discussions with a number of commercial property agents and other economic development and business organisations¹²; and draws upon the recently updated EM3 Commercial Property Market Study (2016). In addition, third party commercial property market data (CoStar) has been accessed to provide an up to date picture of the commercial property market in the FEA as of November 2016.

Overview

6.2 The HRSF FEA is an attractive location for companies for a number of reasons. There is a large supply of highly skilled workers, partly as a result of the long history of technology-based firms in the area, and partly due to the attractive environment and high quality of life in this part of Surrey and Hampshire. Secondly, accessibility is excellent, with the M3 providing access to the M25 and South Coast and good rail services providing short journey times to central London, Heathrow and Gatwick Airports. Farnborough Airport also gives access to business aviation services, although agents report limited evidence of local firms using the Airport.

6.3 The commercial property market in the FEA is centred around the five main settlements of Aldershot, Camberley, Farnborough, Fleet and Frimley, all within the area collectively known as the Blackwater Valley. The close proximity of these centres and good accessibility between them by road gives the area's property market a relatively high degree of self-containment. However, there are significant variations between the settlements as a result of differences in image, accessibility and relative levels and types of supply of commercial property. There is competition between the HRSF FEA and other economic centres such as: Basingstoke (M3 corridor); Bracknell, Newbury and Reading (M4 corridor); and Guildford and Woking (A3 corridor).

6.4 Away from the main towns, there are two significant rural areas, one covering the western part of Hart district and the other being the eastern part of Surrey Heath. These areas contain a number of small towns and villages (for example, Hook and Hartley Wintney in Hart, and Lightwater and Bagshot in Surrey Heath) which contain moderate levels of employment space appropriate to their size. In Hart, there are also a significant number of converted agricultural buildings that form an important element of supply for local firms.

¹² An Employment Land Review Stakeholder Event was held at Rushmoor Borough Council's offices in November 2014. Where still relevant, comments and views and have been included and supplemented with further updated consultations of commercial agents.

Main Employment Areas

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

Market Geography

- 6.6 The Blackwater Valley, of which the HRSH FEA is part, is generally perceived to be a relatively self-contained commercial property market despite its proximity to a number of other nearby centres, such as Basingstoke, Bracknell, Guildford, Maidenhead, Reading and Woking.
- 6.7 In terms of inward investment, particularly larger occupiers looking for an out of London location close to Heathrow may consider locating in the M3 and M4 corridors (and to a lesser extent the A3 corridor). But many occupiers will focus on one particular corridor – for example locations in the M3 or the M4 corridors, which are also linked by rail routes into London.
- 6.8 In terms of rental levels, the Blackwater Valley is generally a cheaper location than Guildford, which tends to operate as a small, self-contained market with some occupiers specifically wanting to locate in the town. Rental levels in the Blackwater Valley are also lower than Reading, which has achieved a number of high value lettings during the course of 2015 and 2016. Rents in the Blackwater Valley are higher than in Woking and Basingstoke.
- 6.9 A primary location determinant for many large corporate occupiers is access to a labour force with the right skills, and occupiers in higher-value sectors tend to be aware of the differing socio-economic and skills mix of the different business centres in the M3 and M4 corridors.
- 6.10 Despite its relative proximity to the FEA, Basingstoke to the west is perceived to be a largely distinct office location with a mix of town centre and business park space containing larger office occupiers and a wide base of financial and business services companies. The town's central position along the M3 between London and Southampton provides access to both markets. A significant amount of office space

has been developed over recent years, but demand has not kept pace and there is a large amount of vacant space.

- 6.11 Basingstoke is also an important industrial and strategic distribution hub, easily accessible from Junction 6 of the M3. There is strong demand and a good supply of modern industrial and large warehousing premises. Overall, despite a perception as a separate market area, Basingstoke is potentially a strong competitor to the FEA. It offers a wider range of industrial land and premises, and is cost competitive in terms of rents, but with somewhat similar issues at the Blackwater Valley in terms of the supply of older office space associated with high levels of vacancy.

Market Segments

Offices

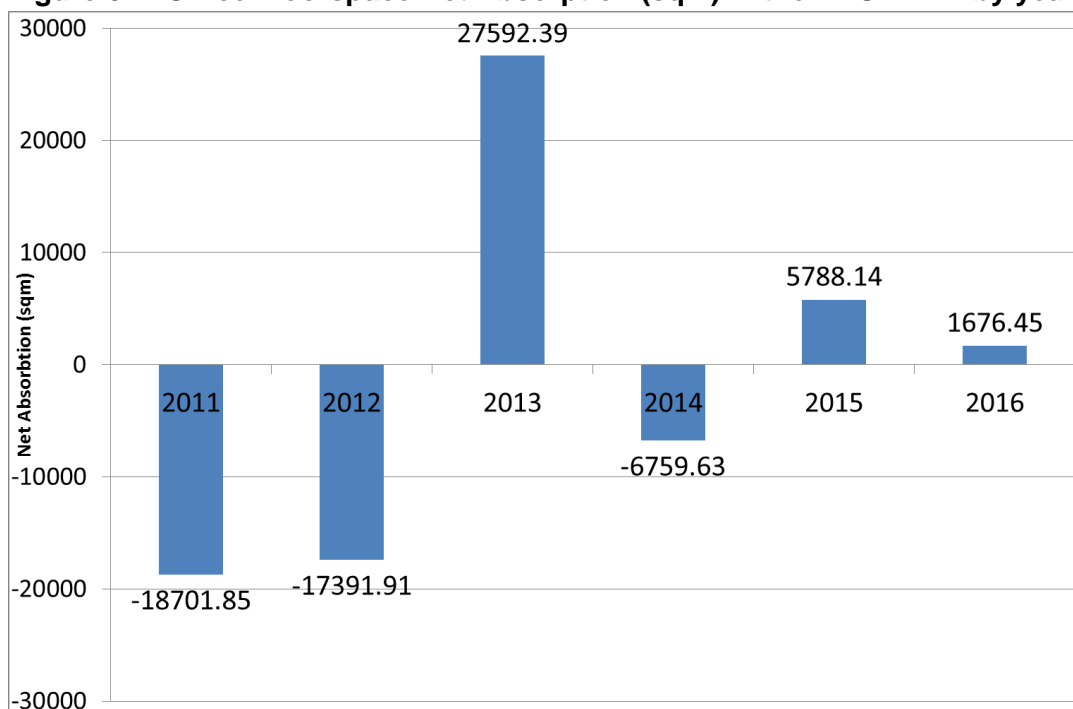
- 6.12 Camberley, Farnborough, Fleet and Hook, are all regarded as office centres. All have a number of edge-of-centre and out-of-centre business parks constructed in the 1980/90s such as Ancells Business Park in Fleet, Watchmoor Business Park in Camberley and Southwood Business Park in Farnborough.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

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

properties at the site explains the speculative office development currently being constructed at this site. The EM3 Commercial Property Market Study (2016) also notes that development of speculative high quality office space is also being stifled by the impact on rental levels of a surplus of poor quality office stock still on the market.

- 6.17 **Lower Grade Office Accommodation:** There is limited demand for such premises but the supply of such floorspace remains high. Therefore, the best accommodation within this category is letting whilst the lowest grade stock is remaining vacant for prolonged periods. Commercial agents note that the costs of refurbishing such stock to a good standard attractive to the market typically costs between £50-£60 per sq ft; and that the current over-supply of office accommodation limits investment in refurbishing such stock as low rent levels made such investment unviable.
- 6.18 It is considered that reducing the supply of lower quality office space would enable rent levels to increase and encourage investment to refurbish lower quality stock. Permitted Development Rights that enable the conversion of offices to residential through the prior approval process have reduced the amount of lower quality town centre office floorspace and office vacancy levels and reduced significantly over the last three years. However, there is still a substantial amount of lower quality stock on the market.
- 6.19 Despite the predominance of larger floorspace offices in the FEA, the role that smaller-scale serviced offices play in the local economy is important. It is considered that the variety of small, serviced and unserviced, office suites available at various locations within the FEA are meeting an identified market need. These include facilities such as Regus Serviced Offices at Farnborough Business Park, Fleet and Frimley, and Old School Studios in North Camp.
- 6.20 In addition, there is a wide range of business floorspace space available on flexible terms in the rural areas of Hart and Surrey Heath that meet the needs of SMEs. However, it is considered that more high-quality 'starter' office units would be a positive addition to the stock in the FEA in the future.
- 6.21 Data from the CoStar property database has been used to highlight the annual change in the amount of office floorspace let within the FEA between January 2011 and November 2016. Figure 6.1 indicates that the office market has been recovering following the economic downturn, and after initial increases in let floorspace, it now appears to be plateauing.

Figure 6.1: Office Floorspace Net Absorption (sqm) in the HRSH FEA by year



Source: CoStar; accessed November 2016

- 6.22 The transactions data contained in Figure 6.1 reflects the views of the commercial agents who report that more recently, lettings of office floorspace in the FEA have recovered, with strong demand for quality floorspace in Farnborough. Whilst the recovery in the level of transactions is encouraging, it is important to note that in November 2016 there was still in excess of 117,000 sqm of office floorspace being marketed in the FEA. The commercial agents reiterated that, as demand for office floorspace continues to improve, the good quality stock that is being marketed is likely to come back into use, whilst the lower quality stock is likely to remain vacant.
- 6.23 Figure 6.2 below shows the average rental levels for the year up to Dec 2016 as well as the five-year average in brackets. Camberley and Farnborough achieved the highest rents of the all of the settlements within the FEA (with Farnborough Business Park commanding a rent premium). In contrast, Aldershot achieved the lowest rent levels in the FEA. These rental levels may reflect the composition of the stock in different areas as well as the different market appeal of each location.

Figure 6.2: Typical rental level per square foot by settlement

Location	Offices sq ft (5 yr average)	Industrial sq ft (5 yr average)
Aldershot	£14.21 (£16.09)	£7.95 (£6.87)
Camberley	£20.29 (£16.39)	£9.44 (£8.13)
Farnborough	£20.39 (£16.78)	£8.10 (£6.24)
Farnborough Business Park	£27.50 (£27.50)	n/a
Fleet	£18.99 (£13.36)	£10 (£8.21)
Hook	£18.40 (£20.22)	£8.49 (£8.71)

Source: CoStar, accessed Dec 2016

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 6.24 Overall, most parts of the sub-region have lower office rents than in some competing locations such as Guildford and Reading which achieved £27.21 and £26.49 per sq. ft. due to the attractiveness of these location and highly skilled local workforces (assisted by the presence of established universities).

Local Office Markets

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

Hart

- 6.26 Hart's main office centres are Fleet and Hook, with a range of town centre and edge of centre business parks developed due to the District's good motorway and rail links to London and access to a large pool of skilled labour.
- 6.27 The majority of office floorspace in Hart is concentrated around Fleet with modern stock such as at Waterfront Business Park performing well due to its quality stock and prominent location adjacent to the town's railway station. However, there appears to be an over-supply of lower grade stock with concentrations of dated, larger footprint, stock to the north of the town centre, specifically at Ancells Business Park, which is currently experiencing relatively high levels of vacancy. Although this is predominantly as a result of the larger footprint buildings being vacant. Recently there have been a number of office to residential prior approvals permitted at Ancells Business Park.
- 6.28 The main office site in Hook is the modern Bartley Wood Business Park on the town's southern edge, where occupiers include Virgin Media, HP, Serco and Lenovo in a range of modern buildings. However, as with Ancells Business Park, an office to residential conversion has recently received permission through the prior approval process and is under construction.
- 6.29 Historically, there has been demand from small businesses, rural enterprises and some smaller office occupiers not requiring a town centre location. The types of premises available to such occupiers vary significantly from basic converted agricultural barns providing storage/workshop space, to purpose-built office buildings. Occupancy rates at such accommodation are generally high demonstrating that they meet a market need.

Rushmoor

- 6.30 Rushmoor is the largest office market in the FEA, dominated by provision in Farnborough, which is generally seen as the most attractive office centre in the area. This is primarily due to its direct mainline rail connection to London, the prestige of Farnborough Airport and a number of high quality office developments with established business clusters. The ongoing development of Farnborough Business Park is likely to further enhance the town's position as the area's premier office location. Since the Farnborough Business Park still has available development land it

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

is likely to be the main source of newly developed business park floorspace in the FEA for the foreseeable future.

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

Surrey Heath

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

- 6.37 The relatively poor rail connections from Camberley and Frimley stations to central London puts these locations at a disadvantage, although there is still a demand for town centre stock in these locations. Conversions of office floorspace in town centres has helped reduce the oversupply of lower quality vacant office stock in these locations.
- 6.38 There appears to be strong demand for space from small businesses, rural enterprises and some smaller office occupiers that do not require a town centre location. The types of premises vary significantly from basic converted agricultural barns providing storage/workshop space, to purpose-built office buildings. Occupancy rates at such accommodation were high demonstrating that there is demand for such premises.

Industrial

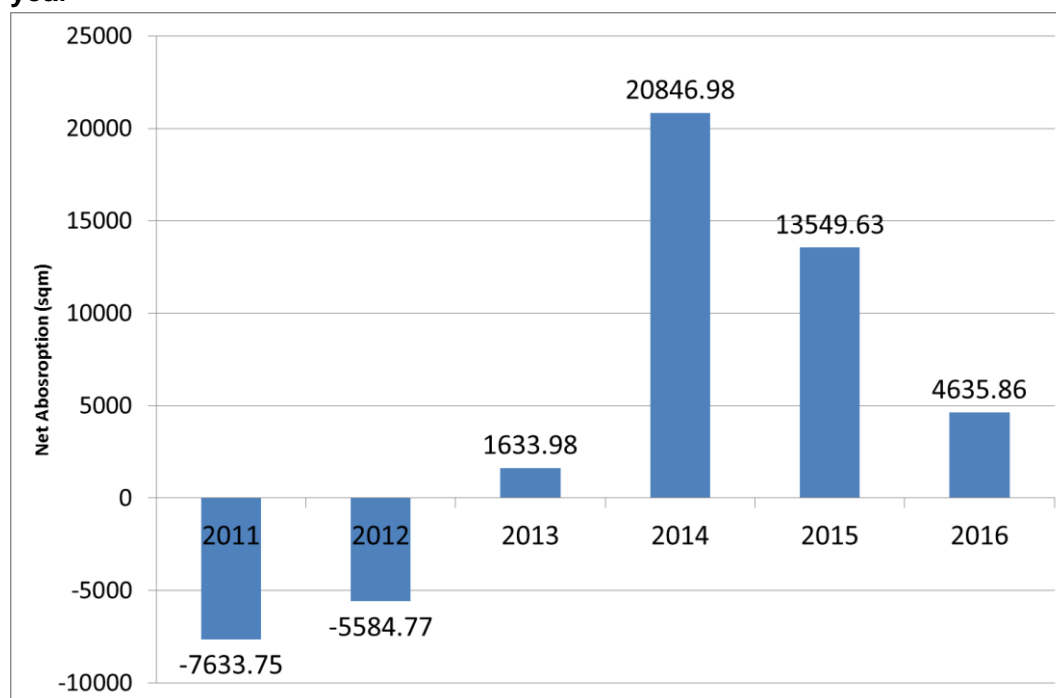
- 6.39 The FEA has a strong industrial market, with concentrations of industrial land in and around the A331 Blackwater Valley Road and the M3. Unlike the office market, industrial demand is more evenly spread with limited variations across the FEA's main centres. Thus typical industrial rents achieved in the FEA do not vary greatly with location.
- 6.40 Quality units in Camberley and Farnborough currently command a small premium (with total rents up to £9 per sq. ft.). Rents for older stock can be lower (by up to 25%). Sites located in close proximity to the strategic road network are preferred including the East Aldershot Industrial Cluster (North Lane); Yorktown Industrial Estate, Camberley; and Osborne Way, Hook.
- 6.41 The industrial market held up well during the economic downturn, and whilst the number of transactions fell there was ongoing activity in the market, though buildings were on the market for longer. There is demand for new industrial accommodation in the FEA for all types of units. Whilst there are no 'hot spots' for demand, location in relation to the strategic network is a key driver that primarily influences demand.
- 6.42 The majority of demand for industrial premises in the FEA comes from local companies seeking to expand. However, there is strong interest for distribution warehousing close to the M3 corridor from companies seeking to establish themselves in the area.
- 6.43 Commercial agents highlight that industrial process occupiers do not care so much about building quality; they are more concerned as to whether they can undertake their operations from the site. For example, it is noted that at Invincible Road in Farnborough some of the buildings are old and low quality, but the servicing and parking arrangements meet a specific need.
- 6.44 Reasonably robust levels of demand are also reflected by the fact that there is limited vacant industrial space, particularly within the established industrial areas. This has resulted in relatively high rents being achieved for industrial premises, particularly for

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

newer, high specification units, making industrial development increasingly viable and attractive to developers.

- 6.45 Thus, new industrial units have recently been completed at Hawley Lane in Farnborough and at Trade City in Frimley. There has been redevelopment of older stock in order to provide newer, purpose-built light industrial units in addition to the refurbishment and upgrading of existing stock.
- 6.46 Commercial agents contacted believe that larger industrial units that have reached the end of their functional life will continue to be replaced by smaller units on sites of under 1 ha. The small freehold industrial units that have been developed at North Lane, Aldershot (Pegasus Court) and the Aero Park, Farnborough are reported as filling an important gap in the market, and are much in demand.
- 6.47 Within the FEA there is currently limited provision of distribution or large-scale warehousing premises, although there is a limited supply of older, second-hand space. This reflects a lack of large sites, while other locations such as Andover and Basingstoke provide cheaper space in more accessible locations.
- 6.48 The industrial market remained relatively stable throughout the economic downturn. Figure 6.3 shows the pattern of take up of industrial property over the last 6 years (January 2011 and December 2016). Since 2013 the industrial market has performed well with good levels of transactions reflected in significant levels of annual take up of industrial floorspace in the FEA.
- 6.49 Over the period 2011-2016 take up of industrial floorspace in the FEA averaged 4,575 sqm p.a. This demonstrates that there is demand for industrial premises in the FEA, although it is acknowledged that there will be churn within the local property market; that is, some floorspace may become available as companies relocate to premises that better suit their needs.
- 6.50 The EM3 Commercial Property Market study (2016) notes that for the Blackwater Valley market area demand is reportedly strong for 50-100,000 sq ft (4,645 – 9,290 sqm) premises in locations close to the road network. This is driven by both manufacturing and distribution businesses. Agents also report that both funders and developers want to build new industrial space but have been unable to due to a shortage of sites.
- 6.51 Figure 6.2 shows typical rent levels for industrial floorspace within the FEA are relatively constant ranging from £7-£9 per sq. ft. with no significant variations between different towns and settlements in the FEA, although good quality stock located close to the strategic road networks commands a premium. Industrial rents in the FEA are also broadly similar to other locations outside of the M25, though slightly cheaper than prime West London industrial locations and much cheaper than the Heathrow area.

Figure 6.3: Industrial Floorspace (sqm) Net Absorption in the HRSH FEA by year



Source: CoStar Focus, accessed November 2016

Local Industrial Markets

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

Hart

6.53 Hart provides a range of industrial accommodation with the bulk of the District's provision being located in the main settlements as follows:

- Church Crookham provides industrial accommodation at four sites, two of which are small scale and meet the needs of SMEs (Fleet Business Park and Potters Industrial Estate); whilst one of the remaining sites has been developed as a bespoke manufacturing facility for a single occupier (Vertu). Redfield's Lane provides larger footprint industrial accommodation.
- Fleet provides limited industrial accommodation, although outside of the settlement there is some industrial accommodation at Cody Technology Park (part in Hart District, part in Rushmoor). Cody Park provides a secure site for datacentre occupiers.
- Hook provides good quality industrial floorspace in close proximity to public transport infrastructure and the strategic highway network (M3 Junction 5) at Osborne Way, an established industrial area providing a mix of unit types and sizes. Bartley Point is a recently completed warehouse / industrial development.

- 6.54 There appears to be strong demand from small flexible businesses / light industrial premises to support rural enterprises and SMEs. The types of premises vary significantly from basic converted agricultural barns providing storage/workshop space, to purpose-built light industrial / storage units, such as those at Murrell Green Business Park located on the A30 between Hook and Hartley Witney. Occupancy rates at such accommodation are high demonstrating that there is demand for such accommodation.

Rushmoor

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

Surrey Heath

- 6.56 There is a concentration of industrial premises in Surrey Heath at the western edge of the Borough along the Blackwater Valley Corridor. Industrial areas of varying sizes ranging from 37 ha to just over 2 ha are located in Camberley and Frimley within close proximity of the A331:
- Camberley contains York Town, the largest industrial area in the FEA, as well as more moderately sized industrial estates at Admiralty Park, Bridge Trade and Industrial Park and St Georges Industrial Estate & Helix Business Park. These are located at the western fringe of the Borough, in close proximity to Junction 4 of the M3. York Town and Admiralty Park house a diverse range of occupiers including many SMEs in small clusters of workshops, larger businesses in modern warehousing and technology clusters. York Town in particular contains a wide range of industrial accommodation, both in terms of size and type of units. The remaining industrial estates in Camberley are more suited to SMEs and businesses that require smaller warehousing or workshops.
 - Frimley contains two industrial areas that sit side-by-side, adjacent to the M3 Junction 4; Albany Park and Lyon Way. Lyon Way contains a business park at

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

the front of the site, near Frimley Road. Towards the rear of the site is Trade City Frimley, a recent development of flexible industrial and warehousing units and an adjoining development site at Logistics City. Albany Park houses SMEs, as well as large multinational companies occupying warehouses and light industrial units of varying sizes.

7. Future Requirements for B Class Employment Space

7.1 This section assesses the B Class employment space requirements that are likely to be required up until 2032. There are three different approaches that are widely used in estimating future employment space requirements. These are:

- a) Labour demand projections – based on projections of employment growth, often derived from independent forecasting houses, in the main B class sectors
- b) Past trends - consideration of past trends in employment floorspace completions based on monitoring data supplied
- c) Labour supply - estimating future growth of local labour supply based on the housing requirement set out in a local authority's SHMA, or based on forecast population growth and the amount of jobs and employment space that this can support.

7.2 Each of these methods has its strengths and weaknesses as set out in Figure 7.1

Figure 7.1: Forecast Method SWOT analysis

Forecast Method	Strengths	Weaknesses
Labour Demand and Supply (Job Growth)	<p>Forecasts are broken down by jobs by sector (Standard Industrial Classification (SIC) code)</p> <p>Aligned with the employment forecasts contained within the 2016 SHMA.</p>	<p>Less robust over the longer term (10+ years)</p> <p>The forecasts are calculated using a disaggregation approach and local forecasts need to be treated with a degree of caution</p>
Past Trend (Floorspace Delivery)	<p>Identifies the actual levels of commercial development that has taken place in the FEA over a set time period</p> <p>Provides a useful reality check on other forecasts (specifically Labour Demand Forecasts)</p>	<p>Does not take market sectors into account or identify growth/declining sectors</p> <p>Does not take account of the impacts of constrained supply; that is, were there limited land available for a specific use this would suppress delivery rates</p> <p>Policy-on aspirations such as smart growth and regeneration are not</p>

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Forecast Method	Strengths	Weaknesses
		<p>taken into account</p> <p>Does not take account of changes in demand and long term workplace trends.</p>

- 7.3 The ELR update has been undertaken in parallel with the preparation of the 2016 HRSR SHMA. The two studies are working from a common analytical base.
- 7.4 Of particular relevance to this study, is the SHMA analysis of future employment trends and forecasts. The SHMA indicates that a reasonable basis for forward planning is that employment in the FEA over the period 2014-32 will grow at an average of 1,200 jobs pa, this being a central scenario derived from both analysis of trend employment growth and three separate independent employment forecasts.
- 7.5 A variety of factors have been taken account in the SHMA process to arrive at a figure for Objectively Assessed Housing Need (OAHN). Among these considerations have been the labour force requirements associated with the preferred scenario for employment growth. The level of housing supply arising from the entire OAHN process is expected to provide a level of growth in the labour force in the FEA consistent with an average annual growth in employment of 1,200 jobs pa without any need to change levels of net commuting.
- 7.6 The alignment of the ELR and SHMA processes means that both the labour demand and labour supply approaches are aligned. The OAHN represents a starting point for plan making, and the FEA authorities will consider a wide range of other factors in addition to OAHN before determining the planned level of housing set out in draft Local Plans.
- 7.7 With respect to planning for provision of employment floorspace, it should be remembered that the assessment is not purely quantitative; there may be qualitative factors that influence the type, location and quantum of future employment space requirements that need to be planned for.

Labour Demand and Supply Forecasts

- 7.8 Forecasts of job growth in the three districts that make up the HRSR FEA have been obtained for the period (2014-2032) from three economic forecasting houses: Experian, Oxford Economics and Cambridge Econometrics. The three sets of forecasts have been compared and assessed as part of the SHMA process.
- 7.9 The assessment has included consideration of the strengths and weaknesses of each set of forecasts and comparisons with past growth trends. Based on this assessment, a job growth figure of 1,200 per annum between 2014 and 2032 is considered a robust forecast of anticipated future employment growth in the HRSR

FEA. The labour demand approach to establishing the future requirement for employment floorspace is based on this level of anticipated annual employment growth.

Scenario 1: Job Growth

7.10 In order to assess the impact of job growth of 1,200 p.a, on the potential demand for employment land, the following assumptions have been made:

- The Experian December 2014 set of forecasts have been used to obtain a 2014 base year for total workforce jobs broken down by sector.
- The Experian December 2014 set of forecasts have been used to provide a sectoral breakdown (using 38 categories) at 2014 and 2032 (based on an assumed level of job growth of 1,200 jobs pa).
- The Experian December 2014 set of forecasts have been used to provide a conversion ratio of total workforce jobs to Full Time Equivalents (FTEs) for each of the 38 sectors at 2014 and 2032. This is an important step in allowing employment densities to be applied in order to convert employment numbers to floorspace requirements.
- The 38 sectors of employment categories have been allocated to B use classes based on the assumptions set out in Appendix 3. These assumptions remain the same as the previous ELR (2015).

7.11 The resulting employment change between 2014 and 2032 is displayed in Figure 7.2 along with expected job growth in three core employment floorspace uses, as follows:

- Office and research and development
- Manufacturing (including light industrial and industrial)
- Storage and distribution

7.12 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 3).

Figure 7.2: Forecast Employment Change in the HRSH FEA (FTEs)

Sector (Use class)	Change in FTE employment 2014-2032
Office (B1a/b)	7,997
Manufacturing (B1c/B2)	-75
Distribution (B8)	1,155
Total B-class jobs	9,077
Jobs in all sectors	21,600

Source: Experian December 2014 / Wessex Economics Analysis, FTEs

7.13 The level of growth proposed within the B use classes in the FEA up until 2032 is dominated by a strong growth in office-based sectors with moderate gains in job growth in jobs in the distribution sector. This is within the context of overall job growth

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

of over 21,600 jobs in the FEA, which outside the B class sectors are made up from strong growth in the health, education and retail sectors amongst others.

- 7.14 The jobs forecasts set out above can be converted into future employment floorspace requirements by applying typical ratio of jobs to floorspace for each of the different B uses. The recently published 2015 HCA Employment Densities Guidance document¹³ provides an update to the previous 2010 guidance note. The densities relevant to this study are set out in Figure 7.3 below.

Figure 7.3: Employment Densities

Use	Type	Sqm/FTE	NIA/GEA
Offices	Corporate	13	NIA
	Professional Services	12	NIA
	Public Sector	12	NIA
	Finance & Insurance	10	NIA
Industrial	Light Industrial	49 ¹⁴	GIA
	Industrial & Manufacturing	36	GIA
	National Distribution Centre ¹⁵	95	GEA
Warehousing	Regional Distribution Centre	77	GEA
	Final Mile ¹ Distribution Centre	70	GEA

Source: HCA 2015 Employment Densities Guidance

- 7.15 Wessex Economics have calculated the average employment density¹⁶ across each of the broad use classes based on the data in Figure 7.3 above and on this basis the following average employment densities have been applied for the different employment floorspace sectors:

- Offices: 1 FTE job per 12 sqm
- Industry: 1 FTE job per 43 sqm
- Warehousing: 1 FTE job per 74 sqm

- 7.16 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 is halved, to reflect the fact that not all of this employment space is likely to be lost to non-employment uses.

¹³ Homes and Communities Agency, Employment Density Guide, 3rd Edition, November 2015

¹⁴ The NIA figure presented in the Employment Densities Guide has been converted from NIA to GIA using a ratio of 1.05

¹⁵ It is not anticipated that there will be distribution centres of national scale within the Study area and this figure has therefore been excluded from any further analysis

¹⁶ Offices: 12 sqm is the same figure from the 2010 Employment Densities Guide (2nd edition) and an appropriate mid-point of range of 10-13 sqm in 2015 Guidance. Industrial: 43sqm is rounded up average of B1c and B2; Warehousing: 74sqm is the rounded up average of Regional Distribution Centre and Final Mile Distribution Centre

- 7.17 Figure 7.4 sets out the employment floorspace requirements over the plan period based on the Labour Demand and Supply forecasts and average jobs to floorspace ratios set out above.

Figure 7.4: 2014-32 Floorspace Requirements for the FEA based on Labour Demand and Supply Forecasts

Sector (use class)	Floorspace (sqm)
Office (B1a/b)	103,367
Manufacturing (B1c/B2)	-1,598
Distribution (B8)	93,369
Total	195,139

Source: Experian / Wessex Economics Analysis

- 7.18 The floorspace forecasts set out above are based on a net increase of 9,070 FTEs in traditional employment floorspace (B1-B8) use class sectors in the period 2014-2032. This forecast underpins the estimate of future employment space needs and is equivalent to an average of 500 additional B Class jobs being created per annum over the period 2014-2032.

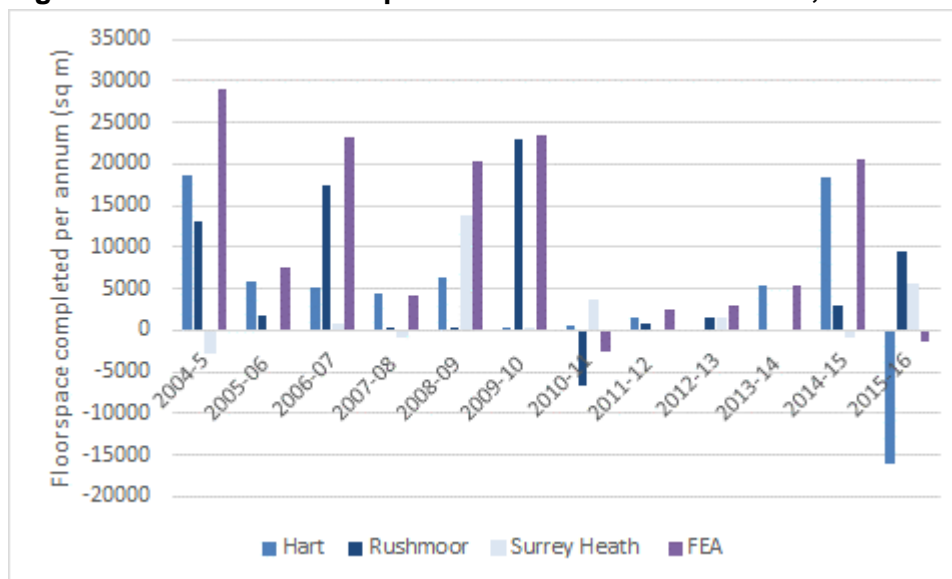
Past Development Rates

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

Scenario 2: Past Development Rates

- 7.20 Data on past completions by B class sector has been provided by Hampshire County Council for the Hampshire authorities (Hart and Rushmoor) and by Surrey Heath Borough Council. Completions for the period 2004/05 - 2014/16 have been analysed. This is a reasonably long period that reflects a period with different market conditions including a period of strong economic growth, a period of recession and a period of economic recovery.
- 7.21 Figure 7.4 displays how net completions have fluctuated on an annual basis over this ten-year period by local authority area and the impact that the economic down-turn has had upon the delivery of new employment floorspace within the FEA.

Figure 7.5 Annual Net Completion Rates in the HRSH FEA, 2004-2016



Source: Wessex Economics analysis of HCC & SHBC data

7.22 In order to use this data to forecast potential employment land requirements over the period 2011-2032, the average annual take up of floorspace needs to be calculated over the assessment period. Figure 7.6 shows both the average net and gross completions by three use class categories between 2004/05 and 2015/16. This demonstrates that whilst there have been gross completions of 266,045 sqm over the 12 year monitoring period, when the loss of employment floorspace to enable some of this new development to take place (site regeneration) is considered, the amount of net floorspace delivered is significantly lower at 152,233 sqm.

7.23 The average annual gross completions for B Class uses over this time period amounts to some 22,170 sqm pa whilst average annual net completions¹⁷ are approximately 43% lower at 12,686 sqm, highlighting how gross data masks the losses of employment space in development schemes.

Figure 7.6: Completion Rates in the HRSH FEA, 2004-2016

Sector (use class)	Floorspace (sqm)			
	Gross completions	Gross annual completions	Net completions ¹²	Net annual completions
Business	158,987	13,249	82,587	6,882
Manufacturing	9,698	808	554	46
Distribution	30,995	2,583	19,612	1,634
Flexible (B1-B8)	66,365	5,530	49,933	4,161
Total	266,045	22,170	152,233	12,686

Source: Wessex Economics analysis of HCC & SHBC data

¹⁷ Net completions discount floorspace lost as part of employment site redevelopment / regeneration schemes (i.e. some employment floorspace is lost to enable the redevelopment of the site to provide modern employment floorspace).

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 7.24 One view of future growth in the HRSH FEA is to assume that future development rates carry on at the long-term average observed in the past. If it is assumed that the average annual net¹² completion rate over the past twelve years continues during the overall period 2014-2032, there would be a requirement to plan for around 229,000 sqm of employment floorspace (see Figure 7.7)

Figure 7.7: Employment floorspace required based on past trends continuing, 2014-2032

Sector (Use Class)	Trend net annual completion rate (sqm)	Additional floorspace required by 2032 (sqm)
Business	6,882	123,881
Manufacturing	46	831
Distribution	1,634	29,418
Flexible (B1-B8)	4,161	74,900
Total	12,724	229,029

Source: Wessex Economics analysis of HCC & SHBC data

- 7.25 This approach assumes that past trends of office development in both a relatively buoyant as well as recessionary economic period would continue unchanged. However, this may not fully reflect the impacts of the economic recession or longer term workplace trends that could further reduce future demand for office space.
- 7.26 Conversely, it may underestimate future demand for certain types of employment uses, specifically the manufacturing and distribution sectors. If the supply of new development was constrained in the past, for example because of limited site availability, a lack of suitable sites, and/or infrastructure/funding issues preventing sites being delivered, unconstrained demand might support a higher level of development.
- 7.27 The use of net data takes account of demolitions of low-grade employment floorspace that have taken place to enable the redevelopment of these sites to provide modern B class employment floorspace.

Calculating the Gross Floorspace Requirements for each Scenario

- 7.28 Before the results of the two scenarios can be compared, adjustments need to be made to the labour demand and supply scenario in order that it calculates the gross floorspace requirements based upon the HCA Offpat jobs to floorspace conversion factors.
- 7.29 Net internal area (NIA) floorspace and gross internal floorspace (GIA) for employment developments can vary significantly according to use. GIA is the standard measure used in planning applications and hence is the basis for monitoring changes in supply of employment floorspace.
- 7.30 The 2015 HCA Offpat guidance indicates that for office space the gross figure is typically 15-20% higher than net internal space. Thus the figures used to link floorspace to jobs which are based on NIA, need to be grossed up to arrive at the figure used for planning purposes (GIA). For the industrial and warehousing uses no

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

conversion is required as the employment densities were already expressed in GIA/GEA terms.

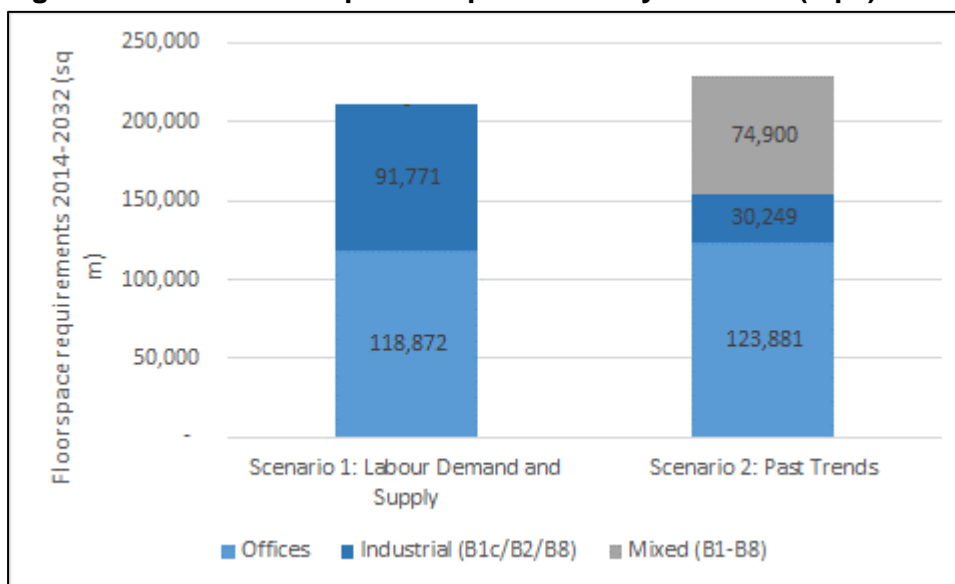
- 7.31 A grossing factor of 1.15 has therefore been applied to the net office floorspace requirements based on NIA. The resultant requirements based on a GIA basis are shown in Figures 7.8 and 7.9.

Figure 7.8: Gross Floorspace Requirements by Scenario (sqm) 2014-2032 for Scenarios 1 and 2

Use	Scenarios	
	Scenario 1: Labour Demand and Supply	Scenario 2: Past Trends
Offices	118,872	123,881
Industrial (B1c/B2/B8)	91,771	30,249
Mixed (B1-B8)	-	74,900
All B uses	210,644	229,029

Source: Wessex Economics

Figure 7.9: Gross Floorspace Requirements by Scenario (sqm) – 2014-2032



Source: Wessex Economics

- 7.32 The two scenarios generate a requirement in terms of employment floorspace requirements in the HRSF FEA for the period 2014-32, ranging from 210,644 sqm (based on the labour demand supply scenario) to 229,029 sqm of B class floorspace under the past trends scenario. Both sets of forecasts project an increase in both office and industrial floorspace, although there are variations, in part linked to the fact that under the past trends scenario a large proportion of historic supply cannot be allocated to either office or industrial use falling in a 'mixed B1-B8 category'.

Land Requirements

- 7.33 The final step, for both scenarios, is to translate the gross floorspace requirement into land requirements for both office and industrial uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using the following assumptions and local adjustment factors to reflect the pattern of development in the FEA.
- 7.34 For office developments a plot ratio of 0.5 has been assumed. This reflects feedback from the ELR stakeholder event and reflects the fact that the majority of land supply in the FEA is provided in the form of low density business park environments¹⁸. This means that 1 ha of land (10,000 sqm) is, on average, required to accommodate every 5,000 sqm of office floorspace in a business park format. This is a higher density of development than industrial developments, since space is typically developed over two or three storeys.
- 7.35 Industrial developments are more space hungry than offices since they tend to be single storey (sometimes with mezzanines) and are more likely to need external areas for storage and freight vehicle movements. A plot ratio of 0.4 has been applied so that a 1 ha site (10,000 sqm) would be needed to accommodate 4,000 sqm of employment floorspace.
- 7.36 The resulting land requirements for each scenario are set out in Figure 7.10. Both of these scenarios are tested against the supply position in Section 8 of this report.

Figure 7.10: Employment Land Requirements (Ha) by Scenario

Use	Scenario 1 – Labour Demand and Supply	Scenario 2 – Historic Development Rates ¹⁹
Offices	24.0	32.3
Industrial	23.0	16.9
Total	47.0	49.2

Source: Wessex Economics

¹⁸ The office land to floorspace ratio was discussed at length with commercial property agents as part of the consultation process during the June 2015 ELR to take account of local circumstances and it was agreed that a plot ratio of 0.5 ha was appropriate given the available land supply in the FEA and historic completions.

¹⁹ It has been assumed that the 74,900 sqm of Mixed Floorspace will be split evenly between Offices and Industrial uses.

Sensitivity Tests

- 7.37 It is also important to test how reasonable each scenario appears against other factors and how sensitive they are to different assumptions.

Comparing Scenario 1 to Historic Rates of Job Growth in the FEA

- 7.38 It is useful to compare the employment growth implied by Scenario 1 to the levels of job growth that have actually been achieved in the FEA over recent years according to historical data. Scenario 2 presents historic employment development rates in the FEA and is not based on a job growth assumption and cannot therefore be directly compared to historic job growth rates.
- 7.39 This study has examined historic trends of employment growth using Experian's estimates of past employment growth over the 10 year period from 2004 to 2014 analysed per sector. These indicate job growth of around 750 B class jobs per annum. The future scenario forecasts FTE job growth of around 500 B class jobs per annum.
- 7.40 This appears to indicate that future employment growth of B class jobs is expected to be lower than in the period 2004-14. However, at least part of the differential between historic annual job growth and forecast annual job growth is because the future scenario is based on FTE job growth while the historic trend is based on all employee jobs. A scenario based on FTE jobs will be associated with a higher level of overall jobs – full time and part time and self-employed. Part of the differential will reflect this statistical difference.
- 7.41 Another factor may be that over time the proportion of jobs that are accommodated in B class buildings is declining as jobs in the retail and personal services sector, in healthcare, education and leisure etc. and other sectors not associated with B class floorspace increases. In addition, the calculation of average annual employment growth over time can produce very different results depending on the choice of the start or finish dates.

Employment Land Re-Use

- 7.42 The forecasts assume that half the industrial (B2) employment floorspace that is projected to be lost in the FEA will be re-used for light industrial (B1c) or storage and distribution uses (B8 uses). If this proportion (50% retained for employment use) were to be lower than this, it would increase future land demands for the industrial sector. In contrast, policy makers could seek to ensure higher levels of retention and recycling of employment land (i.e. 75% of all B2 employment land recycled) if the relatively tight supply of industrial land in the FEA (B1c-B8) remains an issue, reducing the requirement to identify new sites for industrial users.
- 7.43 The extension of Permitted Development Rights to include conversion of B1c floorspace to residential may have an adverse impact on the scope to retail and recycle industrial land. However, many B1c properties are unlikely to be suited to

conversion to residential, either because of the nature of the building or its location in a non-residential setting. In all probability, redevelopment will be the more normal route if B1c floorspace is lost to residential use. The Government has raised the possibility of creating permitted development rights for redevelopment (as distinct from conversion) of B1a and possibly B1c floorspace and whilst no firm proposals for this have yet emerged there are still indications from the Government that this could be established through a future permitted development right.

Floorspace Ratios

- 7.44 The various assumptions on job/floorspace ratios and plot ratios adopted in the study are based on HCA Guidance²⁰. The sectors that are forecast to grow over the plan period predominantly require business floorspace. It is important to note that office floorspace to worker ratios have reduced substantially over recent years, in part due to increased flexible working (including home working); and as businesses seek to reduce their operating costs.
- 7.45 If the job/floorspace ratios were to continue to decline this would further reduce the need for office accommodation and therefore the amount of employment land required to accommodate office accommodation in the FEA. It seems unlikely that the ratio of floorspace to employment will increase (more sqm per employee), unless there is a trend to provide more spacious working conditions with more amenity and breakout space.

Development Density Assumptions

- 7.46 The land requirement estimates (Figure 7.11) assume that new office space would be delivered at a floorspace to plot ratio of 0.5. If however, all new office space were built at a lower density plot ratio of 0.4, the maximum land requirement for office would increase from 32.3 ha to 40.3 ha. Conversely, if all the office demand were met in higher density developments (for example with a plot ratio of 0.6) the maximum land requirement for office uses would reduce to 27 ha.
- 7.47 These figures indicate that the land requirement for office-based uses is highly sensitive to the density of development that can be achieved and which is regarded as desirable from both an occupier and planning perspective. Higher plot ratios could be achieved if there was a shift to building office accommodation at higher density (more floors) and reducing parking provision. This might be achievable in locations where it is realistic for workers to get to work by means other than by car.
- 7.48 However, the land to floorspace ratio for office developments was discussed with local commercial property agents as part of the 2015 ELR process. The assumed plot ratio of 0.5 ha was agreed to be an appropriate figure given the available land supply and the pattern of past B1 space development. However, over an 18-year period, new patterns of development could emerge within the FEA, that might start to change this historic relationship between floorspace and land required for particular developments.

²⁰ Homes and Communities Agency, Employment Densities Guidance, 3rd Edition, November 2015

Vacant Stock

- 7.49 As noted in Chapter 4, the industrial property market has vacancy levels within what are considered normal levels (5-10%) to enable natural churn within the market. However, lettings of industrial floorspace have been relatively strong since 2011 (see Figure 6.3) averaging in excess of 50,000 sqm per annum. In light of this fact, it is unlikely that vacant stock is likely to make a significant contribution towards meeting the needs forecast in this report. Therefore, the regeneration of existing industrial sites and implementation of allocations and planning consents will need to accommodate the additional demands for light industrial, industrial and warehousing units up until 2032.
- 7.50 In contrast, the office market within the FEA has relatively high levels of vacancy, although these have reduced since 2013. Vacant stock comprises mainly older, low quality, town centre offices and out of town/edge of centre sites with limited on site amenities and infrastructure. Whilst some of the lower quality vacant stock within the FEA may let as the economy recovers and some businesses seek low cost office accommodation, an element of this vacant stock is likely to continue to be lost via change of use to residential uses under PDR.
- 7.51 The view of local property professionals is that there is strong demand for quality office stock and that the quality properties that are currently vacant will come back into use as the economy recovers. Examples of such better quality offices likely to find occupiers include: the Royal Pavilion (Aldershot); Watchmoor Park (Camberley); and Waterside Business Park (Fleet).
- 7.52 The supply of vacant office accommodation being marketed in the FEA in November 2016 was around 117,000 sqm. If it is assumed that at least some of this stock of vacant property accommodates newly arising demand for office space, it will meet part of the forecast requirement for office floorspace; and hence reduce the overall land requirements needed to accommodate the forecast growth in requirements for office space in the period up to 2032.

Conclusions

- 7.54 Two different scenarios of future employment space requirements are considered in this chapter. Scenario 1 is based on forecast levels of employment growth in the SHMA and generates the higher requirement for employment floorspace and land. Scenario 2 is based on past development trends and generates the lower requirement for employment floorspace and land. The overall floor space requirements related to these different scenarios range from 210,650 sqm to 229,029 sqm of all types of employment space to 2032, implying in broad terms a need for between 47 ha and 49 ha of employment land.

8. Balancing Supply and Demand

8.1 This section brings together the two scenarios of forecast demand and the maximum land supply available in the FEA. It also includes an assessment of the potential for vacant stock that could be brought back into use as detailed in Section 5; and discusses the use in establishing overall demand and supply of a small windfall allowance.

Quantitative Balance

8.2 The previous section identified the future need for between 210,650 sqm and 229,030 sqm B use class employment floorspace to meet the economic needs of the FEA in the period 2014 to 2032. To meet these levels of floorspace requirements implies the need for between 47 ha and 49 ha of employment land.

8.3 The maximum amount of land that is potentially available to help meet future needs in the FEA is estimated at 54.4 ha. Figure 8.1 shows the land requirement to meet the employment floorspace needs associated with Scenarios 1 and 2 as set out in Section 7.

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

	Scenarios 1	Scenario 2
Requirement for B Class Space (ha)	47 ha	49 ha
Supply of B class Employment Space (ha)	54.4 ha	
Surplus (+) / Shortfall (-) (ha)	+ 7.4 ha	+ 5.4 ha

Source: Wessex Economics, figures rounded to nearest full hectare

8.4 Whilst Figure 8.1 provides a useful overview of the total quantum of employment land available for development in the HRSH area, it also important to identify whether the needs of sectors requiring business (office) or industrial accommodation are being met.

Needs of Different Employment Uses

8.5 Ensuring an adequate choice of types of sites is important in order to meet the diverse requirements of different employers in the FEA and must span the different property types, which employers require. Thus, the potential supply of employment space for office, and separately for industrial land, needs to be compared to forecast demand.

8.6 Figure 8.2 compares the demand and supply situations for office and industrial uses separately for both scenarios. However, it is important to note that a significant proportion of the potential land supply in the FEA is identified as being for flexible employment use (B1-B8).

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- 8.7 The substantial supply of land allocated or with consent for flexible employment uses means that assumptions have had to be made about the likely use of this land. Whilst a simple 50:50 apportionment could have been used this is considered inappropriate given the portfolio of sites available within the FEA.
- 8.8 Following a detailed review of the 24 ha of flexible employment land that is potentially available, 17.36 ha of this land (72%) is regarded as better suited to industrial uses, with the remaining 6.68ha (28%) well suited to office uses. Appendix 4 provides details of the supply of flexible employment sites in the FEA and how floorspace has been apportioned between industrial and office sites.
- 8.9 Figure 8.2 displays the land requirements under Scenarios 1 and 2 and the land available by the office/industrial split in the FEA based on the assumptions set above.

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

Offices	Scenario 1	Scenario 2
Office space land requirement (ha)	24	32
Potential supply of land for office uses(ha)	32.4	
Surplus (+) / Shortfall (-) (ha)	+8.4	+0.4
Industrial		
Industrial land requirement (ha)	23	17
Potential supply of land for industrial uses (ha)	22	
Surplus (+) / Shortfall (-) (ha)	-1	+5

Source: Wessex Economics

- 8.10 Figure 8.2 indicates that the balance between the supply of office and industrial space and forecast requirements is fairly tight.

Alternative Supply Position

- 8.11 The 54.4 ha of employment land outlined above represents the baseline supply position either as allocations or subject to extant planning permissions. Whilst these sites already have the necessary planning status which helps to provide greater certainty that they can come forward for development, there are also some other factors that need to be considered in addressing the land supply position.

Increased Letting of Quality Office Floorspace that is Vacant

- 8.12 In Section 7, some high-level sensitivity tests are presented to identify the implications that various changes to key assumptions would have upon the forecast

land requirements. A key factor highlighted in this section was that at November 2016 in excess of 117,000 sqm of vacant office floorspace was being marketed in the FEA. It is recognised that some of this will be lower quality stock that may struggle to secure a tenant. However, there is also a good supply of quality (Grade A) office accommodation across the FEA that could realistically come back into use as the economy improves. This floorspace has been released following the restructuring and consolidation of the ICT industry in the early 2000s and the more recent economic downturn.

- 8.13 Take up in 2015 demonstrates that the office market is recovering with a total net absorption figure of 5,788sqm within the FEA over this twelve-month period (see Figure 6.1). It is therefore not unreasonable to assume a proportion of the currently vacant office stock that is being marketed will come back into use over the plan period; and that this will meet some of the forecast needs of sectors requiring office floorspace. This would imply that the overall land requirement for office uses will be lower than assessed by an equivalent amount to the demand absorbed by the surplus space being marketed. This would increase the overall surplus of land for office accommodation.

Allowance for Windfall Development

- 8.14 Employment development on windfall sites (that is on land not allocated for employment uses) has made a contribution towards land supply in the FEA over the past ten years, specifically in Hart and Surrey Heath both of which have sizable rural hinterlands. These windfall sites play a valuable role in meeting the business needs of the rural economy. It is, to some extent, a policy choice as to how far each authority wishes to rely on an element of windfall provision to meet some of the identified future needs.
- 8.15 The policy choice needs to consider the benefits of such windfall development of employment floorspace in creating employment opportunities in rural areas; but this needs to be weighed against the desirability of providing employment floorspace in sustainable locations. Rural workspace typically can only be reached by car. If a relatively low level of windfalls were to be assumed for the purposes of meeting future needs, for example 10% of past annual net completions for the three authorities, this would be equivalent to 22,383 sqm or 4 to 5 ha of land in the FEA up until 2032.
- 8.16 It should be noted that there is less certainty that these non-allocated sites will continue to come forward in the future and this potential source should be viewed as only one of a number of contributions towards meeting potential supply.
- 8.17 The supply position detailed above could be subject to change if the amounts of vacant office floorspace coming back into use over the plan period are greater or lower than the level assumed. The recent legislative changes that has made the Permitted Development Rights for office to residential conversions permanent has the potential to reduce significantly the supply of vacant office in the FEA, especially in urban areas.

- 8.18 However, the overall requirement for office floorspace could continue to reduce if office floorspace per worker densities continue to fall with advances in technology and changes in working practices. For example, the office accommodation recently constructed at Farnborough Business Park has been designed with an employment density ratio of 1:8; this is a 30% reduction in comparison to the latest HCA Guidance on Employment Densities.

Delivery of Employment Land

- 8.19 The land supply considered above represents the 'maximum case' – the total amount of land theoretically available to accommodate employment development. A small surplus of office land is identified.

Un-Implemented Planning Permissions

- 8.20 The FEA currently has around 37.29 ha of outstanding planning permissions (i.e. permissions that have not yet commenced) for B class development. However, there is no guarantee that these permissions will be implemented. It is also important to note that these permissions relate to specific schemes and may, therefore, be less able to meet general future needs.

Qualitative Factors

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

Offices

- 8.24 The FEA has a well-established office market, concentrated in Camberley, Farnborough, Frimley and Fleet. The office market in the FEA is currently experiencing vacancy levels of 13%, a considerable reduction when compared to the figures from 2013 (see para 4.15). Market feedback suggests that the office market will continue to play a key role in the FEA's economic future, but that the quality or location of some of the vacant stock does not meet modern business requirements.
- 8.25 There is an oversupply of dated second hand stock in the FEA, and also of large footprint Grade A accommodation that was originally constructed as campus sites for single occupiers. An example of the latter is Guillemont Park (26,400 sqm) which is a Grade A office campus in close proximity to junction 4a of the M3 that was constructed for a single occupier (Sun Microsystems). The site has been marketed for office use for a substantial period with no interest and is now being promoted for residential development through the emerging Hart Local Plan. Therefore, this office floorspace may not contribute towards meeting future needs. However, the sale of the former Nokia Campus (28,000 sqm) in Farnborough to BMW indicates that there is some (albeit limited) demand for large HQ office campus environments that are priced competitively.
- 8.26 In contrast, good quality, high specification (grade A) office accommodation at prominent, and highly accessible, multi-occupancy business park locations, such as Farnborough Business Park, is considered to be in short supply. Agents note that the speculative development of Grade A office accommodation in the FEA is likely to be limited for the foreseeable future in part due to the rental income required to make such schemes viable. However, speculative development is being taken forward at Farnborough Business Park due to strong demand for properties on this site and high levels of occupancy in existing buildings.
- 8.27 Refurbishment is one solution to the oversupply of lower grade accommodation, but the costs of undertaking such work, alongside the significant supply of office floorspace on the market, limits the incentive to invest, particularly in locations where rent levels are low. Reducing the supply of lower quality office stock is likely to enable rent levels to increase and encourage investment in refurbishment. Permitted Development Rights that enable the conversion of office premises to residential are helping to re-balance the supply and demand of such stock in the FEA. However, there is concern among some stakeholders that the recent extension of Permitted Development Rights will result in a significant increase in the medium term in conversions, once current long leases come to an end, with consequent loss of office floorspace.

Industrial

- 8.28 The FEA is a successful industrial location with sizeable concentrations of industrial floorspace located to the east of Aldershot, the west of Camberley, and Frimley, all of which benefit from excellent access to the strategic highway network (the A331 and M3 motorway).

- 8.29 The industrial market continues to experience sustained demand and therefore low vacancy levels, which limits the abilities of companies to move to premises that better meet their needs. The limited supply of industrial accommodation (particularly modern, good quality space) could be seen as a constraint to the development of the FEA's industrial sectors moving forward. It is therefore important that this broad sector is able to grow and is not unduly constrained by the lack of suitable accommodation or sites.
- 8.30 This consistent demand, and limited supply of employment sites, has resulted in relatively high rents for industrial premises, particularly for newer, high specification units, making industrial development commercially viable and attractive to developers. This is demonstrated by the recent completion of new industrial units at Hawley Lane in Farnborough and at Trade City in Frimley.
- 8.31 Within the FEA, there has been a significant amount of redevelopment of older stock at established industrial locations to provide newer, purpose-built industrial units in addition to the refurbishment and upgrading of existing stock. It is anticipated that this trend will continue given demand for quality stock and the need of commercial property owners to ensure their buildings comply with appropriate legislation relating to the energy efficiency of buildings.
- 8.32 The majority of demand for industrial premises in the FEA comes from local companies seeking to expand. There is also strong interest for distribution warehousing close to the M3 corridor from companies seeking to establish themselves in the area. However, commercial property agents report that there is demand for new industrial accommodation in the FEA for all types of units, but particularly for properties of between 50-100,000 sq ft in locations close to the road network and suitable for both industrial and warehousing uses.
- 8.33 It is therefore important that the FEA authorities protect established industrial employment sites and encourage the continued redevelopment or regeneration of these sites to provide premises that meet the needs of the market. This will ensure that the industrial sectors in the FEA can continue to operate and expand in premises that meet their business needs.

Rural / Smaller Settlements

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

Conclusions

- 8.35 Based on data relating to the supply of available employment land in the FEA, it is evident that were none of the circa 117,000 sqm of vacant office floorspace in the FEA were to come back into use, there would be a surplus of land for office uses. It is reasonable to expect that as the market continues to recover, a proportion of this office floorspace will be brought back into use and the surplus of available land and floorspace will therefore increase.
- 8.36 Qualitative requirements indicate that there is demand for quality Grade A office floorspace at the established and prominent business park locations in the FEA. It is important that these land allocations (some of which contain undeveloped land parcels) be given sufficient protection to ensure that these sites can continue to meet economic needs up until 2032.
- 8.37 It is important to note, however, that the FEA office market suffers from a range of qualitative factors such as high vacancy rates of older premises and poor perceptions of some of the FEA's peripheral office locations. This differential is particularly marked when comparison is made with modern stock located in accessible locations with good access to a broad range of amenities. Thus, there are two distinct office markets in the FEA: the high profile Grade A office accommodation market; and the lower grade office market that continues to suffer from oversupply, which in turn discourages investment in renewal due to the comparatively low rent levels that can be achieved.
- 8.38 The assessment shows that there is sufficient supply of land to meet the forecast growth needs of the office sector in the FEA up until 2032, particularly on the assumption that some of the 117,000 sqm of office space that is vacant and being marketed in the FEA comes back in to economic use. However, the recent announcement that Permitted Development Rights for the conversion of office to residential are permanent is likely to reduce the available supply of office floorspace. This situation will need to be monitored closely. However, removal of the least satisfactory stock may help boost the refurbishment market if rents improve.
- 8.39 Turning to the industrial market, the quantitative balance between supply and demand is very tight.
- 8.40 The qualitative requirements indicate that there is demand for all types of industrial accommodation in the FEA, but specifically for sites close to the strategic highway network (notably the A331 and M3). The vacancy rates at such sites are relatively low (currently less than 10%) and it is noted that the market cannot currently accommodate demand for both small industrial units (B1c, B2, B8) and larger industrial premises of between 2,000 sqm and 10,000 sqm in such locations. Thus, the balance between supply and demand in both quantitative and qualitative terms is tight.
- 8.41 There are a number of factors relevant to the delivery of employment sites that suggests that the FEA authorities should seek to protect:

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

- industrial land allocations
- prominent business park locations that provide (and have scope to provide additional) Grade A office accommodation
- rural employment sites that are performing well.

9. Review of the Current Employment Sites Portfolio

- 9.1 This section summarises the characteristics of existing employment sites in the Hart, Rushmoor and Surrey Heath FEA. This assessment is based on sites identified by each Council, which were then inspected and assessed by planning officers. It is important to note that some sites straddle two local authority areas; these include the Cody Technology Park and Frimley Business Park.
- 9.2 In total, 73 employment sites in the FEA of more than 0.25 ha were identified and assessed, in accordance with the National Planning Practice Guidance. The majority of these sites comprise the FEA's established employment areas and are allocated as such through existing local planning policies. Detailed site appraisals are contained in Appendix 1.
- 9.3 The FEA authorities decided not to use a scoring process as part of the appraisal process²¹. Feedback from the consultation on methodology for the ELR pointed to the fact that scoring sites can be very subjective and does not in itself provide a complete picture of a site's role within the local economy. For example, if a scoring approach were to be used, a site that is important to meeting rural or local needs, or providing a location for bad neighbour uses, could receive a low qualitative score despite it being important to retain that site for these reasons.

Site Allocation Options

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

²¹ A scoring approach was used in the 2009 ELR so the decision to not score sites is a change in methodology compared to that previously undertaken.

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

 4. **Do not allocate the site through emerging Development Plans:** In accordance with NPPF paragraphs 21 and 22 some sites that have been assessed are unlikely to continue to meet the needs of businesses and should therefore either be de-allocated as employment sites or not formally allocated through emerging Development Plans. In addition, some sites may be so small in scale (given the 0.25 ha threshold) or fulfil such a distinct purpose (for example, being occupied by a single small business), that they may not have the appropriate characteristics to be considered as Employment Sites through emerging Development Plans.
- 9.5 Figures 9.1 to 9.3 provide a detailed list of the sites that have been assessed in this study by Local Authority Area.

Hart Employment Sites

Figure 9.1 – Sites assessed in Hart District

Site ref	Site Name	Site Size (ha)	Core Use
H1	Ancells Business Park	14.2 [#]	Office Park / light industrial
H2	Barley Point	3.4	Distribution
H3	Bartley Wood	14.7 [#]	Office Park
H4	Blackbushe Business Park	8	Light industrial, industrial and warehousing
H5	Civic Quarter	1.6	Office
H6	Cody Park	14	Office / datacentres
H7	Eversley Haulage Yard	2.3	Storage and distribution
H8	Fleet Business Park	1.4	Light industrial
H9	Grove Farm	1.3	Mixed uses
H10	Guillemont Park	10.7	Office / R&D Campus
H11	Hurst Farm, Taplin's Lane	1.2	Mixed uses
H12	Lodge Farm	5.2	Mixed uses
H13	Meadows Business Park	3.1	Office Park
H14	Murrell Green Business Park	2.4	Light industrial
H15	Optrex Business Park	0.6	Light industrial / storage
H16	Osborn Way	3.5	Light industrial
H17	Eversley Storage	1	Storage units
H18	Potters Industrial Park	0.5	Light industrial
H19	Rawlings Road Depot	1.1	Vehicle Storage
H20	Redfields Business Park	3.9	Light Industrial and warehousing
H21	Vertu, Fleet	2.3	Bespoke manufacturing facility for a single occupier
H22	Waterfront Business Park	4.8	Office Park
H23	Wychwood Carp Farm	0.5	Consent for light industrial
H24	Finns Business Park	0.6	Light industrial
		102.3	

Site areas exclude those parts of the site that have consent for non employment uses (such as offices that have received permission to be converted to residential use)

Rushmoor Employment Sites

Figure 9.2 – Sites assessed in Rushmoor Borough

Site ref	Site Name	Site Size (ha)	Core Use
R1	Abbey House, Farnborough	0.51	Office
R2	Beaumont House, Aldershot	0.54	Office – single occupier
R3	Blackwater Trading Estate	7.6	Light industrial
R4	Civil Enclave	6.6	Office / light industrial
R5	Cody Technology Park*	85.8	Office, R&D, light industrial
R6	East Aldershot Industrial Cluster	26.3	Light industrial, industrial and warehousing
R7	Eelmoor Road	4.8	Light industrial / warehousing
R8	Farnborough Aerospace Park	13.9	Office Park / R&D
R9	Farnborough Business Park	43.3	Office Park
R10	Hawley Lane East	4.9	Light industrial
R11	Hawley Lane West	3.3	Warehousing
R12	Hollybush Lane	5.6	Industrial / Waste Processing
R13	Invincible Road	20.6	Retail, Light industrial, industrial and warehousing
R14	Lynchford Lane**	3.9	Light Industrial
R15	Meudon Avenue	4.9	Office
R16	Pavilion Road, Aldershot	0.35	Light Industrial / Sui generis
R17	Redan Hill Industrial Estate	0.7	Light Industrial
R18	Rotunda Estate, Aldershot	0.35	Light Industrial
R19	Southwood, Farnborough	20.8	Office Park / R&D, industrial, warehousing
R20	Spectrum Point, Farnborough	0.8	Office
R21	Springlakes	2.3	Light Industrial and warehousing
R22	The Royal Pavilion, Campus	18.2	Office / R&D Campus
R23	Thomson House, Farnborough	0.44	Office - vacant
R24	Wyndham Street	1.2	Light Industrial / Offices / Sui Generis
(*SH)	Frimley Business Park***	3.6	Office Park / R&D
		281.3	

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

** Lynchford Lane is located in both Guildford and Rushmoor Boroughs.

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

Surrey Heath Employment Sites

Figure 9.3 – Sites assessed in Surrey Heath Borough

Site ref	Site Name	Site Size (ha)	Core Use
SH1	Admiralty Park	5.4	Light Industrial and warehousing
SH2	Albany Park	7.4	Light Industrial and warehousing
SH3	Bagshot Manor	1	Offices
SH4	Bridge Trade & Industrial Park	2.1	Light Industrial
SH5	Camberley Town Centre	1.8	Offices / R&D
SH6	DERA, Longcross	8.6	Offices and warehousing
SH7	Eli Lilly	8.8	Offices / R&D
SH8	Fairoaks Airport	5.8	Light Industrial / Aviation
SH9	Frazer Nash, Chertsey Road, Windlesham	8.4	Offices /R&D
SH10	Frazer Nash, Mytchett	2.0	Offices /R&D
SH11	Frimley Business Park*	5.5	Office Park / R&D
SH12	Linsford Business Centre	1.0	Offices and light Industrial
SH13	London Road Frontage, Bagshot	1.2	Mixed uses
SH14	London Road Opportunity Area	2.9	Mixed uses
SH15	Lyon Way	10.4	Office Park, R&D, light industrial and warehousing
SH16	Mitie site	2.4	Offices / R&D
SH17	SC Johnson	8.3	Office and manufacturing – partially vacant
SH18	Sir William Siemens Square	3.1	Offices / R&D
SH19	Site west of Sturt Road	1.3	Trade counters and storage of materials
SH20	St George's Industrial Estate & Helix Business Park	3.0	Light Industrial and warehousing
SH21	Tanners Yard	0.32	Small-scale Office Park
SH22	The Deans & Queen Anne House	0.42	Offices – partially vacant
SH23	Watchmoor Business Park	11.4	Office Park
SH24	York Town Industrial Estate	37.0	Light industrial, industrial, offices and warehousing
		139.54	

*Frimley Business Park is located in both Rushmoor and Surrey Heath Boroughs. The area included in the table above is the part of the site within Surrey Heath Borough.

Existing Employment Land

- 9.6 Figures 9.1 to 9.3 indicate that approximately **523.14 ha** of employment land exists in total across the 72 sites assessed as part of this study, although it is important to note that the amount of available or developable land remaining is considerably less with the majority of the sites being fully developed. This is reflected by the findings of Chapter 5, which indicates that **54.4 ha** of employment land was recorded as being available for development across the FEA in March 2016.

Conclusions

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

10. Overall Conclusions and Policy Options

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

Overview of the Functional Economic Area

- 10.2 The FEA has a successful economy that has proved to be relatively resilient through the 2008-09 recession and the subsequent period of economic uncertainty. The FEA has a diverse business base in sectors requiring office, industrial and storage & distribution floorspace. Businesses range from SMEs (specifically in the rural parts of Hart District and Surrey Heath Borough) to headquarters of global companies. The FEA continues to attract inward investment, and speculative development of commercial floorspace has now returned (albeit at a reduced scale in comparison to what was delivered prior to the economic downturn).
- 10.3 The FEA's distributed portfolio of employment land is not dominated by any particular sector, and this could reflect why the FEA has proved relatively resilient during the economic downturn. The FEA has seen moderate levels of gross employment floorspace development over recent years, although this has been driven largely by completions of office space. The town of Farnborough accommodates a substantial amount of office employment floorspace through a range of established business parks located adjacent, or in close proximity to, Farnborough Airport.
- 10.4 As the agricultural sector has continued to diversify, rural business space has become increasingly popular and in the past has delivered new employment floorspace in Hart and Surrey Heath, either in terms of conversion or new build. Such developments have been counted as windfall development, since the sites associated with these schemes have not been previously identified in Local Plans.
- 10.5 Demand for office accommodation in the FEA remains limited to quality Grade A stock in prominent, multi-occupancy, business park locations. There is an identified over-supply of lower grade office stock with relatively high vacancy rates (11.9%) that is becoming increasingly obsolete and/or uneconomic for operators to run. In contrast, the industrial property market experiences vacancy levels within what would be expected of a functioning market (between 5% and 10% of stock). However, the relatively high occupancy rates might limit natural churn in the local industrial property market and discourage the refurbishment of existing stock.
- 10.6 The two scenarios considered in Section 8 indicate the likely scale and type of growth arising from two different approaches to modelling the FEA's future employment floorspace and land needs. Both the labour demand and supply and the past development rates scenario have been tested through the study against the level of supply. The previous sections have highlighted that in order to ensure a flexible and responsive policy framework, it will be necessary to not just focus on

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

meeting forecast quantitative requirements, but also to consider the opportunities to meet the qualitative needs of both established businesses and inward investors.

- 10.7 The FEA is expected to see relatively strong job growth in sectors requiring office floorspace up until 2032. The FEA has a small surplus of land to meet the needs of office occupiers if the assumption that some vacant office floorspace comes back into economic use (thus reducing vacancy rates to more normal levels). Therefore, the focus of future policy for office uses should be on addressing a range of qualitative issues, such as increasing the delivery of Grade A office stock at prominent and accessible office park locations; and supporting town centre regeneration proposals in Camberley and potentially Farnborough.
- 10.8 It is therefore important that emerging Development Plans protect employment sites that provide office accommodation commensurate with their 'function'. This may well become increasingly important as the impact of PDRs becomes more apparent. Data reported in the EM3 Commercial Property Market study has already shown the loss of office floorspace as a direct result of PDRs. Whilst this has been limited to poorer quality stock to date, there is some concern that now PDRs have been made permanent this will substantially reduce the stock of office space, in which case the balance between supply and demand will become more vulnerable. This situation needs to be monitored closely.
- 10.9 The FEA contains a good supply of industrial floorspace concentrated in the main settlements of Aldershot, Camberley, Farnborough, Frimley and Hook. However, there is a limited supply of vacant land and premises that in turn could be limiting the natural churn within the industrial property market and constrain the scope for land and property owners to refurbish stock to maintain market competitiveness and the appeal of the stock of industrial property.
- 10.10 The land supply for industrial uses is somewhat limited. It is likely therefore the majority of industrial sites need to be retained to support existing business sectors and provide flexibility for industrial needs anticipated up until 2032.
- 10.11 There are a number of potential options for how the supply of employment land in the FEA could be maintained to meet identified needs and provide a degree of contingency supply. These include:
- providing appropriate protection for employment land through emerging Development Plans
 - providing a policy framework that enables the intensification, upgrading and refurbishment of employment sites for more efficient use or to better meet the needs of the economy
 - encouraging the development of vacant land at established employment sites to meet the needs of the industrial sectors
 - identifying new stand-alone employment sites or encouraging an element of employment land provision as part of large mixed use developments

- 10.12 It is also important that the FEA provides a range of affordable floorspace for small high growth start-up businesses, by:
- Seeking to resist the loss of premises that provide suitable accommodation for SMEs
 - Seeking to provide smaller units within larger employment sites, residential or mixed-use schemes that come forward
 - Continuing to encourage farm diversification to provide a relatively small, but valuable, supply of employment floorspace to support SMEs and the wider rural economy
- 10.13 It is recommended that each of the FEA authorities continue to monitor the amount of new employment floorspace being delivered, but also the amount of employment floorspace being lost to alternative uses. This information is crucial particularly in the light of the extension of Permitted Development rights for the conversion of employment premises to residential dwellings (see paragraphs 2.28 – 2.29).

Policy Options for Emerging Development Plans

- 10.14 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to forecasting the FEA's future employment floorspace and land requirements up until 2032.
- 10.15 In the context of the National Planning Policy Framework, it is considered that through emerging Development Plan policies the Functional Economic Area authorities should aim to meet fully the employment space needs set out in section 7 so that the FEA's economy is not constrained.
- 10.16 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 also consider the opportunities and risks that will result from particular policies.
- 10.17 The emerging Development Plans being produced by the three authorities in the FEA will need to determine which sites to:
- allocate or protect for employment development;
 - consider sites for de-allocation, either because those sites do not fulfil a strategic or local function; and/or to balance the need for housing delivery against retaining allocations that do not meet a market need.
- 10.18 In making such decisions, each authority will need to take account of:
- the local benefits of B-class sectors and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);
 - the economic and other outcomes if some sectors become constrained from expanding within the FEA;

- maintaining a supply of employment land to enable economic growth within the FEA up until 2032, recognising that the component authorities have a role to play in supporting such growth.

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

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

General conclusions

10.21 The following are general conclusions concerning the policy approaches that could be followed by the FEA authorities in developing their emerging Development Plans using the evidence contained in this study:

1. Identify strategic and locally important employment sites

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

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

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

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

10.25 Detailed employment site surveys undertaken (contained in Appendix 1) identify that some of the FEA's employment sites have been developed for non-employment uses over recent years or parts of the site are currently not meeting a market need (for example, the sites provide obsolete stock in an unattractive location). These sites (or parts of sites) therefore may have limited prospect of being used for employment uses in the future and consideration should be given to amending the boundaries of such sites through emerging Development Plans.

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

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

Conclusions relating to Office Uses

- 10.28 The FEA has a well-established office market, concentrated in Camberley, Farnborough, Fleet and Hook. The office market in the FEA is currently experiencing relatively high vacancy levels, although these have reduced somewhat as the economy has recovered over the last two to three years. Over recent years office occupiers have consolidated their accommodation requirements as part of business restructuring, although there has been an historic legacy of major occupiers leaving the area following substantial consolidations.
- 10.29 Market feedback suggests that the office market will continue to play a key role in the FEA's economic balance, but that the offer of some of the vacant stock is not meeting modern business requirements, with a significant amount of the supply being aging second hand stock. There is the possibility that there could be a shortage of good quality, high specification (grade A) office accommodation at prominent and highly accessible business park locations in the FEA.
- 10.30 The FEA is expected to see reasonably strong office job growth up until 2032 (reflecting wider macro-economic trends) and office based sectors will continue to play an important role in the FEA's future economic growth. Quantitatively, it would appear that the FEA has a small surplus of office floorspace to meet future needs. The balance between supply and demand is therefore fairly tight and will need to be monitored closely.

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

1. Upgrade existing office supply

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

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

Within the FEA there are a number of modern business locations that are proving attractive to the market. At some of these sites there is development land remaining that could meet identified future needs for quality office floorspace in the FEA. Sites include Farnborough Business Park (up to 12 ha of development land remaining²²); the Royal Pavilion, Aldershot (undeveloped plot with permission for 9,200 sqm of additional floorspace) and Frimley Business Park (consent for 3,600 sqm of additional floorspace).

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

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

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

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

²² 1.8Ha of this identified supply has recently been completed for Grade A office uses (I & II Pinehurst)

with paragraph 22 of the NPPF it is recommended that emerging Development Plans consider not allocating some of these sites for employment use if market evidence suggests there is no reasonable prospect of the site being used for that purpose.

It is important to note that the Government has recently made permanent the Permitted Development Rights that enable the conversion of offices to residential units through the prior approval process. The scope of the Permitted Development Rights has also been extended to B1c light industrial properties. The extension of PDRs could have a significant impact upon the supply of office accommodation in the FEA, specifically in town centre locations and this will need to be monitored closely, particularly given the relatively small surplus of office floorspace.

Conclusions relating to Industrial uses

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

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

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

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

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

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

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

There are undeveloped and partially developed sites within the FEA that could make a valuable contribution towards increasing the amount of modern industrial floorspace.

Appendix 1 – Employment Site Surveys

Published as a separate document

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Appendix 2: Employment Land Supply in the FEA (March 2016)

HART							
ADDRESS			PROPOSAL	STATUS – March 2016	STATUS	USE CLASS	AREA(HA)
ELECTRICITY SUBSTATION	WEST OF OSBORN WAY	HOOK	VACANT LAND, IN USE AS LORRY PARK	NOT STARTED	ALLOCATION	B1	0.08
LAND AT	RAWLINGS ROAD	HOOK	ALLOCATION FOR LIGHT INDUSTRY/CRAFT WORKSHOPS	NOT STARTED	ALLOCATION	B1	0.11
MARTIN LINES	BEACON HILL ROAD	CHURCH CROOKHAM	R & D AND PRODUCTION BUILDINGS	PHASE 1 BUILT, REMAINING PHASES NOT TO BE BUILT.	ALLOCATION	B1-8	1.51
HURST FARM	TAPLINS FARM LANE	WINCHFIELD	EXTEND AND CHANGE OF USE OF OUTBUILDINGS TO B1	PART BUILT AND OCCUPIED, PART UNDER CONSTRUCTION	PERMISSION	B1	0.16
FORMER OPTREX FACTORY	ROTHERWICK	HOOK	INDUSTRIAL UNIT AND EXTENSION	PART COMPLETE, PART NOT STARTED	PERMISSION	B2	0.04
ACE 4 KEBABS LTD	TUSCANY WAY, BLACKBUSHE BUSINESS PARK	YATELEY	WAREHOUSE EXTENSIONS	PART COMPLETED. PART NOT STARTED.	PERMISSION	B8	0.39
CAUSEWAY FARM	CRICKET GREEN	HARTLEY WINTNEY	CHANGE OF USE OF BUILDINGS & NEW BUILDING FOR B1 USE	UNDER CONSTRUCTION	PERMISSION	B1	0.21

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

HART							
ADDRESS			PROPOSAL	STATUS – March 2016	STATUS	USE CLASS	AREA(HA)
LAND TO NORTH OF	OLD IVELY ROAD	FARNBOROUGH	BUSINESS PARK DEVELOPMENT (B1(C)/B2/B8) & 3 DATA CENTRES	PART COMPLETE, PART UNDER CONSTRUCTION	PERMISSION	B1-8	5.00
GROVE FARM	THE STREET	CROOKHAM VILLAGE	TEN WORKSHOP UNITS	6 UNITS COMPLETE, 4 NOT STARTED	PERMISSION	B1C	0.01
WYCHWOOD CARP FARM	FARNHAM ROAD	ODIHAM	ERECTION OF B8 WAREHOUSE FACILITY	NOT STARTED	PERMISSION	B8	0.32
OCTEL HOUSE	ANCELLS ROAD	FLEET	OFFICE EXTENSION	NEW SITE FOR 2016	PERMISSION	B1A	0.63
MONEY FARM	BOTTLE LANE	MATTINGLEY	CHANGE OF USE OF ARGRICULATURAL LAND TO LIGHT INDUSTRIAL	NOT STARTED	PERMISSION	B1C	0.09
BUNKERS HILL FARM	READING ROAD	ROTHERWICK	NEW INDUSTRIAL UNIT	NOT STARTED	PERMISSION	B2	0.21

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

RUSHMOOR							
ADDRESS			PROPOSAL	STATUS - March 2015	STATUS	USE CLASS	AREA(HA)
BLACKWATER PARK	HOLDER ROAD	ALDERSHOT	REDEVELOP SITE FOR B1/B2/B8	PART COMPLETE, PART NOT STARTED	Allocation	B1-8	1.71
PLOTS 300- 380	FARNBOROUGH BUSINESS PARK	FARNBOROUGH	B1 DEVELOPMENT	NOT STARTED	Allocation	B1	5.15
70	HAWLEY LANE	FARNBOROUGH	INDUSTRIAL/OFFICE REDEVELOPMENT	NOT STARTED, SITE CLEARED	Allocation	B1-8	0.28
ALDERSHOT URBAN EXTENSION	ORDNANCE ROAD	ALDERSHOT	ALLOCATION OF MOD LAND FOR MIXED USES INCLUDING COMMERCIAL	NOT STARTED	Allocation	B1-8	2.40
AEROPARK, THE ENCLAVE	AEROSPACE BOULEVARD	FARNBOROUGH	INDUSTRIAL/OFFICE DEVELOPMENT	NOT STARTED	Allocation	B1-B8	3.28
FARNBOROUGH BUSINESS PARK	FARNBOROUGH AIRFIELD	FARNBOROUGH	REDEVELOPMENT OF FORMER DERA FACTORY SITE FOR B1A/B1B/B1C	NOT STARTED	Permission	B1	2.80
QUEENS GATE	GOVERNMENT HOUSE ROAD	FARNBOROUGH	REDEVELOPMENT FOR MIXED USES INCLUDING EMPLOYMENT	EMPLOYMENT USES NOT STARTED	Permission	B1-8	0.54
PLOTS 40/50/60	FARNBOROUGH BUSINESS PARK	FARNBOROUGH	4 FOUR STOREY OFFICE BUILDINGS	PART UNDER CONSTRUCTION , PART NOT STARTED	Permission	B1A	2.6
110-180	FRIMLEY BUSINESS PARK	FARNBOROUGH	REDEVELOPMENT FOR TWO 3-STOREY B1A OFFICE BUILDINGS	PART COMPLETE, PART UNDER	Permission	B1A	0.53

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

RUSHMOOR							
ADDRESS			PROPOSAL	STATUS - March 2015	STATUS	USE CLASS	AREA(HA)
				CONSTRUCTION			
UNIT 1A	EASTERN ROAD	ALDERSHOT	REDEVELOP WITH 5 WAREHOUSE UNITS	NOT STARTED	Permission	B8	0.33
LAND AT FORMER WELLESLEY GARRISON	QUEENS AVENUE & ALISONS ROAD	ALDERSHOT	MIXED DEVELOPMENT INCLUDING EMPLOYMENT USES	NOT STARTED	Permission	B1-8	2.14
BUILDINGS 4.5 TO 4.10	FRIMLEY BUSINESS PARK	FARNBOROUGH	REDEVELOP SITE WITH 6 INDUSTRIAL UNITS	NOT STARTED	Permission	B1-8	1.89
ROYAL PAVILION SITE	WELLESLEY ROAD	ALDERSHOT	REDEVELOPMENT TO PROVIDE HEADQUARTERS OFFICE COMPLEX	PHASE 1 COMPLETE, PHASE 2 NOT STARTED	Permission	B1A	3.70
THE CONNAUGHT CENTRE, 1-3	ALANBROOKE ROAD	ALDERSHOT	CONVERT SHOP INTO B1A OFFICES	UNDER CONSTRUCTION	Permission	B1A	0.08
FORMER NOKIA HOUSE SITE	SUMMIT AVENUE	FARNBOROUGH	ERECTION OF A VEHICLE PRE-DELIVERY AND TEST CENTRE	NOT STARTED	Permission	B1	0.10
UNIT 9 SPRINGLAKES INDUSTRIAL	DEADBROOK LANE	ALDERSHOT	EXTENSION TO EXISTING INDUSTRIAL BUILDING	NOT STARTED	Permission	B1-8	0.35

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

SURREY HEATH							
ADDRESS			PROPOSAL	STATUS – March 2016	STATUS	USE CLASS	AREA(HA)
Land at	Half Moon Street	Bagshot	Mixed Employment Uses	Not Started	Allocated	B1-B8	2.58
Electricity Sub Station	Bridge Road	Bagshot	Redevelopment of site to provide offices	Under construction	Permission	B1A	0.02
Chobham Car Spares	Claremount	Chobham	Erection of a car workshop building	Not Started	Permission	B2	0.01
Meadow Farm	Kennel Lane	Windlesham	Conversion of Agricultural buildings to Storage & Distribution workshops	Not Started	Permission	B8	2.51
Frazer Nash, Mytchett Place	Mytchett Place Road	Mytchett	Erection of two detached buildings for use as Test Garage and Prototype Facility	Not Started	Permission	B1B	1.1
Unit 2	Trafalgar Way	Camberley	Erection of a trade warehouse with ancillary offices and associated service yard and loading bay	Under construction	Permission	B8	0.73
Former British Oxygen Corporation	Chertsey Road	Chobham	Erection of two new wings to existing building, enlarged plant; and, monorail stations and monorail track	Under construction	Permission	B1A & B	8.4
Unit 5 Watchmoor Trade Centre	Watchmoor Road	Camberley	Change of to allow MOT services to be carried out on site.	Not Started	Permission	B2	0.05

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Plots B & C, Trade City, Former BEA Systems	Lyon Way	Frimley	Erection of 2 light industrial/ground industrial/warehouse buildings	Not Started	Permission	B1 – B8	1.52
Plot A, Trade City, Former BAE Systems	Lyon Way	Frimley	Erection of 1 light industrial/general industrial/warehouse building	Not Started	Permission	B1 – B8	0.83

Appendix 3 – Apportionment of B Class Sectors to Land Uses

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

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

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

Site name	Allocation or permission	Site area (ha)	Likely Use	Office	Industrial	Warehousing
HART						
BEACON HILL ROAD, CHURCH CROOKHAM	Allocation	1.51	Office 50% Industrial 50%	0.76	0.76	0
LAND TO NORTH OF OLD IVELY ROAD	Permission	5.00	Warehousing 100%	0	0	5
Total				0.76	0.76	5.00
RUSHMOOR						
BLACKWATER PARK, HOLDER ROAD	ALLOCATION	1.71	Industrial 100%	0	1.71	0
ALDRESHOT URBAN EXTENSION	ALLOCATION	2.4	Office 50% Industrial 50%	1.2	1.2	
70 HAWLEY LANE	ALLOCATION	0.28	Office 50% Industrial 50%	0.14	0.14	0
AEROPARK, CIVIL ENCLAVE	ALLOCATION	3.28	Office 20% Industrial 80%	0.66	2.62	0
QUEENS GATE, GOVERNMENT HOUSE ROAD	PERMISSION	0.54	Office 50% Industrial 50%	0.27	0.27	0
LAND AT FORMER WELLESLEY GARRISON, QUEENS AVENUE & ALISONS ROAD	PERMISSION	2.14	Office 50% Industrial 50%	1.07	1.07	0
BUILDINGS 4.5 TO 4.10, FRIMLEY BUSINESS PARK	PERMISSION	1.89	Industrial 100%	0	1.89	0
UNIT 9, SPRINGLAKES	PERMISSION	0.35	Industrial 100%	0	0.35	0
Total				3.34	9.25	0
SURREY HEATH						
Land at Half Moon Street	Allocation	2.58	Office 100%	2.58	---	
Plots B & C, Trade City, Former BEA Systems	Permission	1.52	Industrial 100%	0	1.52	0

**Hart, Rushmoor and Surrey Heath Joint Employment Land Review
November 2016**

Plot A, Trade City, Former BAE Systems	Permission	0.83	Industrial 100%	0	0.83	0
Total				2.58	2.35	0
FEA Total				6.68	12.36	5.00

