

Draft RSS for the North West EiP: Employment Technical Seminar

Employment Land Methodology

12th September 2006



Introduction

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- **Senior Planner with Arup**
- **Worked on a series of Employment Land Studies for:**
 - Yorkshire and Humber Assembly;
 - Manchester Enterprises (10 Greater Manchester Authorities);
 - Leeds City Council;
 - Sheffield City Council;
 - South Lakeland District Council.
- **Part of the consultant team (Arup with Donaldsons) appointed to assist NWRA to undertake RELS.**

Presentation Structure

- Rationale behind the study
- Methodology for supply-side analysis
- Assumptions and limitations
- Results of supply-side analysis

- Methodology for quantitative projections
- Assumptions and limitations
- Results of quantitative projections
- Key conclusions to the study



Study Rationale

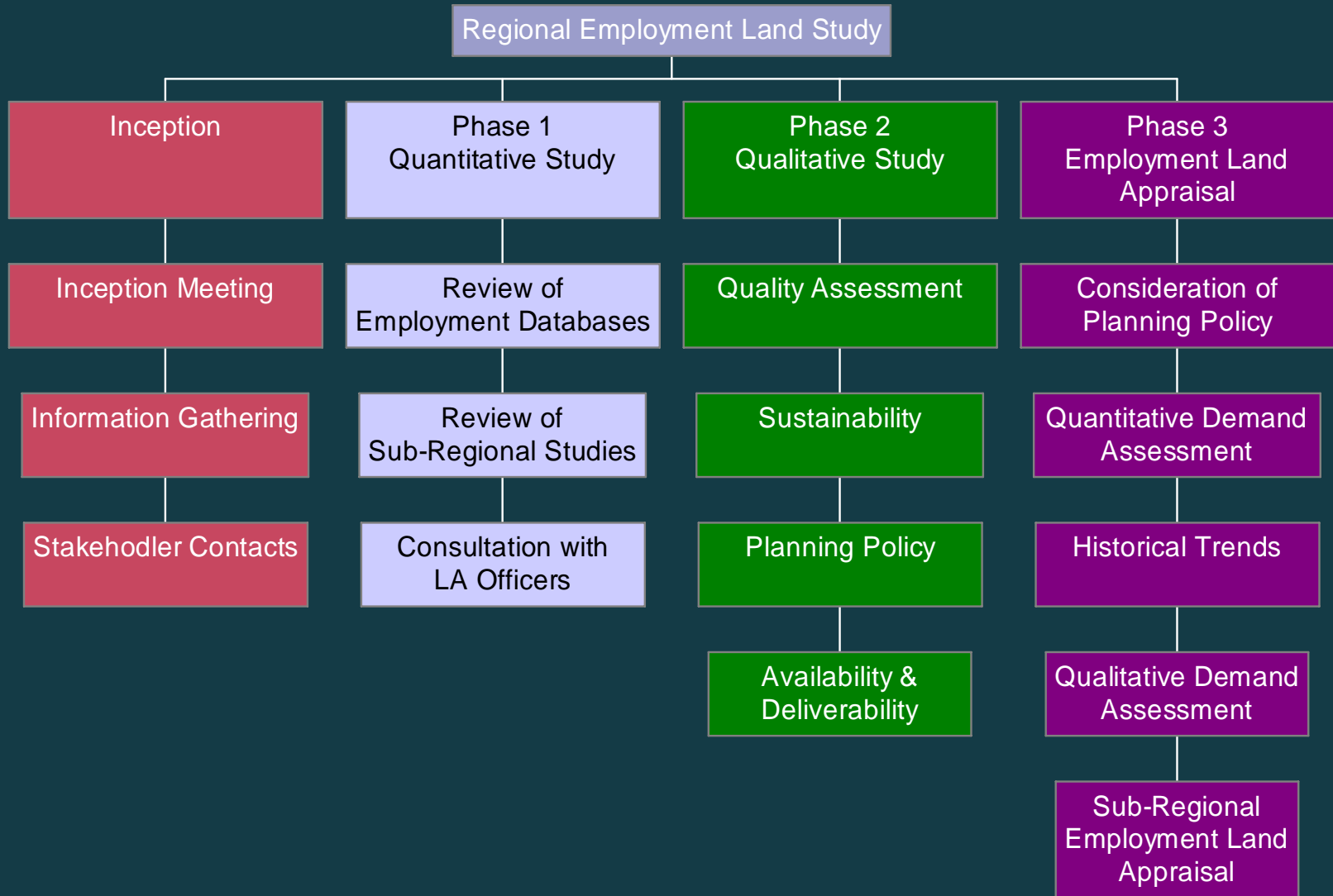
ODPM Employment Land Guidance (2004) – requires planning authorities to identify an up to date and balanced portfolio of employment sites.

Objectives for the RELS Study:

- Provide an up-to-date, accurate and robust assessment of the quantity and quality of existing employment land in the North West (Phase 1 and 2);
- Appraise the extent to which the existing provision of employment land could meet employment land requirements to 2021 (Phase 3).



The Approach



Methodology for supply-side analysis (1)

- **Local Authority survey**
- **2 Pro-Formas sent out by e-mail**
- **Derivation of a set of common quantifiable attributes for each site over 5ha.**

Site Number	Site 1	Site 2	Site 3 etc
Site name			
Previous Site name (<i>if appropriate</i>)			
Site address			
Grid Ref			
Total Area (ha)			
Area pdl (ha)			
Area greenfield (ha)			
% area pdl			
Ownership			
Development plan status of sites			
Planning Permission Status?			
Most appropriate uses			
Planning Policy Constraints (i.e. environmental designations, Green Belt)?			
Location: Sequential Test			
Availability			

Methodology for supply-side analysis (2)

- The 'quality' of the sites considered:
 - Wider policy objectives;
 - RES/RSS objectives;
 - Sustainability criteria;
 - Availability and deliverability;
- Derived a series of key 'quality' criteria to assess each site;
- Derived a scoring system and matrix for assessment.
- Local Authority structured telephone survey, based on detailed Pro-Forma, each site scored 1-5
- Desk-based survey by consultant team where possible.
- Market appraisal of sites with agents.

QUALITATIVE SURVEY	Site 1	Site 2	Site 3	Site 4	Site 5
Availability & Deliverability					
Commercial Viability					
Ownership Constraints					
Quality of Site and its Internal Environment					
Contamination Land issues					
Topographical constraints					
Utilities and highways infrastructure constraints					
Quality of the site's internal environment					
Planning Policy and Sustainability					
RPG/RES Compliance					
Conformity with RPG Key Objectives and Core Development Principles					
Site's position within the RPG Spatial Development Framework					

Assumptions and Limitations

- The methodology relies upon Local Authorities accurately submitting and scoring their sites.
 - Relies on LAs maintaining up to date records on employment sites;
 - Dependent upon the quality of the data provided;
 - May lead to biased scoring, although this is minimised where possible;
 - Different categorisations between Local Authorities.
- Cannot derive an overall score for each site – split scoring between two main variables:
 - market demand quality and
 - planning policy/sustainability policy.

Results of supply-side analysis (1)

• **Conclusions from Stage 1's Quantity Assessment:**

- There is a total of **5,796** hectares of committed employment land in the North West – 4,074 ha for General B1/B2/B8, just **495** ha B1
- This land is distributed across the sub-regions as follows:
 - **Cheshire and Warrington:** 1,491 hectares;
 - **Cumbria:** 633 hectares;
 - **Greater Manchester:** 1,368 hectares
 - **Lancashire:** 1,069 hectares
 - **Merseyside & Halton:** 1,235 hectares
- There are a total of 257 sites of 5 hectares or more in area in the North West. These account for a total of 4,488 hectares employment land.

Results of supply-side analysis (2)

- **Key Points from Stage 2's Quality Assessment:**
- The most employment sites that are more attractive to the market are predominantly located in the **central and southern areas**.
- Those sites that score relatively highly against the planning policy and sustainability criteria, are concentrated in the central **Manchester** - Liverpool belt.
- In terms of market scores, the highest sub-regional average was **Cheshire and Warrington**, with the lowest sub-regional average being **Lancashire**.
- In terms of policy and sustainability scores, the highest sub-regional average was Merseyside and Halton, with the lowest average being **Lancashire**.

Methodology for quantitative projections

- **Key Objective:** *assessing the extent to which the employment sites meet the predicted future employment land requirements within the spatial framework of the RSS.*
- **Derived future employment land requirements forecast using a range of methodologies:**
 - **NWDA forecasts** - Quantitative, trend-based, growth projections;
 - **LA monitoring returns** – traditional ‘predict and provide’ trend based model, based on historic take up rates of employment land;
 - **ODPM floorspace statistics** – VOA-based figures of B1, B2 and B8 historic floorspace statistics;
 - **ABI statistics** – past employment figures down to SIC4 level;
 - **Commercial property market forecasts** –Market analysis undertaken by property agents.

NWDA Forecasts Methodology (1)

- **Calculation of Employment forecasts by Industrial Sector:**

- NWDA Economic Model produced 3 employee forecast scenarios from 2000 to 2025:

- (a) Long Term Trends;
- (b) Recent Success;
- (c) Transformational.

- Outputs broken down by District and also by Industrial Sector (an approximation of the SIC Level 2).

• Agriculture, Forestry and Fishing	• Other Manufacturing
• Other Mining	• Gas, Electricity and Water
• Oil and Gas Extraction	• Construction
• Food, Drink and Tobacco	• Wholesaling
• Textiles and Clothing	• Retailing
• Wood and Wood Products	• Hotels and Catering
• Paper, Printing and Publishing	• Transport
• Fuel Refining	• Communications
• Chemicals	• Banking and Insurance
• Rubber and Plastics	• Other Financial and Business
• Minerals	• Business Services
• Metals	• Public Admin. and Defence
• Machinery and Equipment	• Education
• Electrical and Optical Equipment	• Health
• Transport Equipment	• Other

NWDA Forecasts Methodology (2)

Conversion of Industrial Sector to Use Class:

- **B1 =**
Banking & Insurance;
Business Services;
Other FBS.
- **B2 =**
Manufacturing Sectors;
- **B8 =**
Wholesaling
Transport
Communications

Use Class	Econometric SIC2 Sector	Proportion of SIC Employees in Use Class (Based on sub-regional ABI breakdown 2003)				
		Cheshire	Cumbria	Gtr. Manchester	Lancashire	Merseyside
B1: Financial and Business Services	Banking and Insurance;	100%	100%	100%	100%	100%
	Business Services;	100%	100%	100%	100%	100%
	Other Financial and Business Services.	100%	100%	100%	100%	100%
B2: Manufacturing	Fuel Refining;	100%	100%	100%	100%	100%
	Chemicals;	100%	100%	100%	100%	100%
	Minerals;	100%	100%	100%	100%	100%
	Metals;	100%	100%	100%	100%	100%
	Machinery and Equipment;	100%	100%	100%	100%	100%
	Electrical and Optical Equipment;	100%	100%	100%	100%	100%
	Transport Equipment;	100%	100%	100%	100%	100%
	Food, Drink and Tobacco;	100%	100%	100%	100%	100%
	Textiles and Clothing;	100%	100%	100%	100%	100%
	Wood and Wood Products;	100%	100%	100%	100%	100%
	Paper, Printing and Publishing;	100%	100%	100%	100%	100%
	Rubber and Plastics;	100%	100%	100%	100%	100%
	Other Manufacturing NEC;	100%	100%	100%	100%	100%
	Construction;	18.4%	23.5%	25.7%	24.76%	26.6%
	Wholesaling;	12.2%	11.7%	7.5%	10.8%	12.3%
Other Services.	7.6%	12.6%	8.5%	7.3%	8.6%	
B8: Storage and Distribution	Wholesaling	61.7%	61.1%	76.7%	65.4%	63.3%
	Transport	61.7%	55.0%	36.0%	45.3%	48.2%
	Communications	61.1%	77.3%	58.5%	60.9%	55.4%

NWDA Forecasts Methodology (3)

Employment Densities:

- The following factors were then applied to the employment forecasts to provide floorspace estimates:
- **B1 Office:** 19m² per worker (gross internal floorspace);
- **B2 General Industry:** 34m² per worker (gross internal floorspace);
- **B8 Warehousing:** 50m² (gross external floorspace).

Plot Ratios:

- A standard plot ratio of **0.40** was then applied to the employment forecasts to translate employment floorspace up to employment land.



NWDA Forecasts Methodology (4)

Vacancy Rates:

Existing Vacancy Rates:

- Existing floorspace scenarios take no account of vacant land;
- Amount of vacant/available floorspace obtained for most Districts from each council's live commercial property register;
- **Where unavailable, used ODPM Property Vacancy Statistics** - % of overall vacant floorspace for every District in England.
- Vacancy rates then **applied** to the employee-based data for 2005, to present a **projection** of the existing situation.

Future (ideal) Vacancy Rates:

- Aspirational targets of **5% for B1 and 10% for B2 and B8** land were used for the 2025 figure.



Assumptions and Limitations

Historic Take Up Limitations:

- Has the potential to perpetuate existing situations;
- The regional economy is changing; implications for employment land will not be recognised in take up rates.

NWDA Projections Limitations:

- Only possible to put forward suggestions of what might happen, not what will happen in the future;
- Scenarios are in many respects developed on the basis of extrapolating historic trends;
- Absence of a 'feedback loop';
- Based on traditional county administrative areas rather than City Region areas;
- Produces net rather than gross projections.

Results of quantitative projections (1)

LA Annual Monitoring Updates: Gross Employment Land Projections:

	Average Annual Take up Rates (ha)	15 year forward supply (ha)
Cheshire and Warrington	41.0	615
Cumbria	16.0	240
Greater Manchester	112.2	1,683
Lancashire	68.2	1,023
Merseyside and Halton	75.5	1,133
North West Total	312.9	4,694

Employment Land Forward Supply by Sub-Region (ha):

	Total Allocated/Committed Employment Land (ha)	Average Annual Take Up Rates (ha)	Equivalent years supply
Cheshire and Warrington	1,491.2	41.0	36 years
Cumbria	633.4	16.0	40 years
Greater Manchester	1,368.0	112.2	12 years
Lancashire	1,068.6	68.2	16 years
Merseyside and Halton	1,234.5	75.5	16 years
North West Region	5,795.7	312.9	19 years

Results of quantitative projections (2)

Sub-Regional Summary of Net Employment Land Scenarios (hectares)

2005-2025	B1	B2	B8	Total
Cheshire: Transformational	131.3	-260.4	-57.1	-186.2
Cumbria: Recent Success	-30.5	-65.6	18.1	-78
Greater Manchester: Transformational	373.0	-573.7	140.8	-59.9
Lancashire: Transformational	173.3	-299.0	32.3	-93.4
Merseyside: Transformational	164.0	-316.4	-91.1	-243.5
North West Total	811.1	-1515.1	43	-661

Conclusions

• Key Messages:

- All models predict **increase net demand for B1 employment land**, sharp decrease in B2 land and (roughly) stable demand for B8 land.
- Trends generally **replicated** throughout region, although demand varies considerably in magnitude. **Cumbria** alone is forecast to have decrease in demand for B1 land.
- Employment Land portfolio will need to **respond** to these trends.
- **Greater Manchester, Lancashire** and Merseyside and Halton lack 20 year's supply of employment land given historic take up rates.
- **Supply of B1 sites insufficient** throughout region to cope with likely future demand.
- **Over supply of general B1/B2/B8 land** – much of it likely to be inappropriate for high quality B1 use.



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