

**Northern West Sussex**

**Employment Land Review  
Part II – Final Draft Report**

**October 2010**

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### Quality Standards Control

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### Limitations

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# 1 INTRODUCTION

- 1.1 Crawley Borough Council, Horsham District Council and Mid Sussex District Council are working jointly to address economic issues relating to the Gatwick Sub-Region. The three local authorities have jointly commissioned GL Hearn and Regeneris Consulting to undertake an Employment Land Review to provide a robust evidence base for the three authorities respective Local Development Frameworks and to underpin the allocation of land for employment uses.
- 1.2 The Employment Land Review has been undertaken in two parts. Part I, completed in Spring 2009 and provided:
- Review of existing and emerging strategic policy context;
  - Baseline assessment of economic dynamics of the sub-region;
  - Overview of commercial market performance within the industrial & office sectors;
  - Identification of sub-regional and local issues (SWOT assessment);
  - Development of scenarios for future performance of the sub-regional economy; and
  - Initial high-level recommendations regarding employment land requirements.
- 1.3 This report presents Part II of the Employment Land Review. It addresses:
- Review and development of the ELR Part I work;
  - Assessment of current & potential employment sites within the sub-region;
  - Recommendations regarding the future 'portfolio' of employment land.
- 1.4 The approach adopted generally follows Government Guidance on undertaking Employment Land Reviews. It focuses on employment space needs relating to 'B class' uses namely B1 (business), B2 (industrial) and B8 (warehousing/ distribution) uses.
- 1.5 The Part II report takes account of the publication of Planning Policy Statement 4: Planning for Sustainable Economic Growth (PPS4) in December 2009. This promotes a more flexible approach to economic development and adopts a wide definition of economic development activities. The requirements of other 'employment generating' uses such as health, education, tourism and retail uses are considered, drawing particularly on the economic forecasting and scenarios developed. However land requirements associated with health and education are expected to be addressed specifically through infrastructure planning, whilst land and floorspace requirements for retail are considered through retail needs studies.

- 1.6 The Report includes analysis of key sectors and clusters in different parts of the sub-region and recommendations regarding economic strategy activities to support these sectors. It considers requirements for employment land to address strategic and local needs.

## REPORT STRUCTURE

- 1.7 The remainder of the report is structured as follows:
- Section 2 updates the Part I Report in providing an overview of recent changes to planning policy, and guidance on Economic and Employment Land Assessments which has informed the approach adopted;
  - Section 3 reviews changes in economic conditions since preparation of the Part I Report and takes this further in analysing key sectoral concentrations. It considers economic clusters in the sub-region, and the implications of the economic analysis for economic development strategies;
  - Section 4 updates the Part I assessment of commercial property market conditions to up-to-date understanding of dynamics in the office and industrial sectors in the main towns within the sub-region;
  - Section 5 then reviews the economic forecasting undertaken in the Part I Report and provides forecasts of employment floorspace and land to 2026 for the local authorities in the sub-region;
  - Section 6 then moves on to analyse the employment land supply within the sub-region. This includes the findings of the site assessment, and consideration of land and floorspace supply to 2026;
  - Section 7 draws together the supply- and demand-side assessments to identify whether there is a surplus or deficiency of employment land to meet economic needs to 2026. It outlines the conclusions of the Employment Land Review regarding future planning policies for employment land, taking account of both quantitative and qualitative factors.



## 2 NEW PLANNING POLICY AND GUIDANCE

- 2.1 Since the preparation of the ELR Part I, the Government has published revised national guidance on planning for economic development within Planning Policy Statement 4: Planning for Sustainable Economic Growth (Dec 2009).

### **PPS4: PLANNING FOR SUSTAINABLE ECONOMIC GROWTH**

- 2.2 PPS4 sets out that the Government's overarching objective is to achieve sustainable economic growth, aiming through planning to build prosperous communities, both urban and rural; to reduce the gap in economic growth rates between regions; deliver sustainable patterns of development; promote vitality and viability of town and other centres; and raising the quality of life and environment in rural areas.
- 2.3 Economic development is defined as including development within the B-class uses, public and community uses, main town centre uses and other development which achieved key economic development objectives.
- 2.4 The PPS promotes an evidence-based approach which should include assessment of:
- The detailed need for land or floorspace for economic development, including for all main town centre uses, over the plan period;
  - The existing and future supply of land available for economic development, including existing allocations;
  - The capacity of existing centres to accommodate new town centre development taking account of their position in the hierarchy of centres.
- 2.5 Local planning authorities are required to set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth. The development plan should support existing business sectors and plan for new or emerging sectors likely to locate within the area. It should plan positively for the location, promotion and expansion of clusters or networks of knowledge-driven or high-technology industries.
- 2.6 Development plans are though encouraged to make efficient and effective use of land, prioritising previously-developed land which is suitable for re-use, but should reflect the different locational requirements of businesses, such as site size and quality; access and proximity to markets; and available workforce. They should plan for delivery of sustainable transport and infrastructure alongside development, and look to facilitate new working practices.

- 2.7 Office development is identified as a main town centre use. In identifying appropriate sites, local planning authorities need to assess need, consider the scale of development and its relationship to the role and function of the centre, adopt a sequential approach to site selection, assess the impact on existing centres, and consider any other benefits such as supporting economic or physical regeneration.
- 2.8 In rural areas, development should be primarily directed to sites in or on the edge of existing local service centres.
- 2.9 In this report we consider existing and emerging sectors and clusters within the Northern West Sussex Sub-Region, as well as the development potential of the existing network of town centres. This is intended to inform development plan preparation.

#### **GATWICK DIAMOND INITIATIVE**

- 2.10 Northern West Sussex falls within the Gatwick Diamond which was one of eight 'Diamonds for Investment and Growth' identified by the Regional Economic Strategy 2006-16 (RES) as having strong growth potential and intended to have a leading role in improving economic vitality.
- 2.11 Local partners across the Diamond have worked together through a business-led partnership to develop a strategy for economic development in the Gatwick Diamond. The Gatwick Diamond Economic Strategy was prepared for the Surrey and West Sussex Economic Partnerships and SEEDA in 2006. It sets out a vision for the area that "by 2016, the Gatwick Diamond will be a world class, internationally recognised business location achieving sustainable prosperity." It sought to bring partners together to establish the Diamond as an international business location.
- 2.12 The Gatwick Diamond Futures Plan, prepared by consultants GHK, was prepared in 2008 to guide delivery of this vision (albeit that it has not been formally adopted and endorsed economic strategy for the area). The Plan identifies deficiencies in the Diamond's performance relative to other sub-regions with an international airport at their heart. These relate to poor levels of knowledge-economy related assets and investment alongside a need to improve the education and skills profile of the sub-region.
- 2.13 The Plan promotes intervention to establish a coherent identity for the Diamond and improve quality of place through urban renaissance/ town centre regeneration and infrastructure improvements to enhance internal and external connectivity. Intervention is proposed around three themes of 'inspire, connect, grow.'

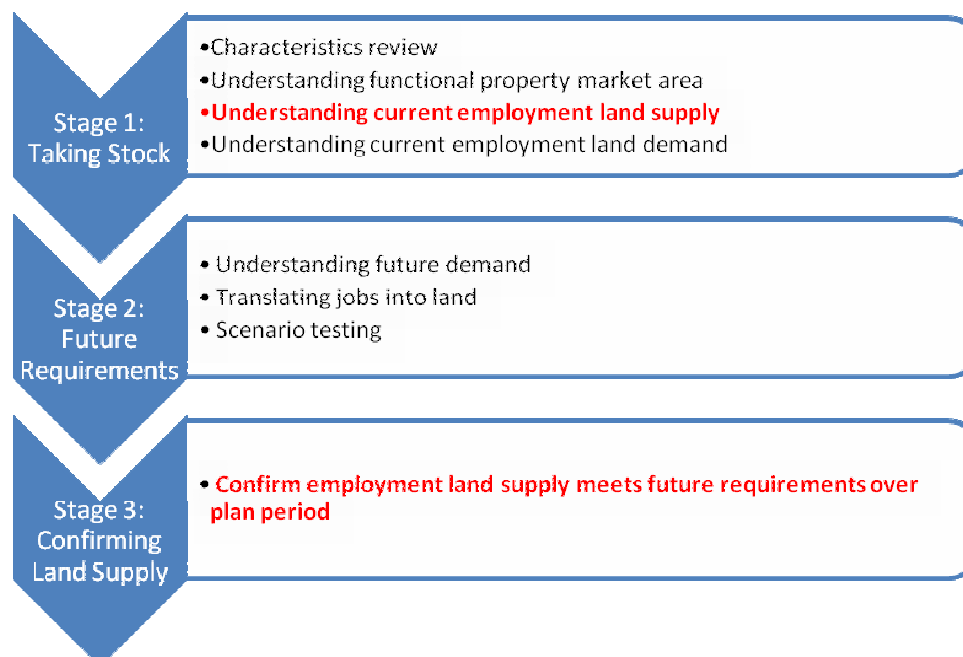
2.14 The Plan proposes targeted intervention to improve education and training provision, including through development of a University campus; and knowledge transfer via an innovation/research centre and targeted business support. It promotes smart growth via town centre regeneration and redevelopment around rail nodes; and investigation of the potential for a strategic business and innovation district (to including science park, incubator facilities, conference centre and hotel provision). The potential of these interventions is to be maximised through high design standards of new development and co-ordinated investment in infrastructure.

2.15 Since preparation of the Futures Plan, a Gatwick Diamond Business Plan has been completed and Action Plans developed for key themes. The local authorities across the Gatwick Diamond are currently collaborating to develop a joint Economic and Spatial Strategy which will assist in coordinating strategic planning across local authority boundaries.

#### **ECONOMIC & EMPLOYMENT LAND ASSESSMENT GUIDANCE**

2.16 The South East England Partnership Board prepared guidance on undertaking Economic and Employment Land Assessments (EELAs), published in March 2010, before the organisation was wound up.

2.17 While the context to the Guidance in terms of regional planning is no longer relevant, the guidance is still considered in setting out a robust, best practice approach to undertaking Employment Land Reviews. The guidance suggests that the assessment is structured around the following key stages.

**Figure 2.1: Key Stages of the Employment Land Review**

2.18 The Part I ELR addressed many of these tasks. The primary tasks which remain outstanding and form the focus for Part II are identified above in red.

2.19 The EELA guidance promotes the following:

- Joint working between local authorities falling within functional economic areas, with stakeholder engagement to add value to the process;
- Understanding existing sector concentrations and clusters, and identifying potential for developing sectors and new clusters within the area;
- A scenarios-based approach to demand forecasting, including identification of land requirements associated with three potential scenarios (low, medium and high growth);
- Identification of a flexible and adaptable portfolio of employment and economic development land which is deliverable and development, with at least a five year rolling supply of deliverable land.

2.20 This Employment Land Assessment seeks to address these issues.

### 3 DEVELOPING THE ECONOMIC ASSESSMENT

- 3.1 The Part I ELR included a detailed baseline assessment of the economic and commercial market structure, performance and trends within the sub-region and its constituent local authorities.
- 3.2 Within this section we update this, considering evidence of short-term economic trends based on the latest data. We then move on to assess key sectors and clusters within the sub-region, and identify key economic strategy interventions which could support economic development.

#### MACRO-ECONOMIC CONTEXT

- 3.3 In Spring 2009, when the Part I ELR Report was prepared, the national economy has entered recession, having experienced two consecutive quarters of negative growth in the second half of 2008. The recession continued through 2009, with the economy experiencing a total of six consecutive quarters of negative growth. While positive growth in GDP returned in late 2009, with a moderate 0.3% growth in national GDP recorded in Q4, the economy remains vulnerable to further contractions.

**Figure 3.1: Performance of the UK Economy – GVA**



Source: ONS (UK GDP in Real Terms, Seasonally Adjusted)

- 3.4 In total, the economy contracted by -3.3% in 2009 which was more severe than forecast by either HM Treasury (-2.7%) or by Experian (-2.6%), but was not as severe as the Treasury

thought in February 2010 when its consensus forecasts for 2009 were at -4.7%. From peak to trough, national economic output has fallen by -6.2% in this recession which is similar to that recorded in the early 1980s but much more severe than during the previous recession in the early 1990s.

- 3.5 Despite higher than predicted falls in output, **unemployment has not grown as significantly as was expected**. In February 2009, HM Treasury forecast that claimant unemployment would rise to 1.91 million in Q4 2009. In the event it only reached 1.63 million nationally. Similarly while unemployment is expected to continue to rise this year, forecasts for unemployment in 2010 Q4 have been revised downwards, from 2.23 to 1.76 million.
- 3.6 The significant fall which has been experienced in output has not been matched by reductions in staffing, with the result that **productivity has fallen sharply and there is significant excess capacity in the economy**. Rather than closing offices or making large-scale redundancies, firms have reacted more by reducing working hours and increasing part-time working, relative to previous recessions (and indeed to other countries, such as the US). As a result, employment has not fallen as far as was previously forecast (although for instance a significant reduction in vacancies has resulted in growth in youth unemployment). This has cushioned the impact of the recession to some extent; however there are implications moving forward.
- 3.7 With significant excess capacity **there is likely to be a time lag between improvements in economic conditions (measured for instance by output) and a pick-up in employment levels**. This is built into the Treasury's forecasts, which indicate that unemployment is likely to increase in 2010 and is not likely to reduce substantially in 2011 (with a projected fall in unemployment of just 300,000 between Q4 2010 and Q4 2011). It is expected to be 2012 before employment growth really gathers pace. **This will impact upon occupational demand for commercial property in the short-term.**

*Economic Strategy Implications*

We are unlikely to see occupational demand for property improve in the short-term although there will be some churn in the market. As values have fallen, some schemes within the development pipeline will not be viable and thus will not be built out.

Unemployment may remain above the levels seen in the mid 2000s for several years. Providing opportunities for up-skilling and retraining will be important to helping some people find work.

- 3.8 Looking at the medium-term performance, recent projections (HM Treasury Consensus Projections, February 2010) indicate that although economic output fell by more than

expected in 2009, the recovery in 2010 will be stronger with growth of around 1.1%. Nonetheless **projected growth in 2010 remained relatively weak against long-term trends**, influenced by the end of quantitative easing, expected tax increases and public sector cut backs together with continued restricted bank lending.

- 3.9 Experian remain more cautious than other forecasting houses regarding medium-term economic prospects, in that although they forecast a return to near 2.0% growth in 2011, they consider that the economy will continue to perform at this level (which is below the long-term trend) through to 2013. HM Treasury is more bullish, and while it has revised its forecasts down for 2011 and 2012, albeit marginally, it forecasts growth of 2.7% in 2013 and 2.5% in 2014. Many other commentators have adopted a more cautious position than the Treasury.
- 3.10 Public sector borrowing is now a key issue. It is **expected that Government is going to have to cut spending significantly over the next five years**. The Treasury's February 2010 forecasts which indicated Public Sector Net Borrowing of £177 billion in 2010-11: 45% more than was forecast a year previously. Through a sustained period of spending constraints and tax increases, the Treasury projected that this can be reduced to £116 billion in 2013-14.
- 3.11 Since this initial research was undertaken a new Government has been elected. The August 2010 Treasury Forecasts indicate a reduced level of Public Sector Net Borrowing in 2010-11 of £147 billion which is forecast to fall to £80.7 billion in 2013-14. The new Government's central policy agenda is to reduce the level of borrowing. It is likely to implement substantial reductions in public spending, with reductions year-on-year over the life of the current parliament. This will have a nationwide impact on economic performance. **We might expect substantially weaker employment growth in public administration (particularly), education and health than forecast in the Part I ELR in 2009 as a result**. However the South East region and Northern West Sussex have a stronger private sector business base and are not as dependent on public sector spending and employment as other parts of the UK. The Northern West Sussex Sub-Region, because of its existing industrial structure and strong private sector business base, can be expected to be more resilient than other parts of the South East and other UK regions to reductions in public sector spending and employment, and better placed to capture private sector investment and growth.
- 3.12 In September 2010, Experian published a 'Resilience Index' which assessed the ability of 324 English local authorities to respond to economic shocks, such as the impending public sector spending reduction measures. Of the 324 authorities, where 1 is the most resilient, Horsham was ranked 7<sup>th</sup> and Mid Sussex 14<sup>th</sup>, both performing very strongly and in the top 5% most resilient, whilst Crawley was ranked 147<sup>th</sup>, still within the top half.

## CHARACTERISTICS OF THE NORTHERN WEST SUSSEX ECONOMY

- 3.13 The Part I ELR included a detailed assessment of the characteristics, dynamics and trends of the sub-regional economy. We summarise the key findings of this in this section.

### LABOUR MARKET

- 3.14 Northern West Sussex is made up of the local authority areas of Horsham, Crawley and Mid Sussex. It has a working-age population of 218,900 and has experienced strong population growth; growing more strongly than the South East region as a whole over the last 20 years. It forms part of a wider Crawley-centred travel to work area which extends from M25 to the South Downs and includes Surrey 'Gatwick Diamond' local authorities together with parts of Chichester District in West Sussex.
- 3.15 The sub-region benefits from high levels of economic activity and an above average employment rate, which is highest in Mid Sussex. Unemployment is below average across the sub-region but is above the regional average in Crawley, likely influenced by the skills profile of the town's residents and a focus on employment in larger businesses.
- 3.16 The sub-region overall has a reasonably strong skills base, however the picture is relatively mixed. While a low proportion of people of working-age have no qualifications at 9%, the number with degree-level qualifications at 31% is slightly below the regional average. This profile is particularly influenced by that in Crawley; where 18% of the working-age population have no qualifications and just 22% are qualified to degree level or above compared to 32.8% across the South East<sup>1</sup>.
- 3.17 Crawley is the largest economic centre in the sub-region. It contains 49% of B-class floorspace and 44% of employment. However it contains just 29% of the sub-regional labour force<sup>2</sup>. As a result, Crawley has the highest jobs density of any local authority in South East England at 1.29, and net in-commuting of 31,000 people daily (2001). This is testament to the town's economic success.
- 3.18 Partly influenced by this, both Mid Sussex and Horsham have a jobs density of which is below the South East average (at 0.83 and 0.75 respectively compared to 0.86 across the South East). The district's play a complimentary role to some extent to Crawley providing a housing offer and high quality of place which is attractive to those in managerial and professional occupations who might work in Crawley, or in London. 25% of working-age residents in Horsham District for instance work in managerial and professional occupations, compared to

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<sup>1</sup> Annual Population Survey, 2008

<sup>2</sup> Working-Age Population: ONS Mid Year Population Estimate, 2008



11% in Crawley. The sub-region as a whole cannot however be regarded simply as a 'commuter area' for London as is the case in other parts of the South East and East of England regions: there is a net inflow of 9,000 people daily to the sub-region to work (2001).

- 3.19 These sub-regional dynamics are also borne out in wage levels; with wages for those working in Crawley £50 above the South East regional average, £83 above those in Horsham District and £77 above those in Mid Sussex on average. This reflects the strength of Crawley's business base and the quality of jobs available. In contrast residence-based earnings are higher in Horsham and Mid Sussex, reflecting the strength of the housing-quality of place offer.
- 3.20 The housing-quality of place offer influences the age and socio-economic composition of the Districts, linked to which we see above average levels of home-working in both Horsham (11.7%) and Mid Sussex (10.7%) relative to the regional profile. There is an opportunity to develop this further.

#### *Economic Strategy Implications*

The sub-region's skills profile is not as strong as some other parts of the South East, with a below average proportion of people qualified to degree level or equivalent particularly in Crawley. There remains a strong case for delivery of a new university campus in Crawley to support improvements to the skills base and the local economy more widely. However there may well be funding constraints in the short-term, relating to the state of public finances nationally, which affect the deliverability of this.

Crawley functions as the major economic centre in the sub-region. The level of employment in the town notably exceeds its workforce population – indeed the Borough has the highest jobs density of any local authority in the South East. The town's economic strength is manifest in commercial demand for further employment development.

There are however sustainability issues. It could be argued that the town needed to grow its population (and subdue further employment growth) to deliver a better balance of jobs and homes and support more localised travel patterns. However the dynamics are not this straight forward: higher paid employees will traditionally travel further to work, and are likely to continue to commute from Horsham and Mid Sussex to Crawley to work.

There is a risk that constraining future employment growth in Crawley – where the level of employment has indeed been falling in recent years – could harm the economic potential of the sub-region as a whole. The level and nature of growth may however well be influenced by infrastructure constraints.

### **EMPLOYMENT BASE**

- 3.21 Employment within the sub-region totalled 180,700 in 2008. The sub-region's economy has however been slipping back compared to other parts of the South East: against a context of macro-economic stability and growth net employment fell in Northern West Sussex by 0.3% (-500 jobs) between 2003 – 2008 compared to growth of 3.5% across the region. This particularly reflects employment losses in Crawley (which contains 44% of jobs in the sub-

region). As a whole the level of employment remains strong; with 19,700 more jobs in the sub-region than residents in work in 2008.

- 3.22 Self-employment in the sub-region is strongest in Mid Sussex (17.3%) and in Horsham (14.0%); in both cases above the South East average (10.5%). These two Districts have a strong culture of enterprise and an above average concentration of employment in smaller businesses employing less than 10 persons. They also have a slightly higher level of part-time employment (relative to Crawley and the region). There is in contrast a strong representation of employment in larger businesses in Crawley, with 49.3% of employees working in businesses which employ 200 or more people.
- 3.23 The sub-region has a concentration of employment in the transport and communications sector; whilst there is also a higher degree of employment in manufacturing relative to the region. A lower concentration of employment in public administration, health and education is a function of a strong private sector business base and more healthy economy; and makes the sub-region less vulnerable to contracting public expenditure in the short-term.
- 3.24 We analysed in detail the structure of the economy within the Part I ELR, identifying those sectors in which there was a particular concentration of employment or specialism. Key sectors at a sub-regional level included transport (air transport, and auxiliary transport activities), a number of manufacturing sub-sectors (medical instruments; communications equipment; machinery; electrical machinery; chemicals); as well as insurance and pension funding (particularly in Horsham). There is a concentration of aviation-based employment; however the level of employment in knowledge-based businesses is below average.

#### *Economic Strategy Implications*

There is a strong case for proactive economic intervention to support the sub-region's future economic performance. The sub-region's economic performance has been slipping relative to other parts of the region. Moving forward, there are other areas of the region in which major economic or physical infrastructure is planned, including Thames Gateway and other Growth Areas. The sub-region is identified as a Diamond for Growth within the region, recognising the potential for it to perform strongly and to help drive performance of the South East's economy as a whole. It may be necessary to consider supply-side measures to support improved performance.

Crawley's current economic structure shows a particular concentration of employment in larger businesses and in the transport and communications sector. With this comes a degree of economic vulnerability. Indeed the Borough has seen a much more substantial rise in unemployment over the last two years than Horsham and Mid Sussex Districts. Diversifying the economic base and improving the skills profile with both contribute to improving economic stability and performance.

In Horsham and Mid Sussex, there is a strong level of entrepreneurial activity and a strong base of small businesses. Providing the necessary support and infrastructure for these will contribute to economic growth and success.

**BUSINESS BASE**

- 3.25 There are approximately 18,100 businesses in Northern West Sussex of which around 80% are located in Horsham and Mid Sussex Districts. Many of these businesses are very small, with 86% employing less than 10 employees. The business base grew by 10.4% between 2003 – 2008 although growth in Crawley has lagged behind Horsham and mid Sussex.
- 3.26 Business density across Northern West Sussex is relatively high compared to regional and national averages – another indicator of the sub-region's economic success. Both Horsham and Mid Sussex have high business densities; however Crawley's is relatively low. The town has a higher representation of larger companies, and less of a small business culture. Whilst VAT Registrations rates across the whole of Northern West Sussex are fairly average, Horsham has particularly high levels of VAT registrations (50.5 per 10,000 population) and Crawley has a relatively low level (38.0 per 10,000 population).
- 3.27 Northern West Sussex has a high proportion of Transport and Communication businesses, mainly due to the concentration of aviation related businesses in Crawley. However, the strength of this sector in terms of business base is less marked than the strength of the sector in terms of employment (suggesting a higher proportion of larger businesses). This can be explained by the fact that a high proportion of aviation businesses in Crawley employ more than 200 people.
- 3.28 The Banking, Finance and Insurance sector is relatively strong in the study area relative to regional and national averages, with Mid Sussex home to a particularly high concentration of businesses in this sector. Business engaged in business and management consultancy activities and other business activities are strongly represented in Horsham and Mid Sussex; and there is an opportunity to develop the small business base in these areas.
- 3.29 Northern West Sussex has a high proportion of knowledge based and creative businesses relative to Great Britain (9.6%). Mid Sussex has a particularly high proportion of businesses deemed to be creative. However despite an above average proportion of knowledge-based businesses, employment in knowledge-based sectors is below average. This suggests that the distribution of knowledge-based businesses is focused more towards smaller businesses than at regional or national levels.

*Economic Strategy Implications*

There is a strong base of small businesses in Horsham and Mid Sussex districts, and it will be important that the supply of sites and premises in the Districts supports these. Both Districts contain a high proportion of knowledge-based businesses although these are smaller than average: supporting the growth of these businesses will contribute to improved economic performance in terms of employment and output.

In Crawley, business survival rates are below average and this is something that business support programmes should seek to address.

**PHYSICAL SETTING**

- 3.30 The location, accessibility and quality of place which the sub-region offers are major economic assets. The sub-region benefits from its location relative to London and Brighton; to the presence of the UK's second largest international airport at its heart; and from strong motorway and rail connections to London and other parts of the South East region. It contains some attractive market towns and rural areas, which offer a strong quality of life offer. This is borne out in high house prices. East-west connectivity within the sub-region is however an issue.
- 3.31 Across the sub-region the key towns play somewhat complimentary roles. Crawley caters for larger requirements across sectors. However occupiers look to other parts of the sub-region for lower cost and freehold space. Burgess Hill caters for industrial and smaller warehousing requirements, as does East Grinstead to some extent. Horsham, East Grinstead and Haywards Heath provide medium-sized, lower value office space relative to Crawley in town centre locations. There has however been a lack of recent capital investment in the property stock, particularly outside of Crawley as well as for industrial space within Crawley.
- 3.32 The challenges for the sub-region include that the quality of a number of its town centres are sub-standard. This affects the identity and image of the towns, as well as their attractiveness as locations for commercial investment. For the Mid Sussex towns the office market as well as the retail offer is affected by the size of the towns and critical mass in terms of population and expenditure which these can support. Strategic accessibility by road and rail to East Grinstead is also an issue.

*Economic Strategy Implications*

A number of the towns across the sub-region would benefit from investment in improving their town centre offer. Crawley is intending to bring forward major mixed use redevelopment through the Town Centre North scheme. Mid Sussex has masterplans to support regeneration of each of the town centres throughout the District.

Town Centre improvements should improve identity, deliver new infrastructure and support improvements to quality of place as well as deliver new business floorspace. This will support investment in them.

Outside of Crawley, the towns provide insufficient critical mass to attract larger businesses and support speculative commercial investment of scale. Mixed use development schemes may be required to support delivery of new commercial floorspace.

## UNDERSTANDING RECENT ECONOMIC TRENDS

- 3.33 The Part I ELR included a detailed economic baseline assessment. In the previous section we sought to summarise the key economic characteristics of the sub-region. A key requirement of the project brief however has been to update this assessment, recognising the considerable pace of change over the last year.
- 3.34 In this section we have therefore sought to update the baseline assessment, considering how key indicators of performance have changed over the last year; and focusing particularly on understanding emerging and current trends.
- 3.35 The update considers changes in employment and the business base drawing on data from the 2008 Annual Business Inquiry. Changes between 2007 and 2008 are assessed. The most recent data available is from 2008, and it is therefore important to recognise at the outset that a comprehensive quantitative understanding of business performance by sector through the recession is not yet possible. The analysis should hence be regarded as emerging trends.
- 3.36 For key labour market indicators, including economic activity and unemployment, more recent data is available. Thus we have a more up-to-date understanding of labour market performance.

- 3.37 In presenting the charts, the following system of colour coding has been used to assist interpretation and analysis:

<b>When Examining Change over time:</b>	
	Positive performance relative to the South East Benchmark
	Average performance relative to the South East Benchmark
	Negative performance relative to the South East Benchmark
<b>When Examining Concentration of Activity / Proportions:</b>	
	High proportion relative to the South East Benchmark
	Average proportion relative to the South East Benchmark
	Low proportion relative to the South East Benchmark

## EMPLOYMENT BASE

*Increasing employment in Horsham and Mid Sussex in 2008, but a decrease in Crawley ...*

- 3.38 In 2008 employment in Northern West Sussex totalled 180,700. In recent years Northern West Sussex has underperformed in terms of employment in comparison to regional and national averages. Since 2003, there has been a small overall employment decline of 0.3%. Employment was falling within the area in advance of the recession, particularly in Crawley.
- 3.39 However, the area seems to have performed more strongly of recent. Between 2007 and 2008, the number of jobs in Northern West Sussex increased by around 1,800 – a growth rate of 1%, higher than both regional and national averages. Data to allow us to track changes in employment through the recession is not available.
- 3.40 There are significant variations in the performance of the three districts:
- Employment in Crawley totals 78,200, accounting for 43% of all jobs in Northern West Sussex. Since 2003, however, Crawley has performed poorly in employment terms, with a 3,400 decline (-4.2%) in the number of jobs. The area has also performed relatively poorly recently, losing 600 jobs between 2007 and 2008.
  - Employment in Horsham totals 48,500. Around 2,000 jobs have been gained since 2003, including 700 between 2007 and 2008.
  - Mid Sussex employment totals around 54,000. Whilst the district has experienced overall employment decline of 1.7% since 2003, between 2007 and 2008 the district gained 1,600 jobs (a growth rate of 3.1%).

**Figure 3.2: Total Employment, 2003-2008**

	2003	2007	2008	Change 2007-8		Change 2003-2008	
				No.	% Change	No.	% Change
<b>Crawley</b>	81,600	78,700	78,200	-600	-0.7	-3,400	-4.2
<b>Horsham</b>	46,500	47,700	48,500	700	1.5	2,000	4.3
<b>Mid Sussex</b>	53,100	52,300	54,000	1,600	3.1	900	1.7
<b>Northern West Sussex</b>	181,200	178,700	180,700	1,800	1.0	-500	-0.3
<b>South East</b>	3,602,500	3,703,300	3,727,700	26,000	0.7	125,200	3.5
<b>Great Britain</b>	25,552,800	26,420,100	26,493,600	70,500	0.3	940,800	3.7

Source: Annual Business Inquiry

- 3.41 To gain a more detailed understanding of these employment trends, it is necessary to consider sectoral employment trends.
- 3.42 Nearly half of employment in Northern West Sussex is accounted for by two sectors. Distribution, Hotels and Restaurants account for 24.6% of jobs (44,500 jobs in absolute terms), whilst Banking, Finance and Insurance accounts for a further 23% of jobs (41,600 jobs in absolute terms). Both these sectors experienced growth at a higher rate than the regional average between 2007-8.
- 3.43 Another sector which has seen strong recent growth is Public Administration, Education and Health. This sector expanded by around 2,900 jobs (9.5%) between 2007 and 2008 and now contributes 33,400 jobs (around 18.5% of employment).
- 3.44 Between them, the Transport and Communications and Manufacturing sectors account for around a quarter of Northern West Sussex employment. However, both these sectors experienced decline between 2007 and 2008, losing around 1,900 jobs and 600 jobs respectively.
- 3.45 This pattern of sectoral change in employment is broadly consistent with that found between 2003-7.
- 3.46 On closer examination (2 Digit SIC Codes), the top two Northern West Sussex employment sectors are Other Business Activities, accounting for 23,300 jobs and 12.9% of employment (though this category covers a variety of activities) and Retail Trade (18,400 jobs and 10.2% of employment). Other important employment sectors in Northern West Sussex include Health and Social Work, Hotels and Restaurants, Education, Supporting and Auxiliary Transport Activities, Air Transport and Construction. All these sectors contribute around 10,000 jobs or more. The health and social work and hotels and restaurants sectors have experienced strong employment growth between 2007 - 2008 (of around 2,100 jobs and

around 900 jobs respectively). Activities Auxiliary to Financial Intermediation has also seen growth of around 800 jobs (+35%). Air Transport, however, experienced a large employment decline of around 1,600 jobs (13.5%) between 2007 and 2008. Other sectors experiencing recent employment decline include Financial Intermediation (-600 jobs), Activities of Membership Organisations (-600 jobs) and the Manufacture of Machinery and Equipment (-500 jobs).

## BUSINESS AND ENTERPRISE

### *A Growing Business Base across Northern West Sussex...*

- 3.47 The Northern West Sussex business base has performed strongly in the period since 2003, increasing by around 10.4% (or 1,700 businesses) – a growth rate comparable to regional and national averages. Between 2007-8, the business base increased by 1.4% (200 businesses in real terms) – again close to regional and national averages. As a result, in 2008 the Northern West Sussex business base totalled 18,100.
- 3.48 Horsham and Mid Sussex both account for nearly 40% of firms in Northern West Sussex. Crawley, despite accounting for around 43% of employment, only accounts for around 22% of businesses. This can be explained by the presence of larger employers in Crawley than in Mid Sussex and Horsham. Other key points regarding the business base of the three districts include:
- The business base of **Crawley** totals around 3,900 businesses, having grown by 2.8% between 2007-8 and by 8.3% since 2003 (+300 businesses). The growth rate between 2007-8 was higher than in Mid Sussex and Horsham, and above regional and national averages.
  - **Horsham** – Despite experiencing business base growth between 2007-9 (+0.8%) and since 2003 (+9.2%), growth has been at a slower rate than the regional and national averages. In 2008, the business base totalled 7,100.
  - The business base of **Mid Sussex** also totalled around 7,100 in 2008. The growth rate since 2007 (1.2%) and 2003 (+10.4%) is similar to the growth rate seen across the South East and Great Britain as a whole.



Figure 3.3: Total Business Base, 2003-2008							
	2003	2007	2008	Change 2007-8		Change 2003-2008	
				Absolute Change	% Change	Absolute Change	% Change
<b>Crawley</b>	3,600	3,800	3,900	100	2.8	300	8.3
<b>Horsham</b>	6,500	7,000	7,100	100	0.8	600	9.2
<b>Mid Sussex</b>	6,400	7,000	7,100	100	1.2	700	10.9
<b>Northern West Sussex</b>	16,400	17,700	18,100	200	1.4	1,700	10.4
<b>South East</b>	357,600	388,000	395,600	5,600	1.4	38,000	10.6
<b>Great Britain</b>	2,211,800	2,392,900	2,446,000	39,700	1.7	234,200	10.6
Source: Annual Business Inquiry							

#### *High Rates of Self Employment in Horsham and Mid Sussex....*

- 3.49 There are a number of indicators which help to assess levels of enterprising activity in an area, including self employment, business start ups and deaths and business survival rates.
- 3.50 In Northern West Sussex, around 25,900 people were self employed in 2009 – a rate of 14.6% (of those working age in employment) and higher than the South East (13.1%) and Great Britain (12.4%) averages. Significantly, self employment in Northern West Sussex showed significant growth between 2008 and 2009, increasing by 3,300 people in absolute terms, or 1.9% points. During the same time period, the self employment rate across the South East and Great Britain as a whole declined. As is the case regionally, male self employment rates (18.1%) are significantly higher than female self employment rates (10.6%).
- 3.51 There is great variation in self employment rates within Northern West Sussex. In Mid Sussex and Horsham, the rates are 24.9% and 18.1% respectively (2009), both above the South East average. Mid Sussex has seen a very large increase in the self employment rate of 8.0 percentage points between 2008-9 (5,200 people), with large self employment increases for both males and females. In Horsham the overall self employment rate has increased by 1.4 percentage points, although there has been a very slight decline in the proportion of female self employed. In Crawley, however, the self employment rate is 8.0% – significantly below the rate in the rest of Northern West Sussex and the South East as a whole. Here, self employment declined by 5.6 percentage points (2,900 people) between 2008 and 2009. The decline was particularly significant for the male group (-8.2%).

*Relatively Low Rates of New Business Formation Across Northern West Sussex but Strong Rates of Business Survival...*

- 3.52 The rate of business births<sup>3</sup> in Northern West Sussex is 45.7 per 10,000 population – slightly below the regional average. The rate of business deaths is also relatively high, which means that the net change (+2.5 per 10,000 population) is significantly below regional average (+8.8 businesses per 10,000 population). Between 2007-8, the number of business births decreased, whilst the rate of business deaths increased (contrary to the regional trend).
- 3.53 Whilst rates of business births are relatively low in Crawley (38 businesses per 10,000 population), rates of business death are also relatively low (31 businesses per 10,000 population), meaning that the Borough has a net change of +6.9 businesses per 10,000 population. A high business death rate in Mid Sussex resulted in a negative figure for net business change in 2008 (-0.8 businesses per 10,000 population). Net business change in Horsham in 2008 was 2.3 businesses per 10,000 population.
- 3.54 All Northern West Sussex local authorities seem to have performed relatively poorly in the context of the recession. The number of business deaths has increased more rapidly across all districts in comparison to the regional average since 2007, whilst, with the exception of Crawley, the decline in the rate of business births has also been higher than regional average.
- 3.55 As with many of the other indicators under consideration, the rates of business survival also vary from district to district within Northern West Sussex. The survival rates of businesses born in 2003 (five year survival rate), 2004 (four year survival rate), 2005 (three year survival rate) and 2006 (two year survival rate) are typically higher than regional average in both Mid Sussex and Horsham. However, performance seems to have dipped more recently – the survival rate of businesses born in 2007 (one year survival rate) is lower than the regional average in Mid Sussex and comparable to the regional average in Horsham. The trend is the opposite in Crawley. The survival rate of businesses born in 2007 in Crawley is higher than regional average. However, the two, three, four and five year survival rates of Crawley businesses are lower than regional average.
- 3.56 Within Northern West Sussex:
- **Crawley** – the top broad industrial sectors in Crawley are Transport and Communications (30% of employment), Distribution, Hotels and Restaurants (22% of employment) and Banking, Insurance and Finance (22% of employment). The Transport and

<sup>3</sup> ONS defines a business birth as a business that was present in year t, but did not exist in year t-1 or t-2. Likewise, a business death is defined as a business that was on the active file in year t, but was no longer present in the active file in t+1 and t+2.

Communications sector saw a large decline of 1,600 jobs (-6.5%) between 2007 and 2008. The Manufacturing and Construction sectors have also seen a large decline of 8.9% (-700 jobs).

Looking in closer detail, the top Crawley employment sectors are Other Business Activities (10,800 jobs), Air Transport (9,800 jobs) and Supporting and Auxiliary Transport Activities (9,800 jobs). Retail Trade accounts for a further 7,600 jobs. Since 2007, the sectors experiencing the largest growth have been Health and Social Work (+700 jobs), Education (+600 jobs) Other Business Activities (+400 jobs) and Activities Auxiliary to Financial Intermediation and Land Transport (both +300 jobs). During the same time period, however, 1,600 jobs have been lost in Air Transport, 400 jobs have been lost in the Manufacture of Machinery and Equipment and 300 jobs have been lost in the Manufacture of Medical and Precision Instruments. The loss of jobs in air transport can be linked to the collapse of air carrier XL Leisure, which entered administration in autumn 2008.

- **Horsham** – Around 70% of jobs in Horsham are accounted for by three broad sectors – Banking, Finance and Insurance (11,500 jobs), Distribution, Hotels and Restaurants (13,000 jobs) and Public Administration, Education and Health (9,800 jobs). The latter two of these sectors gained around 300 and 500 jobs respectively between 2007 and 2008.

Other Business Activities, Retail Trade and Education all contribute over 5,000 jobs in Horsham. Other important 2 Digit SIC sectors include Health and Social Work (3,800 jobs), Hotels and Restaurants (3,100 jobs), Wholesale Trade (3,000 jobs) and Construction (2,800 jobs). From 2007 to 2008, Real Estate Activities expanded by 46% (+500 jobs) and Health and Social Work by 9.4% (+300 jobs). Wholesale Trade, the Manufacture of Fabricated metal Products and Recreational, Sporting and Cultural Activities have all grown by around 200 jobs. Other Business Activities have seen a large decline of around 700 jobs (-12%), whilst Activities Auxiliary to Financial Intermediation, Activities of Membership Organisations and the Manufacture of Chemicals have all lost over 100 jobs.

- **Mid Sussex** – The top broad employment sectors in Mid Sussex are Public Administration (26.7% of employment and 14,400 jobs), Distribution, Hotels and Restaurants (14,000 jobs and 25.9% of employment) and Banking, Finance and Insurance (13,200 jobs; 24.4% of employment). The former two of these sectors have both grown by over 1,000 jobs since 2007. The largest loss of jobs has been in the Other Services sector (-600 jobs) and the Transport and Communications sector (-200 jobs).

The largest 2 Digit SIC sector in Mid Sussex is Health and Social Work, with 7,600 jobs. The sector expanded by around 1,000 jobs from 2007 to 2008. As is the case with Horsham and Crawley, the Other Business Activities category also contributes a

significant volume of employment, with 7,000 jobs (13% of employment). Other significant sectors include Retail Trade (5,400 jobs), Education (5,400 jobs), Hotels and Restaurants (4,100 jobs) and Wholesale Trade (3,500). Other than Health and Social Work, other sectors to experience large employment growth between 2007 and 2008 include Hotels and Restaurants (+800 jobs), Other Business Activities (+600 jobs) and Activities Auxiliary to Financial Intermediation (+600 jobs). The sectors experiencing the largest employment decline between 2007 and 2008 include Financial Intermediation (-600 jobs), Activities of Membership Organisations (-400 jobs), Insurance and Pension Funding (-300 jobs) and Post and Telecommunications (-200 jobs).

### **LABOUR MARKET**

- 3.57 The employment rate of 81.3% in Northern West Sussex in 2009 is above the regional average (78.1%). As is the case regionally and nationally, the Northern West Sussex employment rate is higher for males (84.9%) than it is for females (77.5%). Since 2008 the Northern West Sussex employment rate has declined by 0.4 percentage points (-100 people) – a similar rate of decline to the regional average. The fall in employment has however not been particularly severe.
- 3.58 Within Northern West Sussex, Crawley has a relatively low employment rate of 77.6% (2009). The employment rates of Mid Sussex (84.0%) and Horsham (81.6%) are both above the regional average. Contrary to local and regional comparator areas, the contrast between male and female employment rates is relatively minor in Mid Sussex.
- 3.59 Crawley has experienced a relatively large decline in employment rate during the recessionary period. Between 2008 and 2009, 800 people have moved out of employment (-1.2 percentage points). This decline is largely accounted for by a decline in the female employment rate (-2.3 percentage points; -800 people). The Mid Sussex employment rate has fallen by around 0.7 percentage points since 2008, largely due to around 600 males moving out of employment. However, the number of females in employment actually increased by 400 during the same time period.
- 3.60 In contrast to Mid Sussex and Crawley, overall employment in Horsham actually increased by 900 between 2008 and 2009 (0.5 percentage points). When broken down, this increase is accounted for by a small decline in the female employment rate, but a relatively large increase in male employment.

*Relatively Low (and Declining) Rates of Economic Activity in Crawley...*

- 3.61 Economic activity measures those who are either in employment or who are unemployed but seeking employment. It is a key indicator of the economic performance of an area and of the labour pool that an area offers.
- 3.62 Economic activity trends in Northern West Sussex follow a close pattern to the employment rate trends discussed above. Overall economic activity rates in Northern West Sussex in 2009 were high, at 84.9% compared to regional and national averages of 82.4% and 78.9% respectively. As with employment rates, economic activity rates are on average higher for males than for females. Since 2008, the economic activity rate has risen in Northern West Sussex by 0.7 percentage points (2,300 people) – a rate above that seen regionally and nationally. This growth can be attributed to the female group (an increase of 1,700 people economically active, with the number of male economically active decreasing by 500).
- 3.63 At 80.8%, the rate of economic activity in Crawley is below the Northern West Sussex and South East average. Contrary to all benchmark areas, the rate has also fallen by 2.3% percentage points since 2008 (a significant increase in the number of the economically inactive of 1,500). Both the male and female economic activity rates have fallen (by 3.2 and 1.4 percentage points respectively). Performance has been much stronger in Horsham and Mid Sussex with both registering an overall increase in economic activity rate (despite a slight decrease in the Mid Sussex male economic activity rate).

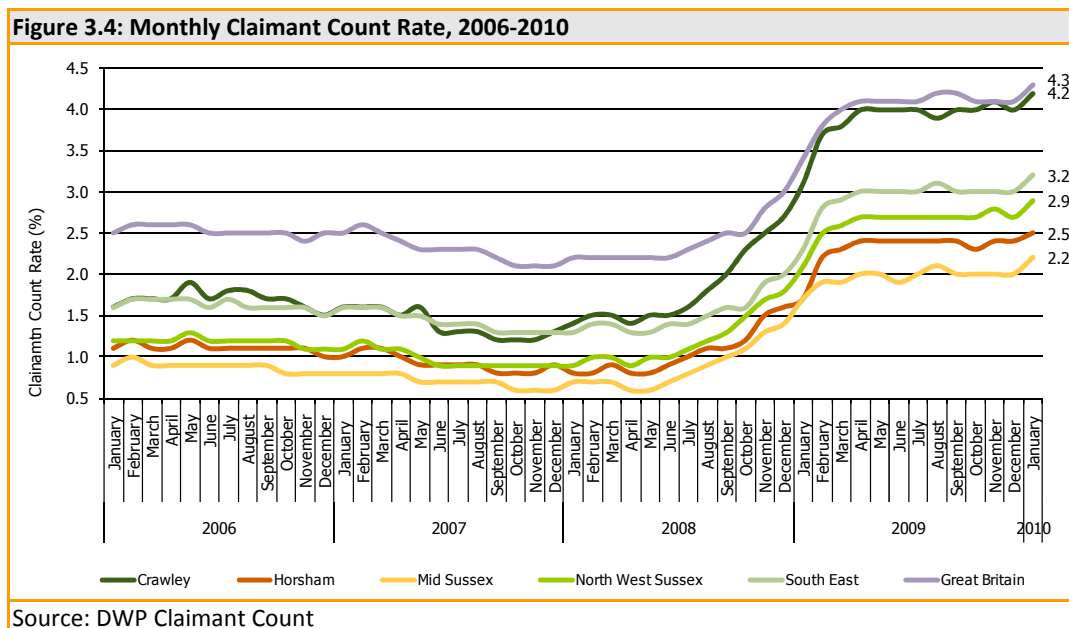
*Large Increases in Northern West Sussex Rates of Unemployment and Claimant Count...*

- 3.64 Unemployment is a key indicator in assessing the relative vitality of a local labour market. There are two measures of unemployment that are commonly used:
- International Labour Organisation Unemployment (ILO) – This measures all those people who want to work, are available to work, and who are actively seeking employment. The ILO unemployment rate is based upon the Annual Population Survey and includes a larger number of individuals than the claimant count.
  - The Claimant Count – this only measures those people who are claiming unemployment related benefits. It does not include all unemployed people, as some of those unemployed may not be able to claim benefits or chose not to do so. The measure is based on records from Jobcentre Plus.
- 3.65 These two different measures result in two often very different figures for unemployment, with ILO unemployment sometimes being higher as it incorporates a much wider group of people. Northern West Sussex is no exception to this, as the analysis below highlights.

- 3.66 ILO Unemployment figures show that the rate of unemployment in Northern West Sussex (4.2%) is below the regional (5.1%) and national (7.1%) averages (2009). Around 7,800 are unemployed in Northern West Sussex, of whom 3,300 are male (a rate of 3.3%) and 4,500 are female (a rate of 5.3%). The female unemployment rate is above regional average (4.7%), largely due to the fact that female unemployment has doubled between 2008-9 (an increase of 2,300 people and 2.7 percentage points). As a result of this figure, overall unemployment has risen by 1.3 percentage points between 2008-9 – a figure well above the regional average of 0.7 percentage points.
- 3.67 This rise in unemployment can be attributed to two districts – Horsham (unemployment rate of 3.6%) and Mid Sussex (unemployment rate of 5.1%). Starting from a very low base, both these districts have experienced a doubling in the number of people unemployed between 2008 and 2009 (an increase of 1,200 people and 1,900 people respectively). By contrast, the unemployment rate in Crawley has fallen by 1.2 percentage points and 700 people. As a result, the Crawley unemployment rate now stands at 3.9%. Data sensitivities do not allow for female and male unemployment rates to be disclosed for these districts.
- 3.68 The unemployment figures are model based<sup>4</sup> drawing together data from the Annual Population Survey and the Claimant Count. The latest figures for unemployment in 2009 indicate 4.6% unemployment in Mid Sussex and Horsham and 7.9% in Crawley compared to an average of 5.9% across the South East.
- 3.69 Analysis of Claimant Count data highlights the impacts of the recession on unemployment in Northern West Sussex. Between December 2008 and January 2010, the claimant count rose by 2,262 people across Northern West Sussex (an increase of 1.1 percentage points, and similar to the South East average). However, despite this rise, the claimant count rate stands at 2.9%, compared to the South East figure of 3.2% and the national figure of 4.3% (Figure 3.4).
- 3.70 Within Northern West Sussex, the claimant count rate is highest in Crawley, where in January 2010, the figure stood at 4.2% (2,736 claimants in absolute terms). Crawley has experienced an above average increase of 1.5 percentage points since December 2008 (1,011 people). Mid Sussex and Horsham experienced smaller claimant count increases (0.8 and 0.9 percentage points respectively) and have lower than average claimant count rates (2.2% and 2.5% respectively).

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<sup>4</sup> These unemployment figures are model based. As unemployed form a small percentage of the population, the Annual Population Survey unemployed estimates within local authorities are based on very small samples so for many areas would be unreliable. To overcome this ONS has developed a statistical model that provides better estimates of total unemployed for unitary authorities and local authority districts (unemployment estimates for counties are direct survey estimates).



- 3.71 Claimant count unemployment in all three authorities has subsequently fallen; declining to 3.2% in Crawley, 1.8% in Horsham and 1.6% in Mid Sussex is September 2010.
- 3.72 When examining the occupational profile of the claimant count, it can be seen that just under a quarter of Northern West Sussex claimants are in 'elementary occupations' whilst a further 20% are in sales and customer service occupations. Whilst all occupation groups have seen increases in the number of claimants since early 2009, the sales and customer service occupation group has seen the largest rise of 68%. The professional occupation group has also seen a large increase of 58%, but only accounts for 4.5% of claimants. Managers and Senior Officials account for nearly 9% of claimants but the rate of increase has been lower than for other occupational groups at 21.7% since early 2009.
- 3.73 A relatively high proportion of Horsham claimants (12.4%) are Managers or Senior Officials. The rate is more than double that seen in Crawley. There has been a large increase in the number of claimants in the professional occupation group in both Crawley (+80%) and Mid Sussex (+81.8%).
- 3.74 Between January and July 2010 the claimant count fell in all three local authority areas. As at July 2010, claimant unemployment stood at 3.3% in Crawley, 1.8% in Horsham and 1.6% in Mid Sussex.



*Relatively High Rates of Workplace Earnings in Crawley and High Rates of Residence Based Earnings in Horsham and Mid Sussex...*

- 3.75 In both Horsham and Mid Sussex, resident based earnings are greater on average than workplace based earnings. This means that on average people who live in those areas earn more than people who work in those areas. The opposite is true in Crawley. Here, resident based earnings are below the average for Northern West Sussex and the South East, whilst workplace earnings are above the averages for the Northern West Sussex and the South East.
- 3.76 Workplace based earning in Crawley continued to perform strongly in the context of the recession, with an increase of 4.1% between 2008 and 2009 (double the regional growth rate). There has been a slight decline in workplace based earnings in Horsham during the same period. Crawley has also performed strongly in terms of average resident based earnings, with an increase of nearly 8%. The growth of resident based earning in Horsham and Mid Sussex has been 2.0% and 2.3% respectively – both close to the regional average.

*Economic Strategy Implications*

The economic recession has affected the viability of small businesses, and the evidence available indicates that in 2008 levels of business formation were declining, and business death increasing. In Northern West Sussex there is a key role for **business support and enterprise programmes** in supporting the set-up of embryonic businesses and helping small businesses to survive and grow.

Both Mid Sussex and Horsham enjoy relatively healthy economic activity rates, which increased between 2008 and 2009. Employment rates are also high in both Districts and have even increased in Horsham since 2008. However rates of economic activity and employment are lower in Crawley, where there has been a large decline in employment since 2008. There is a key role for activity by Job Centre Plus to **address worklessness** in Crawley, including through addressing barriers to work and signposting access to learning programmes to support up-skilling or re-skilling.

Rates of unemployment in Mid Sussex and Horsham remain below the regional average. Unemployment is higher in Crawley. **Skills development and employment growth** will be important in reducing unemployment in the medium-term. Public sector agencies should work together and with local businesses to fill job vacancies and develop the skills base of the local workforce.



## SECTOR AND CLUSTER ANALYSIS

3.77 PPS4 sets out that local authorities should plan positively for the location, promotion or expansion of clusters or networks of knowledge-driven or high-technology industries.

3.78 Within the Part I work we included a detailed analysis of the structure of the employment and business base within the sub-region, as well as mapping of concentrations of economic activity in key sector groups indicating how employment and businesses in key sectors were distributed across the sub-region. In this section, we develop this, drawing on two areas of desk-based research, as follows:

- Analysis of the top 8 employment sub-sectors (at 2 digit SIC) by location quotient for each of the 3 local authorities; and
- Mapping of broader sectors (such as knowledge-based activities and public sector employment) to identify the spatial concentrations of these activities by employment across Northern West Sussex.

3.79 This further analysis is combined with our understanding of the area following our work on the ELR Part 1 which included stakeholder consultation and policy review to inform conclusions and recommendations.

## CLUSTER MAPPING

3.80 In ELR Part 1 we undertook hot spot mapping to identify clusters in terms of concentrations of particular types of business activity based on above average representation of employment compared to the national average (location quotients). This exercise builds on the previous analysis to consider potential location for employment land allocations requiring B-class uses.

3.81 The analysis examines the following sectors:

- Employment in the Aviation Sector
- Employment in Professional and Business Services
- Employment in the Public sector, Health and Education
- Employment in Creative Industries
- Employment in Knowledge based industries

3.82 The table overleaf details each of these sectors in turn, looking at the key locations, characteristics of these locations and the typical types of spaces occupied.

- 3.83 The cluster mapping included within the Employment Land Review is intended to provide an initial guide to the representation, both in terms of employment and business density, in the sub-region and different parts of it.
- 3.84 Economic clusters are generally considered to exist where there is both a concentration of activity in a particular sector and reasons as to why there is a concentration of these types of activity, such as through agglomeration economies or access to resources or a labour supply rich in particular skills. The analysis provided within the ELR (Parts I and II) identifies particular sectors in which there is a concentration of employment or businesses. Some assessment is made of locational drivers (for instance proximity to Gatwick Airport for the aviation sector). Further work would however be required to assess potential for cluster development activity in the sub-region or more local areas within the sectors identified.

<b>Figure 3.5: Cluster Mapping Analysis</b>			
Sector	Key Locations	Characteristics of Location	Typical Spaces
Aviation	<ul style="list-style-type: none"> <li>Crawley (primarily Gatwick but with additional employment in areas such as Manor Royal)<sup>5</sup></li> <li>With additional above average representation in Rural Mid Sussex</li> </ul>	<ul style="list-style-type: none"> <li>Proximity to Gatwick airport</li> <li>Airport or business park locations</li> <li>Agglomeration effect</li> </ul>	<ul style="list-style-type: none"> <li>Airport</li> <li>Office</li> <li>Warehouse</li> </ul>
Professional and Business Services	<ul style="list-style-type: none"> <li>Crawley</li> <li>Horsham and Haywards Heath</li> <li>With additional above average representation in East Grinstead, Burgess Hill and Storrington</li> </ul>	<ul style="list-style-type: none"> <li>Clustering around town centres and residential locations</li> <li>Business parks, town areas and home-working are important for these activities</li> </ul>	<ul style="list-style-type: none"> <li>Office</li> <li>Some home-working</li> <li>Minor element of shop fronted offices</li> </ul>
Public Sector, Health and Education	<ul style="list-style-type: none"> <li>Crawley</li> <li>Horsham and Haywards Heath</li> <li>With additional above average representation in Billingshurst, Storrington, East Grinstead and Burgess Hill</li> </ul>	<ul style="list-style-type: none"> <li>Major towns</li> </ul>	<ul style="list-style-type: none"> <li>Office</li> <li>Schools</li> <li>Medical centres</li> </ul>
Creative Industries	<ul style="list-style-type: none"> <li>Crawley and East Grinstead</li> <li>Horsham, Haywards Heath</li> <li>Burgess Hill</li> <li>Smaller towns across the sub-region such as Southwater (strength in printing and publishing)</li> </ul>	<ul style="list-style-type: none"> <li>Major towns</li> <li>Smaller towns</li> </ul>	<ul style="list-style-type: none"> <li>Flexible space</li> <li>Light industrial</li> <li>Office</li> </ul>
Knowledge Based Industries	<ul style="list-style-type: none"> <li>Crawley</li> <li>Horsham, Haywards Heath, East Grinstead, Burgess Hill</li> <li>Some above average representation in Storrington and Billingshurst</li> </ul>	<ul style="list-style-type: none"> <li>Major towns</li> <li>Business parks</li> <li>Agglomeration effect</li> </ul>	<ul style="list-style-type: none"> <li>Office</li> <li>Industrial units</li> </ul>

3.85 While many sectors are evident across Northern West Sussex there is generally a greater concentration of employment of the sectors reviewed in and around Crawley. Other major towns (Horsham, Haywards Heath, East Grinstead and Burgess Hill) tend to have above average employment representation (location quotient) in all sectors reviewed. Additional locations across the sub-region are also important for professional and business services, creative industries and knowledge based industries.

<sup>5</sup> Haywards Heath also has an above average representation due to activities of travel agencies and tour operators/tourist assistance though this figure is small in absolute terms.

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## SECTOR ANALYSIS

- 3.86 This section identifies the key employment sectors in each of Northern West Sussex's main towns and employment locations. For each location the top sectors (2 digit SIC) by absolute employees and by location quotient (LQ) are identified.
- 3.87 Location quotients indicate the degree to which an area has an above average representation of employment in a sector in comparison with the national average. A figure greater than 1 indicates above average representation.
- 3.88 In interpreting LQs it must be borne in mind that this information refers to employee numbers and not the number of companies involved in the relevant activity. In some cases a sector may have a high LQ but there may be only one or two companies generating the above average level of employment. In such instances, the local labour market in this sector is less stable relative to sectors with a greater number of businesses. Similarly, LQ analysis may mask clusters of businesses which employ fewer people.
- 3.89 While this section explores the five major towns of the sub-region, employment in rural areas was also noted in the cluster mapping exercise (see previous). This is particularly relevant to professional and business services, creative industries and knowledge based industries. A proportion of this employment may be in home-based businesses.

## CRAWLEY

- 3.90 Key employment locations within the Borough of Crawley are the town of Crawley itself and Gatwick Airport. These locations are considered below.

### Crawley Town (excluding Gatwick)

- 3.91 By far the largest employment sector in Crawley Town is 'other business activities' (9,500 jobs and LQ of 1.3). Crawley also has significant employment in air transport and activities related to transport (such as travel agencies) both in terms of absolute and LQ employment. Since the previous analysis was done (ELR Part 1) employment related to the airport (including air transport and travel related activities) has fallen. The recent sale of Gatwick airport is likely to safeguard employment for the future given the new owner's plans to maximise capacity.
- 3.92 Other key sectors by absolute employment include retail trade (5,800 jobs) and hotels and restaurants (3,700 jobs) reflecting the service economy of Crawley.

<b>Figure 3.6: Crawley Town Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Other business activities	9,500	1.3
Retail trade; repair of personal and household goods	5,800	1.0
Hotels and restaurants	3,700	1.0
Supporting and auxiliary transport activities; activities of travel agencies	3,700	3.9
Education	3,500	0.7
Air transport	3,300	19.3
Health and social work	2,900	0.4
Wholesale trade and commission trade	2,600	1.1
Post and telecommunications	2,200	2.3
Financial intermediation, except insurance and pension funding	1,900	1.5
Manufacture of medical, precision and optical instruments	1,600	7.0
Computer and related activities	1,600	1.4
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Air transport	3,300	19.3
Manufacture of medical, precision and optical instruments,	1,600	7.0
Manufacture of radio, television and communication equipment	600	5.0
Supporting and auxiliary transport activities; activities of travel agencies	3,700	3.9
Source: Annual Business Inquiry		

- 3.93 Overall, these sectors indicate a range of public sector activities along with service and professional activities. The town as developed a role as a sub-regional centre for consultancy and legal activities.

#### **Gatwick Airport**

- 3.94 As would be expected, Gatwick Airport is dominated by employment sectors relating to air transport.
- 3.95 Air transport itself is the top employment sector both in absolute employment and concentration of employment, whilst supporting transport activities (including travel agencies etc) also contribute a large proportion of employment (6,000 jobs; LQ=16.5).
- 3.96 Other important employment sectors (in terms of absolute jobs) include a range of service and professional activities such as hotels and restaurants, retail trade and business activities. However, these sectors typically have average or lower than average concentration relative to the national average.

<b>Figure 3.7: Gatwick Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Air transport	6,600	102.0
Supporting and auxiliary transport activities; activities of travel agencies	6,000	16.5
Hotels and restaurants	1,800	1.2
Retail trade; repair of personal and household goods	1,700	0.8
Other business activities	1,300	0.5
Public administration and defence; compulsory social security	1,300	1.1
Land transport; transport via pipelines	500	1.2
Wholesale trade and commission trade	400	0.5
Activities auxiliary to financial intermediation	300	1.2
Construction	200	0.2
Health and social work	200	0.1
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Air transport	6,600	102.0
Supporting and auxiliary transport activities; activities of travel agencies	6,000	16.5
Hotels and restaurants	1,800	1.2
Activities auxiliary to financial intermediation	300	1.2
Source: Annual Business Inquiry		

## HORSHAM

- 3.97 Key employment locations within the district of Horsham are Horsham Town itself, along with smaller settlements such as Southwater, Storrington and Billingshurst. These locations, along with the wider rural Horsham area<sup>6</sup>, are considered below.

### Horsham Town

- 3.98 Employment in absolute terms in Horsham (town) is characteristic of a local service centre. Employment is greatest in retail, wholesale, education and food and beverage service activities (bars and restaurants etc). Other sectors which are important in the town in terms of volume of employment (sectors with 250-999 employees) are: professional services and finance (for example, insurance, financial services, legal and head office activities, computer programming, telecommunications, architecture); public sector activities (for example, health, public administration, social work and residential care); and construction related activities (construction of buildings and services to buildings and landscapes).
- 3.99 Conversely, in terms of LQs high value added sectors of the knowledge economy are evident. Pharmaceuticals, scientific R&D, electrical equipment manufacture and insurance are the top four employment sectors by LQ in the town. High value added sectors such as these are likely to continue to be strengths in the UK in the future (Deloitte, 2009).

<sup>6</sup> Defined as the parts of the district not covered by the other locations

<b>Figure 3.8: Horsham Town Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
47 : Retail trade, except of motor vehicles and motorcycles	2,800	1.3
85 : Education	1,800	0.9
46 : Wholesale trade, except of motor vehicles and motorcycles	1,300	1.4
56 : Food and beverage service activities	1,100	0.9
65 : Insurance, reinsurance and pension funding, except compulsory social security	900	7.8
86 : Human health activities	900	0.6
68 : Real estate activities	800	2.7
84 : Public administration and defence; compulsory social security	800	0.7
72 : Scientific research and development	700	7.9
88 : Social work activities without accommodation	700	1.2
62 : Computer programming, consultancy and related activities	600	1.5
70 : Activities of head offices; management consultancy activities	500	1.3
78 : Employment activities	500	0.7
43 : Specialised construction activities	500	0.8
21 : Manufacture of basic pharmaceutical products	400	13.2
45 : Wholesale and retail trade and repair of motor vehicles	400	1.0
81 : Services to buildings and landscape activities	400	0.8
96 : Other personal service activities	400	1.4
27 : Manufacture of electrical equipment	400	5.3
61 : Telecommunications	400	2.3
93 : Sports activities and amusement and recreation activities	400	1.2
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
21 : Manufacture of basic pharmaceutical products	400	13.2
72 : Scientific research and development	700	7.9
65 : Insurance, reinsurance and pension funding	900	7.8
27 : Manufacture of electrical equipment	400	5.3
Source: Annual Business Inquiry		

- 3.100 The rationalisation of RSA's presence within the sub-region is likely to have affected to degree of employment within the insurance sector; however it is likely that the area still contains a strong skills base in insurance/ pensions.

### Southwater

- 3.101 The distribution of employment in Southwater reflects that of a local service centre. The top employment sectors in the town are activities of membership organisations (500 jobs), computer and related activities (400 jobs) and publishing and printing activities (200 jobs) – each of these (and particularly the former) are over represented locally relative to the national norm. These reflect the presence of major employers within the town, comprising the HQ of the RSPCA, as well as IBM and Sony.

- 3.102 Other than these sectors, employment is split between a number of public sector activities (such as education and health), service activities (such as retail and wholesale) and professional activities (such as other business services).

<b>Figure 3.9: Southwater Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Activities of membership organisations not elsewhere classified	500	28.6
Computer and related activities	400	8.2
Publishing, printing and reproduction of recorded media	200	8.4
Education	200	0.8
Construction	100	1.0
Sale, maintenance and repair of motor vehicles and motorcycles	100	1.4
Wholesale trade and commission trade	100	1.0
Retail trade, repair of personal and household goods	100	0.4
Hotels and restaurants	100	0.6
Other business activities	100	0.5
Health and social work	100	0.3
Recreational, cultural and sporting activities	100	1.5
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Activities of membership organisations not elsewhere classified	500	28.6
Publishing, printing and reproduction of recorded media	200	8.4
Computer and related activities	400	8.2
Manufacture of office machinery and computers	<50	3.0
Source: Annual Business Inquiry		

### Storrington

- 3.103 The distribution of employment in Storrington is similar to that in Southwater. Other than a relative concentration of activity in a number of manufacturing industries (the manufacture of furniture and the manufacture of medical, precision and optical instruments provide 400 jobs between them) employment is split between a number of public sector, service and professional activities.



<b>Figure 3.10: Storrington Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Manufacture of medical, precision and optical instruments, watches and clocks	200	24.3
Manufacture of furniture; manufacturing not elsewhere classified	200	20.8
Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	200	1.2
Education	200	1.2
Health and social work	200	0.7
Construction	100	0.8
Wholesale trade and commission trade, except of motor vehicles and motorcycles	100	1.0
Real estate activities	100	1.8
Other business activities	100	0.5
Recreational, cultural and sporting activities	100	1.3
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Manufacture of medical, precision and optical instruments, watches and clocks	200	24.3
Manufacture of furniture; manufacturing not elsewhere classified	200	20.8
Manufacture basic metals	<50	6.3
Agriculture, hunting and related service activities	<50	6.0
Source: Annual Business Inquiry		

### Billingshurst

- 3.104 As with Southwater and Storrington, Billingshurst is a local service centre. The top employment sector is education (providing 400 jobs), whilst wholesale trade and other business activities both provide around 300 jobs.
- 3.105 A number of manufacturing industries (including the manufacture of electrical machinery and the manufacture of radio, television and communication equipment are relatively concentrated locally relative to the national picture, but absolute employment in these sectors is relatively low.

<b>Figure 3.11: Billingshurst Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Education	400	1.9
Wholesale trade and commission trade, except of motor vehicles and motorcycles	300	2.5
Other business activities	300	0.8
Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	200	0.8
Health and social work	200	0.5
Manufacture of rubber and plastic products	100	5.7
Manufacture of fabricated metal products, except machinery and equipment	100	1.8
Manufacture of electrical machinery and apparatus not elsewhere classified	100	7.8
Construction	100	1.0
Hotels and restaurants	100	0.6
Supporting and auxiliary transport activities; activities of travel agencies	100	1.4
Recreational, cultural and sporting activities	100	0.7
Other service activities	100	3.1
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Manufacture of electrical machinery and apparatus not elsewhere classified	100	7.8
Manufacture of radio, television and communication equipment	<50	7.5
Manufacture of rubber and plastic products	100	5.7
Other mining and quarry	<50	5.0
Source: Annual Business Inquiry		

### Rural Horsham

- 3.106 Geographically, rural Horsham covers a large part of the district and as such, overall employment levels are relatively high. As would be expected given the size of the area, the sectoral distribution of employment is relatively diverse.
- 3.107 In terms of professional services, 'Other business activities' contributes 2,500 jobs. In the public sector, education contributes 2,400 jobs, with a further 1,400 jobs contributed by health. Employment is also high in the service sector, with high levels of employment in retail trade (2,100 jobs), hotels and restaurants (1,800 jobs) and wholesale trade (1,300 jobs).
- 3.108 The highest relative concentrations of jobs in Rural Horsham are found in agriculture and a number of manufacturing industries. However, in absolute terms, these sectors provide relatively few jobs.

<b>Figure 3.12: Rural Horsham Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Other business activities	2,500	0.9
Education	2,400	1.2
Retail trade; repair of personal and household goods	2,100	1.0
Construction	1,800	1.7
Hotels and restaurants	1,800	1.2
Health and social work	1,400	0.5
Wholesale trade and commission trade	1,300	1.5
Recreational, cultural and sporting activities	1,100	1.9
Sale, maintenance and repair of motor vehicles	1,000	2.3
Manufacturing of food and beverages	700	2.3
Real estate activities	600	1.5
Computer and related activities	600	1.4
Other service activities	500	1.7
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
Agriculture, hunting and related service activities	200	3.2
Manufacture of radio, television and communication equipment	100	2.9
Manufacture of other non-metallic mineral products	200	2.8
Manufacture of electrical machinery and apparatus	200	2.5
Source: Annual Business Inquiry		

## MID SUSSEX

- 3.109 Key employment locations within the district of Mid Sussex are Haywards Heath, East Grinstead and Burgess Hill. These locations, along with the wider rural Mid Sussex area<sup>7</sup>, are considered below.

### Haywards Heath

- 3.110 Similar to Horsham, employment in Haywards Heath is typical of a local service centre. The top four sectors in terms of volume of employment are health, retail and public administration. However, over 1,500 people are employed in the town in head office activities, indicating a professional and business orientation as well (this sector also has a high LQ). Other key sectors (between 250 and 999 employees) include financial services (finance, insurance); professional services (architectural and publishing activities); and public sector and social care activities (education, social work and residential care).
- 3.111 In terms of LQs the town is characterised by professional and business services. Head offices, insurance, publishing and financial services are all evident. These types of activity are

<sup>7</sup> Defined as the parts of the district not covered by the other locations

likely to grow in the future given the global importance of the South East's activities in these fields. However, in the short term, such 'city economy' functions are at risk from the slower expansion of financial services in the UK as a whole (Oxford Economics, 2010).

**Figure 3.13: Haywards Heath Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)**

<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
86 : Human health activities	2,200	2.1
70 : Activities of head offices; management consultancy activities	1,600	6.3
47 : Retail trade, except of motor vehicles and motorcycles	1,400	0.9
84 : Public administration and defence; compulsory social security	1,000	1.3
46 : Wholesale trade, except of motor vehicles and motorcycles	900	1.4
64 : Financial service activities, except insurance and pension funding	800	2.5
85 : Education	800	0.6
56 : Food and beverage service activities	700	0.8
88 : Social work activities without accommodation	400	1.0
78 : Employment activities	400	0.9
66 : Activities auxiliary to financial services and insurance activities	400	2.2
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
70 : Activities of head offices; management consultancy activities	1,600	6.3
65 : Insurance, reinsurance and pension funding, except compulsory social security	300	3.5
58 : Publishing activities	300	3.2
64 : Financial service activities, except insurance and pension funding	800	2.5
Source: Annual Business Inquiry		

### East Grinstead

- 3.112 The top four employment sectors in East Grinstead in terms of number of employees fall into the categories of public services and trade, again demonstrating the importance of the town as a local service centre. In addition, sectors employing between 150 and 500 employees include the leisure economy (food and beverage service activities and sports/amusement/recreation), professional services (architecture, computer programming, publishing, head offices) and construction related (construction of buildings and specialised construction activities).
- 3.113 When viewed in terms of LQs, the area is divided between manufacturing (paper products and pharmaceuticals), publishing and travel activities. The above average presence of employment in travel agency and tour operator activities is reflective of the town's proximity to Gatwick Airport.

<b>Figure 3.14: East Grinstead Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
86 : Human health activities	1,700	2.2
47 : Retail trade, except of motor vehicles and motorcycles	1,300	1.1
85 : Education	1,100	1.0
46 : Wholesale trade, except of motor vehicles and motorcycles	600	1.3
56 : Food and beverage service activities	500	0.8
71 : Architectural and engineering activities; technical testing and analysis	500	2.6
62 : Computer programming, consultancy and related activities	400	2.2
55 : Accommodation	400	2.4
58 : Publishing activities	400	5.9
41 : Construction of buildings	300	2.2
43 : Specialised construction activities	300	0.9
70 : Activities of head offices; management consultancy activities	200	1.2
87 : Residential care activities	200	0.8
96 : Other personal service activities	200	1.5
93 : Sports activities and amusement and recreation activities	200	1.2
84 : Public administration and defence; compulsory social security	200	0.3
68 : Real estate activities	200	1.0
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
58 : Publishing activities	400	5.9
17 : Manufacture of paper and paper products	100	3.9
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	100	3.1
79 : Travel agency, tour operator and other reservation service and related activities	100	2.7
Source: Annual Business Inquiry		

### Burgess Hill

- 3.114 While Burgess Hill demonstrates some service sector activities (retail and education) as large employment sectors in the town, this is the only local centre in Northern West Sussex other than Crawley which includes two non-service related employment sectors in the top 4 sectors by absolute figures<sup>8</sup>. These are wholesale and activities supporting financial services/insurance. Other important sectors by absolute employment include manufacturing activities (manufacture of machinery, equipment and computer/electronic goods); professional and financial services (computer programming, financial service activities, head offices); public sector and social work (residential care, health, social work); and wholesale.

<sup>8</sup> Horsham town includes one non-service related employment sector

<b>Figure 3.15: Burgess Hill Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)</b>		
<b>Absolute Employment</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
47 : Retail trade, except of motor vehicles and motorcycles	1,600	1.3
46 : Wholesale trade, except of motor vehicles and motorcycles	1,300	2.7
85 : Education	1,100	1.0
66 : Activities auxiliary to financial services and insurance activities	900	6.3
28 : Manufacture of machinery and equipment n.e.c.	500	6.2
56 : Food and beverage service activities	500	0.8
62 : Computer programming, consultancy and related activities	400	2.1
87 : Residential care activities	400	1.4
43 : Specialised construction activities	400	1.1
26 : Manufacture of computer, electronic and optical products	300	4.5
96 : Other personal service activities	300	1.9
45 : Wholesale and retail trade and repair of motor vehicles	300	1.3
86 : Human health activities	300	0.3
82 : Office administrative, office support and other business support activities	200	1.6
64 : Financial service activities, except insurance & pension funding	200	0.8
70 : Activities of head offices; management consultancy activities	200	1.0
88 : Social work activities without accommodation	200	0.5
33 : Repair and installation of machinery and equipment	200	3.6
<b>LQ</b>	<b>No. Employees</b>	<b>LQ vs GB</b>
15 : Manufacture of leather and related products	100	14.4
66 : Activities auxiliary to financial services and insurance activities	900	6.3
28 : Manufacture of machinery and equipment n.e.c.	500	6.2
26 : Manufacture of computer, electronic and optical products	300	4.5
Source: Annual Business Inquiry		

- 3.115 In terms of LQs Burgess Hill is typified by manufacturing activities (in addition to activities supporting financial services). Depending on the exact nature of such functions in the area, the continuing threat of cheaper production locations (such as BRICs) may result in Burgess Hill seeing a decline of such activity in the future. However, advanced manufacturing is considered to be less at risk. In terms of diversification, one strategy may be to pursue low carbon related industry. This sector is expected to grow considerably post 2015 once investment funds are reinvigorated. The low carbon economy is valued at £13-14billion in the South East (2007-8) - the second highest market value in the low carbon economy after London (BERR, 2009).

#### **Rural Mid Sussex**

- 3.116 As with Rural Horsham, Rural Mid Sussex covers a large area and because of this, the sectoral distribution of employment is relatively diverse.

- 3.117 The most important sectors in Rural Mid Sussex in terms of both absolute employment and concentration of employment are education (2,400 jobs; LQ=1.6), hotels and restaurants (2,000 jobs; LQ=1.8) and construction (1,100 jobs; LQ=1.4).
- 3.118 Other important sectors in terms of absolute employment are health and social work (1,800 jobs), 'Other business activities' (2,100 jobs), retail trade (900 jobs) and wholesale trade (700 jobs).
- 3.119 The highest relative concentrations of jobs in Rural Mid Sussex are found in agriculture, air transport and a number of manufacturing industries. However, as in Rural Horsham, in absolute terms, these sectors provide comparatively few jobs.

**Figure 3.16: Rural Mid Sussex Top Sectors (2 digit SIC) by Absolute Employment and LQ (2008)**

Absolute Employment	No. Employees	LQ vs GB
Education	2,400	1.6
Other business activities	2,100	0.9
Hotels and restaurants	2,000	1.8
Health and social work	1,800	0.9
Construction	1,100	1.4
Retail trade; repair of personal and household goods	900	0.5
Recreational, cultural and sporting activities	800	1.7
Wholesale trade and commission trade, except of motor vehicles	700	1.0
Computer and related activities	600	1.7
Other service activities	500	2.1
Real estate activities	400	1.3
Publishing, printing and reproduction of recorded media	300	1.7
Sale, maintenance and repair of motor vehicles and motorcycles	300	0.9
LQ	No. Employees	LQ vs GB
Agriculture, hunting and related service activities	200	4.3
Air transport	200	3.1
Electricity, gas, steam and hot water supply	100	2.5
Manufacture of radio, television and communication equipment	100	2.5

Source: Annual Business Inquiry

## SUPPORTING SECTOR & CLUSTER DEVELOPMENT

- 3.120 Economic clusters are generally considered to exist where there is both a concentration of activity in a particular sector and reasons as to why there is a concentration of these types of activity, such as through agglomeration economies or access to resources or a labour supply rich in particular skills.

3.121 Northern West Sussex, comprising Crawley (including Gatwick), Horsham and Mid Sussex, is an area of varied economic function. Employment is concentrated around Crawley and Gatwick Airport (at Manor Royal for example). This is also the case for the five sectors we included in our cluster/ sectoral mapping (aviation; professional and business services; public sector, health and education; creative industries; knowledge based industries). However, the other main towns of the sub-region also have significant employment, including representation of all of these sectors. In terms of key concentrations of employment in these sectors across the remainder of the sub-region, professional and business services, creative industries and knowledge based industries in particular tend to not be restricted to proximity to a town. On the whole, the main locations in Northern West Sussex are typified by local service activities such as retail, education, health and food/drink services. However, there are some key anomalies which will be important in considering the types of employment land allocated:

- Employment at **Gatwick** is dominated by air transport and support transport activities. These can require a variety of spaces including office, light industrial and Sui Generis. The airport has a significant impact on activities within Manor Royal. These sectors can expect to be buoyed by the growth of the Airport, but to maximise the beneficial impacts on the sub-regional economy interventions to develop supply chains could be taken forward.
- **Crawley Town** is characterised by employment in a range of service and business services activities. There is a concentration of professional services and legal firms which serve a sub-regional market in the town. Improvements to the quality of the town centre offer, together with provision of appropriate good quality floorspace will be important to supporting these activities.
- Other key employment sectors in Crawley include retail, hotels and restaurants and high-tech manufacturing uses. The former two of these will be supported by population growth and potentially growth in airport passenger throughput. The town though also has a specialism in manufacture of communications, precision and optical equipment. Provision of appropriate skills and premises will remain important, while there may also be potential for spin-offs from larger companies such as Thales.
- **Horsham Town** is characterised by light industrial activities in high value added manufacturing, R&D and professional/financial services. Such activities typically require B2 and B1 provision. There is a clear cluster in the pharmaceuticals sector linked particularly to the presence of a number of larger companies such as Novartis, Cmed and Fischer Clinical Services. There is also a cluster of employment in insurance and pension



funding linked particularly to RSA which has until recently had been the largest employer in the town. In both cases, there may be opportunities to support the development of small business spin-offs. The town is also developing as a centre for public administration, and this may create opportunities for local professional service companies which support this.

- Storrington, Southwater and Billingshurst are local service centres with employment distributed across a range of service, professional and public sector activities. Spread across wide geographical areas, **Rural Horsham and Rural Mid Sussex** also follow this pattern of diverse employment distribution.
- **Haywards Heath** appears to be a professional and business/financial location (B1). Its attractiveness is related to the cost base alongside its accessibility. There is potential to support its attractiveness for these forms of activity through investment in improvements to the rail station gateway and town centre environments.
- **East Grinstead** has a mixed employment profile with the prominence of a leisure economy as well as professional service employment. The town also has a high LQ in publishing/paper manufacturing as well as in travel activities, reflecting its proximity to Gatwick (primarily B1 and B2). It contains some relatively good quality industrial and manufacturing uses, linked to the proximity to Crawley/Gatwick but the lower cost of space. However long-term potential is inhibited by strategic accessibility.
- **Burgess Hill** has high employment in activities supporting financial services and manufacturing activities. B2 land uses will be particularly important in this location. The town contains some key higher value manufacturing sectors. Activities to engage with larger businesses, support skills development and local networks will help to embed local manufacturing companies.

3.122 To reiterate, the concentration of employment or businesses in a specific location does not on its own demonstrate the existence of an economic cluster. Clusters exist where there are particular locational advantages or agglomeration economies for particular businesses. The sector within the sub-region in which there is the clearest clustering effect is aviation.

3.123 The relative sectoral strengths of each location (and the ways in which these strengths are likely to evolve in future years) and the associated accommodation needs of business occupiers will be key considerations in taking forward the Local Development Frameworks.

- 3.124 Considering the structure of the local economy it is possible to identify a number of actions which can be taken forward to support economic development:
- A. Gatwick Airport is the clear driver of a large number of activities in Crawley as well as additional activities across the sub-region (as the cluster mapping has shown) related to the proximity to an international airport, such as knowledge-based industries. It may be possible to strengthen these links and spread the benefits across the area.
  - B. Some activities, such as low end manufacturing, may come under increasing competitive pressure from cheaper locations such as BRICs.<sup>9</sup> It will therefore be necessary to safeguard this employment.
  - C. Self-employment and the levels of home-based businesses are particularly strong in Horsham and Mid Sussex Districts. Such trends are predicted to continue and increase in the future. Supporting individuals to carry out these activities will be important in promoting local economic development.
- 3.125 There are opportunities within the sub-region to capture inward investment, particularly linked to its location as an international gateway and taking account of its wider sectoral and labour market strengths and quality of life offer. In many respects however it is competing with other parts of the greater South East for this investment.
- 3.126 On an international stage, global inward investment is highly competitive and levels of investment to the UK have been declining significantly in recent years reflecting global competition including from the BRIC countries as well as other emerging and growing economies in the Far East and Eastern Europe. Against this context, it is more appropriate to seek to retain and grow existing businesses and to attract investment from footloose occupiers looking for suitable business premises in the South East, than to focus specifically on attracting international inward investment.
- 3.127 As we identified in the Part I Report, there is a very strong representation of small businesses within the sub-region: 86% of businesses in Northern West Sussex employ less than 10 people (rising to 88.5% in Horsham District).
- 3.128 At a national level, there are now 2.8 million businesses operating full time from home, which collectively contribute £284 billion annually to the UK economy<sup>10</sup>. Within the sub-region more specifically, Horsham District Council has undertaken research which indicates that around

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<sup>9</sup> Brazil, Russia, India, China

<sup>10</sup> Enterprise Nation (2009) Home Business Report

9% of households in the District in 2008 operated a business from home. In many rural parts of the District, home based businesses collectively are a significant employer. It will be important to continue to support the retention and growth of home based businesses across the sub-region.

#### *Economic Strategy Implications – Supporting Clusters*

Activities associated with Gatwick Airport are particularly apparent. While this is especially so in Crawley, other locations also offer related services such as travel and tourism services in East Grinstead or aviation-related R&D activities at CAE in Burgess Hill. The Airport has vast supply chains related not only to air transport specifically but also in security and catering at the airport and manufacturing supply chains related to high end manufacturing and R&D, particularly at Manor Royal.

The strength of such activities in the area suggests that these supply chains are fairly well developed. However programmes of support could be introduced to **strengthen the local multipliers attributable to Gatwick Airport** and the resultant air travel and distribution activities in the area. The Airport owners' proposal to increase passenger traffic from 32 to 40 million passengers a year provides a particular opportunity here.

We understand that Crawley Borough Council is working with local businesses and Gatwick Airport Ltd to develop a joint strategy for the future sustainable development of the Airport.

The Council should investigate the wider potential to develop supply chain activity within the sub-region. Examples from elsewhere include 'meet the buyer' events, training workshops to ensure companies are fit to compete and individuals (Supply Development Officers/ Supply Chain Advisors) with a remit to work with businesses on a one-to-one basis. Examples include:

- East London Business Place – a programme of support which links businesses in East London to contract opportunities at Canary Wharf.
- Supply London – a London-wide initiative aimed at helping the capital's SMEs to become fit to compete for public sector procurement opportunities.
- Supply Cross River – four councils (Westminster, Lambeth, Southwark and City of London) who work together to open up supply chain opportunities from both the public and private sectors to SMEs in their area. There are also links with Planning through S106 requirements to use local suppliers.

Given the potential scale of housing growth within the sub-region, **efforts to develop the associated supply chain in construction and related sectors** for this and to support this through the planning system could benefit the local economy.

*Economic Strategy Implications – Economic Diversification*

The sub-region has a number of strengths, including manufacturing activities. While high value-added manufacturing is expected to continue to be important in the UK economy, lower end manufacturing activities will continue to face pressures from competing economies such as the BRICs and Eastern Europe. This has implications both in terms of attracting inward investment, but more specifically retaining existing activities.

As such, the local authorities could support and encourage the diversification of low-end manufacturing locations to attract and retain those activities which are similar but are expected to show growth in the future. Such activities include **low carbon and environmental goods and services**. The low carbon economy was valued at £13-14 billion in the South East in 2007-8 and the sector is expected to grow considerably post 2015.

However Northern West Sussex will face competition from other locations for such investment and should promote factors such as relevant existing labour market skills, suitable employment land and proximity to markets. The sub-region must thus be proactive to capture investment.

In East London, the London Development Agency are examining the potential to develop a **Green Enterprise District**: a working-cluster of green tech uses, supported potentially by the establishment of a new university campus. In Northern West Sussex the potential evolution of an existing major employment site such as Manor Royal or the Victoria Business Park could evolve in this way. Opportunities to develop the base of and linkages between green enterprises throughout the sub-region should be exploited.

### *Economic Strategy Implications – Supporting Small and Home-based Businesses*

Mid Sussex and Horsham benefit from a professional workforce, above average self-employment and a strong base of small businesses. There is a growing trend for individuals to set up their own businesses, such as in consultancy, and evidence of a strong and growing level of home-based businesses. Some new businesses are likely to be owned by semi-retired professionals who will not seek to grow or take on staff. However, there will also be a cohort seeking to develop high growth businesses and those looking to recruit employees. These businesses may benefit from support such as **assistance in business planning, identifying new markets, growth finance and start up/ move on space.**

The Gatwick Diamond and West Sussex Innovation and Growth team (funded by SEEDA) currently provides this type of support to businesses in the Northern West Sussex Sub-Region. The support offered includes:

- Mentoring and coaching;
- Assistance in exploring new products, processes, services & markets;
- Financial support – advice and contacts for proof of concept/ seed funding through to capital investment; and
- Business collaboration networks.

This work is supported and supplemented by the activities of the Councils' respective Economic Development Teams. Horsham District Council for instance holds an annual event for small businesses, Microbiz, and hosts regular business seminars.

The three local authorities should continue to ensure that these services are well known to businesses and entrepreneurs in the area and can be offered as part of the inward investment offer to young businesses looking to relocate in the sub-region or to start-up a business.

**Business space** will also be an important factor for new and growing businesses and the provision of fit-for-purpose space may be a factor in retaining them in the sub-region. **Incubation, start-up and move on space will be important.**

Such space could be offered alongside business support as was provided at the Gatwick Diamond Enterprise Hub previously (SEEDA's Enterprise Hubs programme has been replaced with Innovation and Growth teams). Hub facilities are identified by Enterprise Nation as important in supporting home-based businesses.

Spin-off companies from higher education institutions which would fit within the clusters in the area could also be attracted to the sub-region through provision of such space.

Space will need to be flexible, with the offer of managed office space, hot desks, and light industrial units/ workshops. Current examples within the sub-region include Regus and Basepoint in Crawley, and the City Business Centre (operated by Needspace), Citibase PLC and Regus in Horsham; however the network of small business space could be expanded.

The local authorities should encourage provision of units of a range of sizes, including space for small businesses and grow on space for current home-based businesses, within major employment and mixed use development schemes in the sub-region through planning policy.



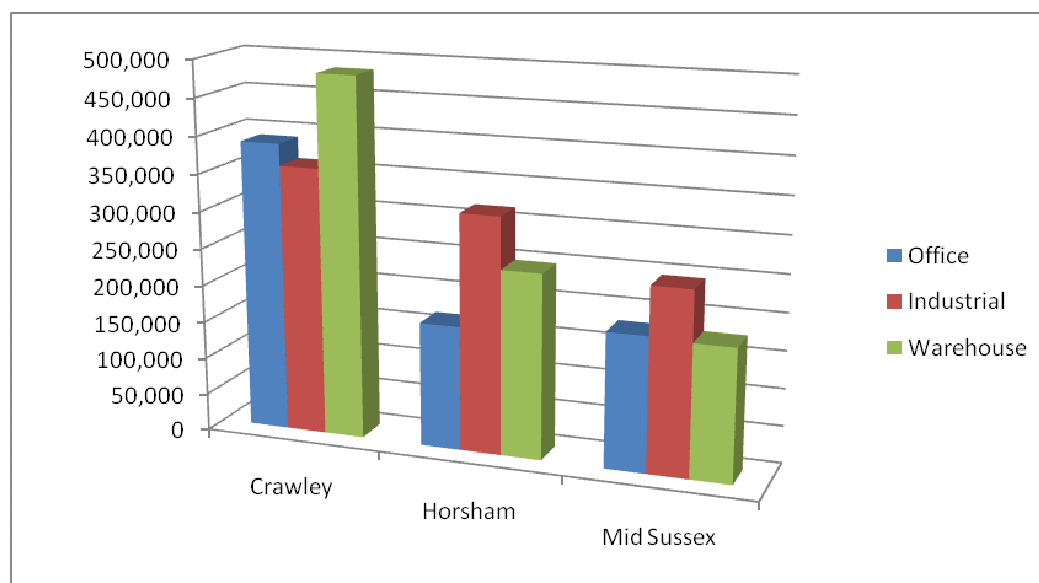
## 4 UNDERSTANDING COMMERCIAL PROPERTY TRENDS

- 4.1 The Part I ELR provided an assessment of the performance of the office and industrial property markets in Northern West Sussex in Spring 2009. This was informed by consultation with local agents. In this report, we have sought to update this assessment based on the most recent information and intelligence.

### COMPOSITION AND TRENDS IN COMMERCIAL FLOORSPACE

- 4.2 There was a total of 2,570,000 sq.m of B-class commercial floorspace in Northern West Sussex in 2008. 48% of this is located in Crawley, confirming its role as the major commercial centre in the sub-region, with 28% in Horsham District and 24% in Mid Sussex. The sub-region for a whole contains 70% of office floorspace, 59% of warehouse floorspace and 48% of industrial floorspace in West Sussex.

**Figure 4.1: Distribution of Commercial Floorspace in Northern West Sussex, April 2008**



Source: VOA

- 4.3 As Figure 4.2 indicates there is a relationship between the level and distribution of employment floorspace across the sub-region and commuting patterns. Crawley has a particularly high level of floorspace relative to its size in population terms, with a level of floorspace per capita over twice that in Horsham and Mid Sussex Districts.

**Figure 4.2: Employment Floorspace per Capita in B-Class Uses**

	Crawley	Horsham	Mid Sussex	Northern West Sussex
Total Commercial Floorspace	1,233,000	732,000	605,000	2,570,000
% Total in Sub-Region	48%	28%	24%	100%
Floorspace per Capita	12.2	5.6	4.6	7.1
Net Commuting	30,781	-9,857	-10,759	9,149

Source: VOA/ ONS/ GL Hearn

- 4.4 Between 2005 – 2008 (the latest year for which data is available), total B-class floorspace increased by 4.1% in Horsham District but grew by just 0.3% in Mid Sussex, and declined by -0.1% in Crawley in net terms. In Crawley this was influenced particularly by a decline in office space by -4.9% (-20,000 sq.m). Over this period Horsham saw strong growth in warehouse floorspace (29,000 sq.m) which offset a net loss of industrial floorspace. Mid Sussex saw moderate levels of change across B-class uses.

**Figure 4.3: Change in B-Class Employment Floorspace, 2005 - 2008**

sq.m, 2005-2008	Crawley	Horsham	Mid Sussex	South East
Office	-20000	7000	-5000	132000
% Change	-4.9%	4.4%	-2.7%	1.0%
Industrial	13000	-6000	3000	-965000
% Change	3.7%	-1.9%	1.2%	-4.5%
Warehouse	6000	29000	4000	899000
% Change	1.3%	13.2%	2.3%	5.0%
Total B-Class Floorspace	-1000	30000	2000	66000
% Change	-0.1%	4.1%	0.3%	0.1%

Source: CLG/ VOA

## COMMERCIAL BASELINE UPDATE

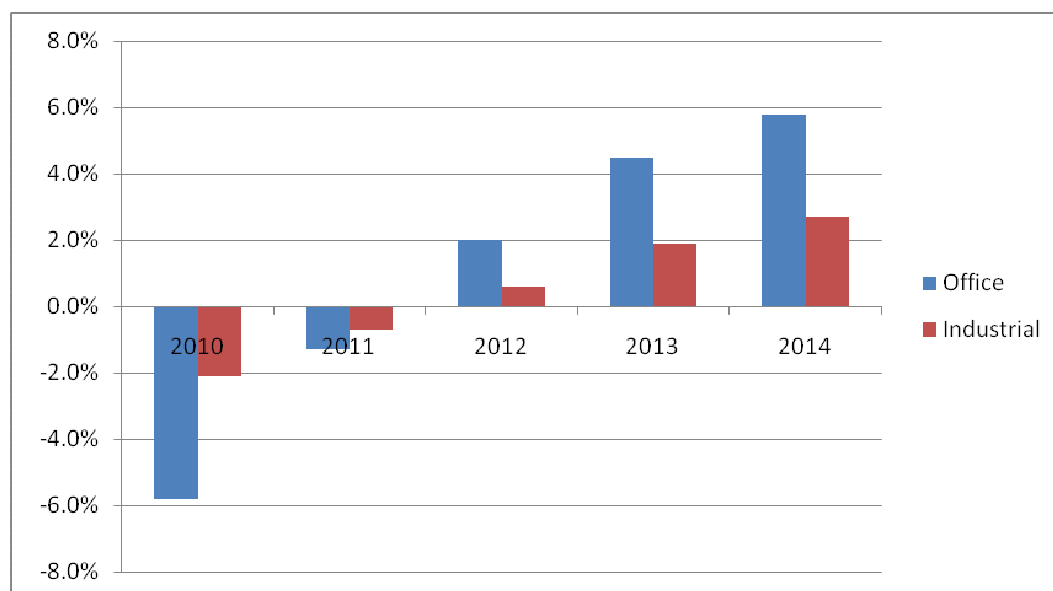
- 4.5 Commercial property demand is strongly influenced by macro-economic conditions. Our assessment has identified the following headlines:
- The UK economy remained in economic recession throughout much of 2009, emerging with a moderate 0.3% growth in GDP in Q4 following six consecutive quarters of negative growth. The economy remains vulnerable to further contractions;
  - The fall in employment has not been as dramatic as the fall in output or as severe as expected, as companies have held onto their workforce. Labour productivity has slipped as a result, and this is expected to result in a time lag between improvements in conditions and growth in employment. In effect the decline in employment has not been as steep as projected, and as a result the recovery will not be as steep;



- Public sector borrowing has become a key issue, and as a result we may well see a decline in employment in public administration over the lifetime of the next parliament to 2015.

- 4.6 Through the course of the recession the availability of commercial property has risen as companies consolidate their property holdings, and seek to reduce costs, while others have ceased trading. The report rate of increase in availability has though reduced over the past year.
- 4.7 Occupier demand however appears to have now past the low point of the cycle and began to rise in the second half of 2009.
- 4.8 With spare capacity in the economy, employment growth and hence occupier demand for property is likely to be slow to improve as a result, particularly when combined with public sector cutbacks.
- 4.9 Employment growth is expected to accelerate from 2012 and property occupier demand should similarly improve. Over time, given very limited development activity, it is expected that a shortage of prime space will emerge.

**Figure 4.4: Rental Value Growth Forecasts**



Source: GVA Grimley, Q1 2010

- 4.10 Changes in rental values are affected by the balance between supply and demand. Average rental values fell by -8.4% in 2009 according to the IPD Monthly Index. They are expected to fall further (Figure 4.4) in the short-term. Overall commercial property rents are expected to

fall by c. 20% during the recession and its aftermath, but then grow fairly rapidly thereafter (with above trend growth) as demand increases faster than supply.

- 4.11 Yields for commercial property have grown to a level now notably above the long-term average, as capital values have fallen relative to rents. This is stimulating the investment market as commercial property is now attractively priced. Capital values have fallen from their peak by over 40% but are now expected to rise relatively strongly.
- 4.12 The overall picture is of subdued occupier demand, below average take-up and headline rents continuing to fall in many locations. In terms of development activity, while this is expected to pick up slowly from 2011 as occupier demand improves, restrained occupier and investor demand and bank lending will restrict activity in the medium-term.

## **OFFICE MARKET**

### **CRAWLEY**

- 4.13 Crawley is the main office centre within the sub-region, containing 53% of office floorspace within the sub-region. The town's office market grew strongly, increasing by 30% net between 1998 – 2004. Total office floorspace has increased by 11.6% between 2005 - 2008. Within the sub-region we have seen a reinforcing of office space provision within Crawley as the main employment centre and one with an established office market and a number larger occupiers.
- 4.14 Gatwick Airport has a notable influence on the town's office market, with a number of the town's largest occupiers related directly or indirectly to aviation in travel. These include Virgin Atlantic and the Civil Aviation Authority.
- 4.15 There are three main locations for office development in Crawley: the Town Centre, Manor Royal and the immediate environs of Gatwick Airport. Due to a lack of sites in the Town Centre, recent office development has been focused at Manor Royal and around the Airport. In addition to these, there are a number of smaller secondary office locations at Haslett Avenue East, Broadfield Park and Tilgate Business Park.

### ***Recent Performance***

- 4.16 Based on data from Stiles Harold Williams, office take-up in Crawley has averaged 11,150 sq.m (120,000 sq.ft) per annum over the 2000 – 2008 period, peaking at 16,500 sq.m (177,500 sq.ft) in 2004. Of this 70% has been take-up of Grade A space.
- 4.17 The market for Grade A office space in Crawley has performed poorly over the last year. Of the 13,200 sq.m (142,500 sq.ft) take up achieved in 2009, Grade A space accounted for just

13% (18,300 sq.ft). This is most clearly evident in the Town Centre, where Invista Real Estate's *Pinnacle* scheme, which was completed in late 2008 opposite Crawley Station, remains empty. This is despite a reduction in quoting rents from £23.50 to £18.50 psf. There is further 5,988 sq.m (64,500 sq.ft) of vacant office space remaining at 3 City Place and a similar amount at Northridge Capital's Gatwick 23 Scheme; which comprises space refurbished to Grade A standard but has remained vacant since June 2008. Grade A office rents have fallen an average of 9% from £23.00 to £21.00 psf.

- 4.18 Of the total take-up of office space of 13,250 sq.m (142,550 sq.ft) in 2009, the freehold sale of Brooke House at Manor Royal to Boosan Babcock for £7.5 million which accounted for 10,900 sq.m (117,000 sq.ft). If this is taken out of the figures, it reduces take-up in this market to just 2,415 sq.m (26,000 sq.ft). This is significantly below the five year average of over 9,300 sq.m (100,000 sq.ft) and is also below the 4,265 sq.m (50,000 sq.ft) achieved in 2008.
- 4.19 Early signs from 2010 indicate that the market demand will pick up. Local agents report that the level of enquiries has increased, albeit that the focus remains at the smaller end of the market.
- 4.20 In terms of development, Dereb Holdings have started construction on a 3,600 sq.m (39,000 sq.ft) speculative office scheme, St John's Wood, in the Town Centre. This is the first speculative scheme to be taken forward since the onset of the recession; and is surprising given the performance of the *Pinnacle* scheme.
- 4.21 While Manor Royal caters well for larger occupiers, there appears to be a reasonable high vacancy level for smaller units. This includes space at the Satellite Business Village where there are a number of vacant B1 units ranging between 390 – 540 sq.m (4,200 – 5,800 sq.ft) in size.

### **Availability**

- 4.22 A total of 21,700 sq.m of office floorspace was being marketed across Crawley as at May 2010 in a total of 33 premises, giving an average vacant floorspace of 650 sq.m per unit. The level of available floorspace is relatively evenly distributed across unit sizes. In floorspace terms, the largest supply is within units of between 465 – 1850 sq.m and over 1850 sq.m.
- 4.23 Larger grade A units remain vacant at 3 City Place, 1 Pegasus Place, *Pinnacle* and at Maidenbower Business Park.

**Figure 4.5: Marketed Office Floorspace, Crawley (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	1090	10	109
185 - 465	2768	9	308
465 - 1850	8489	11	772
1850+	9315	3	3105
Total	21662	33	656

Source: EGi, May 2010

- 4.24 Availability has increased subsequently and includes as at September 2010 an additional 11,760 sq.m at 1 City Place. Grade A availability will need to fall (and drive improvement in rents) before speculative construction of new floorspace takes place, and this may be some time. There are thus weak prospects for substantial further B1 development in the short-term.
- 4.25 At the time of writing the combination of weak occupier demand, poor rental growth prospects, empty rates taxes and lower capital values continues to affect the viability of new office development. In Crawley the exposure to the aviation sector has impacted particularly.
- 4.26 It is likely that the market will return over time; although much will depend on future performance of the Financial and Business Services sector (particularly for the Town Centre market) as well as the aviation-related and manufacturing sectors which support demand within Manor Royal (often for hybrid space).

## **HORSHAM**

- 4.27 Horsham's office market comprises predominantly small, professional companies; however there were a number of larger occupiers who took space within larger schemes constructed in the 1980s (at a time when there was limited office space in Crawley).
- 4.28 The largest concentration of office space within the town is located on North Road and Chart Way, between the Station and Town Centre. There is further space in and around the edges of the Town Centre, including around Albion Way, Worthing Road and Springfield Road; as well as London Road and Queens Street.

### ***Recent Performance***

- 4.29 West Sussex County Council's purchase of the 9,300 sq.m (100,000 sq.ft) Parkside office building on Chart Way in late 2008 from Royal Sun Alliance (RSA) has supported the town's office market, and the County Council are now the larger office occupier in the market. However the likelihood of attracting further large occupiers is considered limited.

- 4.30 There is 32,500 sq.m (350,000 sq.ft) of vacant office stock in Horsham despite the fact that there has been no speculative development in the town since the 1980s. Much of the available floorspace dates from the 1980s with little Grade A floorspace available. The only Grade A floorspace is at County Hall North and St Mark's Court. This is influenced by prevailing rental levels which have remained at or below £15 psf for some years. It is generally perceived that there is an oversupply of office accommodation; and particularly of larger floorplate units.
- 4.31 A number of mainly mid-sized professional service occupiers who would traditionally have occupied around 465 sq.m (5,000 sq.ft) units have consolidated their businesses into office in Crawley or other large towns in the region, and closed their smaller satellite offices. The local market is now for smaller premises. It remains attractive for freehold occupiers. Indeed there have been more recent freehold deals for small office space in Horsham than in the other towns within the sub-region,
- 4.32 The latest office development in the town is at Foundry Court in Foundry Lane to the north of the Town Centre. This is a self-contained office scheme with units ranging between 115 – 245 sq.m (1,243 – 2,643 sq.ft) being sold on a freehold basis. Typical freehold values are around £2,300 per sq.m. It has attracted a good mix of professional units, although some vacancy remains. There has also been some recent refurbishment of space, including at Afon on Worthing Road which provides 2,400 sq.m (25,800 sq.ft)<sup>11</sup>.
- 4.33 We estimate take-up in Horsham of 3,300 sq.m (35,500 sq.ft) in 2009 with key deals being the lease of 2,415 sq.m (26,000 sq.ft) to ICS Triplex Plc at Broadlands Business Campus at £13.10 psf. This was above the average of 2,400 sq.m (25,500 sq.ft) recorded between 2004-2008. Rents in Horsham for office space, which headline at £15 psf (as they have done for some time), are generally insufficient to support mainstream speculative office development activity, even with more favourable market conditions. As a result there is little prospect of new standalone office space being developed in the town in the short-term.

#### ***Availability***

- 4.34 A total of 13,350 sq.m of office floorspace was being marketed in Horsham as at May 2010 in a total of 21 premises, giving an average vacant floorspace of 650 sq.m per unit (consistent with Crawley). There is a greater number of smaller units vacant, however in floorspace terms the largest supply is of units between 465 – 1850 sq.m.

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<sup>11</sup> We understand that there have been subsequent lettings to Regus Business Centres and Sopra Group reducing availability to 11,606 sq.ft

- 4.35 The largest volumes of vacant floorspace are located within Cromwell House on North Street, Bishop Weald House, Spire Court and at the Broadlands Business Campus, which is the main location providing Grade A space.

**Figure 4.6: Marketed Office Floorspace, Horsham (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	786	10	109
185 - 465	1007	3	308
465 - 1850	7516	6	772
1850+	4045	2	3105
Total	13,353	21	656

Source: EGi, May 2010

- 4.36 The letability of office floorspace is influenced by a range of factors including the quality of floorspace and parking provision.

#### **HAYWARDS HEATH**

- 4.37 The office market in Haywards Heath is strongly influenced by the rail connections and has a number of larger occupiers from the banking and insurance sectors housed in larger 1980s office blocks on Perrymount Road. Many are loyal to the town. The town has a highly skilled catchment and the offer is of an attractive working environment, with access to cafes and restaurants in the Town Centre.
- 4.38 Take-up normally ranges between 4,500 – 7,400 sq.m (50-80,000 sq.ft) per annum, with an average of 6,300 sq.m (68,000 sq.ft) between 2004 - 2008. Take-up in Haywards Heath in 2009 at 3,550 sq.m (38,150 sq.ft) was 19% down on 2008 with the major deal the letting of 1,900 sq.m (20,700 sq.ft) of space at Capital House on Perrymount Road to HSBC in April. The availability of space however fell, from 16,000 sq.m (172,350 sq.ft) to 10,500 sq.m (113,550 sq.ft). Prime rents dropped by £1 to £18.00 psf.
- 4.39 A key issue within the local market remains one of quality, with a long-standing lack of Grade A space available, which has led to a number of larger requirements taking space elsewhere. It will be important to retain a consistent supply of new or refurbished floorspace.
- 4.40 Mid Sussex District Council had been pursuing a redevelopment scheme at the Station Quarter which was to include c. 9,300 sq.m (100,000 sq.ft) of office accommodation (in accordance with the Council's Landowners Brief). This is a key development site adjacent to the rail station, however short-term delivery has been jeopardised by the demise of Thornfield Holdings, the Council's former development partner, which went into administration.

**Availability**

- 4.41 A total of 8,400 sq.m of office floorspace is being marketed within the town of Haywards Heath (with additional space available at Bolney and Cuckfield) as at May 2010 in a total of 14 premises, giving an average vacant floorspace of 600 sq.m per unit. Vacancy is particularly concentrated in units of between 185 – 465 sq.m.

**Figure 4.7: Marketed Office Floorspace, Haywards Heath (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	179	3	60
185 - 465	2050	7	293
465 - 1850	2641	3	880
1850+	3530	1	3530
Total	8400	14	600

Source: EGi, May 2010

- 4.42 There is an estimated total of 4,200 sq.m of vacant office floorspace in Perrymount Road, with the largest volume within Rockwood House.

**BURGESS HILL**

- 4.43 Burgess Hill has a successful industrial base, however the town's office market is less well developed partly reflecting the less strong transport links to the town. The major office locations are Civic Way and the Brow in the Town Centre, and the Victoria Business Park. The Town Centre is not an established office location. Take-up averages 250 sq.m (2,500 sq.ft) per annum: the lowest of any of the sub-region's main towns.
- 4.44 Major office occupiers include Roche Diagnostics on the Victoria Business Park and American Express in the Town Centre. Office space includes units of 150 sq.m (1,600 sq.ft) at Woodlands Office Park available to rent at £12.50 psf or to purchase.
- 4.45 A total of 1,900 sq.m of office floorspace is being marketed - a very small amount - comprising primarily smaller units of < 465 sq.m.

**Figure 4.8: Marketed Office Floorspace, Burgess Hill (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	393	5	79
185 - 465	1474	4	368
465 - 1850	0	0	
1850+	0	0	
Total	1867	9	

Source: EGi, May 2010

## **EAST GRINSTEAD**

- 4.46 East Grinstead has historically performed well as a secondary office location, particularly benefitting from the lack of space in Crawley before the change of policy in the 1980s allowing office development in Manor Royal. However there has since limited office development in East Grinstead and the town is not regarded as a strong office location. A number of occupiers such as Veritas, have relocated to Crawley despite the lower cost of space in East Grinstead. Current rents are low and the vacancy level is above average, with limited local demand. A high proportion of the office space is second hand.
- 4.47 In East Grinstead, take-up actually increases with 2,500 sq.m (26,450 sq.ft) recorded in 2009 – more than double that in the previous year, but remains below trend. One of the largest lettings was of 8,800 sq.m at Fairway House to CAT Publishing in December. Availability fell from 8,700 sq.m (93,650 sq.ft) in 2008 to 6,660 sq.m (71,650 sq.ft). Prime rents fell from £13.50 to £13.00 psf and remain below other towns, influenced by the town's poorer transport links.
- 4.48 There is a recognised oversupply of office floorspace in the town, and little demand for Grade A product. We consider that there is a need to consolidate provision.

**Figure 4.9: Marketed Office Floorspace, East Grinstead (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	583	8	73
185 - 465	1446	5	289
465 - 1850	2118	2	1059
1850+	0		
Total	4147	15	276

Source: EGi, May 2010



## INDUSTRIAL & WAREHOUSE

### CRAWLEY

- 4.49 Crawley, as we set out in the Part I Report, has a strong market for industrial and warehouse floorspace; one which is part linked to the aviation industry but also influenced by the economic development of the New Town and the good road access afforded by the M23.
- 4.50 However we have seen some redistribution of industrial floorspace; with very limited floorspace brought forward in Crawley over the last decade (indeed no Grade A floorspace brought to market since 2000). Total industrial floorspace has declined since the 1980s.
- 4.51 Since our report a year ago, availability of industrial floorspace in the Crawley market has increased by two thirds to 91,000 sq.m (979,550 sq.ft) to the highest level for over a decade. Take-up continued to creep forward, increasing by 7%, and was marginally above average. Market confidence has been buoyed by the sale of the Airport. Weakened demand however resulted in downward pressure on rents which fell to £8.00 psf from £8.20 the previous year.
- 4.52 As Figure 4.10 indicates, a total of 81,500 sq.m of floorspace was being marketed in May 2010, with availability is greatest for properties between 465 – 1850 sq.m.

**Figure 4.10: Marketed Industrial & Warehouse Floorspace, Crawley (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	920	8	115
185 - 465	4553	14	325
465 - 1850	26755	22	1216
1850+	49189	13	3784
Total	81417	57	1428

Source: EGi, May 2010

- 4.53 There has been a lack of freehold development opportunities, which has led to some displacement of demand, such as of Aerotron to Salfords. There is similar evidence of displacement of demand to Horsham and East Grinstead. However there are a number of larger freehold sites within Manor Royal which are or are likely to come to market in the short-term.
- 4.54 The position regarding new development remains as in 2008, with no new industrial development schemes brought to the market since 2002.
- 4.55 Warehouse and distribution space in Crawley tends to be smaller scale units located close to the Airport. This includes Segro's Gatwick International Distribution Centre, the Gatwick

Distribution Point and space at Gatwick Gate. Vacancy levels within these development remain above average.

- 4.56 Particularly in a short-term context, warehouse/ distribution development in Crawley is likely to be more viable than office development. It is useful to consider why this is the case.
- 4.57 Crawley's location adjacent to Gatwick Airport and the M23 means that it provides an attractive location as a logistics and distribution location for company's serving both the regional and national market. These same locational attributes also make it attractive as an office location, particularly given the relatively affordable occupational costs compared to its competitors such as Croydon and Reigate.
- 4.58 In terms of development viability, large scale B8 distribution warehousing, particularly in a location such as Crawley, represents an attractive development model. Assuming that the planning environment is equally favourable for either B8 or B1 Office space then it is likely that B8 space will be more deliverable on large sites in locations that are close to Gatwick and with easy access onto the Motorway network, particularly in the short-term.
- 4.59 Construction costs for distribution warehousing are low, generally between £500 - £600 per sq.m. Their portal frame construction means that they are quick to build meaning that the development cashflow is short creating less financing issues and increasing viability. Whilst rents are obviously lower than for office space this is balanced by their low costs and quick construction. In addition the market for large scale, good quality distribution space is generally from national or regional businesses that are more likely to have a stronger covenant than the more localised office market. This will mean that yields are likely to be more favourable for distribution space compared to office space which would increase capital values and further improve the viability of development for B8 space.
- 4.60 The viability of high quality office space at market rents of less than £22.50 - £25 psf is generally marginal. This is a key issue in the short-term. The high cost of providing features such as air conditioning in order to qualify as grade A space means that the development cashflow creates a lower return. At the level of the market in Crawley it is therefore likely that lower quality offices would be constructed thus limiting the rental and capital values of the finished product.

## **EAST GRINSTEAD**

- 4.61 East Grinstead's three main industrial locations, the Birches, Imberhorne Lane and Charlwoods Road cater for local occupiers but have also successfully attracted investment from Crawley and Surrey. The town's market has particularly benefitted from constraints

elsewhere, including limited availability of sites. Availability of land and delivery of good quality product have supported the market and the town's three locations are well occupied.

- 4.62 Take-up of industrial space in 2009 was very low in East Grinstead at just 670 sq.m (7,200 sq.ft): down from 3,400 sq.m (36,500 sq.ft) the previous year. Availability increased by more than a quarter, growing to 8,850 sq.m (95,300 sq.ft); and this placed downward pressure on rents which fell £0.25 to £4.25. They remain notably lower than other centres in the sub-region.
- 4.63 As Figure 4.11 indicates, there was a total of 9,500 sq.m of industrial property being marketed in East Grinstead in May 2010 suggesting relatively limited availability of space. This was skewed between large units of > 1850 sq.m and smaller units of < 485 sq.m.

**Figure 4.11: Marketed Industrial & Warehouse Floorspace, East Grinstead (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	346	3	115
185 - 465	1719	4	430
465 - 1850	0	0	-
1850+	7425	3	2475
Total	9489	10	949

Source: EGi, May 2010

## BURGESS HILL

- 4.64 Burgess Hill has an established industrial market, with significant floorspace spread across the substantial Victoria Business Park, together with the Sheddingdean and Bolney Grange Business Parks. The industrial market has benefitted significantly from delivery of the A2300 distributor road. While the quality of provision within the Victoria Business Park is varied, it has benefitted from recent investment.
- 4.65 The town has successfully attracted industrial occupiers from Brighton and contains a mix of high and low skilled businesses. Take-up of industrial space in Mid Sussex totalled 3,300 sq.m (35,500 sq.ft) in 2009. This was particularly buoyed by the freehold sale of 1,150 sq.m (16,700 sq.ft) in Burgess Hill. While the town's industrial base is primarily light industrial, it has the ability to attract hub distributors given its accessibility and existing industrial base.
- 4.66 The total industrial and warehouse floorspace marketed as at May 2010 was 17,500 sq.m. Of this there was a particular concentration of units between 465 – 1850 sq.m, with relatively few larger units of > 1850 sq.m.

**Figure 4.12: Marketed Industrial & Warehouse Floorspace, Burgess Hill (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	461	4	115
185 - 465	1194	4	298
465 - 1850	7780	11	707
1850+	8078	2	4039
Total	17513	21	834

Source: EGi, May 2010

## HORSHAM DISTRICT

- 4.67 In Horsham District we estimate take-up of 6,800 sq.m (73,000 sq.ft) of industrial space in 2009, which was stronger than that in Mid Sussex at 3,300 sq.m (35,500 sq.ft).
- 4.68 Horsham does not have a significant industrial market with available floorspace primarily found on industrial estates to the north of the town centre. Rents are c. £7 psf. However there are small industrial estates in other settlements in the district which cater for local demand, including in Billingshurst, Storrington and Partridge Green. These are generally well occupied and achieve rents of £5-6 psf.
- 4.69 Marketed floorspace, as at May 2010, was strongly focused in Horsham Town. The profile of units available is identified in Figure 4.13. It indicates a relatively tight supply if the Brickworks is excluded; with no units in the 185 – 465 sq.m size band.

**Figure 4.13: Marketed Industrial & Warehouse Floorspace, Horsham (Town) (May 2010)**

Size (sq.m)	Total Available Floorspace	No of Premises	Average Size of Available Premises
< 185	449	4	112
185 - 465	0	0	-
465 - 1850	4468	4	1117
1850+	50111	2	25056
Total	55029	10	5503

Source: EGi, May 2010

- 4.70 Rental levels for industrial space in Horsham District generally do not generally provide a sufficient return for an investor to support speculative development. This is a key issue in regard to the deliverability of industrial development in the District.

*Economic Strategy Implications – Employment Land Supply*

Within the sub-region Crawley is the main employment centre and contains 48% of total floorspace. There are a number of alternative strategies for the sub-region which could be taken forward. A market driven approach would promote further employment development around Crawley in the longer-term, reinforcing its role. However the Borough already has the highest jobs density in the South East and this could exacerbate infrastructure capacity constraints. However Crawley's economic strength is a key asset for the area, and further employment development would help to rebalance the profile of employment within the town.

Considering net changes in commercial floorspace, across the region there has been a reduction in industrial floorspace which has been offset by growth in warehouse floorspace (particularly) and moderate growth in office floorspace. These trends can be expected to continue. However in the short-term market prospects are for subdued occupier demand, below average take-up and restricted development activity.

Demand is expected to be stronger for office development in Crawley in the longer-term, albeit that the ELR projections indicate that the scale of net growth will be limited compared to historical trends. This picture is not however replicated across the sub-region. There is an overall oversupply of office space at the current time, particularly of larger units, in both Horsham and East Grinstead. This will need to be addressed. However there is potential for development of the office floorspace offer in Haywards Heath, close to the rail station. In Horsham there is a need to improve availability of small office suites (< 185 sq.m) to meet local demand.

In the industrial/ warehouse sector, there is demand for new Grade A floorspace in Crawley reflecting limited recent supply. There is also an established market in Burgess Hill which could be developed. In East Grinstead there is also potential for further development, particularly given limited current availability and evidence of 'tightness' of supply.



## 5 CREATING A PICTURE OF FUTURE REQUIREMENTS

### REVIEWING THE PART I SCENARIOS

- 5.1 The Part I Employment Land Review prepared in Spring 2009 included a number of economic scenarios for future performance of the sub-region and its constituent local authorities. The scenarios included and were constructed on a 'base' econometric forecast, purchased from Experian Business Strategies in February 2009.
- 5.2 Seven scenarios were presented of which five included a breakdown of employment growth by sector within the constituent authorities. These comprised:
1. **Base Scenario** – the Experian econometric forecast, which indicated employment growth in 30 sectors for the three authorities to 2026;
  2. **Housing Growth** – modelled enhanced growth in consumer-related services and construction which might arise from delivery of South East Plan housing growth targets;
  3. **Successful Repositioning of the Gatwick Diamond** – modelled enhanced growth in key higher value added sectors linked to delivery of the sub-regional economic strategy;
  4. **Moderate Growth of Gatwick Airport** – explored down-side risks to the dependency of the economy on the airport, by assuming a lower level of growth in key sectors, particularly given what we considered to be the optimistic base forecast for the transport sector;
  5. **Hybrid** – the preferred scenario which modelled the impact both of 'housing growth' and 'successful repositioning' resulting in enhanced performance in consumer-related and higher value sectors.
- 5.3 Two comparative scenarios were prepared, the first considering the level of employment growth which might be necessary to achieve the Regional Economic Strategy target of 3% economic growth (GVA) per annum over the plan period to 2026; and a second which explored in qualitative terms the implications of changing working patterns.
- 5.4 In Spring 2009 when the Part I ELR was prepared there was a considerable degree of uncertainty both regarding the length and depth of the recession, and in predicting how different sectors would perform in the medium and longer-term. This is made clear in the report, and was a key element of the justification for the scenario-based approach adopted.
- 5.5 Within the Part II ELR work a review of the economic scenarios developed has thus been undertaken. This has involved:
- Update of key baseline data to provide an overview of the emerging economic context for the area;

- Comparative analysis of actual economic growth in 2008 with what was forecast by Experian (within the base scenario) and our associated scenarios;
- Production of a 'thinkpiece' reviewing a selection of high profile documents on the future of the UK economy;
- Interrogation of recent Winter 2009 forecasts for the South East economy produced by Oxford Economics; and
- A review against this context of the ELR Part I and the assumptions made under each scenario.

5.6 Between the publication of the ELR Part I and ELR Part II, the South East of England Partnership Board (SEEPB) published in March 2010 regional-level guidance on *Economic and Employment Land Assessments*, a new national Government was elected in May 2010, and in July 2010 the new Government revoked the South East Plan (including the housing targets set out therein).

5.7 The initial review of scenarios and subsequent identification of a forecast range was informed by the approach promoted in the SEEPB Guidance, which advocated the development of a forecast range of upper, middle and lower growth forecasts using a variety of forecasting approaches.

5.8 The review of the forecasts undertaken suggests:

- Though the South East has performed well through the recession in comparison to other UK regions, losing only 3% of its workforce jobs, the downturn has resulted in a fall in employment across all sectors, with the exception of utilities, education and health. This is consistent with the Experian forecast for Northern West Sussex.
- Oxford Economics predict that employment levels in the South East will regain their previous peaks in 2015. This is consistent with the Experian base forecast for Northern West Sussex. Indeed the most recent estimates from ONS on workforce jobs (which includes self-employment) indicate that employment stabilised in the South East in early 2009 and picked-up slightly later in the year (although it is unclear to what degree this may be sustainable).
- The 'shape' of employment change through the recession is however expected to differ somewhat from that set out in the Experian projections for Northern West Sussex. It is



anticipated that employment will not have declined as much as forecast in 2009, however the recovery in employment levels will be more gradual than forecast.

- The decline in employment in financial and business services, while significant, has not been as severe as thought at the outset of the recession.
- It is expected that private sector services will drive the recovery in employment, with those UK regions which are most strongly represented in these areas, such as South East England, expected to perform most strongly according to Oxford Economics.
- An Ernst and Young survey of 809 international business leaders identified other sectors which may lead future growth as telecoms (primary equipment), consumer products (manufacturing), the low carbon economy, financial services and property.
- In the manufacturing sector as a whole, we expect to see a return to the long-term trend of growth in output but not employment. Oxford Economics forecasts for the region paint a much more pessimistic outlook regarding future employment in manufacturing compared to Experian's projections for Northern West Sussex. We see some downside risks to the latter, but see potential for the manufacturing sector in the sub-region to perform better than at the regional level. Experian for instance forecast employment growth in the manufacture of wood and wood products; textiles and clothing; other manufacturing; and food, drink and tobacco.

The current low value of sterling should provide a boost to the manufacturing sector, supporting export. However our main export market is Europe in which economic performance is expected to be relatively weak in the medium-term relative to other parts of the World, as the more peripheral economies within the Eurozone which have grown strongly over the last decade experience much more moderate growth. Indeed in early 2010 the UK's trade deficit increased indicating that exports were not performing as strongly as hoped.

- We continue to see downside risks to the level of growth in employment in the transport sector in Northern West Sussex forecast by Experian, as we highlighted in the Part I ELR. At the regional level, Oxford's forecasts indicate that employment in this sector will remain static.
- The construction sector has contracted significantly over the last few years. There is however an expectation of continuing housing pressure within the region and indeed house prices are again growing. In the medium term it is expected that the development

industry will recover. We see an upside risk to Experian's forecasts for the construction sector in the sub-region.

- Trends in construction, manufacturing and transport may counteract one another to influence demand for industrial land, however we still expect an overall reduction in the quantum of land required. However it is expected that demand for distribution space will increase.
- Oxford predict a strong recovery and longer-term performance in private sector services, albeit perhaps not achieving past growth rates over the last 20 years. The concentration of global professional and financial services within the region is expected to recover as world investment and trade levels rise. We see significant upside risks to Experian's forecast of growth in these areas.
- In contrast cut-backs in public expenditure to bring the budget deficit under control are now expected to result in a significant decline in employment in public administration, compared to the moderate growth forecast by Experian in the sub-region, with lower levels of growth expected in employment in health and education. Declining public spending will also act as a drag on overall economic growth rates. This contrasts strongly to the last decade, where for instance growth in public sector jobs within the region (188,000 to 2009) has been higher than total employment growth (126,000) resulting in an increased share of public sector employment.
- In broad terms, we consider that forecasts for office floorspace in Part I may be on the conservative side, taking account of trends in public administration, financial and business services and other services.

## CONSIDERING THE FORECASTING BASIS FOR PART II

- 5.9 The SEEPB Guidance on Employment and Economic Land Assessments makes some useful comments about the use of forecasts. It sets out that forecasts should be used as a benchmark: a starting point onto which local knowledge and other factors (such as growth aspirations) can be applied. It makes a good case for consideration of both policy-off (trend-based) and policy-on forecasts. Thus while the Guidance is now no longer strictly relevant it remains a useful guide to best practice. The methodology which it advocates remains sound.
- 5.10 Within the Part I ELR, the base scenario is a trend-based 'labour demand' forecast. The housing growth scenario takes account of labour supply linked to housing supply policies in the South East Plan (and is thus policy-on). The successful repositioning scenario is also policy-on and considers implementation of the Gatwick Diamond economic strategy. The only

forecasting approach not used is take-up, and is linked to incompatibility of trend-based data associated with the 2005 Rating Revaluation.

- 5.11 On this basis we conclude that **the Part I scenarios did provide and test a suitable forecast range**. We consider and appraise each of these scenarios below.

#### ***Base Scenario***

- 5.12 This scenario is informed by a detailed economic model. It presents the findings of Spring 2009 Experian Econometric Forecasts for future employment growth in the sub-region over the 2006-26 plan period. It indicates low growth projections which take account of the economic recession. We consider that this remains a robust base forecast, which takes account of the make-up and past performance of the sub-regional economy, and **should hence form the base (low) scenario**.
- 5.13 Our assessment has identified risks to the forecast, in that it may be considered pessimistic in regard to projections for private sector services such as banking and insurance, business services and other services. It will therefore be necessary to test a higher level of growth in this area, which will impact upon demand for office space (although recognising that this may be partly offset by lower projected employment growth or a decline in employment in public administration).
- 5.14 In contrast, this scenario's forecasts of employment in the manufacturing and transport sectors may be on the high side. Although in terms of demand for industrial land (B1c/B2) this may be partially off-set by potentially stronger growth in construction, we consider that it would be appropriate to test a lower level of growth in this area.

#### ***Housing Growth***

- 5.15 This scenario modelled economic growth associated with delivery of housing targets as set out in the South East Plan, with enhanced employment growth in construction, retailing and hotels and catering; as well as in the public sector, in public administration, education and health.
- 5.16 The scenario is useful in considering what level of growth in the economically active working age population would result from delivery of South East Plan housing targets. However the South East Plan has now been revoked. It will be for local authorities, in this case the three individual districts/ boroughs, to consider what level of housing development is appropriate in their areas.

- 5.17 Relative to the base scenario, it is quite possible that growth in construction, retailing and hotels and catering could be stronger. However there are downside risks to the Experian 2009 forecasts for public administration (particularly) as well as education and health, linked particularly to the likelihood of a period of constrained public spending necessary to bring the budget deficit under control.
- 5.18 On this basis, while the scenario remains useful in assessing the level of labour force growth which would result from delivery of housing growth (were this to be achieved) at South East Plan levels, the sectoral mix of jobs which it projects appears less likely.

***Moderate Growth of Gatwick Airport***

- 5.19 This scenario explores some of the downside risks to what were considered relatively optimistic levels of growth forecast in key sectors, particularly in the transport sector, in the base scenario. It considered a lower level of growth in transport, hotels, communications, and key office-based sectors.
- 5.20 Gatwick Airport changed hands in 2009. It is now controlled by Global Infrastructure Partners (GIP) who have stated a long-term ambition to develop the Airport to increase passenger throughput from the current 32 million to 40 million pa with a single runway. However it has also committed to increasing the efficiency of the Airport.
- 5.21 Passenger throughput at the airport has begun to rise. However it is too simplistic to say that the growth in the Airport will result in additional job creation. We consider that it is likely that productivity in key airport-related employment sectors will increase over time, limiting the impact on employment levels. However on balance, this scenario may be considered somewhat pessimistic.
- 5.22 A growth in passenger numbers by 25% may well support additional jobs in retailing and hotels, although this may not be the case for employment at the Airport as a whole or in the transport sector. Employment in the latter at the local level has declined in recent years. An increase in international flight destinations could support the wider office market in the area.
- 5.23 On balance, while we continue to recognise the downside risks to employment in the transport sector particularly; the headline level of growth in the scenario may be overly pessimistic and the profile of future employment growth by sectors seems less likely to arise.

### ***Successful Repositioning of the Gatwick Diamond***

- 5.24 This scenario considered the impact of higher levels of growth (relative to the Experian base forecast) in key higher value-added sectors, from delivery of the Gatwick Diamond Initiative. Key sectors included: chemicals; machinery and equipment; electrical and optical; transport equipment; communications; banking and insurance; business services and other financial and business services.
- 5.25 This scenario modelled enhanced growth in key sectors in which the sub-regional economy continues to have a specialism. We consider that this scenario continues to represent a positive future for the manufacturing sector within the sub-region, and is thus an appropriate scenario to take forward. However while it modelled an enhanced level of growth in key office-based sectors, in our view the forecast might still be considered cautious.

### ***Hybrid Preferred Scenario***

- 5.26 The Hybrid Scenario modelled effectively a 'Policy-On' position bringing together growth in some (typically consumer-driven) sectors linked to delivery of housing growth and in a number of higher value-added sector linked to delivery of the Gatwick Diamond Initiative.
- 5.27 The policy framework for the sub-region remains broadly consistent and thus the framework for this scenario remains robust. However our view regarding future economic performance has evolved since this scenario was prepared. We therefore took the view that this scenario is modified to reflect changes to expected future performance of a number of key sectors. The approach adopted is described in the next section.

## **RECOMMENDED SCENARIOS**

- 5.28 On the basis of detailed consideration and analysis of macro and micro economic indicators and performance, three scenarios have been deemed suitable to be taken forward for Part II of the Employment Land Review. The three scenarios to be taken forward are set out below:
- **The Base Scenario** – based directly upon Experian employment forecasts for the period 2006-2026
  - **The Successful Repositioning of the Gatwick Diamond Scenario** – a scenario which projects high employment growth in certain high value added sectors across the sub-region
  - **A Remodelled Hybrid Scenario** – the original scenario modelled the impact both of 'housing growth' and 'successful repositioning' resulting in enhanced performance in

consumer-related and higher value sectors. Since 2009, our views regarding future economic performance relating to this scenario have evolved. Whilst still deemed suitable to take forward, it has been agreed to remodel the scenario to reflect these changes.

- 5.29 The next section sets out the three final economic scenarios discussed above. Focus is placed upon their implications for the sub-region in terms of both future employment levels and related to this, the quantum of employment land which will be required in future years.
- 5.30 Since Northern West Sussex Part I Employment Land Review was completed, we have also revised our thinking with regards to the distribution of Use Classes (employment land) by each sector. The rationale for and scale of these revisions are set out in the following section.

### ***Preparing the Revised Hybrid Scenario***

- 5.31 The revised Hybrid scenario retains the core principles upon which the original Hybrid Scenario was built – most importantly, the idea that the sub-region will support 3,200 extra jobs relating to housing growth and 3,160 extra jobs relating to the successful repositioning of the Gatwick Diamond in the period to 2026<sup>12</sup>. As a result, total Northern West Sussex employment for 2026 remains the same at 234,120.
- 5.32 Whilst the absolute employment projection for Northern West Sussex in 2026 remains constant, the sectoral distribution of employment has been revised for the updated Hybrid Scenario. The revisions to the sectoral distribution of employment were completed with the following three principles in mind:
- A. The moderation of projections of growth in public administration (particularly), education and health, to take account of expected trends in public expenditure over this period;
  - B. The modelling of a higher level of growth in banking and finance, business services, other business services, and other services. Revisions to these sectors take into account Oxford Economics projections for future employment growth across the SE13 and the relative strength of these sectors in the sub-region;
  - C. The reworking of projections of growth in other industrial based sectors, including construction, transport and communications, and wholesaling, based on the Oxford forecasts; and in manufacturing sub-sectors, but continuing to show above-trend

<sup>12</sup> A detailed explanation of the rationale behind these figures is included in the Northern West Sussex Employment Land Review Phase I report.

<sup>13</sup> The Oxford Economics projections used set out sectoral employment change for the South East regions for the period 2006-2019. As such, the figures were adjusted in house to reflect the longer time period under consideration for the Northern West Sussex Employment Land Review (2006-2026)

performance of sectors with a local specialism in accordance with the Gatwick Diamond Initiative.

5.33 The model used to revise the Hybrid scenario is set out in the table below. The table includes the following information:

- The first two numerical columns display the base number of Northern West Sussex jobs by sector for 2006; and employment by sector for 2026 as projected by the original Hybrid scenario.
- The third and fourth columns display the percentage growth in employment between 2006 and 2026 as projected by the original Hybrid Scenario; and Oxford Economics projections for sectoral employment change across the South East between 2006 and 2026. With the three guiding principles described previously in mind, these two columns were used to adjust the projected rate of employment growth to 2026.
- The revised percentage growth in employment, and the revised employment figure for 2026 are set out in column five and seven respectively.
- Column six sets out the rationale for the revisions to employment change in each sector. The rationale for the revisions to employment change in each sector is rooted in the three principles discussed above. Typically this involves a rebalancing of employment growth to better reflect the key differences between Experian and Oxford Economics projections.
- Only those sectors on highlighted rows have been amended. The direction in which growth has been revised in comparison to the original Hybrid scenario is indicated in red (revised down) and green (revised up).

5.34 The sectoral employment figures for Northern West Sussex calculated using the model above were then applied across each of the three districts. Employment was allotted based upon Experian projections regarding the sectoral spread of employment across each of the three districts for 2026.

5.35 A key question relates to how reasonable the assumptions regarding future levels of housing provision which have informed the Revised Hybrid Scenario are.

5.36 The Revised Hybrid Scenario does take account of housing targets in the South East Plan. However since preparation of the scenario, the South East Plan has been revoked. Against this context, each of the three local authorities is considering future levels of housing provision. At the time of writing in September 2010 there is not however clarity regarding future planning policy for housing development within the sub-region. Each of the three Councils is looking to set new housing targets in the absence of the South East Plan. This needs to be borne in mind in interpreting the Revised Hybrid Scenario.

- 5.37 In this context it is appropriate to consider the performance and drivers of the housing market. At the time of writing, against a context of continuing uncertainty, the future of the majority of UK property market sectors remains uncertain. The residential sector is no exception.
- 5.38 The residential market has seen moderate growth in values since mid 2009 with some degree of confidence returning amongst buyers and sellers and correspondingly amongst developers and investors. Whilst average prices have by no means returned to their peak levels of 2007, there has been growth and the anticipated drop in values that was predicted in 2008 did not materialise to the same degree.
- 5.39 The recent revised budget issued by the new coalition government may yet have an effect on the market, with the threat of tax rises, an almost inevitable loss of public sector jobs and potential for interest rate rises. This may in the short-term lead to a reversal of the recent price recovery in the residential property market. Research indicates that the recent price rises have been founded on the basis of an imbalance between supply and demand rather than a significant strengthening of the fundamental drivers of the market. The latest forecasts seem to indicate that the recent price rises will falter and may even return to negative growth in the second half of 2010 and into 2011, with zero overall growth in values until the start of 2012.
- 5.40 However against this context, the base values for property in the South East start at a higher point than in most other areas of the country. This reflects the underlying structure and strength of the region's economy and its proximity to London. Consequently the recovery of markets in the South East will be quicker and stronger than most other areas of the UK. There is significantly more equity in the market resulting in an ability for purchasers to obtain mortgage lending and therefore potential for value and transactional growth in the market.
- 5.41 Given the sub-region's assets as described; its location, transport links and accessibility; its strong private sector business base; and the quality of life offer; we consider that there will remain a continued demand pressure for housing growth in the sub-region over the period to 2026. Research by the Government's National Housing and Planning Advice Unit<sup>14</sup> has pointed out, while the recession and market downturn will impact upon delivery rates and the ability of households to purchase housing, they are likely to have a much more limited effect on underlying household growth.
- 5.42 We recognise the impact which the recession and continues to have on sales and housing delivery rates, and the potential lag time before housing market conditions and construction increases. However in the medium to long-term housing delivery will be important in

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<sup>14</sup> NHPAU (2009) Housing Requirements and the impact of recent Economic and Demographic Change



supporting economic growth. A low level of housing delivery could have a negative impact on the local economy by constraining labour supply and contributing to skills shortages.

- 5.43 To consider the continued robustness of the Revised Hybrid Scenario, in light of the revocation of the South East Plan (and housing targets therein), we have also assessed this against Spring 2010 econometric forecasts prepared by Cambridge Econometrics for the South East of England Partnership Board and the Regional Development Agency. These projections indicate total employment in Northern West Sussex of 233,100 which is only marginally below the 234,120 forecast by the Revised Hybrid Scenario. It projects growth in GVA of 2.7% per annum over the 2006-26 plan period. This is an alternative 'baseline' forecast. While it was prepared in advance of and does not take account of the new Government's proposed deficit reduction measures (which could have a downside impact), nor does it take account of potential for supply-side or strategy driven measures.
- 5.44 Given that the purpose of examining employment requirements against three possible economic scenarios is to test potential 'parameters' for future economic growth, the Revised Hybrid Scenario we feel continues to represent a realistic, aspirational scenario for economic growth in the sub-region and basis for considering the potential range of future employment land requirements.
- 5.45 The implications of the revised Hybrid scenario are set out below in the following section.

**Figure 5.2: Revised Hybrid Scenario - Model Used to Devise Employment Figures to 2026**

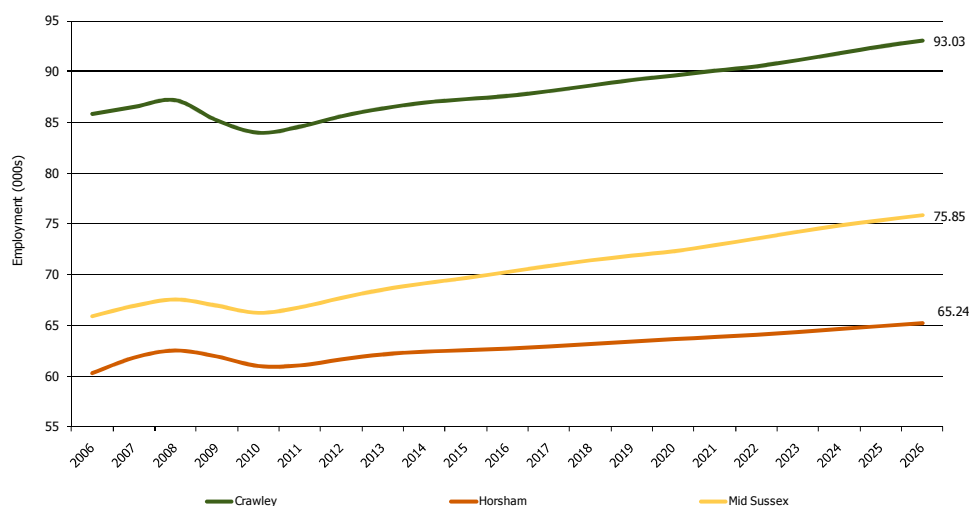
Northern West Sussex	Forecasts				Revised Hybrid Scenario		Total Jobs 2026
	Base Total Jobs 2006	Hybrid V1 2026 Jobs	Hybrid V1 % Growth 2006-2026	OE Growth 2006 to 2026	Revised % Growth to 2026	Rationale	
Agriculture, Forestry & Fishing	2.40	1.56	-35.2	7.1	-	-	1.56
Oil & Gas Extraction	0.00	0.00	-100.0	-47.6	-	-	0.00
Other Mining	0.03	0.01	-57.3		-	-	0.01
Gas, Electricity & Water	0.97	0.95	-2.1	20.4	-	-	0.95
Fuel Refining	0.00	0.00	-		-	-	0.00
Chemicals	1.62	1.30	-19.5	-40.2	-	-	1.30
Minerals	0.67	0.43	-36.2		-	-	0.43
Metals	2.09	2.10	0.6		-	-	2.10
Machinery & Equipment	2.41	1.72	-28.6	-43.3	-36.0	Experian projection revised downward to meet OE projection mid way	1.55
Electrical & Optical Equipment	4.77	4.74	-0.6	-43.1	-	-	4.74
Transport Equipment	1.23	0.86	-30.0	-34.5	-32.0	Experian projection revised downward to meet OE projection mid way	0.84
Food, Drink & Tobacco	1.25	1.21	-3.0	-18.6	-	-	1.21
Textiles & Clothing	0.28	0.19	-31.3	-85.7	-	-	0.19
Wood & Wood Products	0.31	0.44	39.0	-17.9	-	-	0.44
Paper, Printing & Publishing	3.16	3.29	4.2	-49.5	-	-	3.29
Rubber & Plastics	0.94	0.81	-13.3	-64.9	-	-	0.81
Other Manufacturing	1.19	1.39	17.3	-37.6	-6.0	Experian projection revised downwards to better reflect direction of S.E performance	1.12
Construction	13.08	11.72	-10.4	24.1	0.0	Experian projection revised upwards to better reflect projections for SE	13.08
Retailing	19.49	19.43	-0.3	4.1	2.0	Experian projection revised upwards to meet OE projection mid way	19.88
Wholesaling	13.94	13.07	-6.2	4.1	-3.0	Experian projections revised upwards to better reflect OE projections for SE	13.52
Hotels & Catering	12.04	15.12	25.5	20.4	21.0	Growth revised down to reflect OE projections for the SE	14.57
Transport	26.56	36.31	36.7	0.0	32.0	Growth revised down slightly to reflect projections for SE but growth still strong reflecting presence of Gatwick	35.06
Communications	4.77	5.24	10.0	0.0	4.0	Experian projection revised downward to better reflect OE projection for SE	4.96
Banking & Insurance	9.80	9.44	-3.7	-4.6	0.0	Stable employment, reflecting scenario aspirations for stronger than projected performance in this sector	9.80
Business Services	32.01	34.56	8.0	22.5	15.0	Stronger growth than projected by Experian, reflecting our aspirations for this scenario	36.81
Other Financial & Business Services	5.81	7.02	20.8	22.5	25.0	Higher growth than projected previously, reflecting scenario aspirations for strong performance in this sector	7.26
Public Admin. & Defence	5.22	5.76	10.3	-11.9	2.0	Growth revised downwards, reflecting South East performance and scenario expectations for lower than projected performance in this sector	5.33
Education	15.30	17.32	13.2	18.1	12.0	Growth revised downwards, reflecting scenario expectations for lower than projected performance in this sector (but only slightly due to projections for strong SE growth)	17.13
Health	15.92	22.75	42.9	18.1	29.0	Growth revised downwards, reflecting expectations for lower than projected performance in this sector in the SE	20.53
Other	14.76	15.35	4.0	18.5	6.0	Growth revised slightly upwards to better reflect projected strong SE performance	15.65
<b>Total</b>	<b>212.02</b>	<b>234.12</b>	<b>10.4</b>	<b>8.1</b>	<b>10.4</b>		<b>234.12</b>

Source: Regeneris Consulting Analysis Based Upon Experian Forecasts

### ***Introducing the Revised Hybrid Scenario***

- 5.46 The Revised Hybrid scenario indicates that employment across Northern West Sussex will rise to around 234,100 in 2026. This represents an increase of 10% from 2006 or 22,100 jobs. Employment growth is 40% higher in this scenario over the plan period than in the Base Scenario.
- 5.47 Whilst Crawley will experience a decline in employment between 2008 and 2010, employment will rise steadily from 2010, reaching 93,030 in 2026. This is an increase of around 7,200 jobs over 2006 levels, and represents employment growth of 8.4% over the plan period. The scenario indicates 1,300 extra jobs in 2026 relative to the projections of the Base scenario.
- 5.48 In Horsham District, employment could reach 65,240 in 2026 representing growth of 8.3% over the plan period (nearly 5,000 jobs). The scenario indicates 2,400 extra jobs in 2026 relative to the projections of the Base scenario.
- 5.49 In Mid Sussex employment could reach around 75,850 in 2026 representing growth in employment of 15.1% (nearly 10,000 jobs) over the plan period. This is 31% higher than in the Base Scenario. The scenario indicates 2,600 extra jobs in 2026 relative to the projections of the Base scenario.

**Figure 5.3: Revised Hybrid Scenario: Employment Change by District 2006-2026**



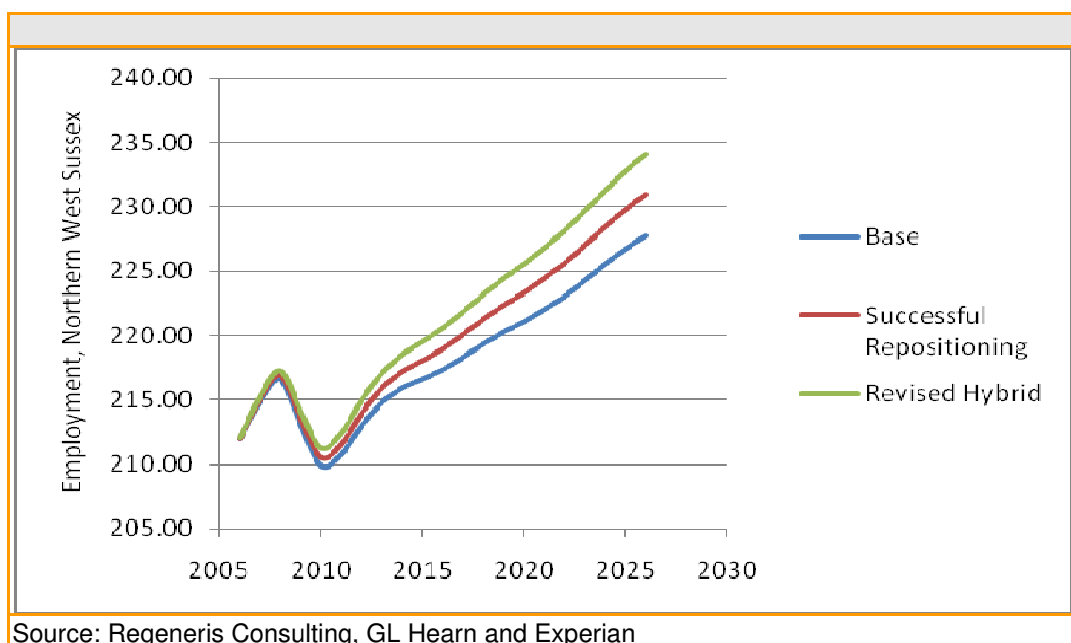
Source: Regeneris Consulting Analysis Based Upon Experian Forecasts

Total Employment ( 000's )	2006	2011	2016	2021	2026	Employment Change 2006-2026	
						No. (000s)	% Change
<b>Crawley</b>	85.84	84.59	87.60	90.07	93.03	7.19	8.4
<b>Horsham</b>	60.26	61.03	62.70	63.85	65.24	4.98	8.3
<b>Mid Sussex</b>	65.91	66.79	70.26	72.90	75.85	9.93	15.1
<b>Northern West Sussex</b>	212.02	212.41	220.57	226.82	234.12	22.10	10.4

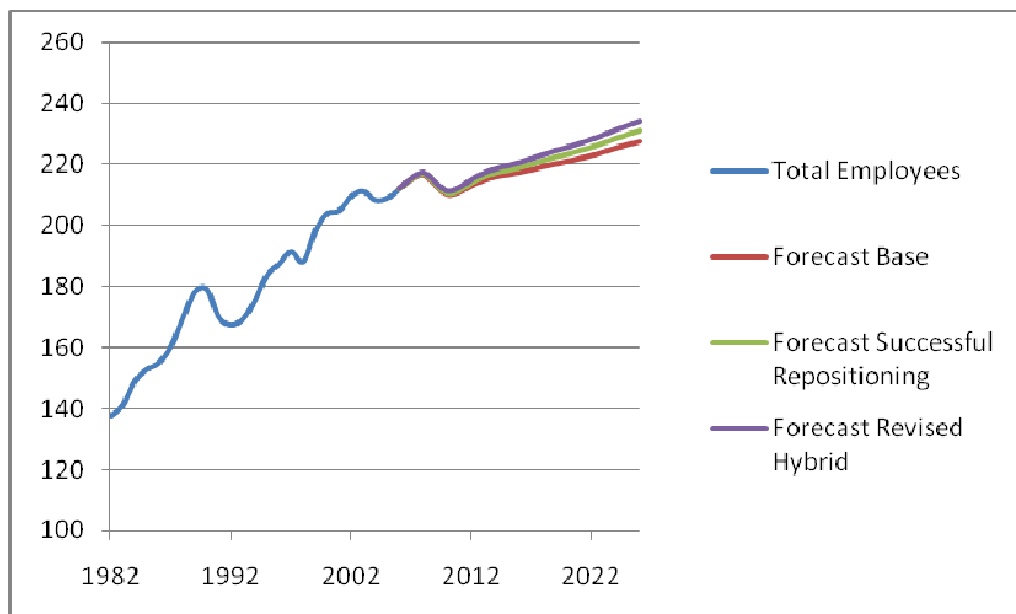
Source: Regeneris Consulting Analysis Based Upon Experian Forecasts

## SUMMARY OF EMPLOYMENT SCENARIOS

- 5.50 The three selected scenarios model employment growth in the sub-region over the plan period 2006-26. They project growth ranging from 7.4% in the Base Scenario (15,740 jobs), 8.9% for Successful Repositioning (18,900 jobs) and 10.4% (22,100 jobs) for the Revised Hybrid Scenario.



- 5.51 Figure 5.6 sets this within the context of past trends in employment growth at the sub-regional level. The three scenarios project employment growth of between 7-10% over the 2006-26 period. This compares with 37% employment growth recorded over the previous 20 year period, 1986-2006.

**Figure 5.6: Past and Projected Employment Growth, 1982 – 2006 and 2006-26**

Source: Regeneris & Experian

- 5.52 Forecast employment growth is highest in absolute and proportional terms in Mid Sussex, with forecast employment growth of between 11.1 – 15.1%. It is lowest in Horsham District, ranging between 4.1 – 8.3%. Employment growth in Crawley in absolute terms is forecast to be similar to that in Mid Sussex in absolute terms post 2011, however the Borough is projected to experience a net loss in jobs over the initial part of the plan period to 2011 in all scenarios.

**Figure 5.7: Employment Change 2006-26, Northern West Sussex Districts**

		2006-11	2011-16	2016-21	2021-26		2006-26	% Growth
Crawley	Base	-1.57	2.69	2.14	2.64		5.91	6.9%
	Successful Repositioning	-1.23	3.03	2.48	2.98		7.25	8.4%
	Revised Hybrid	-1.25	3.01	2.47	2.96		7.19	8.4%
Horsham	Base	0.15	1.05	0.53	0.77		2.50	4.1%
	Successful Repositioning	0.37	1.27	0.75	0.99		3.38	5.6%
	Revised Hybrid	0.77	1.67	1.15	1.39		4.98	8.3%
Mid Sussex	Base	0.22	2.82	1.99	2.30		7.33	11.1%
	Successful Repositioning	0.46	3.06	2.22	2.53		8.27	12.5%
	Revised Hybrid	0.87	3.47	2.64	2.95		9.93	15.1%
Northern West Sussex	Base	-1.19	6.56	4.66	5.71		15.74	7.4%
	Successful Repositioning	-0.40	7.35	5.45	6.50		18.90	8.9%
	Revised Hybrid	0.40	8.15	6.25	7.30		22.10	10.4%

Source: Regeneris Consulting, GL Hearn and Experian

- 5.53 Across the sub-region, employment growth in the Successful Repositioning Scenario is expected to be 20% above and in the Revised Hybrid Scenario 40% above the Base Scenario.

## EMPLOYMENT FLOORSPACE REQUIREMENTS

- 5.54 In this section we calculate **net employment floorspace requirements** which would be necessary to support delivery of the three economic scenarios.
- 5.55 The assessment adopts a stepped approach. For each scenario, the net change in floorspace by use class arising for each of the three local authorities is first calculated. The process is broadly consistent with that adopted in the Part I ELR, however the consultancy team has developed the analysis by:
- Critically reviewing and developing the model used to relate employment by sector to employment on B-class land; and
  - Undertaking a locally-based assessment of plot ratios, rather than applying national benchmarks.
- 5.56 These changes result in revisions to the floorspace requirements associated with the Base and Successful Repositioning Scenarios relative to the Part I ELR, as well as figures associated with the remodelled Hybrid Scenario.
- 5.57 Within the Part I ELR we made allowances to provide flexibility and allow for churn within the local property market. This was offset however by an allowance for leakage, particularly in the office sector, taking account of the fact that not all expected employment activities which are traditionally associated with B-class uses actually take place within recognised employment areas. Our final assessment of net floorspace requirements takes account of these factors.

## CALCULATING NET CHANGE IN FLOORSPACE

- 5.58 The employment resulting from the previous scenario analysis has been used to provide an indication of the employment floorspace requirements to 2026. The following stepped approach has been used to calculate net floorspace requirements:
- Assessment of the structure of the local economy at 4-digit SIC Code level for each of the three local authorities, and allocation of employment by sector to Use Classes. This involves estimating the proportion of employment which will take place within different use

class categories<sup>15</sup>;

- Based on the above, application of Use Classes to the 30 sectors used in Experian analysis (based on amalgamated 4 digit SIC Codes) to identify the number employed in each Use Class;
- Calculation of local employment densities by comparing existing commercial floorspace to employment (FTE employees) in sectors which can be expected to occupy these types of space<sup>16</sup>. Multiplication of employment by Use Class by density to give sq.m floorspace requirements by Use Class;
- Addition of 5% to B1 figures to turn Gross Internal Area (GIA) into Gross External Area (GEA).

5.59 This analysis is used to calculate forecasts of net floorspace change between 2006-26 by use class for each of the scenarios.

5.60 Figure 5.8 sets out the assumptions of employment densities adopted. These are locally-based, derived from assessing employment floorspace in each of the local authorities using CLG Commercial & Industrial Floorspace Statistics and our estimates of FTE employees by use class. We have excluded self-employment.

**Figure 5.8: Employment Density Assumptions by Use Class**

Floorspace per Employee (GIA)	<b>Office</b>	<b>Industrial</b>	<b>Warehouse</b>
	B1a, B1b	B1c, B2	B8
Crawley	23.0	41.0	72.0
Horsham	21.2	54.0	62.0
Mid Sussex	19.9	51.0	44.0

Source: Regeneris Consulting

5.61 These figures take account specifically of the current nature and intensity of use of floorspace by use class at the local level. We have cross-checked these against the figures set out in the SEEPB Guidance, the results of which are shown in Figure 5.9. No allowance has been made for the impact of changing working practices.

<sup>15</sup> This exercise has included an assessment which separates employment in Crawley which is at Gatwick Airport as against the rest of the town.

<sup>16</sup> This analysis is based on FTE employees.

**Figure 5.9: Cross-Check of Employment Density Assumptions – SEEPB Guidance**

	B1a	B1b	B1c	B2	B8
Net Internal <sup>17</sup>	18.3	27.2	30.0	34.2	65.0
Conversion Ratio <sup>18</sup>	17.5%	17.5%	17.5%	17.5%	10.0%
Gross Internal	21.5	32.0	35.3	40.2	71.5
Average Net Internal	23		32		65
Average Gross Internal	27		38		72

Source: Regeneris Consulting

- 5.62 Comparing the two tables, we can see that employment densities for office space are above average in Crawley indicating that space is less intensively used. We expect that this is likely to reflect a higher level of mixed B-class and specifically B1b floorspace within the town. In Horsham and Mid Sussex office floorspace is more intensively used relative to regional benchmarks. This we suspect is likely to reflect a higher level of employment in smaller businesses.
- 5.63 Industrial floorspace appears relatively less intensively used, particularly in Horsham and Mid Sussex Districts relative to regional benchmarks. However the intensity of use of warehouse floorspace in Horsham and particularly Mid Sussex is above average. This we expect reflects more limited large warehouse units in these areas.
- 5.64 These have been informed by the national study undertaken by Arup (2001) for English Partnerships, relevant regional studies and our understanding of the nature of the sub-regional property market.
- 5.65 Figure 5.10 below indicates net floorspace requirements arising from each of the scenarios, **before adjustments are made for churn and leakage or any account is taken of available land supply or an assessment made of where new development should be best accommodated.**

<sup>17</sup> SEEPB (2010) Economic and Employment Land Assessments: Stage 2 – Resource Pages

<sup>18</sup> Arup/ English Partnerships (2001) Employment Densities: A Full Guide



**Figure 5.10: Net Floorspace Requirements by Scenario, 2006-2026**

	Location	Floorspace Requirement Forecast, 2006-26 (Gross Internal, Sq m)		
		Office (B1a and B1b)	Industrial (B1c and B2)	Warehouse (B8)
Base	Crawley	25,247	-42,846	66,425
	Horsham	-6,982	-9,103	988
	Mid Sussex	11,912	-2,685	-429
	Northern West Sussex	30,177	-54,634	66,984
Successful Repositioning	Crawley	36,746	-31,867	68,483
	Horsham	2,940	-2,193	1,958
	Mid Sussex	21,636	2,451	314
	Northern West Sussex	61,322	-31,609	70,755
Revised Hybrid	Crawley	44,406	-42,095	62,381
	Horsham	12,127	-7,888	6,368
	Mid Sussex	32,339	-2,581	4,026
	Northern West Sussex	88,872	-52,563	72,775

Source: Regeneris Consulting

### Adjustments for Leakage

- 5.66 Adjustments have been made for leakage to take account of a proportion of employment floorspace being located outside of recognised employment areas.
- 5.67 Leakage has a more noticeable effect on the demand for office space, as offices activities can take place in a wider range of locations, including in local centres, above shops and through home-working. Industrial and distribution uses in contrast have a much stronger reliance on employment land.
- 5.68 We have assumed that 35% of the net forecast change in office floorspace and 10% for industrial and warehouse/ distribution floorspace is met elsewhere. Our assumptions are based on our understanding of the sub-region's economy and commercial property offer together with the mapping of B-class employment floorspace using Valuation Office Agency (VOA) data which provides a detail picture of the distribution of employment floorspace by use-class specific to the sub-region. Our assumptions are similar to those in similar studies for other areas.
- 5.69 Figure 5.11 sets out the overall effects of leakage on demand for additional floorspace across the sub-region across the 2006-26 plan period.

**Figure 5.11: Adjustments for Leakage, 2006-26**

	Location	Floorspace Requirement Forecast, 2006-26 (Gross Internal, Sq m)			Adjustment for Leakage		
		Office (B1a and B1b)	Industrial (B1c and B2)	Warehouse (B8)	Office	Industrial	Warehouse
					-35%	-10%	-10%
Base	Crawley	25,247	-42,846	66,425	8,837	-4,285	6,642
	Horsham	-6,982	-9,103	988	-2,444	-910	99
	Mid Sussex	11,912	-2,685	-429	4,169	-269	-43
	Northern West Sussex	30,177	-54,634	66,984	10,562	-5,463	6,698
Successful Repositioning	Crawley	36,746	-31,867	68,483	12,861	-3,187	6,848
	Horsham	2,940	-2,193	1,958	1,029	-219	196
	Mid Sussex	21,636	2,451	314	7,572	245	31
	Northern West Sussex	61,322	-31,609	70,755	21,463	-3,161	7,075
Revised Hybrid	Crawley	44,406	-42,095	62,381	15,542	-4,209	6,238
	Horsham	12,127	-7,888	6,368	4,245	-789	637
	Mid Sussex	32,339	-2,581	4,026	11,319	-258	403
	Northern West Sussex	88,872	-52,563	72,775	31,105	-5,256	7,277

Source: GL Hearn & Regeneris Consulting

### Adjustments for Flexibility & Churn

- 5.70 For an economy to be successful and to ensure that demand for property is met, a degree of flexibility in the supply of land and premises is required. This is essential to provide businesses with a choice of locations and given that there can be no guarantees that allocated sites will come forward as predicted. It is also necessary to account for the risk that some non B-class uses might be developed on employment land.
- 5.71 While employment growth will result in demand for additional floorspace, it is also true that an element of demand will arise from existing companies moving premises. This can occur for a range of reasons, including due to obsolescence of their existing property, desire for a higher or lower cost/ quality premises, for improved amenities or simply for strategic reasons. Improvements and redevelopment of existing employment areas (e.g. Manor Royal) may also give rise to business relocations which create further demand for employment land. This form of demand is called 'churn' and reflects the general turnover of business premises within the market. This can have a very significant effect on the amount of floorspace that is required in order to meet predicted demand.
- 5.72 It has been assumed that the rate of churn, as a proportion of existing floorspace, is 0.75% per annum for B1a/b Offices, 0.4% per annum for B1c/B2 Industrial and 1.0% pa for B8

Warehouse/Distribution uses. These assumptions are in line with other similar studies and consistent with those used in the Part I ELR.

- 5.73 Figure 5.12 sets out the overall effects of churn on demand for additional floorspace across the sub-region across the 2006-26 plan period. It is assumed that this additional allowance for floorspace will support flexibility of supply.

**Figure 5.12: Adjustments for Churn, 2006-2026**

	587,500	344,000	504,000	88,125	27,520	100,800
	223,250	318,000	228,000	33,488	25,440	45,600
	233,825	244,000	173,000	35,074	19,520	34,600
	1,044,575	906,000	905,000	156,686	72,480	181,000

Source: VOA, GL Hearn and Regeneris Consulting

#### Forecast Floorspace Demand, 2006-26

- 5.74 Taking into account the above factors, the total demand for employment floorspace over the plan period within the three authorities is calculated as follows:

**Figure 5.13: Forecast Net Employment Floorspace Demand, 2006-26**

	Location	Sub-Total Floorspace (sq.m GIA)		
		Office	Industrial	Warehouse
Base	Crawley	109,763	-11,041	160,582
	Horsham	30,397	17,247	46,489
	Mid Sussex	44,957	17,103	34,214
	Northern West Sussex	185,117	23,309	241,286
Successful Repositioning	Crawley	117,611	-1,160	162,435
	Horsham	37,169	23,466	47,362
	Mid Sussex	51,594	21,726	34,883
	Northern West Sussex	206,373	44,032	244,679
Revised Hybrid	Crawley	122,838	-10,365	156,943
	Horsham	43,439	18,341	51,331
	Mid Sussex	58,899	17,197	38,223
	Northern West Sussex	225,176	25,173	246,497

Source: Regeneris Consulting & GL Hearn

- 5.75 The table overleaf indicates the requirement for five year time periods.

Figure 5.14: Forecast Net Employment Floorspace Demand by 5 Year Periods

	Location	2006-2011			2011-2016			2016-2021			2021-2026			2006-2026		
		Sub-Total Floorspace			Sub-Total Floorspace			Sub-Total Floorspace			Sub-Total Floorspace			Sub-Total Floorspace		
		Office (GEA = 105%)	Industrial	Warehouse	Office (GEA = 105%)	Industrial	Warehouse	Office (GEA = 105%)	Industrial	Warehouse	Office (GEA = 105%)	Industrial	Warehouse	Office (GEA = 105%)	Industrial	Warehouse
Base	Crawley	22,641	-20,068	28,814	31,769	4,536	42,178	27,186	1,542	43,664	28,167	2,949	45,927	109,763	-11,041	160,582
	Horsham	3,189	-8,813	10,226	10,537	16,121	13,139	8,203	4,766	11,181	8,467	5,173	11,943	30,397	17,247	46,489
	Mid Sussex	4,484	-13,649	2,757	16,127	15,232	10,203	12,074	7,284	10,340	12,272	8,236	10,914	44,957	17,103	34,214
	Northern West Sussex	33,003	-42,530	41,797	62,206	35,889	65,520	50,692	13,592	65,185	52,251	16,358	68,785	198,153	23,309	241,286
Successful Repositioning	Crawley	24,260	-17,596	29,294	34,040	7,006	42,644	29,130	4,013	44,122	30,181	5,416	46,374	117,611	-1,160	162,435
	Horsham	4,882	-7,262	10,449	12,233	17,677	13,359	9,896	6,323	11,398	10,157	6,728	12,156	37,169	23,466	47,362
	Mid Sussex	6,140	-12,482	2,930	17,787	16,393	10,372	13,735	8,436	10,505	13,932	9,378	11,075	51,594	21,726	34,883
	Northern West Sussex	39,806	-37,339	42,674	69,010	41,076	66,375	57,492	18,773	66,025	59,038	21,522	69,605	225,346	44,032	244,679
Revised Hybrid	Crawley	25,338	-19,894	27,829	35,553	4,707	41,272	30,425	1,708	42,776	31,522	3,113	45,067	122,838	-10,365	156,943
	Horsham	6,436	-8,472	11,391	13,802	16,410	14,348	11,468	5,015	12,407	11,733	5,388	13,185	43,439	18,341	51,331
	Mid Sussex	7,950	-13,600	3,719	19,615	15,263	11,198	15,566	7,297	11,356	15,768	8,237	11,950	58,899	17,197	38,223
	Northern West Sussex	45,416	-41,965	42,939	74,700	36,380	66,818	63,204	14,020	66,539	64,783	16,738	70,201	248,104	25,173	246,497

GEA = 105%

Note: Office

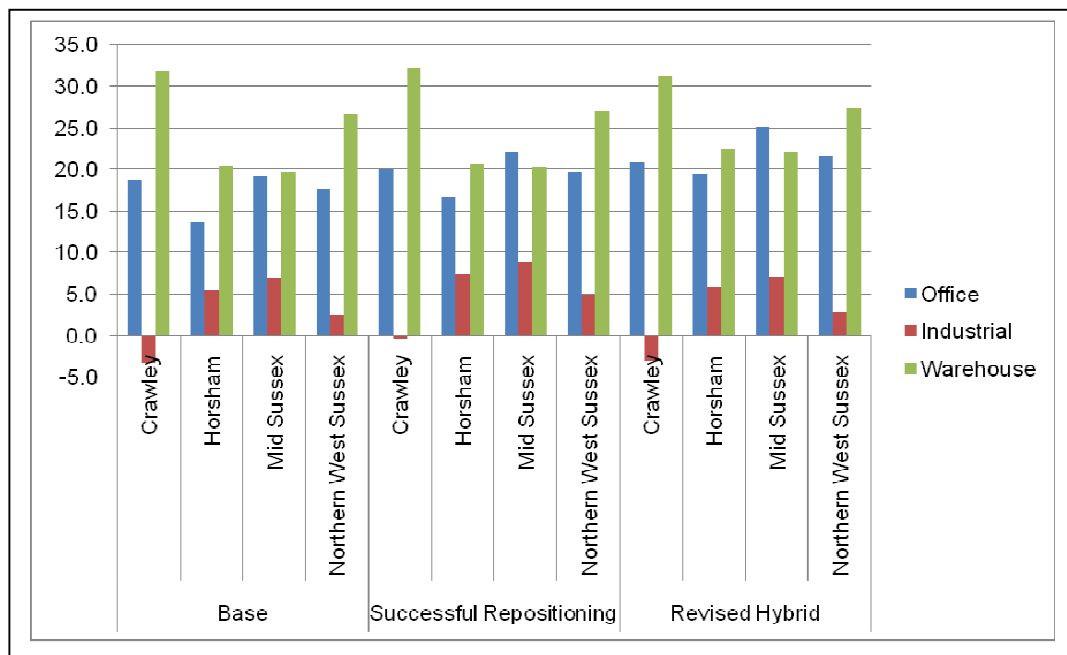
Figure 5.15: Forecast Land Requirements (Gross) for 5 Year Periods

	Location	2006-2011			2011-2016			2016-2021			2021-2026			2006-2026		
		Land Requirement (ha)			Land Requirement (ha)			Land Requirement (ha)			Land Requirement (ha)			Land Requirement (ha)		
		Office	Industrial	Warehouse	Office	Industrial	Warehouse	Office	Industrial	Warehouse	Office	Industrial	Warehouse	Office	Industrial	Warehouse
Base	Crawley	4.3	-5.0	6.4	6.1	1.1	9.4	5.2	0.4	9.7	5.4	0.7	10.2	21.0	-2.8	35.7
	Horsham	0.6	-2.2	2.3	2.1	4.0	2.9	1.6	1.2	2.5	1.7	1.3	2.7	6.1	4.3	10.3
	Mid Sussex	0.9	-3.4	0.6	3.2	3.8	2.3	2.4	1.8	2.3	2.5	2.1	2.4	9.0	4.3	7.6
	Northern West Sussex	6.4	-10.6	9.3	12.1	9.0	14.6	9.9	3.4	14.5	10.2	4.1	15.3	38.6	5.8	53.6
Successful Repositioning	Crawley	4.7	-4.4	6.5	6.4	1.8	9.5	5.6	1.0	9.8	5.8	1.4	10.3	22.5	-0.3	36.1
	Horsham	1.0	-1.8	2.3	2.4	4.4	3.0	2.0	1.6	2.5	2.0	1.7	2.7	7.4	5.9	10.5
	Mid Sussex	1.2	-3.1	0.7	3.6	4.1	2.3	2.7	2.1	2.3	2.8	2.3	2.5	10.3	5.4	7.8
	Northern West Sussex	7.7	-9.3	9.5	13.5	10.3	14.8	11.2	4.7	14.7	11.5	5.4	15.5	43.9	11.0	54.4
Revised Hybrid	Crawley	5.0	-5.0	6.2	6.7	1.2	9.2	5.8	0.4	9.5	6.0	0.8	10.0	23.5	-2.6	34.9
	Horsham	1.3	-2.1	2.5	2.8	4.1	3.2	2.3	1.3	2.8	2.3	1.3	2.9	8.7	4.6	11.4
	Mid Sussex	1.6	-3.4	0.8	3.9	3.8	2.5	3.1	1.8	2.5	3.2	2.1	2.7	11.8	4.3	8.5
	Northern West Sussex	8.8	-10.5	9.5	14.6	9.1	14.8	12.3	3.5	14.8	12.6	4.2	15.6	48.4	6.3	54.8

5.76 In Figure 5.15 a notional land requirement is calculated for each five year period, based on the following high level assumptions on plot ratios. We assumed 50% of office floorspace is delivered in-town at plot ratio of 2.0 in Crawley and 1.5 in Horsham and Mid Sussex; with 50% on business parks at plot ratio of 0.3. For industrial floorspace a standard plot ratio of 0.4 was used; with 0.45 used for warehouse/ distribution.

5.77 Figure 5.16 illustrates what this means in terms of net growth in floorspace over the 20 year plan period to 2026 for each of the scenarios.

**Figure 5.16: Net Growth in Floorspace**



Source: Regeneris Consulting & GL Hearn



## 6. EMPLOYMENT LAND SUPPLY

- 6.1 This section looks at the existing supply of employment land. It provides a detailed assessment of existing employment sites, considering their suitability and quality, and an assessment of potential development opportunities, including through vacant land on existing sites, sites with planning permission for employment development and existing land allocations. Supply is assessed on a district-by-district basis.

### IDENTIFICATION OF EMPLOYMENT SITES

- 6.2 GL Hearn has undertaken a detailed mapping exercise to identify the existing portfolio of employment sites and premises across the sub-region. This has involved purchase of summary valuation data for non-domestic properties recorded on the Valuation Office Agency's 2005 Rating List across the three authorities. This list has been cleaned, removing duplicate records, separating out non B-class floorspace as well as some *sui generis* uses (including some specific airport-related floorspace). This data was then mapped to show the distribution of B-class employment floorspace across the sub-region.
- 6.3 A long list of employment clusters was identified which contained more than 500 sq.m floorspace, which was then refined in consultation with the three local authorities to identify a list of sites for the purposes of the site survey. Larger employment locations were split into a number of sub-areas or clusters for the purposes of the survey. A total of 103 sites were assessed across the three authorities, of which 24 were located in Crawley, 39 in Horsham District and 40 in Mid Sussex.

### SITE SURVEY METHODOLOGY

- 6.4 The site surveys were undertaken by senior staff from GL Hearn during April and May 2010. A site assessment proforma was designed, taking account of the SEEPB Guidance Template. The site assessments addressed:
- The nature and intensity of use of the employment site;
  - Road access, including access by HGVs and servicing of existing businesses;
  - Access to local services/ amenities for employees;
  - Physical constraints to the development and use of the site;
  - Nature of any bad neighbour or adjacency issues;
  - The age and quality of existing buildings;
  - Public transport accessibility and adequacy of parking provision.

- 6.5 A general description of each employment site/ cluster was prepared. Vacant land and floorspace on existing sites was noted, as well as areas where it was considered that there was long-term potential for redevelopment (with potential for increased intensity of use).
- 6.6 The survey specifically aimed to assess the quality of the existing portfolio of sites across the sub-region, and to identify their future development potential.
- 6.7 Prospective strategic development allocations across the sub-region were also assessed to consider their suitability to accommodate employment development, should a need arise to allocate additional employment land.
- 6.8 Where development opportunities were identified, information was collated regarding:
- The existing nature of use of the site, and its suitability for future employment development;
  - Its potential availability for development, market attractiveness and any known constraints (including infrastructure) which might impinge upon its deliverability.
- 6.9 This has been used to assess the potential developability of the site, and to attract an indicative timescale to its delivery. GL Hearn's research and understanding of commercial property dynamics within the sub-region have informed this. The conclusions drawn regarding developability have also taken account of evidence of active marketing, as well as developer proposals which the three Councils are aware of, such as through pre-application discussions.
- 6.10 The assessment comes with the caveat that a detailed investigation of landownership and existing lease structures nor detailed development appraisals to assess viability at a site specific level (in the absence of a development scheme) have been undertaken inform the conclusions on developability. GL Hearn advise that the Councils liaise with landowners and developers to consider these issues in detail to inform allocations policies.

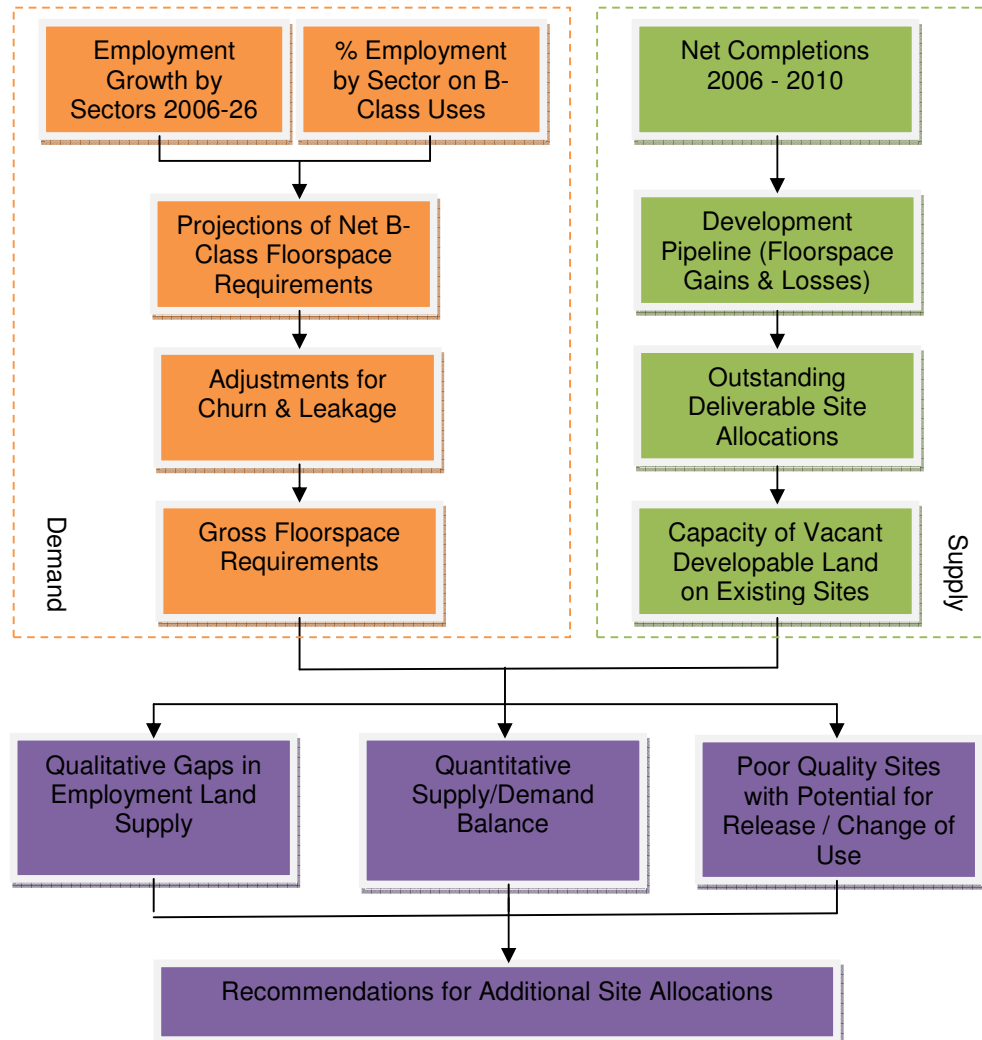
## **PRESENTATION OF RESULTS**

- 6.11 In the remainder of this section, the results of the supply assessment are presented for the three local authorities. The results include qualitative judgements regarding the quality of individual sites/ clusters as well as overall portfolio of sites and premises.
- 6.12 The three local authority areas are dealt with in turn. At the end of each section, we draw together the supply- and demand-side assessments to consider the balance between supply



and demand in quantitative and qualitative terms. The assessment methodology is summarised in Figure 6.1.

**Figure 6.1: Summary of Approach to Assessing Supply/ Demand Balance**



- 6.13 The approach considers the development pipeline and site allocations for employment development, as well as sites currently in employment use which have either planning consent or are allocated for another use, such as residential conversion or redevelopment. It assesses supply and demand for employment floorspace and land in quantitative and qualitative terms. Through the qualitative assessment of the balance between supply and demand, sites and floorspace with potential for redevelopment or change of use are identified, as well as gaps in the portfolio of employment sites across the sub-region.

- 6.14 In addition to assessing the supply/demand balance, the assessment considers where there are opportunities for intensification of employment use through redevelopment. These areas are identified as employment opportunity areas, although in quantitative terms they are not counted as contributing to supply as in many cases they are occupied by existing businesses.

### EMPLOYMENT LAND SUPPLY: CRAWLEY

- 6.15 Crawley contained 50% of the total B-class floorspace in the sub-region in 2006. It contained 57% of warehouse floorspace and 56% of office floorspace, reflecting its focus as a major commercial and warehouse/ distribution centre. The town however has a lower proportion of industrial floorspace at 39%; with industrial floorspace more evenly distributed across the sub-region.
- 6.16 As Figure 6.2 below indicates, 13% of the B-class floorspace in Crawley falls within the boundary of Gatwick Airport including 23% of office floorspace. Excluding the Airport, there is 1.2 million sq.m of B-class floorspace in Crawley.

**Figure 6.2: Employment Floorspace Distribution in Crawley**

sq.m floorspace	Gatwick Airport	Rest of Crawley	Total	% Gatwick
Office	135644	442754	578398	23%
Industrial	7970	309196	317166	3%
Warehouse/ Distribution	34924	495510	530434	7%
Total	178538	1247460	1425998	13%

Source: VOA/ GL Hearn

- 6.17 The main employment areas within the town, as defined by the Council's existing Core Strategy, comprise Manor Royal and County Oak, located on the north side of the urban area, the Three Bridges Corridor (Haslett Avenue East), and Crawley Town Centre. For the purposes of the assessment of existing employment sites, Crawley Town Centre has been divided into five employment clusters. Manor Royal and County Oak have been divided into 11 employment clusters. Three sites have been considered within the Three Bridges corridor, comprising Russell Way and Stephenson Way (as identified in the proposals map) together with office provision on Hazlewick Avenue. A number of further existing employment sites have been assessed, comprising Tilgate Forest Business Park and Broadfield Park on Brighton Road in the south of the Borough, and Gatwick Gate in Lowfield Heath adjacent to Gatwick Airport. Employment space within the Airport boundary itself has also been considered. A total of 24 sites or clusters of employment space have been assessed.

## EMPLOYMENT SITES IN CRAWLEY

### 1. MANOR ROYAL AND COUNTY OAK

- 6.18 The Manor Royal Business District comprises Manor Royal itself together with the linked areas of County Oak and City Place. The area is identified as a Main Employment Area (Policy E2) in the Council's Core Strategy. It has developed progressively since the 1950s and today is the largest business location within the sub-region. It is a mixed employment area and contains a range of types and sizes of premises, however relative to other employment locations within the sub-region there is a concentration of larger floorplate offices, warehouse floorspace and medium-large industrial units. The level of office floorspace has grown considerably since 1980s when use restrictions were relaxed.
- 6.19 The Manor Royal Masterplan (GVA Grimley, 2010) indicates that 28ha of the site are occupied by office-based uses, 120 ha by manufacturing and industrial uses and 8ha by non B-class uses including retailing, car dealerships and servicing, leisure and hotels.
- 6.20 The Masterplan identifies a 19% vacancy within the office floorspace and 12% within the industrial. While almost 90,000 sq.m of office space has been permitted since 2005, none has begun development. These figures are consistent with our own research.
- 6.21 The Manor Royal Masterplan identifies that Manor Royal currently lacks competitive advantage relative to other South East business parks. The masterplan identifies key assets of Manor Royal, including its scale and geographic location; accommodation of corporate office functions, value added manufacturing and product development; and internal supply chains. It also highlights the estate's key weaknesses, which include peak time congestion, its limited amenity offer (covering leisure, retail and open space), disjointed and in parts low quality public realm, and a fragmented land ownership pattern.
- 6.22 As the Masterplan sets out, the scale and diversity of the estate means that it is able to support internal supply chains, ranging from precision engineering to printing, storage and logistics functions. However its commercial offer constitutes primarily large floorplate office buildings and medium-to-large industrial units. There is a lack of space for small and start-up businesses and move-on space. There is also a need for shared facilities such as meeting space, conference facilities and good quality restaurants.
- 6.23 The Manor Royal Masterplan sets out a vision to address these issues, seeking to create a multi-activity 21<sup>st</sup> century Business District. It identifies that two of the key barriers to Manor Royal's success are the organisation of land uses and the lack of impact made at the key

gateway sites by the current built stock and environment; and provides a framework to addressing these issues. The Masterplan itself is therefore structured around:

- Focusing high quality office and clean value-added manufacturing together with supporting infrastructure within a **Core Business Zone** at the heart of the estate (covering Sites C-G and E-I). The Masterplan seeks to concentrate manufacturing businesses to the south of Manor Royal Way (Sites G-I) and north of Thales (Site C) and office activities around the Crawley Business Quarter (Sites D and E). A new 'hub' is proposed on the BOC Edwards Site on Manor Royal Way to include amenities together with a potential new business centre. The GSK site is identified as the largest single user redevelopment opportunity with potential for new access via Crawley Avenue.
- Focusing general industrial and warehousing/ logistics in a **Northern Industrial Zone** covering parts of Sites B, J and K. The predominant land uses envisaged in this area are B2 and B8. The Masterplan expresses the aspiration to relocate some of the airport servicing businesses currently located further south to this area. It emphasises the need for a range of building sizes, and for ancillary office space within industrial units as required. The land to the north of Manor Royal, allocated in the Council's Core Strategy is identified as an area for further expansion; with potential for regeneration of the BOC Gases Site.
- Opportunities for more market-led development and flexibility of land use to respond to market demand within a **Buffer Zone** between these two areas, covering the western proportion of Site B and northern proportion of sites E and F. The need for flexibility is particularly identified as linked to uncertainty regarding future evolution of Gatwick Airport's operation.
- Potential for long-term redevelopment of current employment land around the south-east and north-east fringes of the Estate, including residential development on land abutting the Tinsley Green neighbourhood; and development at County Oak and on London Road north of this potentially for a range of uses, including retail.

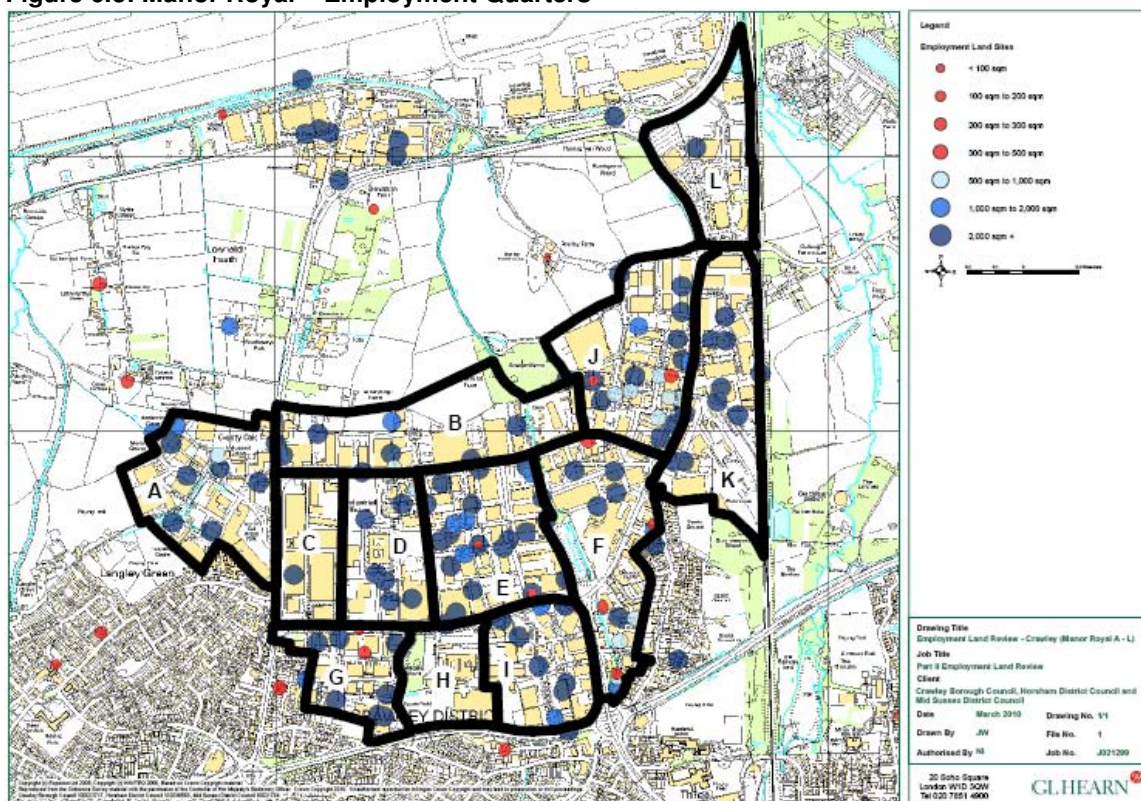
6.24 The Council intends to develop the Masterplan into a Supplementary Planning Document to guide investment and planning decisions.

6.25 Our recommendations regarding future use of sites, as set out above, take account of the Manor Royal Masterplan; together with our own assessment of market dynamics and long-term employment land demand. The Masterplan was prepared in the absence of the detailed assessment of demand and supply for employment land and floorspace which this Employment Land Review provides. In broad terms, it assumes a higher requirement for

additional land for office development and a lower requirement for warehouse/ distribution space than identified in this Employment Land Review.

- 6.26 In finalising this Employment Land Review, GL Hearn has met with the team at GVA Grimley who led preparation of the Manor Royal Masterplan. The recommendations made herein regarding the appropriate mix of uses on individual sites have been agreed with the GVA Grimley Team.
- 6.27 The Business District has been divided for the purposes of the survey into 12 quarters. These are illustrated in Figure 6.3. We review below the 12 quarters or sites identified.

**Figure 6.3: Manor Royal – Employment Quarters**



- 6.28 **Manor Royal Site A** (24.3ha) comprises sites located on County Oak Way, Metcalf Way and Betts Way to the west of the A23 London Road. It is a mixed employment area containing both medium-sized and larger office uses along the A23 together with smaller light industrial units and smaller scale warehousing. The site includes County Oak Retail Park which is fully occupied, together with further retail development along Gatwick Road.
- 6.29 There is a significant level of vacant floorspace within the now dated 1980s County Oak Business Park located on Betts Way. A planning application was submitted seeking

redevelopment of this 1.3ha site (comprising 6,226 sq.m existing employment floorspace) to deliver a retail supermarket (Application CR/2010/0033/FUL). This has now been approved. An adjacent site at Premier House has been demolished. A landmark office development of up to 7,900 sq.m (NIA) is proposed and benefits from planning consent.

- 6.30 Larger scale office development is located along London Road, including six-seven storey 1980s office blocks such as the Atrium (occupied by Tui) and Astral Towers. There is a significant volume of vacant office space at Astral Towers, which is currently undergoing refurbishment. There is planning consent for 19,921 sq.m B1a development at Astral Towers/ The White House.
- 6.31 Metcalf Way comprises predominantly B1c and B2 floorspace, including 1980s light industrial units at Enterprise Court (with one 102 sq.m unit from 15 vacant) owned and managed by the Council. There is a Council vehicle depot / workshops together with a Household Waste Recycling Centre owned by West Sussex County Council. The plot adjacent to this is vacant and cleared, and represents a development opportunity. Access is adequate and this is considered to be a reasonable quality site for light industrial uses (B1c/ B2).
- 6.32 Further to the west is the Basepoint Business Innovation Centre, comprising small low cost office and workshop units. A recent development, 28 of the 80 units remain vacant. This is a good quality recent development scheme which caters for a niche in the market, however there is evidence that parking provision is tight.
- 6.33 There are a range of further warehousing units, dating from the 1980s and 1990s, located on Metcalf Way, County Oak Way and Whitworth Street. Other warehousing units on Metcalf Way, constructed in the 1980s and 1990s, include those Occupiers include Lloyds TSB, Home Delivery Network and Dualit. One 1980s warehouse of 1440 sq.m on Whitworth Way is vacant.
- 6.34 Smaller business space includes light industrial units within the Merlin Centre (with 2 units of 279 sq.m vacant) and a smaller office units at Charlwood Court and Amberley Court (c. 150 – 250 sq.m).
- 6.35 The employment cluster (Site A) benefits from strong road access, but has a higher proportion of dated space and low access to services. Environmental quality is reasonable. Vacancy levels are however above average.
- 6.36 Key development opportunities include the County Oak Business Park (1.3ha), Astral Towers (2.7ha), and the former Premier House site (0.8ha) to the south of this. Each benefits from



planning permission. B1a office development is proposed at Premier House and Astral Towers, while a retail supermarket has planning on part of the County Oak Business Park.

- 6.37 Given competition within the food retail sector we would expect the supermarket to be delivered in the short-term (0-5 years). Despite outstanding consents, market conditions may restrict delivery of the speculative office schemes in the short-term.
- 6.38 A number of these development sites are prominent from the A23 at a key gateway location to Crawley. The quality of development at these locations (together with other parcels of land in Sites B and C) is critical to achieving the Masterplan's ambition to create a high quality gateway and sense of arrival to Manor Royal and Crawley more widely.
- 6.39 We consider that a mix of B-class employment uses will remain appropriate in this area but that the quality and design of development on sites fronting the A23 must be of the highest quality to deliver a strong gateway to the town. We consider that there is an opportunity to increase the level of employment floorspace in this area through intensification of use.
- 6.40 Vacant land (0.3ha) at Metcalf Way is less prominent or attractive to the market. It would be suitable for B1c or B2 uses, and is expected to come forward in the medium-term (5-10 years).
- 6.41 **Manor Royal Site B** (28.3 ha) comprises land located to the north of Fleming Way, between London Road and Crawter's Brook. It contains a mix of larger industrial units together with research and development activities. Key occupiers include Jefferies Farm Car Supermarket, Pasta Reale, Aerotran together with Virgin Atlantic and Chemigraphic in the Fleming Centre. Recent investment includes development of Unit 200/ Focal Point. The site benefits from good accessibility by road and public transport. Environmental quality is reasonable relative to other parts of Manor Royal.
- 6.42 A number of sites within this area benefit from extant planning consents, including Viewsonic House (500 sq.m B8) and Unit 2 Diamond Point (1950 sq.m B1c). 7.5 ha of land is allocated to the north of this site within the adopted Core Strategy. It is also considered that there is potential to redevelopment the Jefferies Farm/ Oxford Aviation Academy site, which comprises poorer quality dated 1970s buildings in the long-term (10-15 years).
- 6.43 While these sites could accommodate a mix of employment uses, taking account of the demand assessment, we consider that they would be best suited to B2 and B8 uses. A policy restricting B1 development will help to focus this form of use in the around the proposed 'hub' and deliver the high intensity of use envisaged for the Core Business Zone as identified in the Masterplan.

- 6.44 **Manor Royal Site C** (13.3ha) is well located within the estate and comprises a number of larger plots occupied by single users. The site contains the high spec recent office development of Thales' new Sapphire site on Manor Royal, which comprises three new office blocks, a production facility and multi-decked car park. It provides 47,000 sq.m of development.
- 6.45 To the north of this, a 2 hectare vacant cleared site owned by Segro is now being marketed for development with potential for up to 12,000 sq.m floorspace for office, warehousing, manufacturing or R&D uses.
- 6.46 On Fleming Way, Elektra occupy a site which contains a mix of office, warehouse and industrial units (c. 24,000 sq.m). It is anticipated that this 2.2ha site could be brought forward for redevelopment for B1 or B2 uses in the longer-term (10-15 years) to provide a comprehensive development solution to this area.
- 6.47 The recent Thales development should set the tone for further development within this area. The prominence of this site will necessitate a high quality development solution. Ideally this would comprise office or high-tech clean manufacturing, however the Council may need to exercise some flexibility in the short-term to bring forward development on the cleared Segro site at an important gateway location. Any development should be of a high quality and relate strongly to Thales development to the south and proposed office / mixed use development to the west. B1 and B2 are considered suitable uses.
- 6.48 **Manor Royal Site D** (17.2ha) includes the Crawley Business Quarter together with smaller scale office developments at Foundry Court and Satellite Business Village off Faraday Road, and the vacant former Edwards site further to the south.
- 6.49 The Crawley Business Quarter was developed mainly in the 1990s and comprises 3-5 storey large floorplate office blocks. Key occupiers include Virgin Atlantic, Edwards, Boeing, Tokyo Electron and Tui Travel. The site benefits from landscaping and good access at the centre of Manor Royal, however a number of plots have not been built out. On one, a Premier Inn hotel is under construction.
- 6.50 Satellite Business Village is a development of smaller 1990s office units in two storey blocks. Vacancy is above average, with 4 of 6 units vacant providing space between 390 – 630 sq.m. Faraday Court is a similar development of smaller units during the 2000s, with stronger occupancy levels with just one 208 sq.m unit vacant.
- 6.51 At the southern end of Faraday Road the former Edwards Vacuum site lies vacant. The site comprises 1970s two storey industrial units with office floorspace, and is currently market for



sale or to let. It contains 15,800 sq.m floorspace over 3.9 ha with 380 parking spaces, but has potential for redevelopment for B1 or B2 use. This site can be regarded as available for development.

- 6.52 Site D benefits from access to the Fastway Bus Service which runs along Faraday Road, but has less strong access to local services and amenities than other major employment locations. Road access and servicing is adequate.
- 6.53 Key development opportunities within this area comprise outstanding plots within the Crawley Business Quarter (Plots E1 and E2, 1.5ha) which have consent for B1a development; together with the vacant Edwards Vacuum Site. We consider that an office focus remains appropriate for the sites in the Crawley Business Quarter, reinforcing this as an office cluster; and support the proposals of the Manor Royal Masterplan for delivery of a 'hub' providing amenities and a business centre together with office space, subject to detailed viability testing. Delivery potential is in the short-to-medium term (0-10 years). The quality of development and delivery of amenities will be critical to establishing a strong heart to the estate, and connecting together different quarters.
- 6.54 **Manor Royal Site E** (25 ha) is bounded by Faraday Road, Fleming Way, Crawter's Brook and Manor Royal. It contains a mix of B-class floorspace but with a focus on industrial and warehouse units. The site contains a concentration light industrial space, including within the Brunel Centre and the 1980s Bell Centre. There are a number of larger warehouse units, with occupiers including TNT Distribution, Smiths News and City Link; as well as larger manufacturing facilities including those of Vent Axia, Aeropia, Paste Reale, CGG Veritas and Sky Chiefs.
- 6.55 There is a significant level of vacant warehouse floorspace within the Site, totalling 16,500 sq.m. This includes four units of over 2,320 sq.m (25,000 sq.ft). Thales Crawter's Brook site on Newton Road is also vacant (1.8ha). Given access to the later, we consider that this is suitable for B1 and B2 uses.
- 6.56 We perceive that market demand in the short-to-medium term will be predominantly for further industrial and warehouse floorspace within this area; with limited demand for office accommodation in the short-to-medium term particularly on sites without a frontage onto Manor Royal Way. There is a need in the medium-term to upgrade the environment and building stock within this area reflecting its central location within Manor Royal and proximity to the proposed hub and the Council should look to demand high quality standards of design particularly for sites fronting onto Manor Royal Way, Faraday Way and Newton Road.

- 6.57 **Manor Royal Site F** (27.2 ha) is located to the east of Crawter's Brook, south of Fleming Way. It comprises a mix of B-class uses, with sites accessed mainly from Gatwick Road. Overall the cluster contains a significant volume of distribution space, with trade counter, office and car showrooms. Environmental quality is reasonable; and access is good.
- 6.58 Larger warehouse units are located in the Meadowbrook Industrial Centre, accessed from Maxwell Way; and within the Sussex Manor Business Park. Recent office development at Pegasus Place is almost fully let, with one floor remaining (5328 sq.m). However there is a sizeable quantum of vacant office floorspace at the front of the Sussex Manor Business Park (2814 sq.m). The Council should encourage proposals for the regeneration of the Sussex Manor Business Park.
- 6.59 The Thales site is the major long-term development opportunity within the cluster, and currently comprises office and industrial space dating mainly from the 1970s. It is of a size and location to create a high quality new development to provide a catalyst for further investment/ regeneration. A range of potential uses would be suitable for this site taking account of the findings of our demand analysis and the Manor Royal Masterplan, including B1, B2 or B8 development. We would expect development to be brought forward over the next 10 years. High quality development should be promoted given the site's location on a key transport corridor.
- 6.60 **Manor Royal Site G** (13.2 ha) is the south-western most quadrant of Manor Royal. It comprises a mix of B-class uses, including recent office development on Manor Royal comprising a 3-4 storey scheme occupied by B&CE Benefit Schemes; the Innovation Centre comprising office and industrial space and further 1980s office-warehouse units within Crompton Fields.
- 6.61 There is significant on-street parking on Crompton Way, and environmental quality is below average. Some sites lack sufficient space for loading and unloading. 1990s development of 18 small and medium sized workshop units at Lloyds Court has been reasonably successful and potentially provides a model for the form of development which could be achieved on this site.
- 6.62 There is some potential for redevelopment of older 1950s single storey light industrial/ workshop units on Crompton Way, whether there is a significant level of vacant floorspace. We identify potential for B1c development on this 2.2ha site in the medium-term (10-15 years).
- 6.63 **Manor Royal Site H** (11.6 ha) is located to the south of Manor Royal and is occupied by GlaxoSmithKline (GSK), with a modern warehouse unit occupied by UPS to the rear. The

main site comprises two storey 1960s office space, together with 1 and 2 storey industrial buildings plus car parking and sports pitches. GSK are expected to vacate the site in 2011.

- 6.64 The site benefits from good access, by road and bus, with limited evident physical constraints.
- 6.65 This site is currently being marketed and would be suitable for B1 or B2 uses. Given the recent limited supply of large freehold opportunities it is anticipated that this will be brought forward within the short-term (0-5 years). The opportunity should be used to improve permeability in the south of the Manor Royal Estate.
- 6.66 **Manor Royal Site I** (16.8 ha) is located to the east of the GHK site and west of Gatwick Road. It primarily comprises larger floorplate office space on Manor Royal and a mix of industrial and warehouse floorspace on Napier Way and Malborough Lane.
- 6.67 **Manor Royal Site J** (27.0 ha) is located to the north of Fleming Way, west of Gatwick Road. The area contains a mix of B-class uses, including industrial, workshop, warehousing and office uses. It includes modern office space fronting onto Fleming Way. Previously occupied by Excel Airways, part of this has been re-let to Grant Thornton with 2050 sq.m remaining vacant.
- 6.68 Larger warehouse units are located on James Watt Way and Whittle Way and include units occupied by Royal Mail and Evans Cycles. Industrial space includes the Rutherford Way Industrial Estate, which is fully occupied; as well as older industrial and workshop units on Priestley Way and Rutherford Way. There are some more modern units within the 2000s development at Raleigh Court which comprises 17 B1 units. There are a number of warehouse units vacant including the former LSG Sky Chiefs unit (2536 sq.m) and Unit 14 Whittle Way (575 sq.m).
- 6.69 While permeability through this area is not particularly strong, and environmental quality varied; the site provides space for smaller workshop-type uses for which there is limited space available elsewhere in Manor Royal. The age and quality of properties within the cluster varies. Overall there is limited development potential.
- 6.70 The site contains a parade of shops and amenities on Gatwick Road which serve the Manor Royal area. This includes sandwich shops and a gym.
- 6.71 While there are opportunities to reoccupy existing commercial premises, there are few evident development opportunities within this area.
- 6.72 **Manor Royal Site K** (25.9 ha) is located to the east of Gatwick Road, north of Tinsley Lane. The area comprises a mix of B-class uses, but predominantly storage and warehousing uses with some car showroom/ parts uses. It includes Segro's Gatwick International Distribution

Centre, which contains an above level of vacant floorspace, as well as Sterling Park containing 1980s industrial and warehouse uses. There are a number of coach / bus depots on Wheatstone Close.

- 6.73 The vacancy level within office space in this cluster is above average, with Gatwick 23 completely vacant (5,760 sq.m) with further vacant space at Sterling Park (727 sq.m).
- 6.74 The site also contains the British Rail Yard, occupied by a number of concrete and aggregates uses with some light industrial/ trade counter uses to the front. There is potential in the medium-term to intensify uses in this area, although no investigation of the operational requirements of the railway has been undertaken.
- 6.75 City Place is a recent development of large floorplate, four storey office blocks to the north of Manor Royal adjacent to the airport boundary. No1 City Place is let to BT Wholesale, however the first floor remains vacant (994 sq.m). There is a further 6084 sq.m vacant, the entire building, at No3 City Place. A further plot to the north of No2 remains vacant and has not as yet been built out.
- 6.76 More broadly the cluster contains a UK Mail Warehouse, air traffic control operations for the Airport together with a four storey 1980s office block on Gatwick Road, which is occupied by the Civil Aviation Authority.
- 6.77 On the north side of the cluster, the Ian Stewart Centre provides office and industrial space over a four story unit. The quality of this space is below average and 860 sq.m is currently vacant. This 1.8 ha site might provide an opportunity for redevelopment in the medium/ long-term (10-15 years). It would be suitable for B1 use given its gateway location.

#### *Economic Strategy Implications*

Manor Royal is the single largest employment location within the sub-region, employing 30,000 people. It is a successful industrial estate. Its scale offers potential for key elements of a company to be collocated. However as the Manor Royal Masterplan identifies, the estate lacks competitive advantage relative to other South East Business Parks. It has become dated and lacks the strong environmental and public realm quality and amenities of other successful employment locations. It also suffers from peak time congestion.

It will be necessary to provide a coherent planning framework for the Estate, which the Council is in the process of putting in place, in order to guide investment. This should include addressing the potential for (and deliverability of) a modern cluster of local amenities to serve the employment location; as well as providing a clear framework for the types of uses and potential design standards expected in different parts of the estate. We address this further as part of our conclusions.

## 2. GATWICK AIRPORT

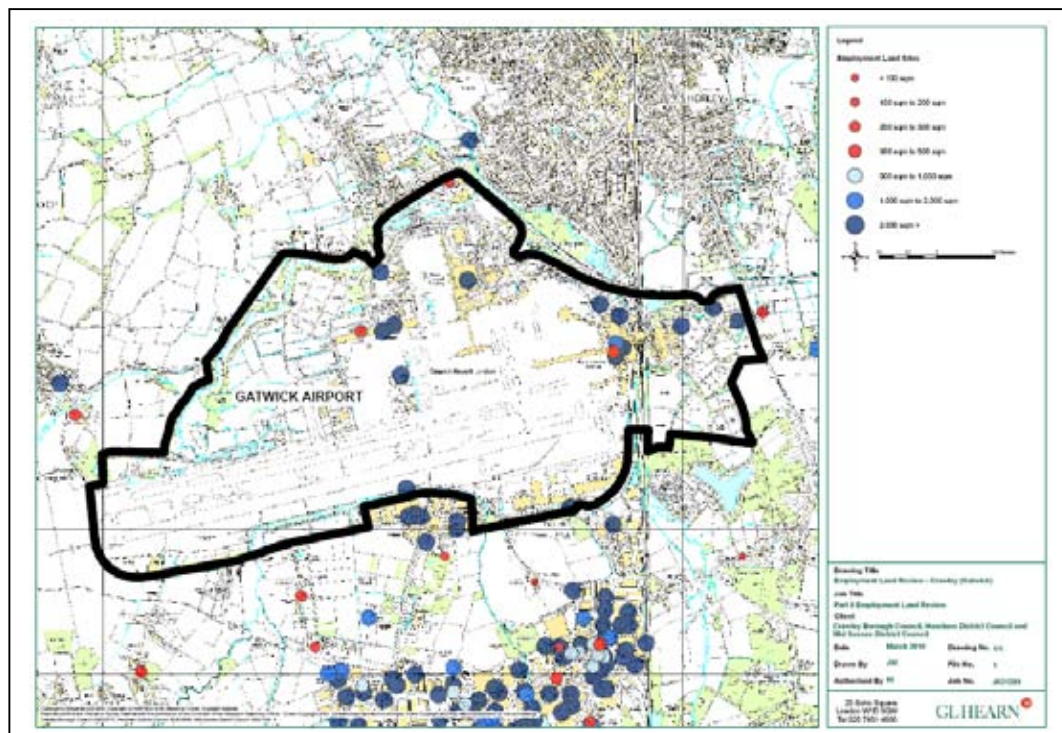
- 6.78 The Gatwick Airport site includes employment space within the Airport boundary. This includes both buildings within the Perimeter Road and at Buckingham Gate. Figure 6.4 identifies the site boundary. The site includes a range of employment space which relates to the operation of the Airport, including storage space; and office space. Figure 6.3 provides a breakdown of floorspace composition.
- 6.79 Gatwick Airport Limited indicate that around 23,000 people are employed at the airport itself, and it is estimated that the airport supports a further 13,000 jobs off-site. It is the UK's second largest airport behind Heathrow, and currently handles 32 million passengers per annum.
- 6.80 The cluster contains a number of office blocks located within or around the airport terminals, or at Buckingham Gate. Figure 6.4 indicates the current floorspace and vacancy levels for office space.

**Figure 6.4: Office Space at Gatwick Airport, April 2009**

	Net Lettable (sq.ft)	Sq.ft Available	Vacancy Rate
Ashdown House	44927	20377	45%
Atlantic House	26132	7678	29%
Blacony Office	12654	1535	12%
Concorde 2000 - North	34776	6893	20%
Concorde 2000 - South	48330	5619	12%
Jubilee House	90451	33250	37%
Longbridge House	46946	235	1%
Lost Property	2155	467	22%
Norfolk House	34707	5461	16%
Destinations	42528	0	0%
TTS North	15854	0	0%
TTS South	7086	0	0%

Source: Gatwick Airport Limited/ Entec

- 6.81 Employment floorspace within this cluster benefits from good public transport accessibility, particularly those clustered around the South Terminal where the rail hub is located. However there are occupancy restrictions limiting use to airport-related functions albeit that Crawley Borough Council has relaxed restrictions related to the use of some space on a temporary basis.

**Figure 6.5: Site Boundary, Gatwick Airport**

- 6.82 Data supplied by Gatwick Airport Limited and Entec indicates that the vacancy of office floorspace has risen from less than 2% in late 2006 to 20% in July 2009. This partly reflects trends in the types of airlines flying from the airport and the scale of back-office functions which they support. As Figure 6.3 indicates, there is a significant level of vacancy in Jubilee House, Ashdown House and Concorde 2000 – North.
- 6.83 The airport boundary includes campus-style office development at Buckingham Gate at First Point, alongside older 1980s development at Schlumberger House. First Point tenants include Aviance and BAA. This is an attractive campus office location, which is accessible from the motorway; however public transport access is limited and aircraft noise high.
- 6.84 GL Hearn has not been able to assess the quality of space within the Airport itself. Future use of space will be influenced by the operational requirements of the airport.

### 3. LOWFIELD HEATH

- 6.85 Lowfield Heath is located to the north of Gatwick Road, adjacent to the Airport perimeter. It comprises primarily warehouse and distribution floorspace, a significant proportion of which is owned and managed by Segro. The area benefits from good road access, via the A23; but offers limited access to public transport or local services.

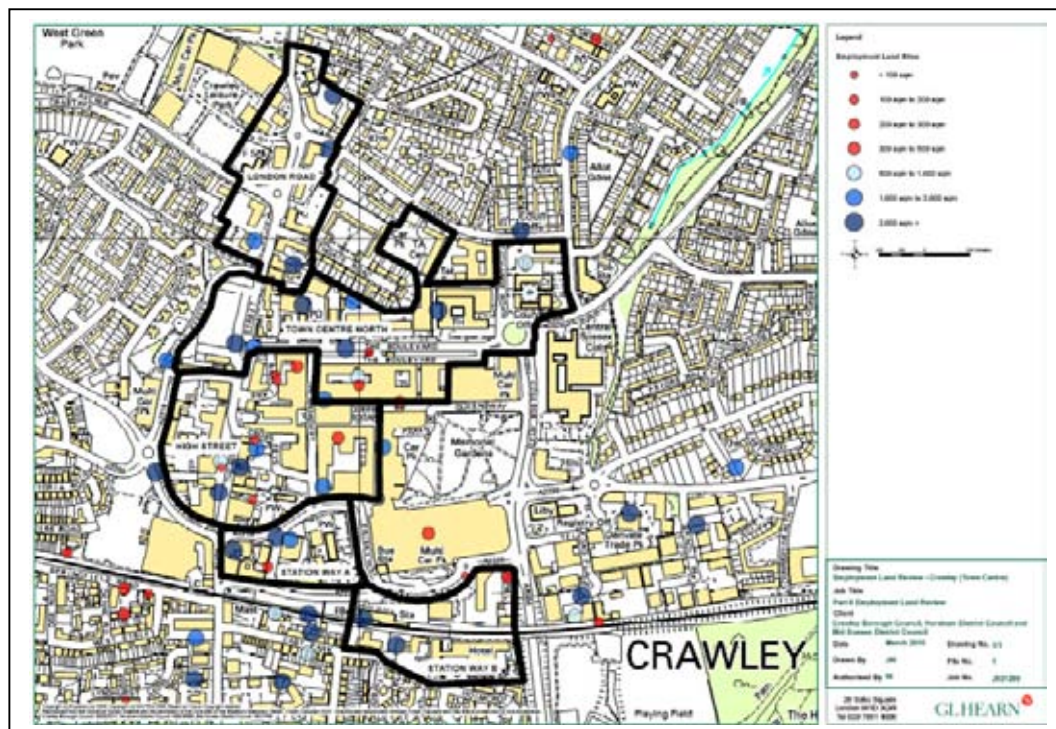


- 6.86 The site contains good quality space overall, predominantly dating from the 1990s. However vacancy levels, particularly for warehouse floorspace, are above average. This includes a number of larger units of over 1,850 sq.m.

#### 4. TOWN CENTRE

- 6.87 Office floorspace are the main employment uses in Crawley Town Centre. These are clustered around London Road and the Boulevard on the northside of the main retail area, and around the top of the High Street and Station Way to the south. We have identified five employment clusters, as identified in Figure 6.6.

**Figure 6.6: Crawley Town Centre Sites**



- 6.88 **London Road** (6.0 ha) comprises mainly larger office blocks with between three to five storeys of accommodation constructed since the 1980s. Tenants include RBS, Halcrow and Stiles Harold Williams. Occupancy levels are influenced by the quality and age of space, but are generally reasonable, albeit with a significant level of vacancy for instance evident within Stoner House (855 sq.m/ 9,200 sq.ft). More recent smaller scale office development has been built out since 2000 at Peveril Court and Beech Tree Close to the north. There are few evident development short-term opportunities however space will need to be refurbished or replaced over time. The area works well as the town centre's main office 'quarter.'

- 6.89 **Town Centre North** (11.7 ha) is focused on the Boulevard on the north side of the Town Centre. It contains a number of older office blocks, including the vacant 1,350 sq.m/ 14,500 sq.ft former DSS building and the Council Offices. There is further office floorspace over shops. The majority of office floorspace within this cluster is dated and increasingly redundant. There is a significant level of vacant and underused floorspace. The area also contains key community infrastructure including the Central Sussex College, Town Hall and Assembly Hall, County Council office accommodation (for fire and rescue services), Police Station and Magistrates Court.
- 6.90 Crawley Borough Council intends to bring forward a comprehensive regeneration scheme for this area. The Council is working with its preferred development partner to review development potential to inform the Core Strategy Review.
- 6.91 The Council has prepared a Supplementary Planning Document (SPD) to guide delivery of its regeneration ambitions at Town Centre North. This sets out that the development should contribute to delivery of a sustainable economy through provision of a range of employment opportunities, including an appropriate level of high quality office accommodation. It however sets out that re-provision should consider development opportunities throughout the Town Centre and it is not necessary to re-provide office space in situ.
- 6.92 We view Town Centre North as particularly important not just in improving the supply of high quality office accommodation within the Town Centre, but in improving the range of amenities and environment which the town offers, including in terms of improving the retail offer, and providing high quality restaurants and leisure facilities. This will support demand for office floorspace. Should Town Centre North not come forward, this may impact on the Town Centre's attractiveness as an office location and the scale of office floorspace which can be supported by the Town Centre and delivery phasing.
- 6.93 **Station Way A** (3.0 ha) contains town centre office development predominantly comprising 4 and 5 storey buildings developed during the 1980s and 2000s, whilst also containing ground floor retail units (fronting Brighton Road), residential development (fronting Station Way), a place of worship and multi-storey car parking. More recent development fronts onto Haslett Avenue West, directly opposite the High Street; and Station Way, whilst older office development is located fronting onto Station Road. Key occupiers include Job Centre Plus and Virgin Holidays.
- 6.94 Buildings are generally well occupied. Vacancies include small office units on the corner of Station Road and Station Way, and within the Belgrave House and significant office space within the recently refurbished Pinnacle development opposite the Station (2,740 sq.m/



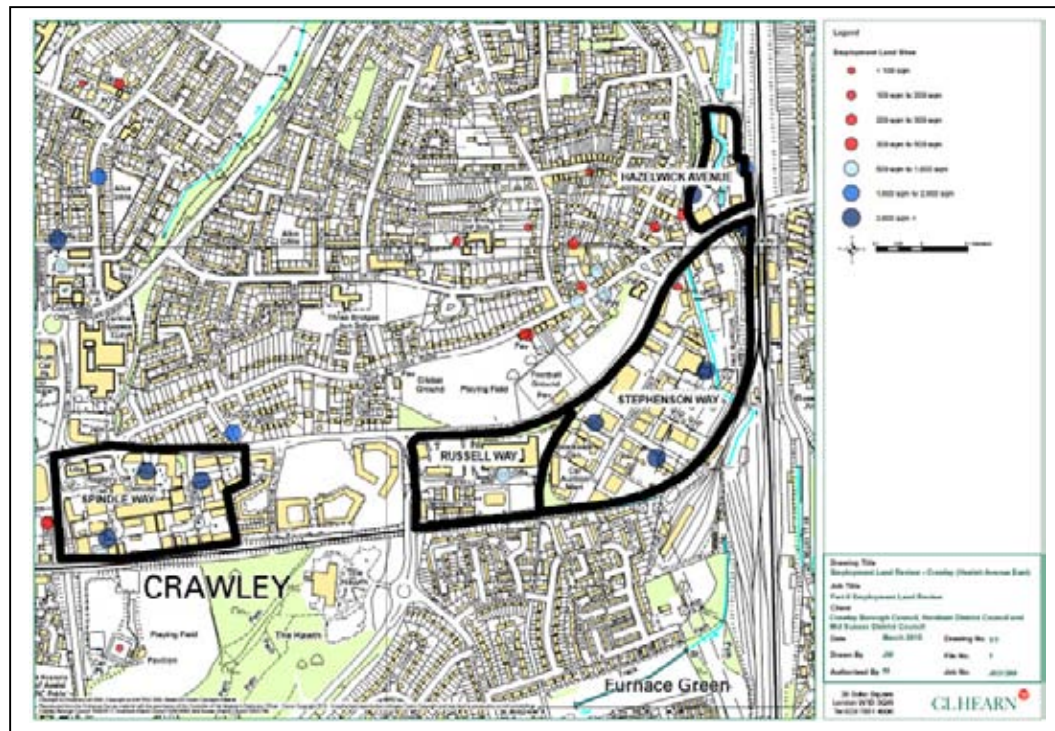
29,485 sq.ft). The site is a good central location for office development, but demand and values are influenced by the broader quality of the town centre 'offer.'

- 6.95 **Station Way B** (4.6 ha) covers land on both sides of the railway line. It has been developed at different intervals over a number of decades and includes a mix of office, entertainment, service and residential uses. Development north of the railway line includes Overline House, a six storey office building which includes the rail station; together with Belmont House, a four storey office block occupied by Thomas Edgar. Development to the south of the railway line is largely occupied by the Arora Hotel, but includes two three and four storey buildings – Longley House and Zurich House. These have become dated and exhibit a high vacancy rate. Redevelopment, potentially for residential use should be considered, given the relatively poor road access and visibility to this location as well as the severance effect of the railway.

## 5. THREE BRIDGES CORRIDOR

- 6.96 The Three Bridges Corridor stretches along Haslett Avenue East from Crawley Town Centre to Three Bridges Station. It contains a mix of uses including employment development around Russell Way, Stephenson Way and Hazlewick Avenue. The corridor is on a main bus route and there is a cluster of shops and local services around the Hazlewick Avenue junction. It is defined as a Main Employment Area in the Council's current LDF Core Strategy. We have identified the following sites within the cluster:

- Spindle Way;
- Russell Way;
- Stephenson Way; and
- Hazlewick Avenue.

**Figure 6.7: Sites in the Three Bridges Corridor**

6.97 The **Spindle Way** (7.9 ha) area is located close to Crawley Town Centre and was development over a number of decades into three separate areas:

- Land South and West of Telford Place;
- Land between Telford Place and Spindle Way; and
- Land South and East of Spindle Way.

6.98 Land south and west of Telford Place was primarily developed during the 1970s and 1990s and is largely underutilised. A potential redevelopment site lies west of Telford Place, currently occupied by a large single storey derelict building and Crawley Furniture Clearance Centre. Land located south of Telford Place is currently occupied by active businesses largely catering towards construction trade (e.g. Lawsons and Build Centre) and includes areas used for open storage. These businesses have limited car parking, with cars over-spilling onto the adjacent street and vacant property.

6.99 Land located between Telford Place and Spindle Way comprises the Denvale Trade Park. This trade park is largely comprised of trade counter businesses (e.g. Tile Base, City Plumbing) and includes dedicated parking areas with some loading bays. The Denvale Trade Park, developed during the 2000's, is attractive and active. A small number of vacant units are currently for let.

- 6.100 Land located east and south of Spindle Way was essentially developed for industrial, office and warehouse buildings during the 1970s with some recent office buildings constructed at Spindle Court and Mill Court. This more recent development contains a number of vacant office units, whilst the remainder of this area is well occupied by trade counter and motor vehicle related businesses. Whilst the area is active, it has a relatively poor environmental quality. Overspill car parking onto the street is evident, however this is influenced by the type of businesses located here (e.g. car rentals and repair). This proportion of the local industrial estate satisfies demand for lower-value space/ uses.
- 6.101 **Russell Way** (5.6 ha) comprises two 1970s office blocks developed over four and five storeys. The block to the north, Sutherland House, is occupied by Xaffinity. The block to the south lies vacant and derelict. Planning permission exists for demolition and residential redevelopment of this (CR/2005/0812/FUL) and is subject to a renewal application. Land to the west has recently been redeveloped, for a mix of uses.
- 6.102 The Council's current policy for this area supports mixed use redevelopment, involving retention of employment floorspace together with additional development achieved through increase in densities. This we consider would remain appropriate an appropriate policy for the Russell Way sites.
- 6.103 **Stephenson Way** (15.1 ha) comprises a mixed employment area containing a range of B-class uses, together with car showroom/ repair premises on the Hazlewick Avenue East frontage. Key occupiers include Tufnells and Safestore (B8 warehousing), Crawley Luxury Coaches (with facilities for storage and repair) as well as Hanson Cement. There are a number of trade counter units, car repair facilities as well as units for B1c use. The environmental quality of the site is below average, and there are parking issues; however we consider that the site plays an important role in providing cheaper space with some freehold ownership, which compliments that at Manor Royal. The site caters well for small industrial businesses and building supplies companies.
- 6.104 We consider that it would be appropriate to restrict the types of uses in this area, resisting further development of car showroom, and supporting provision of B1c and B2 uses.
- 6.105 To the east of Stephenson Way, there is a large station car park and adjacent railway lands. This site offers relatively low environmental quality and is dissected by overhead power lines. We consider that there may be potential for intensification of use of this land in the medium-term.
- 6.106 **Hazlewick Avenue** (2.21 ha) contains a number of four storey office blocks constructed during the 1980s and 1990s, set within a parkland campus. These comprise Ocean House,

Energy House and Pacific House. There is some vacant space within Ocean House, but no evident further development potential.

## 6. TILGATE FOREST

- 6.107 The final cluster of employment space in Crawley is located on the south side of the town, around Pease Pottage Hill/ Brighton Road. This includes the Tilgate Forest Business Centre and Broadfield Business Park, both constructed during and since the 1990s. These two sites provide campus office parks which are accessible from the M23/A23: a type of offer which is not present elsewhere within Crawley. There is some limited development potential at Tilgate Forest, comprising plots which have yet to be built out.

### ***Economic Strategy Implications***

Crawley contains a significant volume of employment space which is generally of a good quality and suitably located. To maintain the Borough's economic performance, it will however be necessary to support progressive redevelopment or refurbishment employment space as it becomes dated.

Manor Royal plays an important role within the town, but the Estate, as the Council has identified is in need of renewal. An approach to targeting investment to improve amenity, as well as developing local facilities for employees and investing in public realm and 'greening' seems entirely appropriate.

The sites at Spindle Way and Stephenson Way play an important role in providing alternative accommodation to Manor Royal, including space for smaller businesses and opportunities for freehold site ownership. It is important that these sites are protected for B1c and B2 uses.

Improvements to environment/ public realm quality, the retail offer and leisure amenities – including restaurants and cafes – are needed to support the Town Centre office market. Town Centre North will go a long way to achieving this; and will support the office market. We consider that it remains appropriate to seek to replace existing office space as part of this scheme.

## EMPLOYMENT LAND SUPPLY

- 6.108 This section considers quantitative sources of employment land supply. It considers in turn:

- Completions of employment floorspace, 2006-10;
- The development pipeline, in terms of sites with planning consent at April 2010;
- The capacity of outstanding employment land allocations; and
- The capacity of vacant developable land on existing sites.

## COMPLETIONS

- 6.109 West Sussex County Council's Commercial and Industrial Development Survey, an annual survey of employment land, indicates net completions of B-Class floorspace in Crawley over the period between April 2006 – April 2010 of 32,593 sq.m. This comprises a gain of 24,000 sq.m of office space and 15,000 sq.m of warehouse space, but a net loss of- 7,000 sq.m of warehouse floorspace.

**Figure 6.8: Net Floorspace Completions, 2006-10**

<b>CRAWLEY</b>	<b>OFFICE</b>	<b>INDUSTRIAL</b>	<b>WAREHOUSE</b>	<b>TOTAL</b>
<b>SQ.M</b>	<b>B1A/B</b>	<b>B1C/B2</b>	<b>B8</b>	
<b>2006-7</b>	0	3898	1060	4958
<b>2007-8</b>	1330	200	0	1530
<b>2008-9</b>	22819	0	0	22819
<b>2009-10</b>	0	-10761	14047	3286
<b>TOTAL</b>	<b>24149</b>	<b>-6663</b>	<b>15107</b>	<b>32593</b>

Source: WSCC Commercial & Industrial Development Survey 2010 / GL Hearn

## SITES WITH PLANNING PERMISSION

- 6.110 Across Crawley there was 13.1ha of land (gross) and 7.3 ha (net) with planning consent for employment development at April 2010. Delivery of this would yield 34,794 sq.m net of employment floorspace, comprising:

**Figure 6.9: Development Pipeline, April 2009**

<b>CRAWLEY</b>	<b>Land (Ha)</b>	<b>Floorspace Delivery</b>	<b>Net Floorspace Growth</b>
<b>B1A/B</b>	12.46	69669	67075
<b>B1</b>	0.06	563	563
<b>B1C/B2</b>	0.16	796	-20815
<b>B8</b>	0.37	2767	-12029
<b>TOTAL</b>	<b>13.05</b>	<b>73795</b>	<b>34794</b>

Source: WSCC Commercial & Industrial Development Survey 2010 / GL Hearn

- 6.111 The development pipeline includes proposals which would result in a loss of 22,000 sq.m of B2 and over 16,000 sq.m of B8 floorspace.
- 6.112 A detailed breakdown of sites with planning consent in April 2010 is provided in Figure 6.10.

**Figure 6.10: Development Pipeline, Crawley**

Site Ref	Address	Use Class	Site Area	Net Floorspace Gain	Delivery Timescale	Floorspace Loss	Use Class
C3	THALES/ ASAHI SITE (BUILDING C), MANOR ROYAL	B1A	1.4	9300	0 TO 5		
C4	ASTRAL TOWERS/ THE WHITE HOUSE, BETTS WAY	B1A	2.7	19921	0 TO 5		
C5	PREMIER HOUSE, BETTS WAY	B1A	0.77	6121	0 TO 5		
C6	29-35 HIGH ST/ HASLETT AVENUE, WEST CRAWLEY	B1A	0.05	2434	0 TO 5		
C7	GATWICK BUSINESS CENTRE (CITY PLACE)	B1A	2.8	11888	0 TO 5		
C8	SOUTHWAYS PARK (ARORA), LONDON ROAD	B1A	2.87	3241	0 TO 5	3200	B8
C9	FF 1-3 QUEENS SQUARE	B1A	0.04	157	0 TO 5		
C10	15-29 THE BROADWAY, CRAWLEY	B1A	0.11	2626	0 TO 5		
C11	AVIAREPS, GATWICK ROAD	B1A	0.15	163	0 TO 5		
C12	ROYAL BRITISH LEGION CLUB, CHARLWOOD RD	B1A	0.05	496	0 TO 5		
C13	CRAWLEY BUSINESS QUARTER PLOT E2	B1A	0.7	6611	0 TO 5		
C14	CRAWLEY BUSINESS QUARTER PART PLOT E1	B1A	0.79	6318	0 TO 5	13076	B2
C15	23 GATWICK ROAD	B1A	0.01	105	0 TO 5		
C16	GE CAPITAL AVIATION TRAINING, FLEMING WAY	B1A	0.02	288	0 TO 5		
C17	LEISURE CENTRE SITE, HASLETT AVENUE	B1	0.06	563	STARTED		
C18	1-5 CITY BUSINESS CENTRE, WHITWORTH ROAD	B2	0.21	1427	0 TO 5	1196	B8
C19	1 STEPHENSON WAY	B2	0.03	72	0 TO 5		
C20	COLUMBIA WORKS, FLEMING WAY	B2	0.1	556	0 TO 5	503	B2
C21	195B THREE BRIDGES ROAD	B2	0.03	168	0 TO 5	65	B2
C22	UNITS 22 & 23, COBHAM WAY, GATWICK ROAD	B8	0.29	1657	0 TO 5		
C23	UNIT 1B, THE DRIVE, GATWICK ROAD	B8	0.08	1110	STARTED		
C24	40-46 GATWICK ROAD, CRAWLEY	D2	3.13		STARTED	13600	B8
C25	41-45 GATWICK ROAD, CRAWLEY	A1	0.3		0 TO 5	1523	B2
C26	IFIELD DRIVE SERVICE STATION	A1	0.2		0 TO 5	53	B2
C27	WARWICK HOUSE, REYNOLDS ROAD	A1	0.03		0 TO 5	171	B2
C27	FORMER TSB & SEEBOARD SITE, RUSSELL WAY	C3	0.81		0 TO 5	2594	B1
C28	COUNTY OAK BUSINESS PARK, BETTS WAY	A1	1.3		0 TO 5	6220	B2

Source: WSCC Commercial &amp; Industrial Development Survey 2010 / GL Hearn

### EMPLOYMENT LAND ALLOCATIONS

- 6.113 GL Hearn has reviewed the suitability and developability of existing employment land allocations. We have also considered current employment sites which have been allocated for an alternative use. In Crawley there are no employment sites without planning consent which have been allocated for an alternative use. Figure 6.11 sets out the contribution to employment land supply from outstanding allocations.
- 6.114 Outstanding land allocations provide a contribution of 8.3 ha to employment land supply. This is primarily located within the extension to Manor Royal allocated in the Core Strategy. In addition to these, a number of employment development opportunities are identified in the Council's Town Centre SPD, although the net employment floorspace cannot be quantified. This includes opportunities for office development around Crawley Rail Station which achieve at least no net loss in employment floorspace.

**Figure 6.11: Outstanding Land Allocations, Crawley**


### VACANT DEVELOPABLE LAND

- 6.115 The final component of land supply comes from existing (or in the case of the Glaxosmithkline Site in Manor Royal prospective) vacant land which is or is likely to be available for employment development.
- 6.116 This source of supply provides a contribution of 21.3 ha of land with potential for delivery of 94,000 sq.m of employment space.



**Figure 6.12: Supply of Vacant, Developable Land – Crawley**


Source: GL Hearn

#### **TOTAL EMPLOYMENT LAND & FLOORSPACE SUPPLY**

6.117 Drawing together the supply side assessment, Figure 6.13 indicates the total land and floorspace supply in Crawley. There is a supply of 44 ha of land, with potential for 240,000 sq.m of employment development.

**Figure 6.13: Employment Land & Floorspace Supply, Crawley**

	(Ha)	OFFICE	INDUS TRIAL	WARE HOUSE	MIXED B	TOTAL
<b>Net Allocated</b>	8.33	5000	0	0	33750	38750
<b>Net Completed 2006-10</b>	7.24	24149	-6663	15107	0	32593
<b>Net Committed</b>	7.28	70232	796	2767	0	73795
<b>Existing Sites, Vacant without Planning Permission</b>	21.3	25537	0	0	68655	94192
<b>TOTAL</b>	44.1	124918	-5867	17874	102405	239330

Source: GL Hearn



## EMPLOYMENT LAND SUPPLY: HORSHAM DISTRICT

- 6.118 There is a total of 756,000 sq.m of commercial floorspace in B-class uses in Horsham District (VOA, April 2008) representing 28% of the commercial floorspace in the sub-region. Around 65% of this space is concentrated in Horsham and a number of surrounding settlements which relate closely to it (Southwater, Broadbridge Heath, Slinfold and Warnham). 13% is in Pulborough/ Storrington and surrounding areas; 11% in Henfield/ Partridge Green; and 9% in Billingshurst.
- 6.119 The Employment Land Review has assessed a total of 39 employment clusters or locations. These include four 'quarters' within Horsham Town Centre as well as a range of other sites across the District. The locations of strategic sites, including land West of Bewbush and three potential strategic sites being considered as part of the Council's Core Strategy Review, have also been considered to review their potential for employment development.
- 6.120 In general there is limited vacant land and premises with development potential within existing sites. Generally the urban sites are intensively used. Some more rural locations offer potential for intensification but often are not considered particularly attractive to the market or represent sustainable locations for investment. It will be important to provide a good supply of sites and premises to support the retention of existing businesses and provide suitable floorspace for growing businesses.

## EMPLOYMENT SITES IN HORSHAM DISTRICT

### 1. HORSHAM TOWN CENTRE

- 6.121 Horsham is an attractive market town. We estimate that the Horsham Town Centre contains 266,000 sq.m of commercial floorspace the majority of which is B1a office space. The town centre is an attractive environment for office occupiers, offering good accessibility as well as access to amenities and facilities. A large proportion of the office stock dates from the 1980s and 1990s, with limited more recent development of Grade A space. Vacancy levels for office space within the town centre are above average (with a total of c. 32, 500 sq.m/ 350,000 sq.ft of vacant floorspace) and there is an oversupply of large floorplate office units. In contrast, the supply of smaller modern commercial office units ( < 500 sq.m) is limited. We estimate an overall vacancy rate for office space within the Town Centre of 6.5%.
- 6.122 Larger office units within the Town Centre are concentrated on **North Road, Chart Way and Albion Way**. This forms the main office location for the town. The quality of space in this area is generally relatively strong and this is reflected in high occupancy levels. Current vacant

floorspace is focused in Linden House and Spire Court (2219 sq.m). The market has been buoyed by West Sussex County Council's decision in 2009 to take 9290 sq.m at Parkside.

- 6.123 There is a concentration of secondary office space around **Bishopric and Albion Way**. This cluster is more peripheral to the town centre and located at some distance from the rail station. It has an above average level of vacant floorspace concentrated around Bishopric and Springfield Road, which includes Springfield House (1,431 sq.m), Bishop Weald House (2068 sq.m), St John's House (730 sq.m) and Barclays House (720 sq.m). These sites could be considered for mixed-use development together with the Bishop Weald Car Park on Albion Way, and the underutilised 'Granary' site to the rear of Barclays House on Bishopric. It is considered likely that a mix of uses would be necessary to support redevelopment, which would not result in any net addition to office floorspace.
- 6.124 There are further office developments in this area, including Prewitts Mill on Mill Bay Lane, which includes 2415 sq.m of vacant floorspace. However there is potential for refurbishment of some space, as recently undertaken on Worthing Road. 1078 sq.m of office floorspace at the Afon Scheme here is currently being marketed.
- 6.125 Within the Town Centre itself there is a concentration of smaller office units around **Carfax**, occupied by a mix of A2 and B1a uses, and around **London Road**. Units range typically from c 75 – 100 sq.m. They benefit from strong footfall but lack bespoke parking provision. There is c. 1,250 sq.m of vacant floorspace. There is limited evident development potential in this area and stronger demand for these smaller units within the town from SMEs.
- 6.126 On the east side of town, there is a concentration of older floorspace around **East Street and Queens Street**, catering primarily for medium-sized requirements. Office floorspace is interspersed with light industrial uses on some sites on Queens Street. We consider that there is some potential for some rationalisation of floorspace in this area, such as through redevelopment of Tower Court, currently occupied by the Inland Revenue (1040 sq.m B1a), and the adjacent Queensway Garage (460 sq.m), as well as potential for redevelopment or subdivision/ refurbishment of Premier House (1600 sq.m) and Fivash House (728 sq.m). Bridge House, adjacent to the rail line on East Street is already being redeveloped for residential use.
- 6.127 This area does though contain bespoke provision for micro-businesses at City Business Centre on Brighton Road, providing office suites and workshop units ranging from 25-151 sq.m, as well as the Citibase PLC and the new Regus Business Centre at Afon on Worthing Road.

## 2. HORSHAM INDUSTRIAL ESTATES

6.128 Horsham contains a number of local industrial estates, comprising:

- Parsonage Way/ Parsonage Road
- Foundry Lane
- Blatchford Road
- Nightingale Industrial Estate
- North Heath Estate

6.129 **Parsonage Business Park** (9.3 ha) is a medium-sized local industrial estate which predominantly comprises B1c/ B2 industrial units. The estate is generally well occupied and actively used. It has a good quality environment and adequate parking provision. Road access is adequate for existing users, and there are local facilities nearby. Parking provision is adequate and the site is accessible by public transport. To the east of Parsonage Way, land is used for storage use by Rouden Pipetex Ltd and Southern Storage.

6.130 To the north of the Business Park is the James Searle and Sons Industrial Estate (Parsonage Farm). This is a poorer quality site with a lower intensity of use, currently occupied by plant hire, motor services and small engineering businesses. The site is allocated for housing development (Policy AL1) in the Council's Site Specific Allocations Development Plan Document (2007).

6.131 To the west along Parsonage Road, there is a single user site occupied by Novartis Pharmaceuticals. This comprises B1 floorspace within a campus-style setting. Buildings are of a variety of ages, and it is anticipated that progressive redevelopment may take place to ensure that the build stock continued to meet the company's requirements. This should be supported. There is no further available land for development on the site, with Novartis using land on the north side of Parsonage Road for employee parking.

6.132 **Foundry Lane** (11.0 ha) contains a mix of B-class uses. The age and quality of space within the area varies. It is an accessible location close to the Town Centre, however environmental quality varies and is below average in parts. Access is limited to some sites. Demand is likely to be stronger for light industrial uses.

6.133 We consider that there is potential for progressive redevelopment of older sites, where vacancy levels are higher, over time. There is potential to include the Hawthorne Trading Estate in the north east of the estate, together with adjacent yard should it be possible to improve access. However there may be stronger potential to bring forward redevelopment of the Jubilee Industrial Estate and Mulberry Trading Estate, also to the west of Foundry Lane.

- 6.134 Within the estate, Foundry Close comprises two storey B1c uses dating from the 1960s and 1970s. These are well occupied, particularly by trade counter uses, despite the age of properties, and parking issues. On Foundry Way there are medium-sized warehouse units.
- 6.135 Small-scale office space is available within the business area, including older space at Enterprise House and more modern space at Foundry Court, a recent development of 12 units of 116-232 sq.m. One unit at Foundry Court remains vacant. Further office space is clustered around the junction with North Street. One building, 1 Horsham Gate, has been burned down and is due to be rebuilt by owners Standard Life, while in a second is vacant (8045 sq.m). 980 sq.m of refurbished space is also being marketed at the 1980s Century House. Further 95 sq.m (1,000 sq.ft) units are available at the 1990s Kings Court development.
- 6.136 The estate also contains larger industrial/ warehouse uses, with key occupiers including Trend, Pharmacare (Europe) Ltd and Ceres Power. There is one vacant unit at the Foundry Centre (2900 sq.m) developed in the 1980s, with 0.39ha of open storage land available to the rear. This provides a further development opportunity.
- 6.137 **Blatchford Road** (9.1 ha) incorporates the Redkiln Industrial Estate, Genesis Business Centre, Blatchford Road Industrial Estate and Blatchford Close Industrial Estate.
- 6.138 Redkiln Industrial Estate is comprised of 12 units primarily occupied by industrial, office and warehouse uses. Businesses within this industrial estate include Bailey Eaves Systems, W&S Motor Services, Aero, and Safegaurd. Buildings date between the 1960's and 1980's and are reasonably well maintained. Car parking is provided on site however there is evidence of overspill parking on street, restricting HGV access. The industrial estate is well occupied.
- 6.139 Genesis Business Centre is primarily comprised of 2 storey office blocks built during the 1990's. Occupiers of this business centre include Elements, Goodwins, and Roberts Kitchens and Bathrooms. Dedicated car parking is provided on site. The business park is of good environmental quality.
- 6.140 Blatchford Road Industrial Estate is comprised of 23 units primarily comprised of office, warehouse, and trade counter uses. This industrial estate is of reasonable environmental quality and fairly well occupied and active. Dedicated car parking is provided however there is evidence of overspill parking on street. This industrial estate is busy with vehicular traffic. Buildings date between the 1960's and 1970's.

- 6.141 Blatchford Close Industrial Estate s comprised of 23 units occupied by trade counter uses. This industrial estate is owned and managed by the Council. It is now fully occupied.
- 6.142 **Nightingale Industrial Estate** (5.2 ha) is situated adjacent to residential development and the rail line north of Horsham Town Centre. Businesses include SPC Horsham.com, HBS the Motor Factory, Kevin Griffin Cars, Alsford, Ashpaltic Roofing Supplies, Henfield Hire and Self Storage and a rail storage yard. While environmental quality is reasonable, access to the estate is restricted. The main landowner in this area is Network Rail. Horsham District Council is exploring the potential of this area for development through the Future Prosperity of Horsham Study.
- 6.143 **North Heath Estate** (1.4 ha) is located in North Horsham on North Heath Road. It is a small employment location comprising small office and light industrial spaces. Environmental quality is high and the estate is well used with no evidence of vacancy. Local amenities are available nearby and the site is accessible by public transport. Overall this is a good quality site.

### 3. WARNHAM

- 6.144 There are a number of employment sites located along Langhurstwood Road, Warnham to the north of Horsham. These sites are located close to the potential North Horsham Strategic Site. They comprise:
- Fischer Clinical Services;
  - Broadlands Business Park;
  - Graylands; and
  - Warnham & Wealden Brickworks.
- 6.145 Sites in this area are currently relatively isolated from services, with limited public transport accessibility. Safety issues on Langhurstwood Road could act as a constraint on development potential.
- 6.146 **Fisher Clinical Services** are a pharmaceuticals company which occupies two single user sites on Langhurstwood Road.
- 6.147 **Broadlands Business Park** (5.7 ha) is a high quality 'campus' style office location developed in the 1990s and providing office floorspace of between 280 – 3870 sq.m. Key occupiers include Davamo, Rockwell Automation, ICS Triplex and Cmed. There is currently 3,855 sq.m of vacant floorspace remaining within the first phase of development, with further phases anticipated. The site benefits from high environmental quality, but lower strategic accessibility and access to services.

- 6.148 **Graylands** is an intensively developed business cluster containing a mix of small office, light industrial and R&D activities. There are access and parking constraints on the site, and it is considered to offer limited scope for further development. We understand that the freehold of this site has recently been purchased by Verve Properties who plan to refurbish and remarket the estate.
- 6.149 The **Warnham and Wealden Brickworks** comprises Weinberger's Warnham Brickworks, together with the vacant Wealden Brickworks site and an adjacent landfill site (operated by Cleanaway). Environmental quality is relatively low and the site generates significant HGV traffic. We understand that in West Sussex County Council has recently granted consent for a new recycling/ waste facility on the site. There is very limited further land for development beyond this. If strategic development North of Horsham is brought forward through the Core Strategy Review this could provide the potential for a comprehensive approach to developing the employment land offer in this area together with associated infrastructure improvements (particularly in addressing access constraints).

#### 4. BROADBRIDGE HEATH

- 6.150 Broadbridge Heath immediately to the west of Horsham. Employment land provision is focused within the Lawson Hunt Industrial Park and Nowhurst Business Park. Provision has also been made for employment floorspace within the West of Horsham Strategic Allocation and there is potential to create some additional employment space as part of a reorganisation of the retail provision on the Tesco site and at Broadbridge Heath Retail Park. This is being explored through the Future Prosperity of Horsham Study.
- 6.151 **Lawson Hunt Industrial Park** (3.8 ha) is a medium-sized industrial estate located off the A281 Broadbridge Heath Bypass. It is an active and well occupied estate, containing a mix of B-class uses developed primarily in the 1990s. It is a well located good quality site.
- 6.152 **Nowhurst Business Park** (3.6 ha) is located further to the west along the A281. This is a lower quality site occupied primarily by Gamble Rail and used for open storage. Despite reasonably good access, the site is relatively underutilised and is of an overall poor environmental quality. It is understood that the Council is engaged in pre-application discussions regarding future development of this site. The site has the potential to deliver B2 and B8 units, and the landowner is understood to be seeking development partners.
- 6.153 The Council's existing Core Strategy makes a strategic allocation **West of Horsham** for mixed use development including 2,500 homes. This is expected to include employment floorspace to meet local needs. The Masterplan for the site anticipates that this would be located adjacent to the new A24 junction.

## 5. SOUTHWATER

- 6.154 Employment floorspace in Southwater is concentrated in the Oakhurst Business Park, and the Southwater Business Park.
- 6.155 **Southwater Business Park** (5.1 ha) is a relatively small but high quality campus-style site developed in the 1990s and occupied by Sony and IBM. These sites contain a mix of B1 and B2 floorspace, within a high quality landscaped setting. Access and parking provision is adequate.
- 6.156 **Oakhurst Business Park** (4.6 ha) has been developed over the last 10 years, and functions as an attractive, high quality employment site. Development to date comprises a mix of floorspace across B-class uses, including headquarters office space occupied by the RSPCA, office/warehouse units occupied by Nursing Hygene, larger B8 space occupied by McFarlanes as well as smaller B1c industrial units (developed by the Council). Two smaller units of 68 and 69 sq.m, with quoting rents of £15 psf were vacant at the time of the site survey but have subsequently been occupied. This is a high quality modern site.
- 6.157 The Council is proposing an extension to one unit at the Oakhurst Business Park for an existing occupier. There remains at this site a further three plots comprising 5 acres of serviced land available for development.
- 6.158 The Council is currently considering the potential for strategic development west of Southwater. The north-eastern quadrant of this site, close to the Hop Oast Roundabout and the Oakhurst Business Park is considered a good location for future employment development. It is close to and potentially visible from the strategic road network and could be served by extension of existing bus services from the Hop Oast Park and Ride. The success of the Oakhurst Business Park indicates the potential market attractiveness of this location; particularly as a lot of existing commercial space is located within industrial estates which fall well within the existing urban area. The site also offers the potential to contribute to serving the business needs of the south of the Borough.
- 6.159 In our view however, it would be logical to support and develop the existing employment location within this area in advance of releasing any further employment land. The development potential of the Oakhurst Business Park should be brought forward in advance of release of any further strategic employment land provision.

## 6. SMALLER SETTLEMENTS NEAR HORSHAM

- 6.160 There are a number of employment sites located in smaller settlements near Horsham. These include sites in Slinfold and Faygate.

- 6.161 Slinfold is located 3.5 miles west of Horsham on the A29. Employment space within the village includes a single user site previously occupied by SI Group & Flint Group, together with the Spring Copse Business Park.
- 6.162 The **Flint Group Site** (7.7 ha) is a single user manufacturing site located off Stane Street. It is a rural location on the edge of the village, with limited access to services or public transport facilities. However it comprises good quality modern space and is well maintained. It is a good quality site overall. We understand that the Flint Group and SI have now both closed down their operations on this site which is now being marketed and the Council is engaged in pre-application discussion regarding its future potential.
- 6.163 **Spring Copse Business Park** (3.5 ha) similarly a good quality site located on the A29. It is a local industrial estate comprising industrial and warehouse uses, with a good level of occupancy, good access and environmental quality. Cordek, a manufacturer of specialist expanded polystyrene products, is a major occupier. There is some limited potential for intensification at the west of the site.
- 6.164 Faygate is located just off the A264 between Crawley and Horsham. Existing employment space comprises the lower quality Holmbush Potteries Industrial Estate, located off the A264. This site has limited access. Further employment space is concentrated within a small B1 development comprising a three storey 1980s office block and 14 light industrial units at **Faygate Business Centre** (0.8 ha) adjacent to Faygate Station. This site benefits from good public transport accessibility, however there are limited services within the village. There is currently one vacant light industrial unit of 183 sq.m. The adjacent vacant Sawmills site is being redeveloped for residential use.

## 7. BILLINGSHURST

- 6.165 There is a significant cluster of employment floorspace in Billingshurst, comprising:
- Daux Road Industrial Estate;
  - Myrtle Lane;
  - Huffwood and Eagle Trading Estate;
  - Gillmans Industrial Estate;
  - Rosier Commercial Centre;
- 6.166 There is a limited level of office space located on the High Street, particularly at Laura House within the Jengers Mead Shopping Centre. There are currently two vacant units of 39 sq.m and 45 sq.m for which the freehold is for sale.



- 6.167 The Daux Road Industrial Estate, Huffwood Trading Estate, Myrtle Lane and Gilmans Industrial Estate are clustered close to the station on the south side of the town. Road access to the estates, which includes traversing a level crossing, is less strong relative to other sites which impacts upon their attractiveness.
- 6.168 The **Daux Road Industrial Estate** (6.0 ha) is a medium sized business area located adjacent to Billingshurst Station. It comprises low rise older workshop uses, industrial uses and some medium-sized warehouse units of various ages. The level of vacant space is above average. Environmental quality is reasonable but there is some evidence of overspill parking linked to the station. There are a number of vacant industrial/warehouse units as well as small offices suites within Franklin House. There is potential for selective redevelopment of parts of older buildings at the eastern end of the site over time to bring forward more modern commercial floorspace.
- 6.169 To the north of the railway line, there is a small local industrial estate at **Myrtle Lane** (2.1 ha). This has a low intensity of use and a significant volume of vacant space (> 632 sq.m). Buildings are of a variety of ages, with 30% considered poor quality. Environmental quality is mixed and there is inadequate parking provision (although public transport accessibility is strong). The width of the access to the site is limited. Part of the site has been identified within the Council's Strategic Housing Land Availability Assessment (SHLAA) as having potential for redevelopment. Given the existing low intensity of use, we consider that a wider area could be considered.
- 6.170 **Huffwood and Eagle Trading Estates** (4.9 ha) are located close-by off Brooker's Road. The Eagle Trading Estate comprises 8 small B1c units developed in the 1990s. It is fully occupied. Huffwood comprises older 1970s B1c/B2 units. There is one vacant unit of 230 sq.m and two of 80 sq.m. Access to the estates is relatively poor. There is potential for long-term redevelopment of uses, however access is considered likely to inhibit intensification of use.
- 6.171 **Gilmans Industrial Estate** (5.4 ha) comprises a local industrial estate with a mix of B1c, B2 and B8 uses. It is reasonably well occupied and active, with key occupiers including Plumridge & Peters Ltd, Hydrachem, Technique Engineering Ltd and Offspec Group. Environmental quality is reasonable but could be improved. Parking provision is adequate. There is some vacancy particularly amongst larger industrial units (which likely partly reflects access issues), although smaller light industrial units remain well occupied. This is generally the reasonably quality site.
- 6.172 **Rosier Commercial Centre** (5.0 ha) is located is a small scale business site comprising office space for small businesses together with storage land, including for a bus depot and

used car sales. Environmental quality is reasonable. There are significant levels of vacant and underutilised land and limited activity. The site is located outside of the existing settlement and there is no public transport access. While there is physical potential to intensify use, it is considered that the market attractiveness of the site is relatively low.

- 6.173 We consider that there is a reasonable level of industrial space in Billingshurst to suit requirements for small and medium-sized enterprises, however provision for office occupiers is more limited. The potential to bring forward new office floorspace, including managed workspace and grow on space should be considered should further development be brought forward **west of Billingshurst**.

## 8. PULBOROUGH

- 6.174 Commercial floorspace in Pulborough is concentrated within the Station Approach, adjacent to the rail station, and at Broomers Hill Business Park located to the north of the town off Codmore Hill.
- 6.175 **Station Approach** (1.5 ha) is a small, good quality local industrial estate. It is well occupied and active, benefiting from good access by road and public transport. Tenants include trade counter uses. It is a good quality site although limited in scale. There are currently two vacant units of 446 sq.m and 273 sq.m.
- 6.176 **Broomers Hill Park** (1.7 ha) is a larger estate comprising predominantly B1c/ B2 units constructed in the 1980s. Key businesses include Saellman, Poundland Produce and South East Labels. It is a well occupied and active estate, accessible from the A29.

## 9. STORRINGTON

- 6.177 In Storrington and its surroundings, employment floorspace is focused in Water Lane Industrial Estate as well as Wiston Business Park located on the A24 between Washington and Ashington. There are smaller local industrial sites at Chantry Industrial Estate on Chantry Lane and at Gerston Farm, Greyfiars Lane. These are however relatively low intensity and poor quality sites.
- 6.178 **Water Lane** (10.7 ha) is a local industrial estate comprising primarily B1c and B2 floorspace. Key occupiers are Tesla and Paula Rosa kitchens, which occupy a significant proportion of space on the site. There is an above average vacancy level amongst older smaller units of 1970s construction. Parking provision is limited resulting in overspill parking on the estate roads. We understand that there are vandalism and security issues at this site. The site is accessed through a residential area and is generally of lower quality. Topography is also a constraint. Environmental quality is generally average. While there may be potential for

piecemeal redevelopment over time, the potential for intensification of use is considered limited.

6.179 **Wiston Business Park** (3.6 ha) is a good quality industrial site located on the A24. It comprises modern 1990s industrial units occupied by Kates Cakes and Sherie-Trafalgar Ltd. Environmental quality is good and the site is situated at a visible location. The site would benefit from additional parking provision. The potential to extend the site could be considered. This would be beneficial in allowing further growth of existing businesses and supporting the economy in the south east of the District.

6.180 **Chantry Lane** (3.9 ha) is a local industrial site which accommodates B2 and B8 uses. The intensity of development is low, however access to the site is poor as is the quality of the existing built stock. The site is not considered to be developable.

6.181 **Gerston Business Park** (3.2 ha) is similarly located outside of the settlement boundary, and comprises a small local industrial estate. It is generally well occupied and active, comprising B1c/ B2 uses, however access and parking provision are limited. Environmental quality and public transport accessibility are also poor. On this basis, it is not considered that realistic development potential exists.

## 10. SOUTH EAST OF THE DISTRICT

6.182 There are a number of employment sites located in the South East of the District. These comprise:

- Huffwood & Star Trading Estates, Partridge Green
- Oakdene Industrial Estate, Cowfold
- Henfield Business Park, Henfield
- Mackley Industrial Estate, Small Dole
- Shoreham Cement Works, near Upper Beeding
- Firsland Park Estate, B2116

6.183 **Huffwood Manor Trading Estate** is a small site occupied by small office and workshop units dating from the 1970s. The site is of a medium quality, with some parking and circulation issues, but is very intensively used. We estimate a 25% vacancy level. Development potential is considered limited.

6.184 **Star Trading Estate** is larger and caters for larger industrial occupiers, including Casco which occupies three sites within the estate, AJW Aviation and Seaclose. AJW has been looking to expand for some time. Part of the site has planning consent for development of an industrial/ warehouse unit of 418 sq.m. A high proportion of existing buildings are now dated, and there

is potential for redevelopment and intensification. This offers the potential to introduce more smaller B1c units.

- 6.185 **Oakdene Industrial Estate** (7.4 ha) in Cowfold is a lower grade industrial estate within a rural location, comprising primarily workshop uses in 1970s prefabricated sheds. Environmental quality and internal circulation are sub-standard, and it is considered that the site is of limited attractiveness to the market for redevelopment. Public transport accessibility, and access to services are limited.
- 6.186 **Henfield Business Park** (3.6 ha) is a small good quality local industrial estate located on the A2037. It comprises B1c units together with a Royal Mail Sorting Office. While there is physical potential to extend the site to the east, it is not considered that demand is sufficient to support this. Despite the quality of units, there remain 3 vacancies within the estate. The quality of environment and buildings is strong, however the site does not relate strongly to larger settlements.
- 6.187 **Mackley Industrial Estate** (10.3 ha) is a medium-sized industrial estate located close to the village of Old Dore on the A2037. It contains a mix of older, lower grade B2 and B8 floorspace, together with 1980s industrial units. Mackley Construction is a major occupier. Environmental quality varies, however the site benefits from public transport access. There is a vacant B8 site (former sawmill/ timber yard) of 3870 sq.m providing potential for redevelopment. There is some potential for further redevelopment of vacant plots and older buildings particularly within the north of the estate.
- 6.188 **Firsland Park Industrial Estate** (8.3 ha) accommodates B2 and B8 uses, with some areas left over to open storage. It is generally a poorer quality site, accommodating lower value uses within a rural location. Internal access is generally weak, limited by the structure of the estate and parking. Public transport access is poor as is access to services.
- 6.189 **Shoreham Cement Works** is located in a rural location on the A283 south of Upper Beeding. Part of the site is still in use however there is significant vacant and underutilised space. The site benefits from good access to the A27 with a significant volume of passing traffic. The site offers potential for redevelopment. It is considered most likely to accommodate a single user industrial use. Remediation and site preparation costs may well be prohibitive to redevelopment. Significant delivery challenges should be recognised.

### ***Economic Strategy Implications***

Horsham for a town of its size has relatively limited provision of industrial space. Existing industrial sites are generally well occupied and cater for a local market. The potential should be used to intensify the use of these existing sites, and to bring forward new employment land provision to support the local economy.

However within the Town Centre, there is an oversupply of office floorspace particularly of large floorplate office units. We consider that it will be necessary to consolidate provision, potential through mixed use development in some areas.

Outside of Horsham, local industrial estates are generally well occupied and serve a local need. Some sites have however developed in an ad hoc way and are of a lower quality. The Council should not encourage further development of these sites, but seek to direct investment to the stronger sites through their allocation or identification. It will be necessary to protect most existing sites.

In Billingshurst specifically we consider that there is potential to review the employment land portfolio should strategic development be progressed; improving access to employment land and developing additional local office provision.

Provision of suitable sites and premises will be important in supporting the retention of existing businesses as they grow and expand.

## **EMPLOYMENT LAND SUPPLY**

6.190 This section considers quantitative sources of employment land supply. It considers in turn:

- Completions of Employment Floorspace, 2006-10;
- The development pipeline, in terms of sites with planning consent at April 2010;
- The capacity of outstanding employment land allocations; and
- The capacity of vacant developable land on existing sites.

### **COMPLETIONS**

6.191 West Sussex County Council's Commercial and Industrial Development Survey, an annual survey of employment land, indicates net completions of B-class floorspace in Horsham over the period between April 2006 – April 2010 of 43,769 sq.m. A substantial proportion of this was of development of warehouse floorspace.

**Figure 6.14: Net Floorspace Completions in Horsham District, 2006-10**

<b>HORSHAM</b>	<b>OFFICE</b>	<b>INDUSTRIAL</b>	<b>WAREHOUSE</b>	<b>TOTAL</b>
<b>SQ.M</b>	<b>B1A/B</b>	<b>B1C/B2</b>	<b>B8</b>	
<b>2006-7</b>	2313	7449	7169	16931
<b>2007-8</b>	2183	867	7544	10594
<b>2008-9</b>	-61	351	8256	8546
<b>2009-10</b>	566	1213	5919	7698
<b>TOTAL</b>	5001	9880	28888	43769

Source: WSCC Commercial & Industrial Development Survey 2010 / GL Hearn

### SITES WITH PLANNING PERMISSION

- 6.192 Across Horsham District there was 8.4ha of land (gross) and 4.3 ha (net) with planning consent for employment development at April 2010. Delivery of this would yield 14,082 sq.m net of employment floorspace, comprising:

**Figure 6.15: Development Pipeline in Horsham District, April 2010**


- 6.193 A detailed breakdown of sites with planning consent in April 2010 is provided in Figure 6.16.

### VACANT DEVELOPABLE LAND

- 6.194 The final component of land supply comes from existing vacant land which is available for employment development.
- 6.195 This source of supply provides a contribution of 16.5 ha of land with potential for delivery of 63,000 sq.m of employment floorspace.

**Figure 6.18: Supply of Vacant, Developable Land – Horsham District**


Source: GL Hearn

[illegible]

[illegible]



					0 TO 5	1100	B1A

Source: WSCC Commercial & Industrial Development Survey 2010 / GL Hearn

- 6.196 There are some sites which were assessed within the site survey where land was vacant but which were not considered to be attractive to the market, or where the deliverability of development was affected by known constraints. These sites, which include Shoreham Cement Works, have been excluded from the above table and thus the supply calculations.

#### **TOTAL EMPLOYMENT LAND & FLOORSPEACE SUPPLY**

- 6.197 Drawing together the supply and demand-side assessments, Figure 6.19 indicates the total land and floorspace supply in Horsham District. There is a supply of 37 ha of land, with potential for almost 160,000 sq.m of employment development.

**Figure 6.19: Employment Land & Floorspace Supply, Horsham District**

	(Ha)	OFFICE	INDUS TRIAL	WARE HOUSE	MIXED B	TOTAL
<b>Net Allocated</b>	5.23	12425	-3015	0	28925	38335
<b>Net Completed 2006-10</b>	10.94	5001	9880	28888	0	43769
<b>Net Committed</b>	4.3	9366	3806	910	0	14082
<b>Existing Sites, Vacant without Planning Permission</b>	16.5	6250	0	2900	53524	62674
<b>TOTAL</b>	37.0	33042	10671	32698	82449	158860

Source: GL Hearn

## EMPLOYMENT LAND SUPPLY: MID SUSSEX

- 6.198 There is a total of 605,000 sq.m of commercial floorspace in B-class use in Mid Sussex District (VOA, April 2008) representing 24% of the commercial floorspace in the sub-region. Over 80% of floorspace is concentrated in the Districts three main towns. Burgess Hill has the largest volume of floorspace, with 36% of B-class floorspace in the town and its immediate environs. 27% is in East Grinstead, 22% in Haywards Heath and 15% outside of the main towns.

## EMPLOYMENT SITES IN MID SUSSEX

- 6.199 The Employment Land Review has assessed a total of 40 existing employment clusters or locations. These are set out below along with the potential strategic development locations considered:

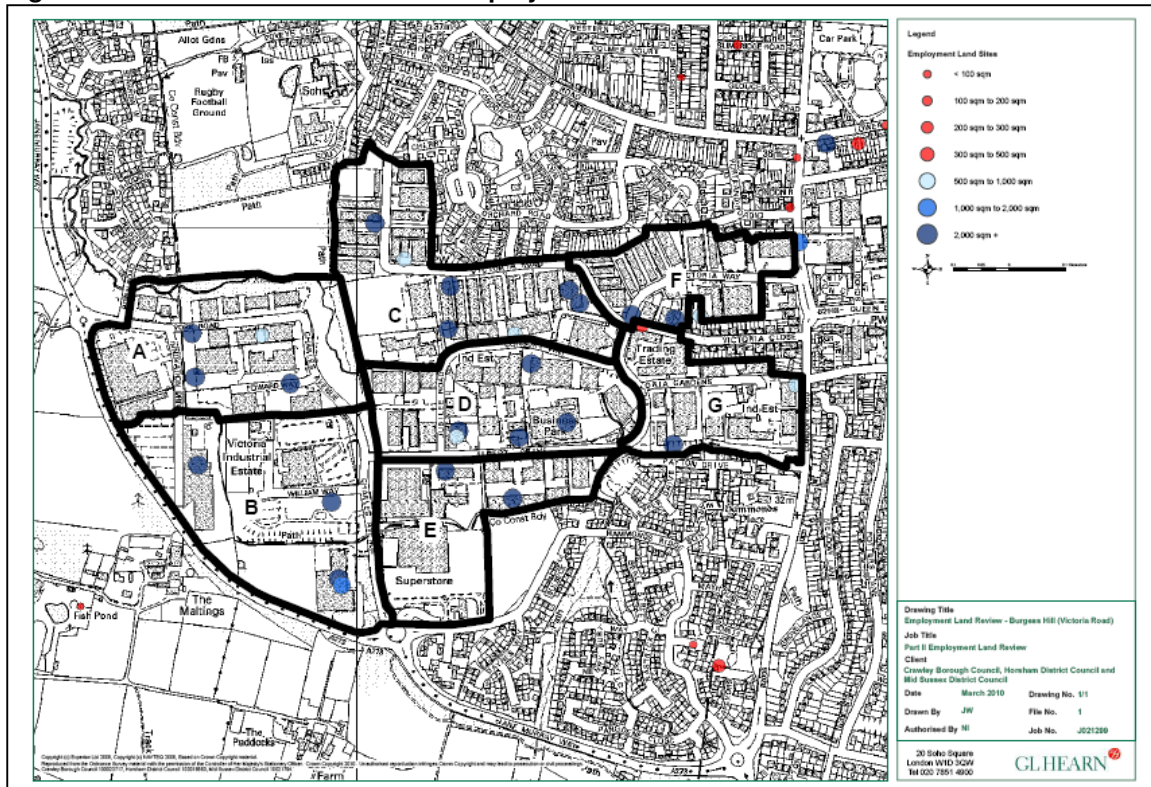
- **Burgess Hill:** 4 town centre quarters, 7 quarters within the Victoria Business Park, the Sheddingdean Industrial Estate (13 sites) a site on Junction Road; as well as the potential Northern Arc Allocation
- **East Grinstead:** a total of 3 quarters within or near the Town Centre, Birches Industrial Estate (5 sites), and Charlwood's Road; together with two potential allocations at Imberhorne Farm and Hill Place Farm;
- **Haywards Heath:** a total of 8 sites located across the town, including office space within the Town Centre, Perrymount Road and around the Rail Station, together with industrial estates. Lindfield Enterprise Park has also been assessed.
- **Rural Sites:** A total of 10 sites have been assessed within the smaller settlements and rural areas across the District.

### 1. BURGESS HILL

- 6.200 Employment floorspace in Burgess Hill is focused at the Victoria Business Park, a large industrial/ business area located on the south-western side of the town; within the Town Centre, primarily around the Brow and Civic Way; and on the Sheddingdean Business Park located on the north-side of the town. The town has a well developed industrial/warehouse market, with a number of larger occupiers. There is limited provision of office floorspace, particularly good quality space.
- 6.201 The **Victoria Business Park** has developed progressively since the 1950s and contains a mix of employment floorspace, but with a focus on industrial and warehouse uses. The age of floorspace in the estate varies, ranging from smaller industrial and workshop premises dating

from the 1950s through to modern industrial and warehouse units. There is limited office space within the employment area. For the purposes of the Employment Land Review, the estate has been divided into 7 sites (Figure 6.20).

**Figure 6.20: Victoria Business Park: Employment Clusters**



**6.202 Site A** (11.0 ha) comprises modern commercial floorspace constructed primarily in the 1990s and 2000s. There are a number of larger sites along Innovation Way occupied by a number of high-tech manufacturing and R&D facilities. Key occupiers include Porsche, CAE Aviation and Edwards High Tech Machines. The site also contains the Burgess Hill Trade Centre, located on York Road; a modern development of trade counter units. There are a number of larger B8 units located on Edwards Way including a Royal Mail Sorting Office and Nova Direct. The site is accessible and benefits from a good quality of environment. Public transport provision is adequate. There is some evidence of on-street parking.

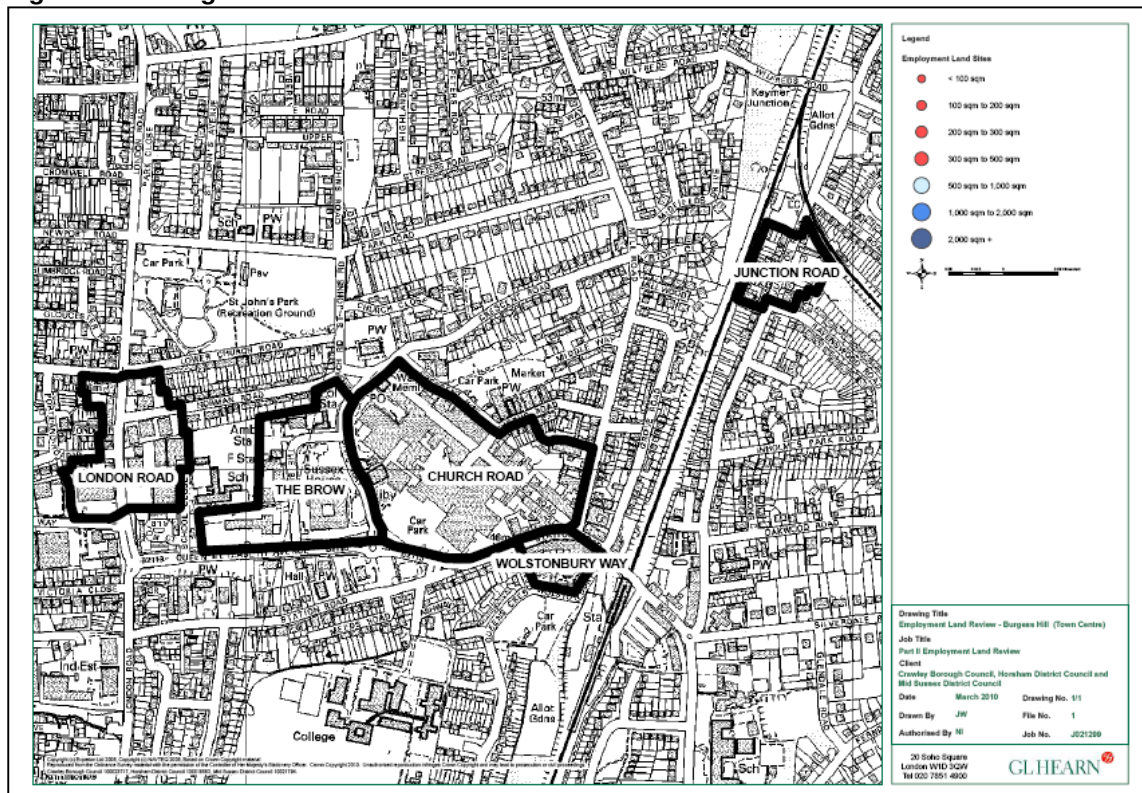
**6.203** Land north of Maltings Park, a 2.6 ha site to the north of the existing employment area, was allocated for employment use (B1 and B8) within the Council's 2004 Local Plan. This site was first allocated in 1992 but has not come forward for development, linked both to physical constraints and a requirement to construct a link road between Victoria Road and Charles Avenue. It has since been reallocated as a housing site within the Council's Small Scale Housing Allocations DPD. There are no other obvious development opportunities in this area.

- 6.204 **Site B** (12.8 ha) forms part of the industrial estate, and is currently occupied by a number of larger office and warehouse units. The majority of floorspace in this site has been constructed over the last 10 years. The former Ericson site is being redeveloped, and now houses a modern office development occupied by Roche Diagnostics with further available land. A Premier Inn hotel is under construction but there is further space available, including land currently occupied by VOSA. A large modern R&D facility on Innovation Way occupied by CAE aviation electronics, lies within this site. The site benefits from good access and high environmental quality and has further development potential.
- 6.205 Development potential includes vacant land adjacent to the A273 with planning consent for 5574 sq.m B1/B8 (1.3ha); as well as the land within the former Ericsson site (occupied temporarily by the Driving School). There is also a vacant warehouse unit (formerly occupied by Honeywell) of 5573 sq.m.
- 6.206 **Site C** (10.7 ha) is an older part of the industrial estate, built primarily during the 1970s. Consort Way is largely comprised of older industrial/warehouse floorspace and is generally well occupied. Victoria Road primarily comprises 1970s industrial units, including a large unit occupied by HPC Precision Engineering. The area is occupied largely by smaller businesses engaged in construction and trade uses. There is some vacant floorspace particularly within smaller office units at Teknol House, BF House and Kings House. Environmental quality is generally good, although deteriorates to the northern part of Victoria Road. HGV access is limited in parts. There is a campus of Central Sussex College on Victoria Road providing vocational training.
- 6.207 It is anticipated that the potential for comprehensive redevelopment of parts of this area would be limited by existing patterns of ownership. The site is generally well occupied and the cost of land acquisition and redevelopment could be prohibitive. It is however appropriate to support the gradual redevelopment of existing sites for employment use, to provide newer higher quality floorspace.
- 6.208 There is some existing vacant land on the south-western corner of Victoria Road. One 5574 sq.m warehouse unit has been developed, with a further plot with potential for a 2787 sq.m warehouse unit to be developed.
- 6.209 **Site D** (8.8 ha) is located at the heart of the estate around Consort Way. It comprises older industrial units, with some newer warehouse, industrial and light industrial and trade counter floorspace. HPC Precision Engineering has a strong presence. This area is generally well occupied and actively used. Environmental quality is generally reasonable, however a poorer

quality of environment is evident on the corner of Jubilee Way. A 1486 sq.m warehouse unit is currently being marketed on Victoria Gardens.

- 6.210 **Site E** (7.6 ha) accommodates primarily older industrial and warehouse units along Albert Avenue together with a Tesco supermarket located at the corner of Charles Avenue and Hammonds Ridge. Access is good and environmental quality reasonable. However this part of the industrial estate is less active and includes an above average level of vacancy, including a warehouse unit on Victoria Way (1872 sq.m) and vacant office and warehouse space within Sovereign Business Park. There is a vacant plot on Hammonds Ridge, however it is considered that this would offer greater potential for residential than employment development.
- 6.211 **Site F** (5.2 ha) generally comprises buildings built during the 1970s and includes a mix of industrial, office and trade uses. Major occupiers include Flowserve and Travis Perkins. There is some more modern industrial stock on Victoria Road. The area is generally well occupied. Victoria Way forms an important thoroughfare from the estate towards the Town Centre.
- 6.212 As with Site C, the potential for long-term redevelopment of the area has been considered. However the site is intensively used and occupancy levels remain strong despite the quality of floorspace. It is considered that comprehensive redevelopment could be prohibitively expensive; raising questions as to its deliverability.
- 6.213 **Site G** (5.8 ha) comprises a mix of industrial buildings built during the 1970s and 1990s. Development along Victoria Road is generally of poorer environmental quality, and there are areas of land which are underutilised, including Premier House. Development along Victoria Gardens includes 1970s factory/ warehouse units and 1990s high bay warehouse/ office units, including those occupied by Quadrant Systems and Communications, and Filofax UK. The trading estate located on the corner of Victoria Close and Victoria Way contains an above average level of vacant floorspace.
- 6.214 **Sheddingdean Industrial Estate** (3.2 ha) is located on the north side of Burgess Hill. It is accessible from the A273 and comprises a small industrial estate of 1990s units catering primarily for smaller occupiers. The site plays a complimentary role to provision of larger units within the Victoria Business Park. Environmental quality and the built stock are both reasonable, however there is evidence of limited overspill parking. We consider that there is limited potential to intensify use of the site..
- 6.215 Within **Burgess Hill Town Centre**, we have examined the potential at a number of potential locations as indicated in Figure 6.21.



**Figure 6.21: Burgess Hill Town Centre Sites**

- 6.216 **Church Road/ Walk** (8.3 ha) is the heart of the Town Centre. Employment floorspace comprises small office units over shops in both Victorian and 1970s buildings, together with space at Delman House and Gloucester House plus a six storey 1960s office block within the Martlets Shopping Centre. Office floorspace is predominantly lower quality, with above average vacancy.
- 6.217 The opportunity to introduce more modern small-scale office units through any mixed-use redevelopment scheme should be pursued. It is anticipated that the office component to any redevelopment scheme would be limited, with potential to accommodate c. 2,000 – 4,000 sq.m.
- 6.218 **The Brow** (4.7 ha) comprises two large floorplate 1970s office blocks, Sussex House (occupied by American Express) and a further 3034 sq.m block previously occupied by Schering, which is currently vacant. There is not a strong demand for large floorplate office use in Burgess Hill, thus the latter site should be considered for release.
- 6.219 **London Road** (6.0 ha) comprises a cluster of smaller employment uses, including serviced offices, garages and retail warehousing. The site includes a 4 storey 1970s office block occupied by Heidenhein, together with industrial space, a petrol filling station and car

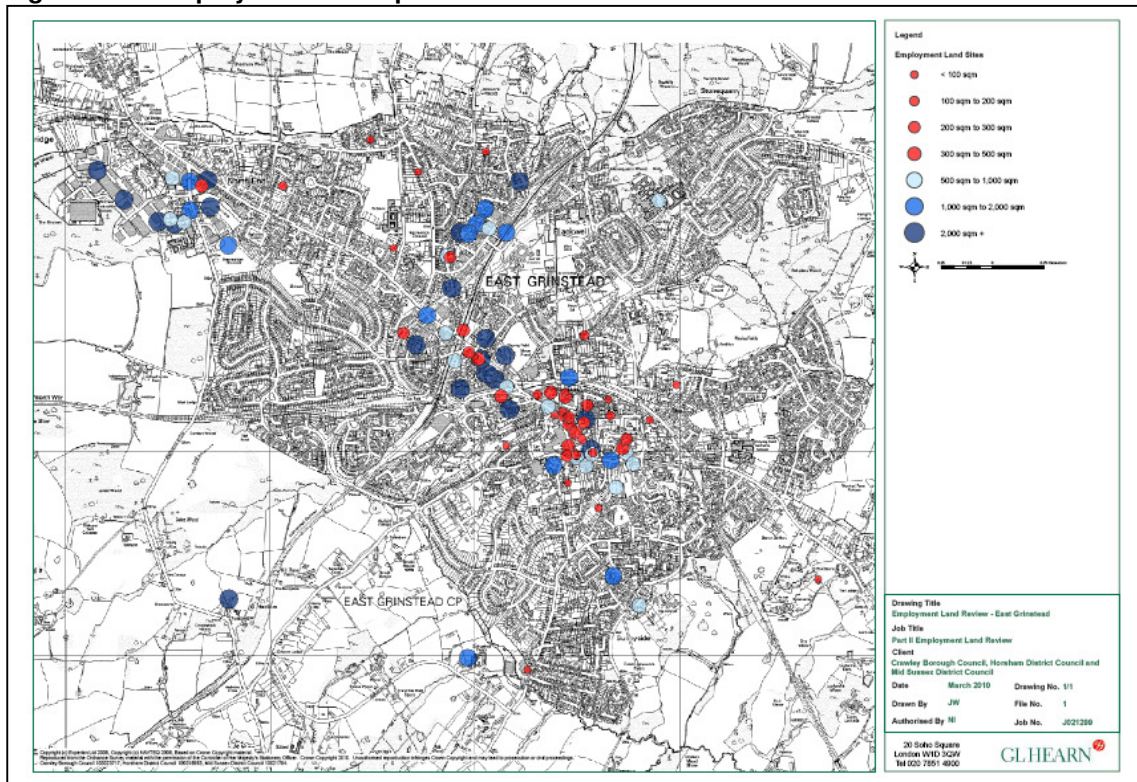
showroom. While employment space remains occupied, the quality of space, buildings and public realm is weak for this key gateway location. The Burgess Hill Masterplan sets out an ambition for mixed-use redevelopment within this area.

- 6.220 Redevelopment of **land adjacent to Burgess Hill Station** (1.0 ha) has been identified within the Burgess Hill Masterplan. The site currently comprises the station car park, a stonemasons yard, a garage, and a salvage and reclamation yard. The intensity of use is relatively low for a highly accessible location, while environmental quality is average to poor. We concur with the Council's assessment of potential for residential led mixed use redevelopment of this site, together with the Council's car park on Wolstonbury Way.
- 6.221 To the north of the station, there is a vacant storage depot located at **Junction Road** adjacent to the railway level crossing. This is located within a residential area, and accessibility is relatively poor. It is considered that this site could also be released for residential redevelopment.

## 2. EAST GRINSTEAD

- 6.222 Employment floorspace in East Grinstead is focused within the Town Centre; immediately to the north of the town centre off London Road; in the Charlwoods Road Industrial Estate; and around Imberhorne Lane in the north-west of the town.



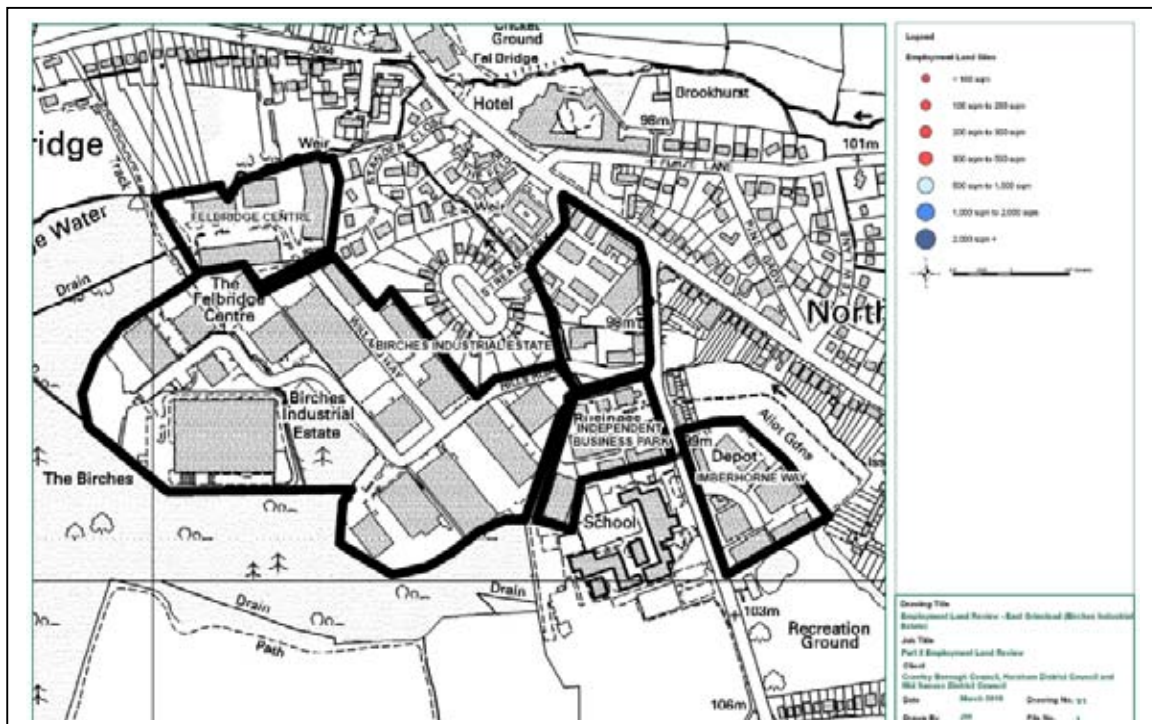
**Figure 6.22: Employment Floorspace in East Grinstead**

- 6.223 Employment floorspace within the **Town Centre** (4.4 ha) includes office floorspace above shops along London Road, a number of office blocks of various ages located along Cantelupe Road together with vehicle repair and trade counter/ retail warehousing uses along Railway Approach.
- 6.224 Small office units along **London Road**, both above and to the rear of shops, appear well occupied. The same is true on the High Street. Larger office space is focused on Cantelupe Road which includes 1990s three storey office blocks, together with some limited older 1970s space. Occupiers include the Health and Safety Executive, the Office of the Rail Regulator, Universal Trust Corporation, Rydon Homes and CAT Publications. This is a quiet attractive location, with space relatively well occupied. There is 542 sq.m of vacant refurbished space available at Kings House.
- 6.225 To the north of the town centre, there is a cluster of office space around **St James' Road, Park Road and London Road**. This is the main office location within the town, and effectively comprises an office quarter. It is located on the A22 and reasonably close to the rail station. It includes a number of 1980s and 1990s office blocks, including Sussex House, East Grinstead House, St James' House and Windsor Court. There are a number of larger occupiers present, including Capita Symonds, the Open University and the Caravan Club. However there is an

above average level of vacant space: we estimate vacancy of over 3360 sq.m. Farrington House is being redeveloped for residential use.

- 6.226 There are a number of smaller office suites within older terraced properties along Station Road, as well as smaller units within 'the Center' at 201-203 London Road. These provide smaller office units, including serviced office suites at the latter. There is potential to redevelop a number of older office blocks on the east side of London Road.
- 6.227 There are a number of further office blocks located along Park Road. These sites are of a variety of ages, but located further from the town centre. Environmental quality is relatively poor and vacancy levels are above average. Maypole House, constructed in the 1970s, has planning permission for residential redevelopment. There is 334 sq.m of vacant space at Garland House, and 350 sq.m at Premier House. Both are part vacant and could be considered for redevelopment in the medium-term.
- 6.228 **Railway Approach** (1.3 ha) contains a number of garage uses together with a more recent timber warehouse. Given the proximity of this location to the town centre and the station, there is potential to intensify use through mixed use redevelopment.
- 6.229 The main industrial location within the town is around Imberhorne Lane, located on the north-west side of the urban area, off the A22 London Road. The site benefits from good access north and west via the A22 and A264, and contains a good mix of employment uses. There are however limited local services and public transport accessibility. Figure 6.23 identifies the main employment sites within this area.

Figure 6.23: Imberhorne Lane Sites, East Grinstead



- 6.230 **Imberhorne Way** is an older estate comprising a mix of industrial and warehouse floorspace, mainly dating from the 1970s. It is generally well occupied and includes a Night Freight Distribution Depot, together with Contract Manufacturing and export mail order facilities, a cycle shop and gym. The estate is generally well occupied but there is long-term potential to redevelop the Contract Manufacturing and Imberhorne Business Centre sites.
- 6.231 **Independent Business Park** (5.9 ha) is a local industrial estate comprising B1c units dating mainly from the 1980s. It is occupied primarily by trade counter uses, and is generally well occupied. Environmental quality is reasonable. There are limited development opportunities.
- 6.232 Relative to the above site, the **Birches Industrial Estate** (9.8 ha) caters for larger occupiers. It is a good quality industrial estate which has developed over time, and has benefitted from recent investment in signage and branding. The estate accommodates modern warehousing in a high quality environment. While there is some on-street parking, the estate is generally well managed.
- 6.233 Further modern high quality industrial and warehouse space has been brought forward within **Units 25-29**, which accommodate a number of high-tech occupiers and R&D functions. Occupiers include Hamilton Jet, MTU, Weatherfield Laboratories, Reliable Fire Sprinklers and

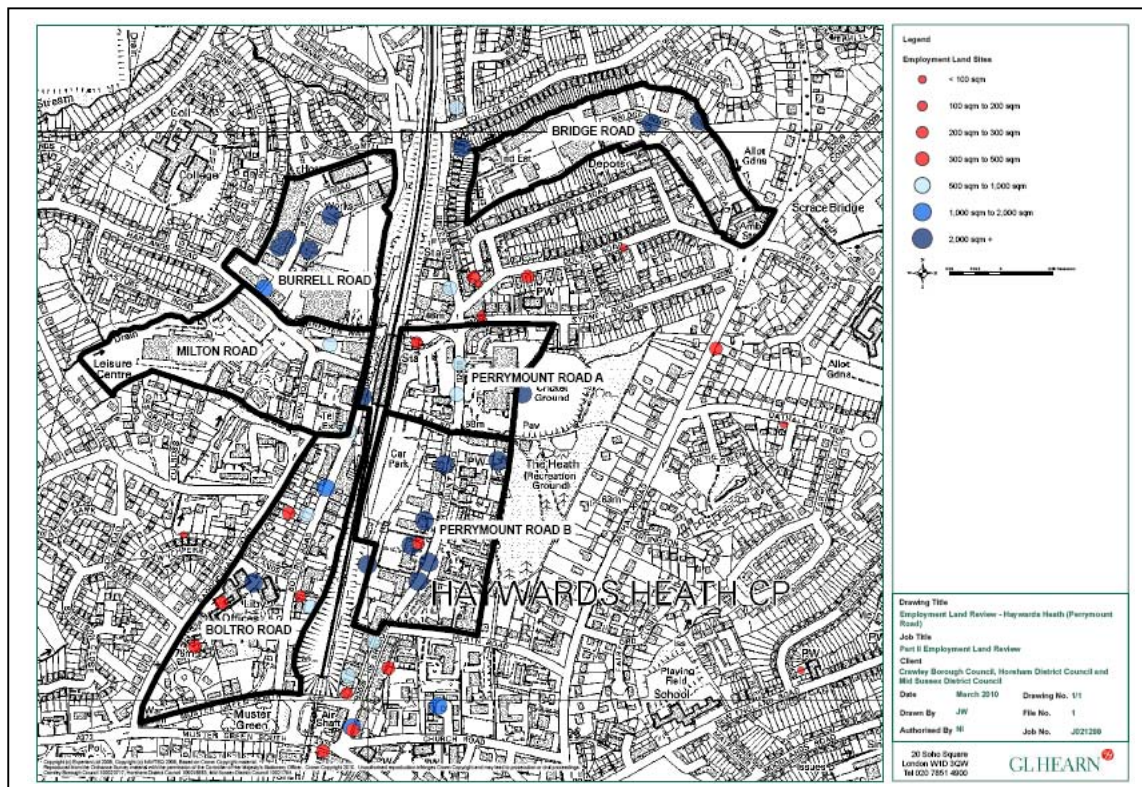
a data warehouse occupied by Goldman Sachs. There are no obvious development opportunities

- 6.234 To the north is the **Felbridge Centre** which comprises 1990s industrial units. Key occupiers include the Caravan Club and CKS. The site has a high environment quality, benefits from good access and remains well occupied. 1 unit of 376 sq.m is vacant.
- 6.235 The **Charlwoods Industrial Estate** (5.7 ha) is located to the north of London Road off **Lingfield Road**. This is a local industrial estate comprising a mix of floorspace of varying age and quality. Trade counter activities occupy a significant proportion of the site, while Martells Removals occupy a number of sites within the Estate. Access is through residential streets from the A22 and within the site itself is limited by on-street parking. There is an above average level of poorer quality space.
- 6.236 This site could be considered for potential redevelopment, however the site is generally well occupied and intensively used. The cost of assembling land and achieving vacant possession is considered prohibitive, unless a major existing occupier such as Martells where to relocate releasing a sizeable percentage of the land.

### 3. HAYWARDS HEATH

- 6.237 Haywards Heath contains a lower level of employment floorspace relative to the other main Mid Sussex towns, accommodating c. 22% of employment floorspace in the District. It contains a higher level of office floorspace.
- 6.238 Within the town, office floorspace is concentrated along Perrymount Road, Boltro Road and South Road with a 'public sector campus' comprising the Police Station and Law Courts at the junction of Bolnore Road and Butler's Green Road. Industrial and warehouse floorspace primarily comprises smaller units located within the Burrell Road and Bridge Road Industrial Estates to the north of the rail station. There is a further small scheme comprising B1 units at Lindfield Enterprise Park. Figure 6.24 indicates a number of the main employment locations.



**Figure 6.24: Employment Sites in Central Haywards Heath**

- 6.239 **Perrymount Road** comprises mainly larger floorplate office buildings constructed during the 1980s and 1990s. Key occupiers are engaged in financial services and insurance activities including Lloyds TSB, HSBC and Europ Assistance. The location benefits from access to amenities within the Town Centre, and proximity to the station which has fast rail links to London.
- 6.240 A significant proportion of the space is now dated and vacancy levels are above average, with c. 3,400 sq.m of vacant office floorspace within the employment cluster. There is potential to meet occupier requirements of up to 2,000 sq.m. However we consider that there is potential for refurbishment of existing office blocks.
- 6.241 Mid Sussex District Council has identified a long-term aspiration to intensify land use around the station through mixed use redevelopment of the station forecourt and car park, and the Clair Hall site. This is expected to deliver new office floorspace across the 4.5 ha site (estimated 10,000 sq.m capacity). The Council's preferred development partner, Thornfield Properties, had been working up a scheme for the site when it fell into administration. This is expected to cause some delay, however the potential of the site for further office development remains sound.

- 6.242 In our view there is the opportunity to consider the Royal Mail Sorting Office and adjacent vacant office block on Mill Green Road within this scheme. This site offers long-term potential for intensification of use.
- 6.243 On the opposite side of the rail line, there are a number of smaller office units within a 1990s development at Heath Square on **Boltro Road**. These are well occupied and accommodate a range of professional and business service occupiers. Further to the north is the Council's Oaklands Campus, which includes a range of office floorspace in blocks of various ages. The quality of space at Oaklands is generally below average, and there might be long-term development potential for residential use (assuming improved market conditions). Floorspace at Bolnore Road comprises a 1990s build police station and law courts.
- 6.244 There are a mix of business uses located to the rear of Haywards Heath Station in the **Market Place**. These include a 1970s BT Telephone Exchange, three storey offices occupied by the Court Service, Caffyns Garage, and residential flats. There may be potential for long-term mixed use redevelopment of the BT Exchange and Court Service offices, although this has not been included within our calculations.
- 6.245 **Haywards Heath Town Centre** contains a number of small and medium-sized office units. Floorspace above shops is typically older and lower grade, with vacancy levels above average. There are a number of larger blocks, dating from the 1980s and 1990s, adjacent to Victoria Park as well as the Venture Finance offices on Church Road. Access to services and public transport are key benefits, however parking provision is limited.
- 6.246 The **Bridge Road Industrial Estate** (6.0 ha) is a local industrial estate located to the north of the Town Centre. It is a well occupied estate comprising buildings of a mix of ages, with a significant proportion of occupiers engaged in trade counter and building supplies activities. It includes a Council Depot managed by Serco. The quality of environment is reasonable and the site is accessible from the B2111. It satisfies local demand for trade counter and light industrial floorspace. However there is limited parking within the site access for HGVs is limited. The 1960s JYW House has planning consent for redevelopment.
- 6.247 The **Burrell Road Industrial Estate** (5.8 ha) is a small mixed industrial estate comprising a number of office blocks, including larger floorplate refurbished office space at Chester House, together with a Nuffield Hospital. Existing occupiers include Flowserve, Affinity Sutton and Service Force. The quality of buildings and environment is reasonable, however there is limited parking provision. There is potential for redevelopment of a number of vacant light industrial buildings dating from the 1970s and 1980s, particularly those opposite the Hospital, in the medium term. A number of these are currently use for overspill hospital parking.

6.248 **Western Road Industrial Estate** is located to the north of the Town Centre within a primarily residential area. It is a single storey mixed light industrial estate with buildings of 1960s/1970s construction. It is generally well occupied with a large parking area. We expect that some issues relating to commercial traffic and noise pollution in what is primarily a residential area. There is limited opportunity for further development and the viability of residential redevelopment is considered marginal.

6.249 To the east of the town on the B2111, **Lindfield Enterprise Park** is a small local industrial estate comprising a mix of modern workshop and light industrial uses. The site is well occupied with limited potential for either intensification or expansion.

#### 4. RURAL MID SUSSEX SITES

6.250 The site surveys included a number of employment sites located in rural areas across Mid Sussex District. These included:

- Iydene Industrial Estate, Ashhurstwood
- Horsted Keynes Industrial Park, near Horsted Keynes
- Bolney Grange Business Park, Bolney
- King Business Centre, Sayers Common
- Winterpick Business Park, Hurstpierpoint Road, near Sawyers Common
- Ricebridge Works, Hickstead
- Backlands Farm, Hickstead
- Rowfant Business Centre, Rowfant, near Crawley Down
- Borers Yard Industrial Estate, Copthorne
- Brighton Road, Pease Pottage

6.251 **Iydene Industrial Estate** (0.84 ha) is a small relatively poorer quality industrial estate. Its main occupiers are an Garage and Gym. Access to the site is through a residential area and generally poor. There is evidence of fly tipping and open storage. It is considered that market demand for intensification or redevelopment at this location is limited.

6.252 **Horsted Keynes Business Park** comprises converted farm and barn buildings for B-class employment use. The intensity of development is limited, the site catering for local businesses. Access to the strategic road network and local services is poor. It is considered that market demand for intensification of use is limited.

6.253 **Bolney Grange Business Park** (16.2 ha) is a well occupied local industrial estate located in a rural location close to the M23. It comprises predominantly B1c and B2 units, with small

office units and conference facilities located within Stairbridge Court. The site benefits from good quality landscaping and public realm and is well occupied, with a good level of activity. Its rural location means access to services and public transport is limited.

- 6.254 **King Business Centre** (0.9 ha) is a small 1980s development of offices and light industrial/workshop units. It is occupied by Energy Efficient Controls, Deal Training and [p@v.i.t.](#) services (an IT company). Environmental quality is good and there is adequate parking, however it is considered that demand for further development is likely to be limited. There is 192 sq.m of vacant office floorspace at Presentation House.
- 6.255 **Winterpick Business Park** (5.52 ha) is similarly a small local industrial estate comprising predominantly B2 and B8 floorspace. It comprises predominantly 1990s sheds, together with some older converted farm buildings. Environmental quality is mixed, with limited parking available within the site. HGV vehicle turning is difficult. No evident development potential exists.
- 6.256 **Ricebridge Works** (2.9 ha) is a small scale industrial estate comprising a mix of manufacturing uses. It contains a number of older 1970s blocks together with larger newer units, benefitting from its proximity and access to the A23. Environmental quality is reasonable, however there is limited level of activity on the site and some underutilised space.
- 6.257 Adjacent to this site, the **Backlands Farm Site** (2.4 ha) is occupied by Facelift which specialises in plant/ machinery hire. This is a single user site, used for vehicle and plant storage. There are a number of adjacent unoccupied plots. Environmental quality and access are reasonable.
- 6.258 **Rowfant Business Centre** (2.6 ha) is an industrial site located at Rowfant near Crawley Down, occupied by a mix of industrial and storage uses. The site serves a local market, but does not offer good access to the road network, workforce or markets.
- 6.259 **Borers Yard Industrial Estate** is a small local industrial estate on the edge of Copthorne. The site is well occupied by a mix of small businesses, and there is evidence of recent investment. There are however no evident development opportunities.
- 6.260 **Brighton Road, Pease Pottage** is a single user industrial site with no evident further development potential.



## EMPLOYMENT LAND SUPPLY

6.261 This section considers quantitative sources of employment land supply. It considers in turn:

- Completions of Employment Floorspace, 2006-10;
- The development pipeline, in terms of sites with planning consent at April 2010;
- The capacity of outstanding employment land allocations; and
- The capacity of vacant developable land on existing sites.

### COMPLETIONS

6.262 West Sussex County Council's Commercial and Industrial Development Survey, an annual survey of employment land, indicates net completions of B-class floorspace in Mid Sussex over the period between April 2006 – April 2010 of 48,953 sq.m. This comprises a gain of 28,000 sq.m of office floorspace and 15,000 sq.m of industrial floorspace.

**Figure 6.25: Net Floorspace Completions, 2006-10**


Source: WSCC Commercial & Industrial Development Survey 2010 / GL Hearn

### SITES WITH PLANNING PERMISSION

6.263 Across Mid Sussex there was 6.2 ha of land (gross) but just 1.3 ha (net) with planning consent for employment development at April 2010. Delivery of this would yield 5,743 sq.m net of employment floorspace, comprising:

**Figure 6.26: Development Pipeline in Mid Sussex District, April 2010**

	Land (Ha)	Floorspace Delivery	Net Floorspace Growth
B1A/B	2.03	5768	4180
B1C/B2	4.02	7286	64
B8	0.57	3745	1499
TOTAL	6.62	16799	5743

Source: WSCC Commercial & Industrial Development Survey 2010/ GL Hearn

6.264 The employment development pipeline in Mid Sussex is considerably weaker than in Horsham or Crawley. A detailed breakdown of sites with planning consent in April 2010 is provided in Figure 6.27.

[illegible]

							B1A

Source: WSCC Commercial & Industrial Development Survey 2010 / GL Hearn

### EMPLOYMENT LAND ALLOCATIONS

6.265 GL Hearn has reviewed the suitability and developability of existing employment land allocations. We have also considered current employment sites which have been allocated for an alternative use. Figure 6.28 sets out the contribution to employment land supply from outstanding allocations.

6.266 Outstanding land allocations provide a contribution of 3.6 ha in net terms in that the gross figure of 6.1 ha is offset by a number of sites which have been reallocated for residential use in the Council's Small Scale Housing Allocations DPD.

**Figure 6.28: Outstanding Land Allocations, Mid Sussex**

					0 TO 5	-565	B8

### VACANT DEVELOPABLE LAND

6.267 The final component of land supply comes from existing vacant land which is available for employment development.

**Figure 6.29: Supply of Vacant, Developable Land**


Source: GL Hearn

### EMPLOYMENT LAND & FLOORSPACE SUPPLY

6.268 Drawing together the supply and demand-side assessments, Figure 6.30 indicates the total land and floorspace supply in Mid Sussex. There is a total supply of 25 ha, with potential for almost 100,000 sq.m of employment development.

**Figure 6.30: Employment Land & Floorspace Supply, Mid Sussex**

						5743
Existing Sites, Vacant without Planning Permission	3.5	3400	2056	8373	11973	25802
TOTAL	25.4	43321	20312.6	23425	11973	99032

## 7. CONCLUSIONS AND RECOMMENDATIONS

- 7.1 This section presents the conclusions and recommendations to the Employment Land Review. It draws on the analysis undertaken and understanding development within both parts of the Employment Land Review process by GL Hearn and Regeneris Consulting, together with consultation with local commercial agents, the Councils and other business stakeholders. Details of stakeholder consultation can be found in the Part I Report.
- 7.2 The Part I Report provided a detailed profile of the economy and commercial property market across the sub-region. It included detailed work with key stakeholders to define and interrogate potential alternative scenarios for future performance of the sub-regional economy. The Part II Report has updated these elements of work to take account of changes in the interim one year period to provide an updated baseline conditions and trends.
- 7.3 The Employment Land Review indicates that employment growth within the Northern West Sussex Sub-Region over the 20 year period between 2006-26 is unlikely to match the levels achieved over the last 20 years (see Figure 5.6). Our forecasts indicate employment growth of between 7-10% between 2006-26. There are a range of reasons as to why employment growth in this period is expected to be relatively low compared to historical trends, including the impact of the recent economic recession and in the short-term of budgetary constraints which will limit public spending.
- 7.4 The relationship between economic and commercial property performance should also be noted. Subdued economic performance in the 2008-2012 period has and will continue to demand for commercial floorspace and thus take-up. A combination of subdued occupier demand, reductions in rental levels, high finance costs and more conservative attitudes to risk have and will continue to limit development activity in the short-term.
- 7.5 However the picture is not all doom and gloom: economic and employment growth in the 20 years post 2011 (i.e. 2011-2031) could well be similar to long-term trends. The impact of public spending reduction measures can be expected to hit other parts of the South East and England and Wales more widely much harder than they will Northern West Sussex, because of the strength of the sub-region's private sector business base (and thus its lower dependency on public sector employment).
- 7.6 However we expect that against this context, competition for economic investment will become fiercer. A strong and proactive approach to supporting the growth and development of the existing business base, facilitating expansion and growth; as well as capturing inward

investment, is appropriate. There is considerable opportunity for the continued development of the sub-regional economy: one which we urge the local authorities to grasp.

7.7 The Northern West Sussex sub-region has a strong set of existing assets including:

- Its proximity to London and strong transport links within the region and beyond – Northern West Sussex is well positioned at the heart of the most dynamic part of the UK economy;
- The location of an international airport at its heart – which is a major economic driver within the area in its own right, but also supports its wider attractiveness as a location for commercial businesses;
- A high quality of life/ quality of place offer, which combines attractive market towns and rural areas with opportunities for leisure;
- Strong labour market performance, with high levels of economic participation and mobility which supports business needs.

7.8 The sub-region is a “net importer” of labour in that on a daily basis more people commute into the area to work than commute out (albeit that there are internal dynamics between the three constituent authorities). This is testament to the strength of the local economy, particularly given its proximity and strong transport links to London.

7.9 These assets support and underpin the sub-region’s economic potential. They underpin its identification in the Regional Economic Strategy as a Diamond for Growth and Investment. Few parts of the UK can demonstrate a similar range of assets. Yet to some extent we feel, subjectively, that these assets are to some extent underplayed and that there is an opportunity through an effective economic development strategy to use them to push forward performance.

7.10 The Gatwick Diamond LDF Study (GVA Grimley, 2008) identified that economic productivity across the Gatwick Diamond is currently above the regional average; however performance has been slipping: the area has failed to keep pace with the best performing parts of the region.

7.11 Against this context, more needs to be done to tackle some of the area’s weaknesses and barriers to economic performance, and to put in place a bold, strategic and long-term framework to fully capture economic potential. Key weaknesses include:

- Housing affordability – high house prices in the area and a lack of affordable housing options potentially impacting on labour supply;



- Quality of town centres – quality of place, retail offer and services across the network of centres in the sub-region could be improved;
- Higher level skills - lower level of degree-level skills relative to other parts of the region, and a need to develop skills to meet the needs of emerging growth sectors;
- Commercial property offer – a more limited provision of modern, high quality business locations of a regional scale and presence;
- Higher education facilities – a lack of higher education facilities with implications both in terms of links to businesses and the skills base;
- Internal connectivity – issues both with the capacity of transport links (road and rail) within the sub-region and quality of east-west links providing access to staff and markets.

7.12 To develop its business base, the sub-region will need to compete for investment at a regional level; but is also in competition for investment at the national and international level, particularly in attracting investment from international companies – where the attraction for this area is the international air links. A positive planning framework which supports economic growth and allows the area to maximise its potential seems entirely appropriate.

7.13 An appropriate economic development strategy must though look create the conditions to allow existing businesses within the sub-region to prosper and grow. This will require a combination of measures addressing:

- Skills and labour supply;
- Commercial property offer;
- Wider infrastructure (roads, town centres, affordable housing etc);
- Business support measures;
- 21<sup>st</sup> century ICT infrastructure; and
- Cluster and supply-chain development.

7.14 Development and interventions to improve economic performance must however not compromise the principles of sustainable development. ‘Smart growth’ must be achieved – with improvements made to productivity without increasing the environmental footprint. This is critical for the sub-region where its attractive rural characteristic and access to the countryside are a key element of its competitive advantage. Thus it is appropriate in our view in shifting the economic base “up the value-added chain” – seeking to drive forward productivity growth by attracting high value-added investment, encouraging innovation and improving skills and enterprise, in order to create wealth and support the local economy.

## SKILLS AND LABOUR SUPPLY

- 7.15 As we identified in the detailed labour market profile and SWOT analysis in the Part I Report and in Section 3 in this document, the sub-region does not have a bad skills base but it could be better. The sub-region's skills profile is not as strong as some other parts of the South East; particularly with a below average proportion of people qualified to degree level or equivalent in Crawley.
- 7.16 There are a number of means through which the skills profile can be developed, including through improved educational attainment, development of opportunities for further and higher education within the sub-region, and through development of the housing offer. An appropriate strategy would address each.
- 7.17 A range of discussions have taken place in the last few years to try to deliver a new university campus within the sub-region (focusing particularly on Crawley). In our view public funding constraints in the short-term may restrict the potential for capital investment in delivering a new facility. We regard this however as an appropriate long-term ambition in order both to support improvements in the skills base, improving graduate and technical skills, and to support business research and development activities. However efforts to improve skills should not focus solely on capturing investment from a University: it will be equally important to develop linkages between Further Education (FE) colleges, schools and local businesses to develop courses and offer apprenticeship programmes to meet identified skills gaps and meet local business needs.

**Recommendation S1:** *The local authorities should continue to work HE institutions and public sector partners to deliver a higher education facility in the sub-region in the long-term.*

**Recommendation S2:** *The local authorities should seek to maintain and continue to develop linkages between schools and colleges and local businesses to deliver targeted training and apprenticeship schemes which meet the needs of the local economy.*

- 7.18 We see limited potential in strategic terms for significant improvements to be made in increasing economic activity rates albeit that changes in pensionable ages over the next 20 years will have some impact.

**Recommendation S3:** *The local authorities should work with businesses and residents to support people in working later in life, including through enhanced provision of part-time and flexible working opportunities.*

- 7.19 Recognising higher levels of worklessness in Crawley, the work of Job Centre Plus in continuing to provide training and re-skilling opportunities and support for unemployed residents will be important in supporting improvements to economic performance.
- 7.20 The Northern West Sussex Strategic Housing Market Assessment (SHMA) (GVA Grimley and GL Hearn, 2009) provides appropriate recommendations regarding the mix of housing types and the mix of sites/ locations which we consider appropriate to providing a balanced housing offer which supports the sub-region's economic potential.
- 7.21 The new Coalition Government has returned powers to determine housing supply levels to local government. It will be important that in determining housing supply policies, the local authorities take account of the needs of the local economy as well as demographic trends, and consider and address the implications of future development on the environment/ quality of place offer and infrastructure.

**Recommendation S4:** *In bringing forward Local Development Frameworks, the local authorities should take account of the relationship of housing supply with labour supply (in terms of the quantum of development) and skills (in terms of the types of housing and mix of sites and locations).*

- 7.22 Given that the sub-regional economy and housing market operate across local authority boundaries we would urge continued cooperation and joint working between the authorities on strategic planning matters. A coordinated long-term strategy for housing, economic, retail and infrastructure investment is required at the sub-regional level to maximise the sub-region's economic potential.

## SUPPORTING INNOVATION

- 7.23 Innovation is a key driver of productivity and will be critical to delivering higher value-added economic growth within the sub-region. Against a context of increasing international and domestic competition, innovation will be critical to maintaining and improving performance of both the manufacturing and service sector and services. Research and development (R&D) activities, business-to-business collaboration and knowledge sharing are critical to this. Key activities should include:

- Developing and embedding sub-regional supply chains;
- Encouraging knowledge-sharing and collaboration between businesses; and
- Providing appropriate support to businesses looking to invest.

- 7.24 The Gatwick Diamond Initiative provides a key focus for this activity, and should continue to be supported. It is an appropriate and cost effective approach to these issues in that it; reflects the economic geography of the area and is business-led and focused.
- 7.25 One element of the brief for the ELR Part II was to consider and identify economic clusters within the sub-region. A range of analysis techniques have been used to identify concentrations of employment and businesses in the sub-region supported by some stakeholder consultation.
- 7.26 The analysis points to a cluster of aviation-related businesses within the sub-region linked to the location of an international airport at its heart. The potential to substantially grow this cluster may be linked to the future performance of Gatwick Airport (both in terms of passenger numbers but also the types of carriers).
- 7.27 Gatwick Airport is clearly a key driver of the local economy, and supports sub-regional supply chains not related just to air transport but in security, hotels and catering, high-end manufacturing and R&D. The strength of such activities in the sub-region suggests that supply chains are fairly well developed; but could be developed further.
- 7.28 We understand that CBC is working with local businesses and the Airport to develop a joint strategy for its sustainable development.

***Recommendation 11:*** *Crawley Borough Council should seek to maximise the potential local and sub-regional economic benefits and sourcing through the Joint Strategy for Sustainable Development of Gatwick Airport.*

- 7.29 While the aviation sector is perhaps the most evident sub-regional cluster, there are a number of other areas which exhibit current or potential opportunities for higher value added economic growth. These comprise the following sectors:
- aviation;
  - sustainable construction;
  - low carbon goods and services;
  - scientific research & development;
  - pharmaceuticals;
  - insurance and pension funding;
  - high-tech manufacturing (including electrical/ optical, computer-related, medical/ precision engineering).

- 7.30 These are what we would define as key higher value-added sectors within the sub-region which demonstrate growth potential. Further research is necessary, including engagement of businesses, to assess whether these represent actual economic clusters in which there is a locational advantage or agglomeration effect. Nonetheless efforts should be made to develop both sub-regional supply chains, and business-to-business collaboration and knowledge sharing to support higher value-added economic growth. This might involve a range of activities including networking, publicity and supporting spin-offs. It should be taken forward and supported by all three local authorities' economic development teams and at the Gatwick Diamond level.

***Recommendation 12:*** *The Gatwick Diamond initiative should work with businesses to explore existence or otherwise of clusters in the key sectors identified above, examine barriers to investment and growth and develop sector strategies to support their long-term sustainable growth.*

- 7.31 Further understanding of the performance and strength of businesses in these sectors, locational factors, supply chains and barriers to (and opportunities for) growth and investment in these sectors within the sub-region will be important in identifying at a more detailed, forensic level the supply-side measures as well as softer measures necessary to support their long-term development. We would see this work as important in informing the development and evolution of any 'innovation hub' within the sub-region. Moving beyond this report, it would be important to ensure that this is based, if taken forward, on a detailed understanding of the sub-region's economy as opposed to generic principles or examples from elsewhere.

## **SUPPORTING ENTERPRISE**

- 7.32 Over 85% of businesses in Northern West Sussex employ less than 10 employees with these micro-businesses 22% of the workforce. The rate of self-employment in the sub-region at 14.6% is higher than regional and national averages. However the rate of business births is slightly below the regional average; and there is need to support and enable existing businesses to grow sustainably.
- 7.33 Supporting business start-up and the growth of small and home-based businesses will be particularly fundamental to future economic growth, particularly in Mid Sussex and Horsham Districts which have economies which are particularly orientated towards small businesses. There is also a key opportunity for small business growth in Crawley to reduce the dependency of the local economic and its vulnerability to the performance of the aviation sector and larger employers; and diversify the town's existing employment base.

7.34 Mid Sussex and Horsham benefit from a professional workforce and have above average self-employment. They have a strong level of home-based businesses, which are important employers particularly in rural areas. In Horsham, the Council's research has suggested that 9% of households in the District operate a business from home.

7.35 There is a growing trend for individuals to set up their own businesses, such as in consultancy. In our view, there is a key role for the public sector to support the start-up and growth of home-based and other small businesses through assistance in business planning, new markets, finance and finding / providing start-up or move on space. The Gatwick Diamond Innovation and Growth Team currently provides this service, offering mentoring and coaching; financial support and business collaboration networks.

***Recommendation E1:*** *The local authorities should continue to support and signpost support services offered by the Gatwick Diamond Innovation and Growth Team to embryonic and small businesses.*

7.36 Despite funding pressures, we consider that it will be important that resources continue to be invested in this area to support sustainable private sector enterprise and business growth within the sub-region as a critical component of achieving sustainable long-term improvements in economic performance.

7.37 We have highlighted the potential through the ELR for both home and remote working and growth in home-based businesses, both through changing working practices and linked to the potential for growth in home-based and other micro-businesses over the long-term. It is important that the local authorities work to provide support to the small business base in these areas. Many embryonic businesses will be run from home and thus require little in the way of physical infrastructure or premises. However access to tailored support and publicity will be important in supporting this trend; whilst continuing research to understand the needs of home-based businesses, providing opportunities for business-to-business networking and development of hub facilities will be important if these business are to grow. It will also be important to clarify planning policies and to promote provision of good quality telecommunications infrastructure.

***Recommendation E2:*** *To support business start-ups and growth of home-based businesses the local authorities should include policies or exercise some discretion in enabling the conversion of residential or garage space within a dwelling to commercial use (where not permitted development).*

***Recommendation E3:*** *Horsham and Mid Sussex Districts should consider favourably proposals for conversion of farm or other buildings in rural areas, or for dual use of community*

*buildings, which support sustainable economic development activities (in accordance with the definition in PPS4).*

**Recommendation E4:** *The local authorities should engage and lobby telecommunications providers to promote access to high speed broadband infrastructure across the sub-region, including within rural areas in the medium-term.*

- 7.38 The local authorities should also seek to support access to business support and shared services (e.g. printing, IT support etc.) where there is an identified need or deficiency. Given the nature of the business base in the area, it would be appropriate to develop an enterprise-based strategy for supporting small businesses across the sub-region or the county should there be an appetite to do so.
- 7.39 Provision of appropriate employment space will also be important. It will be important to provide a suite of property options to meet the needs of small businesses including incubation and start-up space, and move on space. Current examples within the sub-region include Regus and Basepoint in Crawley, Regus, Citibase PLC and the City Business Centre in Horsham; however the network of small business space could and should be expanded. It will be important that these any proposals are based on appropriate research identifying local demand with floorspace priced appropriately.
- 7.40 There are now various bespoke providers of space for small businesses, including the Workspace Group and Basepoint. The local authorities also provide some space, for instance Horsham Council also own and manage small business space at Oakhurst Business Park, Southwater and Blatchford Close, Horsham. However while there are a number of existing facilities in the sub-region, the level of provision needs to be increased in the long-term to meet market demand and respond to economic trends.
- 7.41 A key challenge is that in many cases, rental levels are not sufficient to justify development of small business units, particularly on a speculative basis. We consider that there may be potential for carefully crafted planning policies to support delivery of small, flexible B1 units to meet this demand.
- 7.42 In our view the Councils could, in the longer-term once market conditions improve, implement a policy requiring provision of small units of < 185 sq.m / 2000 sq.ft in development schemes above a certain floorspace or site size threshold, such as 1 ha. The policy in our view would incentivise direct delivery by the developer as a first principle, and could require delivery of this element of the scheme through planning conditions or planning (S106) obligations. The Council might however offer alternative options, such as provision of free serviced land to the

Council who would then develop the units (where there is an appetite and resources to do so), or payments in lieu of provision in exceptional circumstances.

- 7.43 A proposal such of this is relatively innovative with few examples of this being implemented elsewhere. It is similar to mechanisms to support social benefit for other, higher value land uses. However we would encourage and recommend that further detailed analysis and soft market testing of potential policies in this regard is undertaken to support any LDF policies.

**Recommendation E5:** *The local authorities should undertake further research and soft market testing to examine the potential in the longer-term for LDF policies requiring provision of small business space in development schemes over a certain size threshold, and appropriate mechanisms to achieve this.*

## QUANTITATIVE EMPLOYMENT SUPPLY/DEMAND BALANCE

- 7.44 The Employment Land Review has considered the balance between supply and demand for employment floorspace and land in both quantitative and qualitative terms. Both will be important in achieving sustainable economic growth.
- 7.45 In the Part I and Part II reports we have developed scenarios for future economic performance and examined commercial demand indicators. In this Report we have considered employment land supply, in qualitative and quantitative terms.
- 7.46 In Section 5 we established future requirements for employment land and floorspace. We then in Section 6 considered the supply of employment land across the sub-region. We now bring these assessments together to consider the supply/demand balance.
- 7.47 Available floorspace and land supply has been compared against demand in three potential economic scenario: considering 'base' economic growth; enhanced economic growth resulting from improved performance of key higher value-added sectors to deliver 'successful repositioning' of the Gatwick Diamond; and a third 'revised hybrid' scenario which takes account of both this and strong new housing delivery. The latter scenario is useful in illustrating the implications and importance of housing growth to economic performance. It is recognised that there is no current agreement as to whether this level of housing growth is either desirable or realistic. However this scenario still remains an appropriate scenario for testing realistic parameters for economic growth within the sub-region. The three scenarios have been used to calculate 'high' and 'low' parameters for net floorspace and land requirements (demand).



7.48 Figure 7.1 presents the findings of this report in regard to floorspace requirements. It brings together the demand and supply assessments.

**Figure 7.1: Quantitative Supply-Demand Balance – Floorspace**

	Floorspace Demand				Floorspace Supply					Requirement (+)/ Surplus (-)
	Office	Industrial	Warehouse	Total	Office	Industrial	Varehouses	B Mixed	Total	
	B1a/b	B1c/B2	B8		B1a/b	B1c/B2	B8			
Crawley Low	100763	-11041	156943	246665	124918	-5867	17874	102405	239330	7335
Crawley High	122838	23309	162435	308582						69252
Horsham Low	30397	17247	46489	94133						-64727
Horsham High	43439	23466	51331	118236	33042	10671	32698	82449	158860	-40624
Mid Sussex Low	44957	17103	34214	96274	43321	20313	23425	11973	99032	-2758
Mid Sussex High	58899	21726	38223	118848						19816
NWS Low	176117	23309	237646	437072						-60150
NWS High	225176	68501	251989	545666	201281	25117	73997	196827	497222	48444

Source: GL Hearn

7.49 Figure 7.1 indicates that there is a requirement for between 10,000 – 70,000 sq.m of employment floorspace in Crawley, reflecting the potential impact of the economic scenarios examined on Crawley as the sub-region's largest employment centre. In Horsham the analysis suggests a surplus of employment floorspace of between 40,000 – 65,000 sq.m. In Mid Sussex, the scenarios suggest there is between a small surplus of 3,000 sq.m to a requirement for 20,000 sq.m of employment floorspace.

7.50 We have also compared supply and demand using an alternative methodology looking at land requirements. Our assessment of employment land supply and demand allows calculation of net requirements for the identification and allocation of additional employment land. This takes account of floorspace in the development pipeline, land and floorspace with development potential on existing employment sites and land allocations for employment development which are considered developable.

7.51 Using consistent assumptions on plot ratios to those adopted in the Part I Study to calculate land requirements, we have calculated the supply/demand balance in terms of land requirements or surpluses. This is shown in Figure 7.2 below.

**Figure 7.2: Quantitative Supply-Demand Balance – Land (Ha)**

	Demand				Supply					Shortfall/ Surplus
	Office	Industrial	Warehouse	Total	Completions	Commitments	Allocations	Vacant Land	Total	
B1a/b	B1c/B2	B8								
Crawley Low	19.3	-2.8	34.9	51.4	7.24	7.28	8.33	21.3	44.1	7.3
Crawley High	23.5	5.8	36.1	65.5						21.4
Horsham Low	6.1	4.3	10.3	20.7						-13.3
Horsham High	8.7	5.9	11.4	26.0	10.94	1.34	5.23	16.5	34.0	-8.1
Mid Sussex Low	9.0	4.3	7.6	20.9	12.24	1.34	3.63	3.54	20.75	0.1
Mid Sussex High	11.8	5.4	8.5	25.7						5.0
NWS Low	34.4	5.8	52.8	93.0	30.4	10.0	17.2	41.3	98.9	-5.9
NWS High	44.0	17.1	56.0	117.1						18.3

Source: GL Hearn

7.52 As Figure 7.2 indicates, the conclusions of the quantitative assessment are:

- In Crawley Borough, there is need to allocate between 7 – 22 ha of employment land to meet needs over the period to 2026;
- In Horsham District, there is actually a surplus of employment land taking account of existing land allocations and the capacity of existing vacant sites, of between 8 - 13 ha to meet needs over the period to 2026; while
- In Mid Sussex District there is a requirement for up to 5.0 ha of additional land to meet needs over the period to 2026.

7.53 The assessment is informed by judgements regarding the appropriate uses and associated plot ratios for various employment sites.

7.54 The assessment identified that in quantitative terms there is sufficient available land to meet employment needs over the plan period in Horsham District, and in Mid Sussex District for the low scenario, but a requirement to identify between 7 – 22 hectares of additional land in Crawley. For the high scenario, there is a requirement for an additional 5 ha of land in Mid Sussex. The notional surplus of land identified in Horsham District reflects the existence of a

number of potential employment sites which are currently or expected to become available for development.

- 7.55 A substantial proportion of the land requirement reflects demand for warehouse/ distribution space. In common with most Employment Land Reviews undertaken across the region in recent years, additional net requirements for land for warehouse/ distribution use counteract a reduction in the land required for industrial use. The latter reflects the long-term trend of decline of and increasing space efficiencies in the manufacturing sector.
- 7.56 Our calculations include an allowance for flexibility and churn, which include provision for an element of non-employment uses such as car showrooms and repair centres, together with waste uses on employment sites. They make allowance for the fact that not all office and industrial activities take place on identifiable employment sites.
- 7.57 In identifying appropriate requirements for future employment land provision, or for the release of employment sites, it is important to consider both quantitative and qualitative factors. We turn next to consider qualitative factors.

### **QUALITATIVE GAPS IN THE EMPLOYMENT LAND PORTFOLIO**

- 7.58 We have considered through the ELR the existing commercial property offer in the sub-region. Our research has identified a number of gaps in the property offer which could affect the economic performance of the sub-region and need to be addressed. These relate principally to provision of space for small businesses (which we have addressed above) and to the provision of office floorspace in the sub-region. In considering the provision of office floorspace we have considered the offer in 'town centres' and 'business parks' recognising that some property requirements will be for out-of-town space with stronger access and parking provision; while others will require face-to-face contact and access to amenities, and prefer town centre locations.
- 7.59 If we deal first with Town Centres. The main sub-regional centre is Crawley. Crawley Town Centre contains a good level of office floorspace however the quality of floorspace is varied. More fundamentally the market for space in Crawley Town Centre is affected by the broader 'offer' of the centre and its urban quality. Fundamentally the quality of the centre in terms of both its offer, build quality, public realm and environment needs upgrading. This includes providing supporting amenities, including a good quality restaurant and café offer to support the office market. Town Centre North will be critical to achieving this, and could provide an important impetus to the office market.

- 7.60 Outside of Crawley, other town centres within the sub-region are smaller. Horsham is the second largest town and has an attractive town centre – one with the right qualities to create an attractive working location. The challenge for Horsham however is its proximity to Crawley and the weaker rail links (particularly in terms of journey times) to London. There is a recognised oversupply of office stock within the town and a requirement to consolidate this; and to restructure it to cater better for smaller, local occupiers; and support the development of the SME base.
- 7.61 The potential office market in each of the Mid Sussex towns is influenced to some extent by their size, but also the quality of the centres. Haywards Heath has the greatest potential linked to its stronger rail links, and the strong café culture which exists (although the retail offer is not substantial). There is potential for moderate net growth in office space in this centre. In East Grinstead, as in Horsham, there is an oversupply of dated office space (built against a context of supply restrictions in Crawley) which requires consolidation.
- 7.62 Overall the quality of existing town centres within the sub-region, with the exception of Horsham, requires improvement to support the local office markets. The scale of centres outside of Crawley however will restrict the potential of their office markets, with proximity to Crawley inhibiting growth potential to some extent in Horsham and East Grinstead.
- 7.63 We thus turn to the out-of-town market for office space. In our view there is a strategic gap in the portfolio of employment sites within the sub-region relating to what we would term high quality ‘campus’ business parks. There are relatively few bespoke ‘business parks’ within the sub-region which provide larger floorplate office uses within a landscape or parkland setting. Existing examples, such as Broadlands Business Park (North Horsham), Oaklands Business Park (Southwater), Tilgate Forest or Broadfield Business Park (Crawley) are relatively small in scale. We feel that this type of property offer is currently under-developed within the sub-region, particularly relative to other parts of the South East.
- 7.64 This is particularly apparent when looking at other South East sub-regions. It is most apparent in comparison with the Thames Valley, which contains a range of high quality business park locations such as Thames Valley Park and Green Park in Reading; Harwell Business Park; Milton Park; Culham Science Park and Oxford Science Park. The cluster is influenced by the science/ R&D base and presence of Universities. However both Surrey and Kent have high quality office and science parks, such as Surrey Research Park, Guildford Business Park in Surrey; or Kings Hill in West Malling and Kent Science Park, Sittingbourne in Kent.
- 7.65 The Northern West Sussex sub-region (and Sussex more generally) lacks any sites which compete in this market. We consider that there is potential to develop this element of the property offer, catering for B1a and B1b activities.

- 7.66 The greatest potential in our view would exist in a location close to Crawley. The town has an established commercial market and occupiers; and provides access to rail and international air links. This is supported by our research looking at existing rents at other major business park locations across the UK. Stockley Park, Uxbridge and Causeway (Staines), all near Heathrow command the highest rental levels for out-of-town business park space in the UK at £27.50/ £27.00 psf. Space in South Manchester, close to Manchester Airport, similarly commands a premium on space elsewhere in the Northern West such as at Warrington, emphasising the attractiveness of airport accessibility.
- 7.67 In the industrial market, we consider that the main existing *strategic* locations within the sub-region comprise Manor Royal, the Birches/ Imberhorne Lane in East Grinstead, and the Victoria Business Park in Burgess Hill. These sites are adequate for meeting strategic demand, with potential for further development or redevelopment, particularly at Manor Royal and the Victoria Business Park. It will be important to invest in the environment and infrastructure in these estates, and to support progressive redevelopment to provide modern floorspace over time. We see potential for additional provision of space at East Grinstead, as potential an extension to the Birches (as we will come onto).
- 7.68 We set out below our specific conclusions regarding site allocations in each of the three local authorities.

## **SITE SPECIFIC RECOMMENDATIONS**

- 7.69 In this penultimate section we draw together the supply and demand-side assessments (quantitative and qualitative) to set out site specific recommendation regarding the future portfolio of employment sites at a District/ Borough and sub-regional level.
- 7.70 Our recommendations take account the quantitative analysis together with qualitative factors aiming to identify a portfolio of sites to meet needs at different levels in the market, and to address the gaps in the current employment land portfolio to meet identified demand. They also take account of our understanding of the existing distribution of employment floorspace in the sub-region, market demand and commuting patterns.
- 7.71 The recommendations seek to deliver a high quality portfolio of sites across sub-region, to meet demand at local level and across wider sub-regional markets. In some instances, opportunities are identified to release a number of poorer quality sites for other uses; while in others they respond to potential to intensify use of existing sites in line with smart growth principles. We have taken account in broad terms of limited releases of poorer quality sites or

to address localised issues of oversupply in our recommendations for additional land allocations.

## HORSHAM

- 7.72 The economic forecasting indicates that employment growth over the twenty year plan period to 2026 in Horsham District is expected to be somewhat lower than in the recent past, with growth of between 4.1 – 8.3%. The quantitative analysis undertaken indicates that this results in a notional surplus of between 8 - 13 hectares of employment land in the District, taking account of the potential of existing sites (allocated or otherwise).
- 7.73 There are however a range of qualitative considerations. Horsham currently has the lowest jobs density of the three authorities. The Council has an ambition to support and grow the local economy. Moreover the baseline forecast by Experian was of relatively limited economic growth in the District both compared to the other two local authorities and as against historic trends in Horsham itself.
- 7.74 In addition to these issues, we consider that there is a need to address a number of qualitative factors: to reduce the oversupply of office accommodation in Horsham itself and re-orientate the offer to better meet the needs of smaller businesses; potentially to restructure the employment offer in Billingshurst to provide better quality and more accessible sites, but to bolster the sites and premises offer in the south east of the district to meet local economic needs.
- 7.75 The ELR indicates that there are a number of key existing allocations or existing vacant land on current employment sites which offer the potential for development to meet future economic needs. These sites should be retained.

**Recommendation H1:** *Horsham District Council should retain the following sites or allocations for employment development in the north of the District:*

*West of Bewbush Neighbourhood Centre: 0.8ha for B1 use*

*West of Horsham Strategic Allocation: 2.3ha for B1, B2 or B8 use*

*Oakhurst Business Park, Southwater (Remaining Plots): 2.3 ha for B1 and B8 use*

*Nowhurst Business Park, Broadbridge Heath: 6.8ha for B2 or B8 use*

*Flint Group Site, Slinfold: 5.7ha for B2 or B8 use*

- 7.76 The Council should also explore the potential of the Nightingale Industrial Estate in North Horsham for further employment-generating development. We understand that this is intended to be considered as part of the Future Prosperity of Horsham Study.

- 7.77 In addition to the above sites, we consider that the Council should allocate additional land in order to enhance provision of high quality modern business park floorspace in the north of the District. This is necessary to provide the potential for expansion and attraction of higher value-added companies and to support economic growth in the key sectors identified, including pharmaceuticals and higher value-added manufacturing.

**Recommendation H2:** *Horsham District Council should allocate 6 hectares of employment land for B1 and B2 use within strategic development West of Southwater (to support diversification of the town's economic base) and/or North of Horsham (with remodelling of employment land around Langhurstwood Road and improvements to access) should the strategic development location proposals be taken forward.*

- 7.78 It is considered that both of the above sites provide potential for high quality employment development. These sites will play an important role in supporting business retention and growth, recognising that there are a number of key employers in the District which currently occupy sites intensively with little potential for further expansion. Should development be taken forward North of Horsham, it will important to integrate new development with existing employment provision around Langhurstwood Road. A comprehensive planned led approach to employment provision within this area is encouraged.

- 7.79 We consider that there is potential for either the Horsham or Southwater site to develop as a science/ innovation cluster, linked to some of the R&D activities currently focused in the town. This should provide a high quality and landscaped employment environment located to provide good access to the strategic road network and local amenities.

- 7.80 The quantum of employment space appropriate should strategic development be brought forward on land west of Ifield, on the western side of Crawley will need to be considered in the context of wider proposals for employment provision at Crawley, and will be influenced by issues related to the provision and funding of a Western Bypass to the town.

- 7.81 We consider that there is also a need for additional employment provision within the south of Horsham District to support the local economy. The availability of land in this part of the District is tighter and there is a need to improve the quality of available land and premises.

**Recommendation H3:** *Horsham District Council should establish a policy supporting the intensification of use of existing higher quality employment sites in the south of the District, through additional employment development. This should seek to focus investment at the following locations:*

*Star Trading Estate, Partridge Green*



*Mackley Industrial Estate, Upper Beeding*

*Broomers Hill Park, Pulborough*

*Gilmans Industrial Estate, Billingshurst*

- 7.82 We consider however that there is a need for additional provision of employment land to support sustainable and balanced development of the economy. Wiston Business Park represents a good quality employment site located on the A24. While we recognise that the site can only be accessed from the northbound carriageway, we consider that there is potential for further development, subject to detailed consideration of highways matters.

***Recommendation H4:*** *Horsham District Council should consider allocation of 2 hectares of land as an extension to Wiston Business Park to meet the needs of the South East of the District.*

- 7.83 Existing employment sites in Billingshurst are predominantly clustered close to the train station and do not have strong access to the strategic road network. Vacancy levels are above average. Should strategic development be brought forward at Billingshurst, the opportunity should be used to reorganise and improve the town's employment land offer.

***Recommendation H5:*** *Horsham District Council should allocate 4 hectares of employment land within strategic development at Billingshurst at a location which provides strong access to the strategic road network. This should have a strong office component to rebalance the town's existing employment offer and support more local commuting patterns. If brought forward this may allow rationalisation of employment land elsewhere in the town through a plan-led approach.*

- 7.84 Provision of new allocations at Billingshurst and Wiston Business Park are important to provide additional higher quality employment opportunities in the south of the District. In rationalising employment provision in Billingshurst, the Council should consider the potential for release of employment land at Myrtle Lane.

- 7.85 The particular dynamics of the office market in Horsham Town justify consolidation of office provision. Planning policies should reflect this. Policies should seek to retain the existing effective office quarter located on North Street/ Chart Way, but exercise some flexibility supporting the sub-division of larger space, and selective change of use of older blocks where it can be demonstrated that there is a lack of demand despite active marketing. Horsham District Council intends to prepare a Supplementary Planning Document addressing reuse of office space within the Town Centre.

**Recommendation H6:** *Horsham District Council should implement policies which exercise some flexibility in the subdivision and change of use of larger office blocks within Horsham Town Centre except on North Street and Chart Way but should require evidence of active marketing for employment use for to support any planning application.*

- 7.86 A more flexible approach is however required around Albion Way/Worthing Road/Springfield Road. A mixed use approach is considered appropriate to bring forward modern employment floorspace alongside other uses. There is an opportunity for cross-subsidy between different components of mixed use schemes. The Council should consider preparation of a development brief or site allocations policies to guide the layout and mix of uses in this area, to achieve coherence across the various sites. We envisage that this would be informed by the Future Prosperity of Horsham Study.

**Recommendation H7:** *Horsham District Council should require employment floorspace provision, the quantum of which will be influenced by scheme viability, on sites around Albion Way, Worthing Road and Springfield Road in Horsham Town Centre.*

## MID SUSSEX

- 7.87 The analysis undertaken suggests a requirement to identify up to 5 ha of employment land to meet the District's needs to 2026.
- 7.88 Our analysis of existing employment sites identifies a number of sites with development potential for employment use.

**Recommendation M1:** *Mid Sussex District Council should retain the following sites for employment-generating uses:*

*Mill Green Depot, Haywards Heath: 0.78ha for B1c use*

*Land South of Maltings Park and adjacent former Honeywell Site, Burgess Hill: 2.8ha*

*Victoria Road, Victoria Business Park: 0.6 ha*

*Errikson Way, Victoria Business Park: 0.9ha*

Of the three Mid Sussex towns, Haywards Heath contains the most well developed office market which reflects the rail links, the quality of restaurant/ café offer and wider quality of place. The Council has been working in recent years to bring forward a mixed use scheme to improve the area around the rail station. This area relates well to the existing cluster of office space in the town on Perrymount Road. It remains appropriate in our view to seek to bring forward additional modern office floorspace within this mixed use scheme.

**Recommendation M2:** *Mid Sussex District Council should retain an allocation of 2.7ha at the Station Quarter, Haywards Heath for mixed use development to include B1a floorspace.*

- 7.89 We have considered in detail the potential to rationalise and release land within the Victoria Business Park in Burgess Hill for alternative land uses, such as residential. This site has been developed in an intensive but piecemeal way, and is well occupied. In our view, the cost and time of acquiring land from multiple occupiers, and potentially in buying out leases would inhibit the comprehensive redevelopment of any sizeable area within the Business Park.
- 7.90 We recommend progressive redevelopment of existing premises within the Victoria Business Park for employment use; as well as environmental improvements to support future demand.

**Recommendation M3:** *Mid Sussex District Council should support the progressive redevelopment of existing premises within the Victoria Business Park, Burgess Hill for employment-generating and ancillary uses.*

- 7.91 We see the masterplan-led approach to upgrading and improving the environment, amenities and floorspace at Manor Royal in Crawley as a potential model for the future of the Victoria Business Park in Burgess Hill. Crawley Borough Council has produced a masterplan and SPD to provide a coherent but flexible framework for the future of the Estate to guide investment, with the use of Simplified Planning Zones to incentivise development in key areas of change. A similar approach could be taken forward for Burgess Hill. The Masterplan would inform assessment of potential uses of key development sites.

**Recommendation M4:** *Mid Sussex District Council should consider development of a Masterplan to guide future investment in the Victoria Business Park, Burgess Hill. This should consider the potential mix of uses across the estate and how these should be spatially organised, together with potential for improvements to amenities and the environment.*

- 7.92 Should development north-west of Burgess Hill (the 'Northern Arc') be brought forward it will be necessary to consider the relationship and phasing of any new employment provision at this location with the Victoria Business Park. The Victoria Business Park however is predominantly a industrial and warehouse location. There is potential for complimentary, high valued added employment to be brought forward north of Burgess Hill subject to further feasibility testing.

**Recommendation M5:** *Mid Sussex District Council should consider the potential to accommodate employment development of up to 4 hectares of employment land as part of strategic development north/ north west of Burgess Hill, if brought forward. This should be located so as to provide good access to the A2300. The form of development and delivery phasing should be informed by and linked to plans for improvement to the Victoria Business Park.*

- 7.93 In East Grinstead, there is a successful cluster of employment uses around Imberhorne Lane on the north side of the town. This is a successful and well occupied strategic employment site within the sub-region, with potential for growth. We consider that there is potential for a limited release of additional land to support the town's long-term economic needs.

**Recommendation M6:** *Mid Sussex District Council should make provision for 3 hectares of additional land for industrial and warehouse development (classes B2 and B8) at East Grinstead as an extension to the existing concentration of employment at Imberhorne Lane.*

- 7.94 As we have identified, we consider that where there is potential for limited growth in provision of office floorspace in Haywards Heath, there is a need to improve and consolidate provision in Burgess Hill and East Grinstead Town Centres. Burgess Hill and East Grinstead both serve

a relatively localised office market and there is a need to reduce the quantum of vacant floorspace but also to address the quality of floorspace available. The Council should seek to consolidate and improve office provision, both through seeking to bring forward new high quality office development where there is an identified demand, but also through selective refurbishment or redevelopment of older office space which has been long-term vacant.

***Recommendation M7:*** *Mid Sussex District Council should consider the potential for redevelopment or conversion of vacant office space in Burgess Hill and East Grinstead where supported by evidence of an oversupply of office space within the local market and evidence of active marketing.*

## CRAWLEY

- 7.95 Our analysis indicates a requirement for up to 21 ha of additional employment land at Crawley to meet long-term economic needs over the period to 2026.
- 7.96 Our analysis suggests a significant requirement for warehouse floorspace. This is influenced by demand from airport-related activities (with transport the fastest growing sector in our forecasts), motorway accessibility and the existing strength of the town for these types of activities. In reality future demand for warehousing floorspace may be somewhat influenced by future performance and dynamics at Gatwick Airport. For the office sector, the forecasts indicate a relatively moderate net growth in floorspace requirements in the context of past trends influenced by forecasts of future sectoral performance. This will not mean that there will be no demand for Grade A floorspace, but that net growth in the overall size of the market is limited. As the economy and office market recover, these findings will need to be kept under review.
- 7.97 Our analysis of employment sites has identified a number of sites with potential for employment development. These include a number of larger sites which are expected to come forward at Manor Royal. Our conclusions are thus informed by our own analysis and the Manor Royal Masterplan (GVA Grimley, 2010).

**Recommendation C1:** *Crawley Borough Council should retain the following sites within Manor Royal for employment development:*

*Crawley Business Quarter: 1.5ha for B1 development;*

*London Road Gateway Sites: 3.5 ha for B1 and B2 high quality landmark development (supported by improvements in public transport accessibility)*

*Edwards Vacuum Site, Manor Royal: 3.9 ha for B1 or B2 development with ancillary facilities to create a hub providing local services to service the wider estate, and provision for small businesses.*

*Thales Crawlers Brook Site, Newton Road, Manor Royal: 1.8 ha for B1 or B2 (including provision to meet the needs of smaller businesses)*

*Former Glaxosmithkline Site, Manor Royal Way, Manor Royal: 3.8 ha for B1 or B2 use, with potentially any B8 development subject to provision of improved access and comprising smaller units of less than 1850 sq.m. Development should provide a high quality and active frontage to Manor Royal Way.*

*Former Alpha Flight Services and Adjacent Plot, Napier Way, Manor Royal: 3.0 ha for B1c, B2 or B8*

*North of Fleming Way Strategic Allocation: 7.5 ha for B2 or B8 use*

*Crompton Way: 2.2ha for B1 or B2 development;*

*Thales Gatwick Road: 4.3 ha for high quality B1, B2 or B8 development of a high quality design which responds to the site's location on a key transport corridor.*

- 7.98 In addition to the above sites, we consider that there is longer-term potential for redevelopment of the Jeffries Farm Site to the north-east of the Fleming Way roundabout to create a high quality development at this key gateway location in accordance with the Manor Royal Masterplan.
- 7.99 While there will be some redevelopment and replacement of existing office stock, the level of net additional office floorspace required is forecast to be limited, particularly considered against past trends. We consider that it is appropriate to seek to consolidate and focus office development in Manor Royal towards key gateway locations identified in the Manor Royal Masterplan together with the central part of the Core Business Zone, consolidating provision within this area around the Crawley Business Quarter and proposed 'hub' area. Focusing office floorspace provision within these areas will be important in supporting the Town Centre office market.
- 7.100 It is expected that there will be demand pressure, particularly in the short-term, for the development of additional B8 warehouse / distribution floorspace. We have identified above a number of potential development opportunities for additional B8 floorspace including Thales Gatwick Road site, and vacant land/ premises at Napier Way. Additional opportunities in the medium-term include the North of Fleming Way land allocation.
- 7.101 There are also opportunities for the reuse of existing vacant warehousing units within the Gatwick International Distribution Centre and at Lowfield Heath and for selective redevelopment in these areas to provide modern B8 units. Greater certainty regarding the future development of Gatwick Airport should support this.
- 7.102 As we have identified, there is a need to improve the environment, as well as the retail, restaurant and leisure offer within the Town Centre to support the office market. The Council's regeneration proposals for Town Centre North will be important to achieving this and can be expected to support demand for office accommodation. The Town Centre office market in Crawley responds to the needs of occupiers in the professional and business services sectors. This differs from some extent from Manor Royal, where office space is often within hybrid developments or related to wider airport and manufacturing-related operations.
- 7.103 In our view, Crawley Borough Council should implement a policy seeking to focus office development within the Town Centre within key quarters.

**Recommendation C2:** *Crawley Borough Council should seek to focus office development which takes place within Crawley Town Centre on London Road, The Boulevard and Station Way.*

**Recommendation C3:** *Regeneration proposals for Town Centre North should include substantial provision of office accommodation, creating an office quarter linked to London Road and the Boulevard.*

**Recommendation C4:** *Crawley Borough Council should support any proposals for redevelopment of Longley House or Zurich House for residential use.*

**Recommendation C5:** *Overline House and the Station Gateway is a key opportunity for mixed use redevelopment. Crawley Borough Council should require a substantial commercial component to any scheme, with at least 40% commercial floorspace subject to detailed viability testing.*

7.104 We expect that office provision within the Town Centre North scheme would replace existing dated office space within this area. The precise level of office floorspace will be influenced by the phasing of development and viability issues.

7.105 The Three Bridges Corridor is expected to continue to play an important role in meeting the needs of smaller businesses. However there is a need to improve the environmental quality and address management issues. Crawley Borough Council intends to prepare a Supplementary Planning Document to guide investment and development activities within this corridor. This will need to address the mix of uses, including demand from car showrooms. The Council is exploring whether intervention or a revised policy direction is required.

7.106 We consider that the Council's current policy framework which supports mixed use development on selected sites within this area remains appropriate. There is identified potential to bring forward high quality mixed use development around Three Bridges Station.

**Recommendation C6:** *Crawley Borough Council should continue to support mixed use development of selected sites in the Three Bridges Corridor. Development sites should contain a significant employment-generating component. The appropriate quantum and mix of uses should be established through the Three Bridges Corridor SPD.*



- 7.107 The Council will need to give further thought to the potential for additional employment land allocations linked its strategy for housing and infrastructure provision. The residual requirement identified is expected to be particularly for warehouse/ distribution floorspace.

## **STRATEGIC EMPLOYMENT LAND PROVISION**

- 7.108 The South East is now the UK's best performing regional economy. In recent years however the economic performance of the Northern West Sussex Sub-Region has been slipping relative to other parts of the South East.
- 7.109 As we have explained, there are a suite of interventions which will be necessary to enable the sub-region to maximise its economic potential and to improve its relative performance relative to the best performing sub-regions in the South East. The sub-region's commercial property offer is one component of this.
- 7.110 Within the Northern West Sussex sub-region, there is relatively limited provision of high quality business locations which are of a regional scale and significance. In our view there is a case for supply-side intervention to address this and to contribute to sustainable improvement in sub-regional economic performance. We consider that there remains a strong qualitative case for strategic employment land provision within the sub-region.
- 7.111 Considered in a regional context, there are not any substantial high quality campus business (office) parks or science parks within the sub-region. We consider that the sub-region's existing 'strategic' sites within the sub-region comprise: Manor Royal, Crawley; the Birches Industrial Estate, East Grinstead; and the Victoria Business Park, Burgess Hill. Each however is more of a large industrial estate, which has been progressively extended and improved over time as opposed to a high quality, purpose built campus business park. This is a major gap in the sub-region's commercial property offer.
- 7.112 The lack of provision is particularly apparent in comparing the sub-region with the Thames Valley, where there is a cluster of science and business park together with significant higher education infrastructure. Despite this existing infrastructure, there is continued proposed investment in developing the areas offer, including for instance through the build-out of further phases to Green Park and Thames Valley Park, Reading, proposals for extension of Oxford Science Park, or proposals for a further Science Park in Wokingham District which includes provision for up to 55,000 sq.m by 2026.
- 7.113 New science and business park provision in this area is being brought forward alongside investment in existing sites. We note for example investment at Winnersh Triangle by Segro,

which has rebranded this mixed-use employment site 'IQ Winnersh' and is investing in creating a high quality employment location, offering offices, R&D, datacentres, laboratories and high office content production units supported by a landscaped setting and comprehensive range of amenities, including hotels, conferencing, restaurants and leisure.

- 7.114 There are other examples elsewhere: on the M3 Corridor, regeneration proposals are being brought forward for an office based in-town business park at Basing View in Basingstoke alongside build out of further phases of out-of-town space at MEPC's Chineham Park.
- 7.115 Similarly in Hertfordshire, north of London, there is a recognised deficiency in strategic employment land provision and the local authorities are beginning to work together to identify and assess potential site options to improve provision, aiming both to support and retain existing businesses and attract inward investment.
- 7.116 The example above demonstrate that it is possible in commercial terms to bring forward the regeneration programmes for existing business / industrial sites, such as Manor Royal or the Victoria Business Park, alongside major new campus based office/ science park provision. They also emphasise the importance which strategic employment land provision might potentially play in ensuring the sub-region's continued competitiveness as a business location.
- 7.117 To be clear, while there is not a quantitative case for strategic employment development based on evidence of locally-generated demand, there is a qualitative argument and potential for a supply-led approach to capture investment and drive forward economic performance and to improve the sub-region's commercial property offer. This however represents a **policy choice**.
- 7.118 Strategic employment land provision in the sub-region might offer the following:
- A recognised high quality business destination of regional significance;
  - A high value-added focus with scope for science and innovation;
  - Access to key amenities including retail and leisure facilities;
  - Shared facilities including meeting space, support services and business support;
  - Visible location with high environmental quality;
  - High quality transport links.
- 7.119 We consider that it will be important to deliver a scheme of sufficient scale and profile to attract market interest. It will be difficult to deliver the scale and quality of provision envisaged, alongside supporting facilities, on existing employment sites.

7.120 We consider that there are potentially two options to consider in regard to strategic employment land provision; locating this at Crawley; or alternatively creating an alternative employment node further to the south within the sub-region.

7.121 In our view it would be appropriate to deliver a single new strategic employment location of a scale which achieved market profile and recognition of a regional/ national level. This would require a (first phase) allocation of at least 30 ha of land.

### ***Crawley Focused Option***

7.122 Crawley is the existing main employment location within the sub-region, with access to the largest labour force. It has the strongest access to international markets and workforce. The town has the largest existing office stock, and our forecasts indicate that it the greatest demand for net additional office floorspace of the sub-region's three local authorities. There is market interest in delivering strategic employment development at Crawley. Furthermore there are few locations in the region with similar transport (in terms of an international airport, motorway connections and fast rail link to London) and wider business infrastructure (such as provision of supporting professional services) which offer potential for successful delivery of a major business park.

7.123 Changes at the Airport could have a significant impact. Should it see an increase in international business routes, particularly to North America, the area could attract new foreign office occupiers looking for an accessible South East base for European operations. Crawley is connected to the London market but represents stronger value for money.

7.124 The challenges are however that Crawley already has the highest jobs density of any local authority in the South East (albeit that this partly reflects the boundary of the local authority area), with net in-commuting of 30,000 people a day. Further employment development will exacerbate this.

7.125 The critical issue perhaps is therefore one of infrastructure constraints, particularly in terms of impact on the strategic and local road networks. This is a question to some extent for the Sub-Regional Strategy which is being prepared for the Gatwick Diamond.

7.126 The At Crawley Study 2009, which GL Hearn led, provides an overview of infrastructure constraints to further development at Crawley. It identified the following strategic constraints:

- Capacity of the highways network – particularly at key Town Centre and motorway junctions and links approaching the Town Centre;

- Potential requirement for a Western Relief Road – to support delivery of more than one additional strategic development location in addition to land West of Bewbush or potentially strategic employment provision together with additional residential development;
- Sewage infrastructure capacity within the town, and the feasibility and delivery timescales for bringing forward new infrastructure.

7.127 The capacity of existing infrastructure will be stretched and improvements necessary to accommodate the provision of a new neighbourhood of 2,500 homes West of Bewbush, and the potential for delivery of c. 1,900 homes in the North East Sector should the Secretary of State grant planning consent for this. Further housing and employment development beyond this is likely to require significant investment in additional infrastructure. There is no public funding committed to this.

7.128 Through the Sub-Regional Strategy and Local Development Frameworks, the Councils will need to carefully consider and coordinate the strategy for distribution of both strategic residential and employment development within the sub-region and consider associated infrastructure requirements and how these can be delivered and funded.

7.129 If the Councils determine that the appropriate strategy for the sub-region is to focus further development at or adjoining Crawley, as the South East Plan advocated, then it is likely to be necessary to bring forward a number of new neighbourhoods as well as a Western Relief Road over the period to 2026 and beyond. It would be appropriate to coordinate and plan for provision of a major new business park in this context. The feasibility of delivering a new business park will be influenced by detailed consideration of the provision and funding of strategic infrastructure.

7.130 Should the sub-regional strategy advocate an alternative distribution of housing and other development within the sub-region, then an alternative option for strategic employment land provision might be appropriate.

#### ***Horsham-Mid Sussex Option***

7.131 The advantage of this option is that it could help to redress the balance of employment within the sub-region, reducing levels of commuting out of Horsham and Mid Sussex Districts to the larger and more established employment centres of Brighton and Crawley.

7.132 This option is however more difficult to deliver, and would require development of sufficient scale to create a recognise location / profile. This is however a higher risk option.

7.133 In our view this form of provision could potentially be accommodated as an extension to Burgess Hill (potentially with a parkway rail station), or within a new settlement on the A23 corridor. The former would be a minimum of 15 ha in size (for a first phase), while the latter in our view would likely to be more substantial, potentially of 35 – 40ha in scale although this would likely be delivered over a longer timeframe to 2031.

7.134 In either case, it is likely that a strategic employment development could come forward in several phases over time.

### ***Phasing and Impact***

7.135 Strategic employment development must be sustainable in terms of achieving substantial additional growth in higher value-added employment within the sub-region, as opposed to simply a redistribution of floorspace. This is critical.

7.136 It is envisaged that a strategic business park would focus on provision of high quality B1a and B1b space, primarily with larger plots/ floorplates. It would be focused on major corporate occupiers. This would limit the impact on existing employment locations outside of Crawley.

7.137 There are a number of potential options through which to manage and control impact. This includes:

- an integrated approach to phasing of delivery vis-à-vis investment and development at other employment locations – phasing delivery post investment in improving existing locations;
- controls on delivery phasing and the level of speculative development – including restrictions on use classes, unit/ floorspace sizes and parking provision;
- agreeing a marketing strategy with the developer through legal agreement, which could for instance focus on specific sectors or types of business; and
- commitments to monitoring economic and commercial impact prior to release of subsequent phases.

7.138 Thorough consideration of scale, phasing and impact will need to be undertaken as part of the detailed planning of any strategic employment land location which is taken forward. We would envisage that this would include assessment of the nature of floorspace and unit sizes; of the marketing strategy and target sectors/ occupiers; of the development's impact on the sub-regional labour market and travel to work dynamics; and of skills and training requirements. These factors will depend upon the location of provision and are thus to address at a subsequent stage of strategic planning.

## MONITORING AND REVIEW

- 7.139 The ELR has been produced against a context of considerable changes in macro-economic performance and continuing uncertainty regarding the pace and nature of economic recovery. A key risk in this is that it may under- or over-estimate employment land requirements. In our view the Experian base forecasts from 2009 used represent a somewhat cautious approach to long-term economic performance. On the other hand there are clear risks to achieving more aspirational rates of growth; and indeed we cannot be sure that the economic outlook will improve considerably in the medium-term. Economists are for instance currently revising down growth forecasts based on the impact of the new Government's planned spending reduction measures.
- 7.140 On the commercial side, this Employment Land Review indicates relatively limited growth in total office floorspace over the plan period to 2026. It is at present unclear how the office market will perform in the next market cycle and whether, within the sub-region, the size of the market will grow in overall terms rather than demand being generated simply for more modern or replacement floorspace. This will need to be kept under review.
- 7.141 While there are therefore both upside and downside risks to the base (or any) employment forecast, it does seem appropriate to take a somewhat pragmatic view which seeks to provide a sufficient quantity of employment land of the right quality to enable the sub-regional economy to prosper. This is the approach adopted in the ELR.
- 7.142 PPS4 however recognises that there is an extent to which local planning authorities can predict the future of their local economies. We have made allowances for flexibility and churn within our land supply forecasts and considered a number of economic scenarios on this basis.
- 7.143 There is however an ongoing role for monitoring and review considering the quantity and quality of available land and premises, trends in take-up and availability, and rental trends; as well as economic indicators linked to employment growth, sectoral performance and skills. This should be coordinated in a sub-regional level and undertaken alongside assessment of employment land supply. This should inform decision-making in line with a "plan, monitor and manage" approach.
- 7.144 Given the uncertainty in forecasting at the time of writing, we consider that it would be appropriate to revisit or update the ELR in 2012.