

Brighton & Hove City Council EMPLOYMENT LAND STUDY



ROGER TYM & PARTNERS
Planners and Development Economists



Final Report
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1 INTRODUCTION

Study Brief

- 1.1 Brighton & Hove Council commissioned the team of Roger Tym & Partners, University of Brighton and Cluttons to undertake an employment land assessment of Brighton & Hove. The work, carried out principally during first quarter 2006, consisted of four stages:
- A detailed audit of the existing employment estates listed under Policy EM1 and EM2 of the Brighton & Hove Local Plan.
 - An assessment of the demand for and supply of employment land by market segments over the next ten years.
 - An appraisal of market conditions and the quality of existing sites and allocations to identify the gaps in local employment land provision, both in terms of quality and quantity.
 - Advice on how to take forward the findings in terms of policy, existing sites and the likely requirements (by segment and location) for new sites.

Method

- 1.2 Our approach draws on the Employment Land Guidance note published by ODPM in 2004 and our own experience developed through undertaking numerous employment land assessments through the UK.
- 1.3 The principal study objective is to allow the Council to decide whether it should retain existing and allocated employment sites in the city and provide sites for particular uses. The study needs to consider both longer term employment trends and short term fluctuations in market demand and values.
- 1.4 The study must address the issues set out in the study brief. In terms of tasks this translates into the following key study elements.
- Produce a forecast scenario showing population and employment change by sector in over the period 2006 to 2016 years.
 - Forecast the resulting market demand and/or employment need for industrial and commercial floorspace and land, both in terms of quantity and quality.
 - Audit the existing supply of land and floorspace comprising both the occupied stock and new land allocations, to assess quantity, quality and deliverability against market demand and employment need.
 - Draw conclusions to identify:
 - quantitatively, any shortages or surpluses of employment space against likely future demand; and
 - qualitatively, any mismatches between present supply and the requirements of the market and/or sustainability policies.
 - Draw the policy implications, identifying in broad terms:
 - if and where existing employment sites and allocations should be safeguarded for continued employment and alternatively released for housing or mixed use;
 - if more land should be identified for business development, and if so for what kinds of activity, in what locations and with what characteristics.
 - what forms of assistance might be required to make sites viable.
- 1.5 The employment estates audit is a specific and detailed task undertaken through site visits. A separate report and database containing the results of this audit have been

provided to the Council. But we have also drawn upon the results of that audit to feed into our wider employment land assessment.

- 1.6 As part of the consultation process we held a workshop with invited representatives covering local economic and property market interests. The workshop set out the aims of the study, reported provisional findings and discussed gaps in the market and policy implications. A summary of the workshop discussion is set out at Appendix 3. Some of the points were followed up further in subsequent consultations with workshop participants (the list of key consultees is provided in appendix 4).
- 1.7 We also made a presentation of our interim findings to a meeting of the Brighton & Hove Chamber of Commerce.
- 1.8 A further series of detailed consultations were held with key stakeholders at the end of the study to test and refine our draft conclusions. These stakeholders included representatives of the city council, SEEDA, and the Brighton & Hove Economic Partnership.

The Report

- 1.9 This report constitutes the Employment Land Review. A separate report contains the detailed Employment Estates Audit.
- 1.10 Following this introduction, Chapter 2 of the report sets out the relevant policy context covering national, regional and local planning policies. The purpose is to set out the existing policy framework within which decisions have to be taken with a view to considering those policies that the City Council may choose to amend and those which it has to respond to.
- 1.11 Chapter 3 of the report provides a socio-economic assessment of the Brighton and Hove economy set in the context of wider regional performance. Brighton & Hove is also benchmarked against other locations in the South East. A more extensive version of the socio-economic assessment is contained at Appendix 1 to the main report.
- 1.12 Chapter 4 sets out a review of the property market in Brighton & Hove including data on rents, vacancy rates and recent take-up trends.
- 1.13 Chapter 5 projects forward the likely employment land demand requirements for Brighton & Hove. Forecasts for office and industrial land are produced under two different employment demand scenarios. The forecast demand for employment land is compared to the planned supply.
- 1.14 Following the quantitative assessment Chapter 6 provides a qualitative assessment of allocated employment sites. The assessment covers description of site size, occupiers and ownership. It summarises site characteristics and potential. Appendix 5 tabulates key data by employment site and Appendix 6 tabulates a qualitative assessment on a site by site basis.
- 1.15 Chapter 7 summarises the principal conclusions emerging from the previous chapters and provides policy guidance with regard to how much employment land is needed, what should happen to existing employment sites and whether any new sites need to be allocated.
- 1.16 Finally our key recommendations are summarised in Chapter 8.

2 POLICY CONTEXT AND ANALYSIS

Spatial Planning

- 2.1 “The employment land review should be used to inform strategic employment land policy as set out in the core strategy and to support specific site allocations”¹. This section of the report reviews the policy and strategy framework in which the LDF is being developed, focussing on the employment and business aspects.
- 2.2 It examines national spatial economic policy and the regional spatial policy and economic strategy including that specifically relating to the coastal area, The Regional Spatial Strategy (RSS) provides the broad spatial vision that the LDF must realise at the local level.
- 2.3 Finally we examine the city area strategies including the Community Strategy, the Area Investment Framework, and the Economic Partnership Strategy. It also begins the process of assessing the performance of the existing local plan policies.

Planning Policy and the role of the Regions

- 2.4 Whilst a national spatial strategy has not yet been developed, the Government’s current approach is expressed in a number of national policy documents. The “Regional Futures Report: a Vision for England in 2030” (2005), commissioned by the English Regions Network (ERN) and supported by the Office of the Deputy Prime Minister (ODPM) looks at the future of England and English regions and examines the economic and demographic trends that are likely to shape the way in which they develop over the next 25 years. The report goes on to discuss the possible interventions that could lead to different outcomes and a number of scenarios that could provide a framework for action.
- 2.5 The report notes a strong correlation between the percentage of graduates and earnings in the economy. Therefore, regions with the highest skill levels are considered likely to be more prosperous. The 2003-based population forecasts (trends based on previous 5 yrs), 2001-2021, show that the South East will grow by 14.1%, the fourth highest region behind the East, South West and London, and higher than England overall (11.1%).
- 2.6 Manufacturing is considered likely to continue to decline and business services are expected to continue to grow mainly in the South. However, this growth will be gradual and centred on the wealthiest regions. Local services are also likely to grow, but again only in the wealthiest of regions and indeed in the wealthiest parts of regions.
- 2.7 Gross Value Added (GVA) per worker (2001) shows that the South East has the second highest GVA per head (after London) but employee earnings are only just above average. The South East ranks second in highest change in GVA (1971-2004), and only marginally loses out to the East.
- 2.8 Productivity levels in the South East are predicted to fall below that of the best regions in the European Union (EU) and the United States (US). The South East Economic Development Agency (SEEDA) estimates that the South East could accommodate 28% more growth if the Region’s productivity levels were the same as the average level of the top 40 global regions; and most importantly, it suggests that this will have a marginal impact on local infrastructure.
- 2.9 The Report identifies the South of England as the powerhouse of the national economy, and further growth in England’s economy is predicated on growth in London and the South East. It also suggests potential intervention policies to rebalance the

¹ Employment Land Reviews Guidance Note - ODPM (December 2004)

distribution of growth more evenly among all regions. This is mindful of the Government's Public Service Agreement targets (in this case A2 on Regional Economic Performance) that examine growth in the national economy with targets for reducing regional disparities. However, the latter must not occur at the expense of the UK economy as a whole.

- 2.10 Three scenarios have been identified (that could make a difference) for regional development and change over the next 25 years:
- Constraining growth in the South: failing to plan for full potential employment growth, and restricting numbers of new dwellings, on the assumption that growth would be diverted to the Midlands and the North. This is considered to have adverse impacts. It would fail to deliver the intended benefits to the North and Midlands, and also cause a worsening of standards of living in the South. Importantly there is a serious risk that it would jeopardize the national economic growth target which is heavily dependant on continuing growth in the South.
 - Planning for growth in the South: accommodating population and employment growth, delivering regeneration, and extending the London and the South East mega-city region to locations it does not currently reach. This would raise levels of national economic performance by reflecting market demands. There is the potential to accommodate further population and economic growth in the South, but it depends upon public investment in physical and social infrastructure.
 - City-region renaissance in the North, Midlands and peripheral parts of the South West: a step change in rates of economic and population growth in the North and Midlands. This should positively impact on the UK economy. It will entail public sector relocation, transport investment and other interventions, and may need to be focused on the most successful core cities and other economic "hot spots", with adjacent areas playing a supporting role.
- 2.11 Scenarios 1 and 2 are considered to be mutually exclusive in terms of planning strategies for the South. Whilst Scenario 3 adopts a proactive approach to the planning of city regions in the North, the Midlands and South West, this need not be at the expense of seeking to extend the reach of the South East.

Regional Spatial Policy

- 2.12 This Section moves on from National to Regional policy.
- SEERA South East Plan*
- 2.13 Firstly the South East Regional Assembly (SEERA) is charged with the preparation of the South East Plan (SEP) in accordance with reforms to the planning system. This is a statutory document that the City has both contributed to and will take of account of in its preparation of the LDF. Consultation with SEERA confirms that the SEP was submitted on 31st of March 2006 to Government for approval and that there is likely to be an Examination in Public (EIP) in November 2006.
- 2.14 Over the period to 2026, the SEP suggests that there is a need to nurture and enhance the region's assets, maintain its quality of life, increase its prosperity and meet its reasonable needs through a sustainable programme of better management of assets, efficiency of resource use and increased adaptation and mitigation. This combination is intended to provide the context for a substantial programme of housing development and economic growth, phased and closely related to the availability of infrastructure and associated services. Development will be focused on the urban areas of the region. As a highly accessible urban centre, it identifies Brighton and Hove as one of a network of regional hubs which should continue to provide a focus for the provision of higher-order economic, social and cultural activities. It also identifies Shoreham Port as a regionally significant port.

- 2.15 The Plan tests two projections of population, household and dwelling growth. One is based on long-term (ten year) migration assumptions, the other on short-term (five year) migration assumptions. Based on the demographic projections, total employment in the South East is forecast to rise by between 734,000 and 805,000 during the Plan period, which is an increase of 18-20%. This produces a lower rate of annual growth than in the recent past, but it also supports the South East as a powerhouse of national growth, exceeding all other regions bar London. The demographic projections identify the number of economically active residents to increase at a slower rate than jobs, leaving a shortfall of labour that may be filled by in-commuting and in-migration to the region.
- 2.16 By 2016, the planning period for this study, the South East Plan forecasts the creation of up to 600,000 (around 15% increase on 2001 figures) further jobs. The largest increases are in the predominately office sectors, i.e., other services and financial and business services, with increases of 25% and 51% respectively. Transport and Communication are also forecast to grow, while manufacturing will continue to fall but remains of strategic importance to the region.
- 2.17 The Plan adopts a 3% GVA growth per annum target, which is less than in recent years, but is considered "...prudent for the South East". This is the level of growth that the region is to plan for, although it is accepted that temporal and intra-regional variations will occur.
- 2.18 The Plan does not provide employment targets for individual local authorities and there is no current intention to provide them for the final Regional Economic Strategy.
- 2.19 In terms of timing, the Plan focuses on increasing the pace and scale of development to 2016, with a possible extension to 2021, and then at a reducing rate in the last five years of the Plan.
- 2.20 The Plan also identifies Brighton and Hove as the centre of the Sussex Coast sub-region which has distinctive issues that need to be addressed. Here the focus is on improving the economy to reduce deprivation and bring its economic performance closer to the regional average.
- 2.21 The area is identified as one in need of extensive regeneration using key indicators that confirm that there are high levels of deprivation. GVA is in parts 30% below average, weekly earnings are generally 15% below the national average; unemployment rates in many of the wards along the Sussex Coast are typically significantly higher than the regional average; there are low rates of growth in registered businesses and a considerable number of people travel elsewhere to work. It is also distinctive in that its population and household growth arise as a result of continued net immigration.
- 2.22 Against these indicators the City generally has done better than its Sussex Coast colleagues and Brighton and Hove is acknowledged to be one of the success stories within the sub region.
- 2.23 The core strategy for the Sussex Coast is outlined in Policy SCT1 and focuses on pursuing and promoting sustainable economic growth and regeneration that will amongst others: reduce intra-regional disparities; respond to the different needs, opportunities and characteristics of each town; and build upon and help deliver major improvements to the strategic transport infrastructure and services to improve accessibility within the sub-region.
- 2.24 The overall aim for the sub-region is to secure sustainable economic regeneration. Policy CC9 identifies the whole of the sub-region as a priority Regeneration Area and Policy SCT2: calls for national, regional and other relevant agencies and authorities to give increased priority to investment decisions and other direct support for the sub-region. It identifies the key measures as including: continuing the support being given to Shoreham; increasing the priority given to other parts of the Sussex Coast including

Brighton and Hove; and delivering improvements to east-west transport links by road and rail to improve accessibility, facilitate strategic development opportunities and enable the better functioning of overlapping local labour and housing markets.

- 2.25 The Plan recognises that the sub-region needs to ensure that more, and a better mix of, quality sites and premises are available to address business needs, including high quality starter space for innovative and growth-orientated businesses but that poor transport links, access problems and other constraints are significant barriers in some cases to the delivery of industrial and commercial development.
- 2.26 It encourages the judicious introduction of mixed-use schemes, including housing wherever possible, whilst minimising any necessary loss of employment potential, as well as securing development contributions towards bringing forward employment provision on other sites when redundant ones are 'lost' to other uses.
- 2.27 Policy SCT3 sets out to deliver sufficient appropriate sites and premises for business by: protecting existing and allocated employment sites from other uses unless they are demonstrated to be incapable of meeting the needs of businesses; unlocking sites with economic development potential, including Shoreham Port; permitting mixed use schemes on existing or allocated employment sites in circumstances where this would deliver necessary employment space at the right time on sites which would be unviable for an employment only scheme; and improving and upgrading existing industrial estates and business areas to bring them up to modern standards required by business.
- 2.28 The Plan highlights the importance that adequate space and facilities are provided to retain existing firms in the area, to give them and new employers the flexibility they need to prosper and grow, and to provide high quality opportunities capable of attracting new inward investment.
- 2.29 Policy SCT4 sets out the employment priority in land allocations by suggesting Local Development Documents should give priority to delivering employment development in strategically accessible locations to ensure an appropriate mix of readily available sites and premises whilst also providing sufficient space to:
- a) retain existing firms and enable their expansion or relocation (within the sub-region);
 - b) create attractive opportunities for inward investment and new uses;
 - c) at least match anticipated increases in the resident workforce; and as an exception to general policy, be prepared to allow for some infringement of environmental constraints on development in specific instances, but only where there is a clearly justifiable case for delivering economic regeneration to meet identified needs, and where no more sustainable alternatives exist and the harmful impacts of development can be satisfactorily mitigated.
- 2.30 The Plan also identifies that the Sussex Coast sub-region needs to make provision for future housing development - both to address its own needs for affordable housing and help meet wider regional demand. Policy SCT7 identifies Brighton and Hove to provide 11,000 new homes by 2026 at an annual rate of 550, optimizing where possible the use of previously developed land and making the most of existing infrastructure and services concentrated within the towns.

SEEDA RES

- 2.31 In addition to a number of regional policy documents and strategies, the South East Plan draws upon the Regional Economic Strategy (RES) for the South East².

² SEEDA Draft RES, The Regional Economic Strategy for South East England, 2006 to 2016.

2.32 The Draft South East Plan highlights Brighton and Hove as one of the '*diamonds for growth or cities and major towns which, with their broad hinterlands, can act as a catalyst to stimulate prosperity. The evidence indicates eight such areas, each of which contains elements of excellence, potential and underperformance and has a significant impact on its surrounding area.*'

2.33 The Draft RES suggests the role of these towns and cities as economic catalysts for surrounding areas '*needs to be reinforced by selective infrastructure investment as a stimulus to further economic growth.*

SEEDA Draft South East Coastal Strategy

2.34 The Draft Framework for a Coastal Strategy³, like the Sussex Coast Sub-regional strategy within the SE Plan, is recognition of geographical differences within the larger region. In addition, the Draft Framework draws out Brighton and Hove as having a better economic performance than the rest of the coastal south east area - as in the Draft South East Plan, assigning it as 'diamond for growth - a major centre of economic activity, with the potential to play a key role at the heart of its city region'.

2.35 It identifies a series growth opportunities:

- Innovation and creativity-driven growth: maximising the potential of existing technology clusters, and recognising the increasing importance of high value manufacturing and knowledge-based supply chains. This is supported by designating the City as an Enterprise Hub providing incubation space for innovative business start-ups and offering specialist advice.
- Housing-led growth: enabling cities and major urban areas, constrained by the sea, to reach their potential by investing in key infrastructure housing development. In this, Brighton is highlighted as having 'to look outside its own boundaries to identify appropriate land for housing development to serve the city and its region' and that 'there may be real opportunities to create new homes and employment space at Shoreham Maritime'.
- Connectivity as the basis for growth: addressing the remaining transport bottlenecks on the South Coast ensuring efficient global connections to major ports and across the UK; developing and connecting expanding regional airports; and maximising the potential of next generation Broadband. Included in this is: developing the A27/A259 as an effective artery; developing public transport schemes (bus, light rail or water based); and building upon the first phase of an integrated rail service from Brighton to Ashford, linking to the Thames Gateway and the Ashford Growth Area with its strategic location as a gateway to Europe.
- Culture and leisure-based growth: using the strength of a seaside pleasure culture and its attractiveness to creative industries as a catalyst for wider economic transformation. This draws on the City's experience that the strength of a visitor economy and attractiveness to creative industries can be a powerful catalyst for new growth. Cultural activities can help to develop skills and confidence among those who have been economically inactive for long periods.

Cities

2.36 The government is also placing increasing emphasis on the role of cities in delivering economic growth. The foreword to a recent publication signed by three government ministers, the importance of cities was set out as follows:

"As places where the majority of people live and work, cities matter to people's quality of life and life chances. English cities have made significant economic progress in recent years. Sustained economic stability and growth, combined with unprecedented

³ SEEDA South East Coastal Strategy, Draft Framework for a Coastal Strategy, Interim Paper, April 2006

*public sector investment, has supported cities in competing more effectively in a rapidly changing global economy. Cities also matter because the productivity benefits they provide to knowledge-intensive businesses are important for regional and national prosperity and have an economic connectivity with other urban and rural areas. Cities provide an opportunity to narrow the economic gap between our regions and to tackle deprivation at the local and neighbourhood levels. Stronger links between cities themselves and between cities and regions will enable us to tackle economic performance within a wider strategy where cities and regions combine to promote rising prosperity and opportunity for all. In these circumstances cities should be integrated in to the wider strategic role of regional economic development.*⁴

- 2.37 In summary, the national and regional context in which the Brighton and Hove is operating places considerable emphasis upon economic regeneration; improving the overall economic performance of the sub-region with priority given to high levels of sustainable economic development; promoting regionally significant and locally important sectors (like creative industries) and locations that are accessible to the labour supply and moreover can make effective use of public transport. It also suggests the retention of accessible and well located industrial and commercial sites where there is a good prospect of employment use; mixed uses to stimulate modern employment development; and, as an exception to general policy, allowing some infringement of environmental constraints to deliver economic development.
- 2.38 Having reviewed the national and regional situation, the next part of the report looks at the local plans and strategies influencing employment land.

Community Strategy

- 2.39 The City's 2020 Community Partnership (its Local Strategic Partnership) published in 2003 its vision for a City of Opportunities which seeks to co-ordinate effort to tackle the priorities. One priority area is the 'Enterprising City ... that supports businesses to grow, encourages investment, innovation, and a healthy and sustainable economy'. The Community Strategy is currently being revised. The 2003 Strategy identifies a range of activities 'to build on our successes and overcome barriers to the city's continued economic prosperity' including:
- To develop the skills of the local workforce; provide better support to business; make better use of sites and premises to meet demands of expanding businesses; ease traffic congestion and improve the local environment;
 - To look into developing a business improvement district (BID) - where local companies can opt to pay higher business rates and then put this money towards improvements in their area;
 - To support projects focusing on innovative companies with high growth potential;
 - To support the development of social enterprise and small/medium-sized businesses and establish an Enterprise Gateway project, providing supportive environments for new businesses, and a creative industries 'creation centre';
 - To use sites around Shoreham Maritime for mixed use development and ensure that key sites such as Preston Barracks are developed to their full potential.
- 2.40 The council is currently reviewing the Community Strategy for Brighton & Hove, published three years ago. The Community Strategy sets out how the council will improve the economic, social and environmental well being of Brighton & Hove. Following public consultation, Brighton & Hove's community strategy 'Creating the City of Opportunities' is now being revised and will be available once it has been approved

⁴ Devolving decision making: 3 - Meeting the regional economic challenge: The importance of cities to regional growth - HM Treasury, DTI, ODPM (March 2006)

by the 2020 Community Partnership (Brighton & Hove's Local Strategic partnership) and adopted by Brighton & Hove City Council.

The Brighton and Hove Economic Strategy 2005-2008

- 2.41 The strategy, prepared by the Economic Partnership, includes a detailed analysis of the local economy and highlights that the City's success has not been without its problems. It describes a situation where unemployment remains stubbornly above national and regional rates and a high level of in-migration has contributed to rapid rises in house prices putting the city's homes out of reach of many key infrastructure workers. Educational attainment remains below the national average, and 1 in 5 adults has low literacy and numeracy skills. Difficult access to and from the city continues to present a major threat to its future economic success, whilst the city still needs to increase its stock of well equipped premises for its growing businesses, within the physical constraints of its boundaries.
- 2.42 Average earnings in the city are still below the national mean, reflecting the continued need to broaden its economic base and to attract more higher value-added businesses. The city is still over-reliant upon lower and intermediate service sector employment, despite the high education levels of some of its population. There is scope to improve the links between the City's two universities and its high growth potential businesses. A key strand of recent local policy has been to take advantage of the employment generating potential from the higher education and research functions of the Universities of Sussex and Brighton and the Brighton College of Technology. The proposals have included that employment sites along the A27/270 'Academic corridor' should be especially identified for high-tech industries and research and development businesses and that these sites could also provide opportunities for 'innovations centres' which help to convert research ideas from the universities into sound business ventures.
- 2.43 The strategy identifies seven Strategic Priorities each with a range of actions including:
- Strategic Priority 1: Supporting Business Competitiveness and Innovation:
 - Promote the economic contribution of the creative industries by delivering a range of projects supported by Creative Brighton;
 - Influence Local Development Frameworks to ensure that they meet the changing accommodation needs of the city's businesses and protect key employment sites;
 - Explore the feasibility of providing incubator space at COMART, Circus Street and Preston Barracks;
 - Promote programmes supporting and encouraging entrepreneurship particularly focussing on the needs of students.
 - Strategic Priority 2: Renewing the Urban & Physical Environment:
 - Make the best use of derelict brownfield and greenfield sites for commercial and housing use identifying Village Way, Brighton Centre SPG22 area, Black Rock, Hangleton Bottom, Toad's Hole Valley, Hollingdean Abattoir Site, Anston House site, Coldean Belt and Coldean Lane for development;
 - Unlock development sites around Shoreham Maritime for employment, housing and leisure uses;
 - Identify the best course of action to open up undeveloped and underdeveloped brownfield sites;
 - Identify and bring forward business start up premises including workspace for the creative industries;

- Investigate feasibility of the following sites for start- up premises: Circus St, Edward Street, Preston Barracks, COMART, London Road/Lewes Road corridor.
- Strategic Priority 3: Improving the City's Transport:
 - Improve access to, from and within the city and, where possible encourage a modal shift to sustainable forms of transport including establishing Park & Ride on the outskirts to service the needs of the city and the National Park.
- Strategic Priority 4: Marketing the City to Business and Leisure Visitors.
- Strategic Priority 5: Creating Jobs and Raising Skills.
- Strategic Priority 6: Providing Homes for People.
 - Widen the availability of low cost home ownership to support the recruitment and retention of key workers.
- Strategic Priority 7: Providing city leadership.

The Brighton, Hove and Adur Area Investment Framework (2003)

- 2.44 The Community Strategy and the Economic Strategy have been influential in developing the Area Investment Framework (AIF). It serves to influence and channel regeneration funding into the City which is one of the regions' Priority Areas for Economic Regeneration.
- 2.45 Its baseline analysis found that the local economy has grown strongly since the mid-1990s and that there have been significant falls in unemployment, increases in the number of people in work and increases in local average earnings. The strong economic performance had been driven by the area's growing number of 'knowledge businesses', particularly in the financial services, new media and advanced engineering sectors. The public sector was found to be a continuing major source of local employment and that whilst business start up rates were high, survival rates remained below the national and regional rates with the visitor economy and the cultural and creative sectors central to the social and economic vibrancy of the area.
- 2.46 It also confirmed that housing affordability was creating recruitment and retention difficulties for local businesses and had widened the economic divide between homeowners and non-homeowners. Increasing land costs, limited development space and constraints of the planning process had led to the severe shortage of sites for the development of new affordable housing and high quality business accommodation. And it highlighted that congestion remained a key issue in the area.
- 2.47 The AIF research identifies a number of investment priorities for business investment and innovation including:

Main investment priorities
Ensure the supply of suitable flexible and affordable workspace.
Promote schemes that support entrepreneurial activity, business start ups, survival and growth
Support initiatives that provide targeted assistance and industries, financial services, tourism and hospitality, advanced engineering and ICT sectors, working with academic institutions where appropriate
Other priorities
Improve access to capital finance for small and growing businesses
Support initiatives that aid inward investment
Improve, co-ordinate and focus business support services
Pilot Business Improvement Districts and investigate the potential for the delivery

of the Local Authority Growth Fund
Establish Enterprise Gateway Projects
Support the development of local procurement schemes

2.48 The AIF also identifies a number of pertinent matters for the City. These include that:

- accessibility and poor quality office space are key barriers to business performance;
- there is a lack of 2nd and 3rd phase accommodation; limited flexible leasing arrangements due to high land costs; a limited amount of high quality accommodation and a shift to owner occupation, inflating the values of sites;
- many of the industrial estates and business parks in the area were developed in the 1950's and 1960's and are located away from the main City and town centres, and do not have any direct links to the centre;
- there are little if no opportunities to build new high quality business parks in the area due to limited development land opportunities and the constraints of the planning process. Other constraints facing potential development sites in the area include; poor transport infrastructure and links; complexities in site ownership; planning use restrictions; complexities around multiple freehold/leasehold interests;
- generally there is a lack of development sites in the area, which may require the need for more density in development. In Brighton & Hove this links to the City's Tall Building Study. (Following this report the City Council has now published a Tall Building SPG that identifies where greater density will be acceptable);
- poor road and rail accessibility have a negative impact on the area as a good location for business according to the OMIS 'Best Locations for Business Survey'.

Brighton and Hove Local Plan

2.49 The Brighton and Hove Local Plan was adopted on 21 July 2005 and was the final step in the steady transition of local planning policy from the two separate Hove and Brighton local plans operating pre-amalgamation in 1997. It had been operating in its draft form for some years and represented the best in local plan practice at the time. The effect of existing employment policies are briefly summarised below.

2.50 **Policies EM1: Identified employment sites (industry and business) and EM3: Retaining the best sites for industry** have successfully helped retain sites and premises for employment use. City council data suggests that for the five years for which it has monitoring data, there have been net gains of both office and industrial floorspace. Many of the gross losses were in any case changes to another B-space development; a smaller number were change of use to residential, either in their entirety or as part of a mixed use development.

2.51 **Policy EM2: Sites identified for hi-tech and office uses** has had success although some sites have remained difficult to move on. These are likely to succeed if they are good locations rather than because they have been designated for hi-tech businesses. The same point applies to sites located in the 'Academic Corridor'.

2.52 **Policy EM4: New business and industrial uses on unidentified sites** lists a number of conditions with which such proposals must comply. Again this policy has worked well to safeguard precious sites from specious development. However at the same time as valuing flexibility to allow uses to be modified as business decisions demand, investors prefer certainty that their projects will be acceptable. More specificity about requirements would help the commercial sector.

- 2.53 **Policy EM5: Release of redundant office floorspace and conversions to other uses.** Whilst unsurprisingly unpopular with developers, the redundancy test nevertheless has meant a proper consideration of the merits of a change of use has had to be undertaken. This has successfully stopped a number of buildings being converted to other uses, which would not have been to the City's benefit, at the same time as providing healthy opportunities for regeneration.
- 2.54 **Policy EM6: small industrial, business and warehouse units of 235sqm or less** requires that they be retained for employment purposes unless specific other conditions apply. This has been essential to support cultural industries whose particular needs may not be met on conventional industrial/business sites and other business start-up which has been successful in the City. It is the move to 2nd and 3rd phase business development that has been less successful.
- 2.55 **Policy EM7: Warehouses** places an embargo on new primary warehousing development unless it can be demonstrated that it is essential to the economy of the City. This policy recognises Brighton & Hove's role as a city that should not seek to meet all its economic needs from within its boundaries. But the policy has not countered the trend to a higher share of distributive activity in modern industrial premises.
- 2.56 **Policy EM8: "live-work" units on redundant industrial, business and warehouse sites** primarily suggests that these will be supported where the sites involved are not identified for other uses. The policy has helped to support a modest but important need in a city where small business start-ups and cultural industries are important. They have not proved overly popular with investors because of the cost, complexity, conditions and levels of return.
- 2.57 **Policies EM9 to EM20: Mixed uses and key mixed use sites** outline the circumstances and sites where mixed use developments are likely to be appropriate. These policies have been successful in demanding more effort and creativity by developers to produce schemes that improve the vitality and diversity of areas and create more rounded environments in which to live, work and pass leisure time.
- 2.58 The effectiveness of existing employment land policies tends to reflect the economic performance of the city as a whole. The economy of Brighton & Hove has performed well in recent years. There has been growth in employment and floorspace. But the structure of the economy has not shifted to attract higher value added services. We expand upon this in the next chapter. In broad terms the policies have been successful in maintaining the existing economy, but less so in evolving a new one.

Core Strategy Development Plan Document

- 2.59 The City Council has issued its Development Plan Document - "Core Strategy - issues and options" for consultation. It sets out the key principles for the Local Development Framework, together with a time-table for delivery.
- 2.60 With respect to spatial planning it explains that Government policy requires land use and design considerations to be better integrated with other priorities such as health, education, community safety and transport. Overall the local authority aims to deliver the "Enterprising City", set out in the Community Plan, that ensures that people have access to work and that the right kind of work is matched with the skills of the local population. However, the Core Strategy also recognises that opportunities are constrained by the sea, South Downs and a scarcity of developable land.
- 2.61 The City's "Core Strategy" identifies a number of elements that need to be considered including:
- The possible concentration of high-density development around those points or corridors that are accessible by sustainable travel methods.

The City Council has already undertaken a study on where tall buildings (i.e.) building to higher densities, will best be located in the City and published its Tall Buildings SPG. The areas, where taller developments may be appropriate are: the marina, central seafront e.g. Brighton Centre and vicinity, adjoining Brighton station, adjoining Hove station (including the Newtown and Conway Street industrial estates), Shoreham Harbour, and corridors along and in the vicinity of, London Road/Preston Road, Lewes Road, Eastern Road, and Western Seafront/Kingsway.

- Directing development to those areas most in need of regeneration;
- An approach based on an analysis of how much additional housing can be accommodated, again including tall buildings, where appropriate.
- Allowing for limited encroachment into the countryside where this can be justified. Here much depends upon the outcome of the Government's deliberations upon whether the South Downs should be re-designated as a National Park. This is currently stalled due to a legal challenge with respect to the statutory interpretation of the purpose of National Parks in general. However, it is likely that the boundaries of any National Park will be different from those of the current Area of Outstanding Natural Beauty, providing opportunities for development on land released on the urban fringe. Discussion about such potential sites, need not be postponed pending a decision, and it is perhaps these areas of land, developed in conjunction with other urban sites, which can enable viable mixed use schemes.
- In the longer term the "Core Strategy" refers to human intervention to create land, perhaps with a significant extension of the Marina, Shoreham Harbour or even an "island" off the coast.

2.62 Any or all of these options will require significant investment, not the least in engineering, proper infrastructure and careful design.

Conclusions

- 2.63 There is a coherent story that runs through national to local policy setting out the role for Brighton & Hove as a south coast city region. Brighton & Hove is a small city in the second most prosperous region in the UK. Its role is to act as a regional centre for higher order functions. National policy to accommodate, or at least not restrict growth in the South East, and the growing emphasis given to city regions, would suggest Brighton & Hove should be planning for employment growth and for a qualitatively different order of growth.
- 2.64 This national policy impetus is reinforced in the regional planning documents that form the core spatial policy framework to which the Brighton & Hove LDF, and hence employment land policy, must conform. Brighton & Hove's defined role in the draft RSS is as one of the '*diamonds for growth*' which should '*act as a catalyst to stimulate prosperity*' not only for itself but also for its surrounding area. This point is reinforced by the draft RES and the Sussex Coastal sub-regional strategy.
- 2.65 The draft RSS provides the spatial framework for the LDF, but whilst it will provide a set dwellings target for the city it only provides broad jobs guidance for the south coast sub-region. Thus there is no given target of jobs for the city and neither is there quantified guidance in local policy as to the desired balance between jobs and workers in the city.
- 2.66 There is recognition through the Brighton & Hove Economic Strategy that Brighton & Hove should raise its economic performance. There is seen to be a need to attract more higher-value business services as earnings and GVA in the city are still low especially in comparison to earnings. We will illustrate this point further in the next chapter.

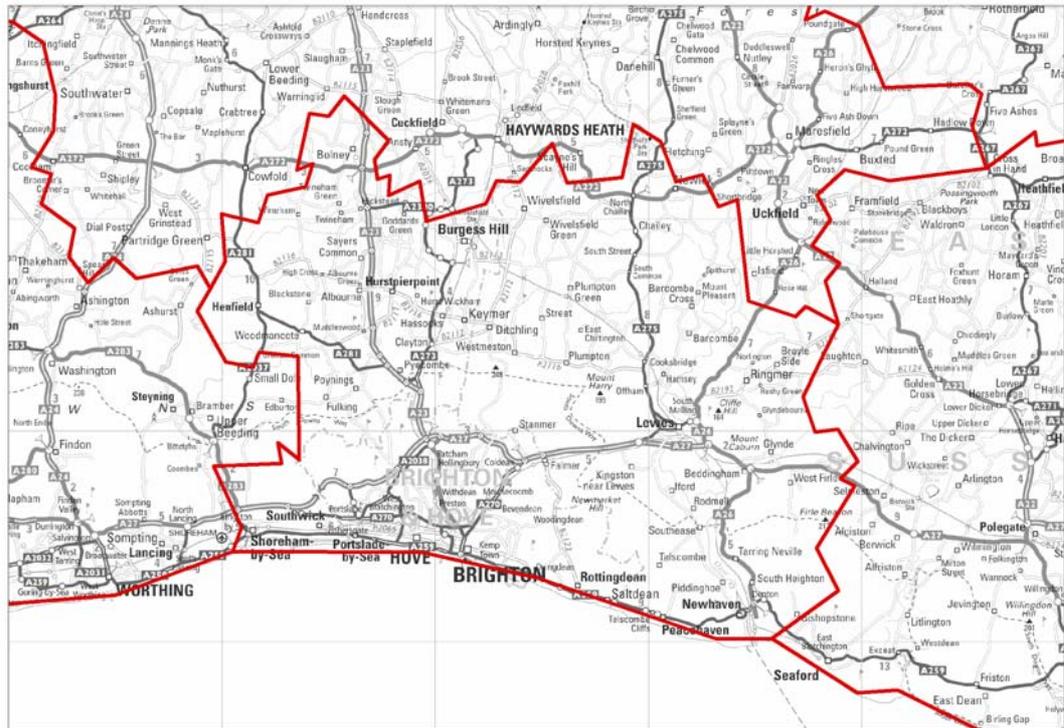
3 THE LOCAL ECONOMY

Introduction

- 3.1 In this section, we set out some of the key socio-economic indicators of Brighton and Hove's economy. We consider what the economy is like now, so that we have a basis upon which to compare future growth scenarios for the City. It is also the context within which we are looking at employment land policy. Suggestions for future policy need to be set within the framework of how the economy is now. Considerations include: industrial sector strengths; Brighton and Hove's future growth potential; whether future growth is based in sectors in which the City is already strong; representation of small companies; and entrepreneurship of residents.
- 3.2 In this chapter we have summarised the main points from a longer, technical chapter which is included in Appendix 1.
- 3.3 In setting out our analysis we have compared Brighton & Hove with a number of other large towns and cities in the South East region as well as broader regional and national data.
- 3.4 Brighton & Hove also needs to be considered in terms of its functional economic area rather than just its administrative boundaries. This is clear in terms of its labour market, but also in terms of the provision of certain types of goods and services.
- 3.5 The city region can be approximated by Brighton and Hove's Travel to Work Area⁵ which is much bigger than just the City boundaries. As the map below shows, the TTWA stretches north through Burgess Hill and towards Haywards Heath, east to Newhaven and west to Shoreham. This shows that Brighton and Hove has a close relationship to its neighbouring districts and the employment draw is not confined to just the city. Our statistical analysis in this section is primarily based on the administrative boundaries of the city as this is the policy area of the brief, but intelligent land uses decisions should consider how the needs of the city-region are best met.

⁵ In a travel to work area, of the resident economically active population, at least 75% actually work in the area, and also, of everyone working in the area, at least 75% actually live in the area. The current travel to work area definition is based on 1991 data and may not best reflect the current pattern.

Map 1 Brighton and Hove Travel to Work Area



Source: ONS 1998

Chapter Structure

- 3.6 To work through the analysis, we have split the conclusions into three sections:
- The residents,
 - The workplace economy and
 - The labour market balance.
- 3.7 One of the first objectives of employment land policies is to pursue the economic well-being of the City's residents. To do this we consider indicators such as earnings, access to employment, unemployment, housing affordability and commuting patterns. However, it is not enough simply to consider the 'average' resident; what is also important is the well-being of those residents who are the worst-off. We therefore also consider deprivation levels across the City.
- 3.8 A second objective of employment land policy is to consider the quality of the workplace economy. The importance of this is two-fold. Firstly, jobs in the City provide potential employment for the residents. Secondly, it also impacts the well-being of the wider region and nation, through providing jobs and incomes for people who live outside the City.
- 3.9 Economic performance can be divided into two dimensions: competitiveness and scale.
- *Competitiveness* determines current and future labour productivity (value added per worker) and hence the current and future wealth of the average worker, whether measured by earnings or output per head. Current national and regional economic strategies aim for 'up-valuing' - a higher-value, higher-knowledge mix of activities - in the interests of greater wealth. But how much upvaluing is feasible or desirable in practice, will also depend on the labour market balance. If the skills of the local labour force are not equal to policy aspirations, the City could fail to achieve the high-value mix it aims for, or alternatively, it might succeed by

attracting high-skilled in-commuters, while local residents with lesser skills see their job opportunities disappear.

- *Scale*, or number of jobs, in economic development circles is often seen as a desirable aim in itself - the more jobs, the better. In reality, however, yet again, how much growth is feasible and desirable depends on the labour market balance. The right level of employment growth for Great Britain is that which provides enough jobs for the country's labour force, without producing an overheated labour market. The right level of employment growth for Brighton & Hove is the number of additional jobs which will balance demand and supply over a wider, sub-regional labour market area, which extends beyond the City itself. If that area's workforce is not expected to grow, or if it *is* expected to grow but regional or sub-regional strategies direct the extra jobs it needs to neighbouring districts, low or nil growth in a City potentially could be an acceptable scenario.

- 3.10 The labour market balance is therefore also considered in this chapter, which draws many of the previous points together.

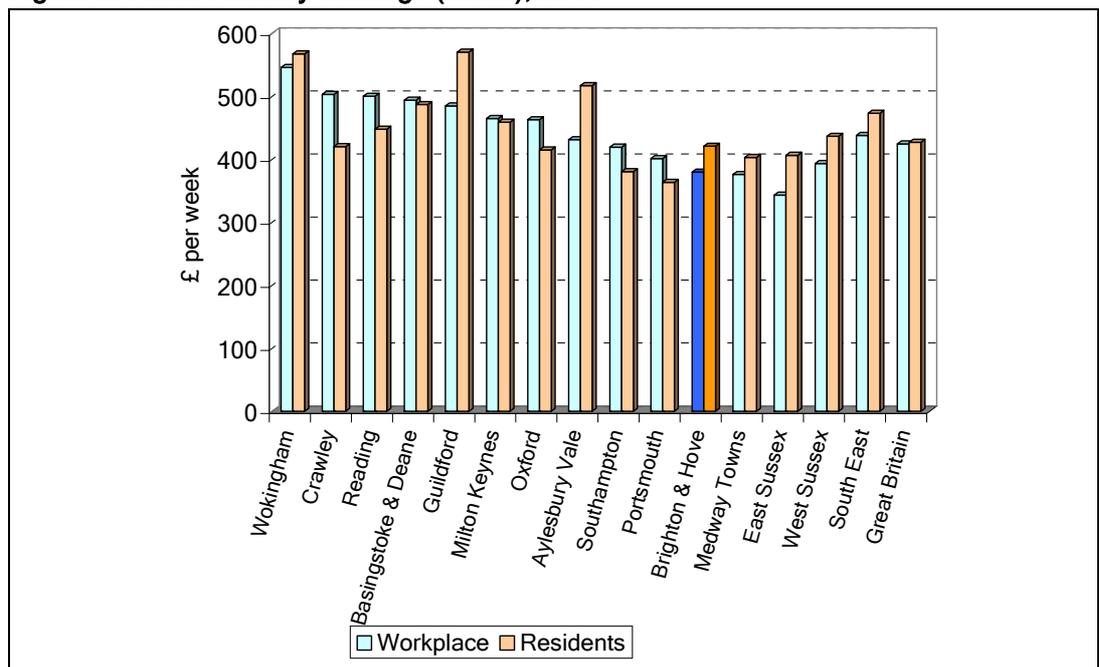
The Residents

- 3.11 Brighton & Hove has a population of 250,000 ranking it as a small city on the government's current typology. It has an economically active population of 126,000. The population of the travel to work area is 400,000 of whom 200,000 are economically active.

Earnings

- 3.12 Residents of Brighton and Hove on average earn roughly the same as the national average - less than the South East average, less than West Sussex, but more than East Sussex. Compared to the benchmarks, Brighton and Hove residents earn an average amount - on a par with Reading. Guildford, Wokingham and Aylesbury Vale residents earn substantially more, but residents of Portsmouth and Southampton earn less.
- 3.13 Jobs in Brighton and Hove are relatively poorly-paid. They pay less than the national average (which is less than the South East average) and less than all of the benchmark areas, except Medway Towns and East Sussex.
- 3.14 Average residents earnings are more than the workplace earnings, which means residents must out-commute to better-paid employment. We consider this further later on in the chapter.

Figure 3.1 Gross weekly earnings (mean), 2004



Source: Annual Survey of Hours and Earnings, 2004

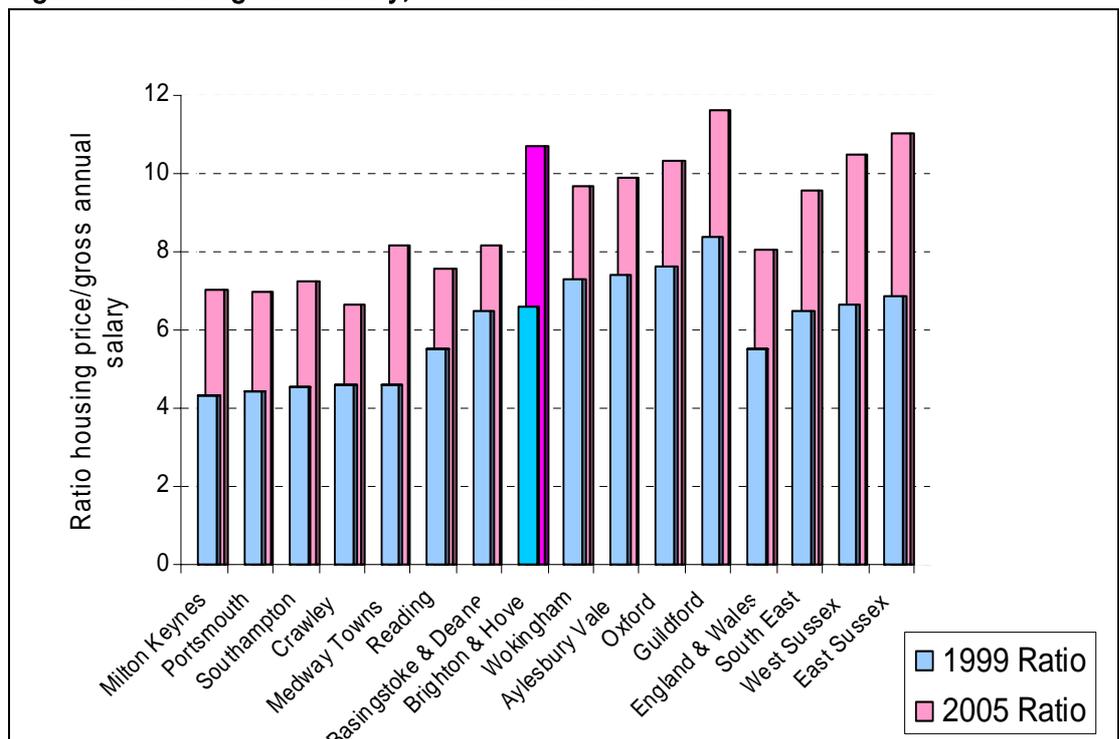
Access to work

- 3.15 The fact that residents earn more than the average workplace earnings shows that jobs locally are not well-paid enough to keep people working in Brighton and Hove. This point is reflected for example in both the Brighton & Hove Economic Strategy and in the Local Area Agreement (LAA), which seeks to raise the GVA per head of the local population.
- 3.16 The unemployment rate in Brighton and Hove has reduced dramatically since the 1990s. The claimant count at that time was well above 12 per cent - more than the national rate, which was over 8 per cent. The rate is currently around 3 per cent - which is still slightly higher than regional and national rates. Although Brighton and Hove's rate still potentially could reduce, it is considerably lower than it was ten to twelve years ago. But unemployment is not evenly spread throughout the city and the LAA has a target of increasing the percentage employment rate in priority neighbourhood renewal areas.

Housing Affordability

- 3.17 Housing affordability in Brighton and Hove has deteriorated significantly in the past few years. Compared to the benchmarks, Brighton and Hove was around average for affordability in 1999. Comparatively, Brighton and Hove has become much less affordable in a short period of time and by 2005 its affordability levels had become worse than everywhere else apart from Guildford.
- 3.18 Housing affordability was brought up in consultation as something which the City suffers from - many of the residents cannot afford to buy in the area, and are forced to commute out of the City to obtain high enough wages to cover their mortgages. The housing affordability issue was something highlighted by the AIF research set out in the previous chapter.
- 3.19 We understand that Brighton and Hove City Council, together with Lewes, Wealdon, Rother, Eastbourne and Hastings, have commissioned a Housing Needs Survey. 14,000 households were sent surveys, the results of which will give information about residents' housing needs and aspirations. This will help the Council to develop their policies for housing provision, particularly low-cost housing.

Figure 3.2 Housing Affordability, 1999 and 2005



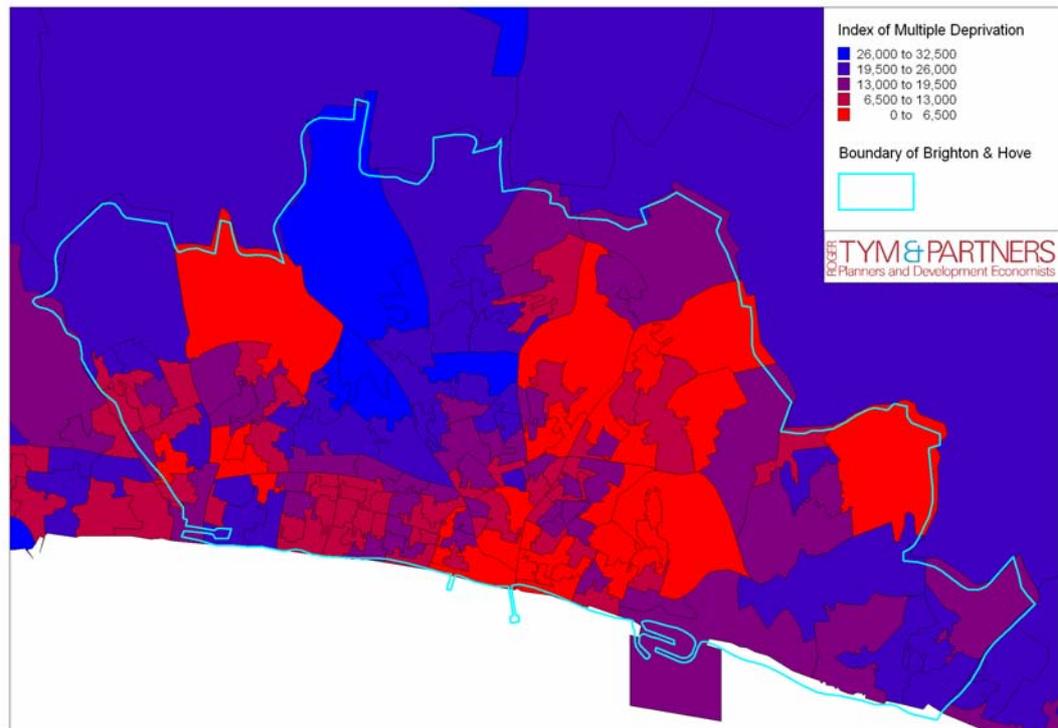
Source: Land Registry, Annual Survey of Hours and Earnings

Deprivation

- 3.20 In this part we look at the well-being of the worst-off part of the residents of Brighton and Hove. This helps to have a better understanding of the local disparities. We use the Indices of Deprivation 2004.
- 3.21 Looking at the overall IMD, Brighton and Hove is ranked the 83rd most deprived local authority (out of 354 local authorities in England). Brighton and Hove is therefore part of the 25% most deprived local authorities in England.
- 3.22 At the super output area level, 14 super output areas (out of the 164 areas in Brighton and Hove) are included in the 10% most deprived SOAs in the country and another 21 areas are part of the 20% most deprived. Conversely, 4 SOAs are in the 20% least deprived. This shows that there are large disparities in deprivation levels across the City.
- 3.23 Chapter 2 identifies that the Area Investment Framework research identifies a number of investment priorities for business investment and innovation, which aim to reduce deprivation in Brighton and Hove. Brighton and Hove receives Neighbourhood Renewal Funding. It is also an Assisted Area which makes it eligible for SFIE (Selected Finance for Investment in England)⁶ funding until the end of 2006.

⁶ According to the DTI website, 'Selective Finance for Investment in England is designed for businesses that are looking at the possibility of investing in an Assisted Area, but need financial help to go ahead. This support helps fund new investment projects that lead to long-term improvements in productivity, skills and employment. The majority of cases are appraised by the RDAs but a few, because of their size, are appraised by the DTI in London.'

Figure 3.3 Index of Deprivation, 2004, Brighton and Hove



Source: Index of Deprivation, 2004

The Workplace Economy

- 3.24 In this section we look at the workplace economy and its competitiveness. This shows how the local economy contributes to the regional and national competitiveness. The government has recently been emphasising the role that cities in particular must play in improving the competitiveness of their areas. The State of the English Cities report defines urban competitiveness as:

“the ability of cities to continually upgrade their business environment, skill base, and physical, social and cultural infrastructures, so as to attract and retain high-growth, innovative and profitable firms, and an educated, creative and entrepreneurial workforce, thereby enabling them to achieve a high arte of productivity, high employment rate, high wages, high GDP per capita, and low levels of income inequality and social exclusion.”

Industrial Structure

- 3.25 In 2004, there were 117,700 jobs in Brighton & Hove. 25% of jobs were in the financial and business services sector, which is above the national and regional average. 30% of employee jobs are in the public service sectors - public administration, education and health. Again, this is higher than the national and regional averages. Conversely only 4% of jobs were in manufacturing, compared with 12% nationally.

GVA Per Head

- 3.26 In 2002, Brighton and Hove’s GVA per head was lower than the national average, which in turn is lower than the regional average. Whilst GVA appears to have grown faster than the regional average between 2000-02 it was still only 89% of the South East average.

⁷ State of the English Cities: Volume 1- ODPM (March 2006)

Table 3.1 GVA Per Head

	2000	2001	2002	as % SE	% change
Brighton and Hove	12,599	13,761	14,879	89	18%
East Sussex	9,618	10,190	10,758	64	12%
West Sussex	14,537	15,316	16,265	97	12%
South East	15,126	15,950	16,758	100	11%
United Kingdom	13,867	14,545	15,273	91	10%

Source: Region in Figures, Winter 04-05

Competitiveness

- 3.27 Compared to the national economy, Brighton and Hove is strongly over-represented in Financial and Business Services employment, and strongly under-represented in Manufacturing employment.
- 3.28 Business space employment⁸ accounts for just 21% of all employment space, compared to 41% for the national economy. This results from strong under-representation in both industrial and warehousing employment.
- 3.29 Particularly over-represented sectors (not just including business space) include:
- *Electricity, Gas, Steam and Hot Water Supply;*
 - *Supporting and Auxiliary Transport Activities, Activities of Travel Agencies;*
 - *Financial Intermediation, except Insurance and Pension Funding; and*
 - *Insurance and Pension Funding, except Compulsory Social Security.*
- 3.30 The proportion of different sized firms is similar in Brighton and Hove to the proportion in the South East and West Sussex - 86% of firms have 1-10 employees, 11% have 11-49 employees, 2% have 50-199 employees and 0.6% have 200 or more employees. This is a slightly higher proportion of small firms than the national average, but Brighton & Hove is only a small firm economy in the same way that most towns and cities are.

Knowledge-based Industries⁹

- 3.31 Looking at the representation and growth of knowledge-based industries is a good indicator of the competitiveness of the local economy. Knowledge-based industries tend to be high value-added activities and require a higher-skilled labour force.
- 3.32 Brighton & Hove is well-represented in knowledge-based industries, having a stronger representation than the national average and East Sussex. It is roughly on a par with the South East and West Sussex. This is because of Brighton and Hove's strength in Finance, Banking and Business Services.

⁸ Employment that occupies business space is defined to be employment that is undertaken on B1, B2 or B8 floorspace. The sectors that these are made up of are listed in Appendix 2.

⁹ This definition comprises: Publishing and Sound Recordings; Reproduction of Recorded Media; Manufacture of Pharmaceuticals etc; Manufacture of Office Machinery/Computers; Manufacture of Electric Motors/Generators etc; Manufacture of Electricity Distribution etc; Manufacture of Accumulators etc; Manufacture of TV/Radio Receivers etc; Manufacture of Medical/Surgical Equipment etc; Manufacture of Instruments for Measuring; Manufacture of Optical Instruments etc; Manufacture of Watches and Clocks; Manufacture of Aircraft and Spacecraft; Telecommunications; Accounting/Bookkeeping Activities etc; Architectural/Engineering Activities and Television Activities; Financial Intermediation etc; Insurance and Pension Funding etc; Act Auxilliary Financial Intermediation; Computing and Related Activities; and Research and Development.

- 3.33 However, Brighton and Hove is under-represented in Hi-tech Manufacturing and Computing against national and regional averages. This trend matches with the general under-representation of Manufacturing in Brighton & Hove.

Creative Industries

- 3.34 Brighton and Hove has currently around 8-9% of employees employed in the creative industries sector as defined by the DCMS¹⁰. This is above the national average but whilst the proportion in Brighton & Hove has been increasing, it is still lower than the South East region as a whole.
- 3.35 But in terms of the number of companies in the creative industries sector, the Brighton and Hove Creative Industries Report¹¹ estimates that these account for 18% of all companies in the City. The discrepancy is explained the fact that most firms in the sector are very small, often being sole traders or consisting of fewer than 5 employees.
- 3.36 The direct economic contribution of this sector may be less significant than their contribution to the attractiveness of the city. *“The creative industries also add value to the life of the city and to the experience of city living by contributing to social, economic and environmental regeneration - attracting inward investment, helping to attract and retain creative and skilled workers and attracting visitors from the UK and beyond.”*¹²

Tourism

- 3.37 Tourism is an old and established industry in Brighton. According to the Brighton & Hove Tourism Strategy¹³ the city attracts 8 million visitors per annum bringing £380m into the local economy. It estimates that up to 10% of the local workforce is supported by the tourism sector.
- 3.38 Using a definition developed by the South West RDA that enables comparison with other places then 7% of employees in Brighton & Hove work in the tourism sector¹⁴. This is above the national and regional average of around 4%.
- 3.39 Tourism also plays a role beyond its economic and labour market function. *“Tourism is vital to the city’s visitor economy, not just contributing directly to employment and the city’s GDP, but indirectly to its appeal, atmosphere and appeal as a place to live and work.”*¹⁵. But it has little direct impact on the demand for B-space employment land that is the focus of this study.

Business Space Sectors

- 3.40 In this study, we are particularly interested in the jobs that occupy business space, comprising office jobs and industrial/warehousing jobs, and sometimes jointly referred to as Business or B Space jobs.
- 3.41 To identify these jobs, we use a mapping of sectors into land uses, based on the Standard Industrial Classification (1992) which is set out at Appendix 2. Industrial space is occupied by Manufacturing industries plus certain parts of the Construction

¹⁰ ABI data based on definition compiled by Department for Culture, Media and Sport. See Appendix 1

¹¹ Brighton and Hove Creative Industries Report - December 2000

¹² Creative Industries in Brighton and Hove

¹³ Tourism Strategy 2004

¹⁴ SWRDA define Tourism employment as (1992 SIC): hotels and motels, with restaurant; hotels and motels, without restaurant; youth hostels and mountain refuges; camping sites, including caravan sites; other provision of lodgings nec; activities of travel agencies etc nec; artistic and literary creation etc; operation of arts facilities; fair and amusement park activities; other entertainment activities nec; library and archives activities; museum activities etc; botanical and zoological gardens etc. However, this definition of tourism can be criticised as it includes sectors that cater for the local population as well as tourists; the whole of this employment is not solely tourism-related. On the other hand, it does not include spin-off, indirect employment that could be attributed to.

¹⁵ Tourism Strategy 2004

industry, Motor Repairs/Maintenance and Sewage and Refuse Disposal. Warehousing is occupied by a variety of transport and distribution activities which are widely spread across the Standard Industrial Classification. Office sectors are as defined by the ODPM in *Producing Boundaries and Statistics for Town Centres England and Wales 2000*, plus selected parts of Public Administration and Defence.

- 3.42 We also include an estimate for Labour Recruitment. This is not included as a sector by the ODPM Office definition. In many cases, the type of job taken by people included in this sector do not occupy business floorspace eg construction workers, teachers, nurses etc. However, a number of people will occupy business floorspace eg secretaries, those working in the financial industry, warehouse workers etc. We therefore estimate the numbers of employees who might occupy business floorspace. This is based on existing proportions of employees in the industrial, warehousing and office sectors.

Table 3.2 Employment in Business Space Sectors, 2004 and 1995

Industry	1995			2004				
	Brighton and Hove	Great Britain	LQ	Brighton and Hove	Great Britain	LQ		
	jobs	% of total jobs		jobs	% of total jobs			
Industrial	6,600	7%	19%	0.4	5,400	5%	14%	0.3
Office (inc Public Admin)	20,600	21%	19%	1.1	24,100	21%	20%	1.0
Warehouse	4,400	5%	7%	0.6	5,100	4%	7%	0.6
Total Business Space	31,600	33%	45%	1.4	34,600	29%	41%	0.7
Other Sectors	63,200	66%	55%	0.7	83,100	71%	59%	1.2
TOTAL	94,800	100%	100%	1.0	117,700	100%	100%	1.0

Source: Annual Business Inquiry, 2004

NB These definitions exclude employment in labour recruitment.

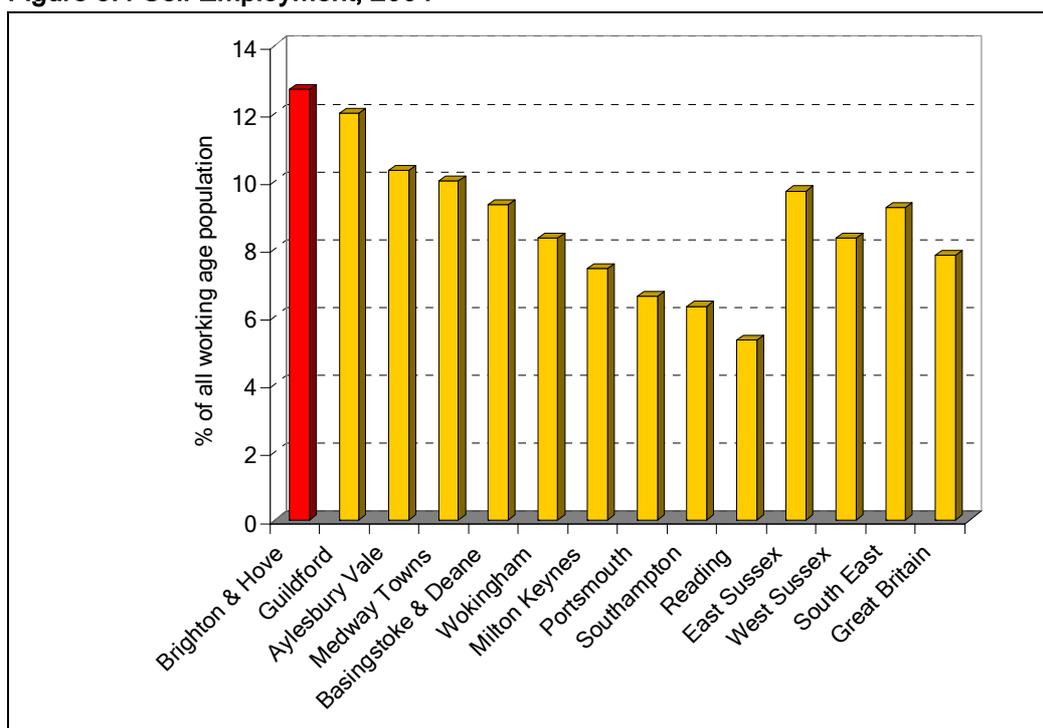
- 3.43 In total, only 29% of the employee jobs in Brighton & Hove are in Business Space - much less than Great Britain. Most of the jobs are in other sectors - outside Business-Use Class which includes leisure, retail premises, school, hospitals, and many other kinds of space.
- 3.44 The big difference between Brighton and Hove and the national average results from much lower jobs numbers in Industrial sectors. This trend corresponds to the formerly-described under-representation of Manufacturing and Construction in Brighton & Hove, although other sectors, such as Sewage and Refuse, are included in industrial.
- 3.45 Office jobs in Brighton & Hove account for around 21% of all jobs, which is a similar amount than the national average¹⁶.
- 3.46 The share of warehousing in B&H is 4% of total jobs, which is significantly less than the national average.

¹⁶ The difference between the sectors included in office jobs and those included in banking, finance and insurance sectors can be seen in Appendix 2. The major sectors that are missing from this definition are Labour Recruitment and Industrial Cleaning.

Entrepreneurship

- 3.47 Self-employment rates and new firm formations are used to provide an indicator of entrepreneurship which in turn is used as an indicator of the dynamism of the local economy and its ability to innovate.
- 3.48 In Brighton & Hove the proportion of self-employed people is high. The number of VAT-registered companies - although growing - is not as high as might be expected given we understand from consultation that there is a preponderance of creative industries and start-up companies. This is perhaps because some companies are so small that they do not reach the VAT-registration threshold.

Figure 3.4 Self Employment, 2004



Source: Annual Population Survey, 2004

- 3.49 The difference may also be explained by the nature of self-employed activity. Brighton & Hove is an attractive residential location for people working in, for example, media and creative industries. These people may be self-employed living in Brighton and, say working in London. They are self-employed workers rather than running businesses. Data from the 2001 Census shows that there are slightly more self employed people in Brighton and Hove without employees (70%) compared to East and West Sussex, the region, and particularly the national level.

Table 3.3 Self-Employment, 2001

	Brighton and Hove	East Sussex	West Sussex	South East	England and Wales
% Self Employed with Employees	30%	32%	32%	33%	36%
% Self Employed without Employees	70%	68%	68%	67%	64%

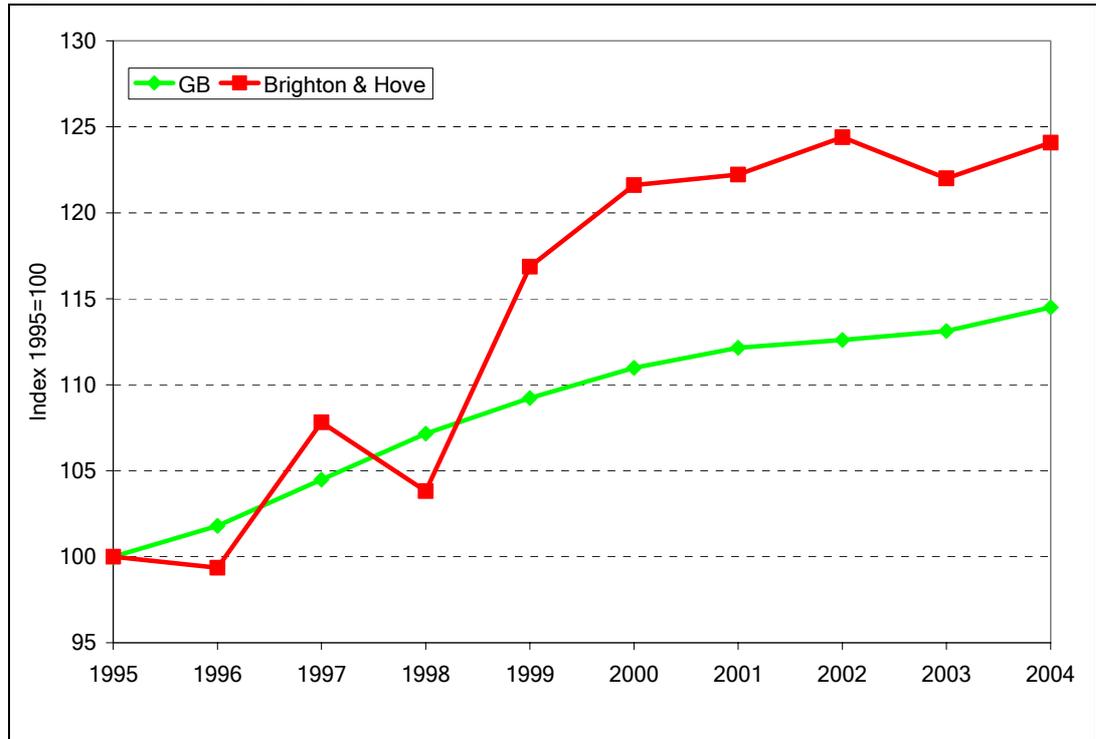
Source: Census 2001

Growth

The Past

- 3.50 Employment growth is a relevant indicator to assess the dynamism of the workplace economy.
- 3.51 Since 1995, Brighton & Hove has benefited from a much faster employment growth compared to Great Britain.

Figure 3.5 Total Employment Growth, 1995-2004



Source: Annual Business Inquiry, 1998-2004, Annual Employment Survey Rescaled, 1995-1997

- 3.52 The sectors growing by the most jobs include:
- Other Business Activities (6,400 jobs)
 - Education (5,500 jobs)
 - Hotels and restaurants (4,300 jobs)
 - Retail Trade, Except of Motor Vehicles (3,800 jobs)
 - Supporting/Auxiliary Transport etc (2,800 jobs)
 - Health and Social Work (2,100 jobs)
 - Other Services (1,300 jobs)
- 3.53 Many of these jobs are in sectors related to population expansion - particularly education, health, social work and retail. Health and education employment has been expanding nationally as a result of government policy. Higher education has expanded in the city and the creation of the Unitary Authority of Brighton and Hove is also likely to have resulted in an increase in public administration employment over this period.

The Future

- 3.54 We obtained two sets of forecasts from Brighton and Hove City Council. These were prepared for East Sussex County Council by Experian Business Strategies (EBS) as

part of the sub-regional strategy work undertaken for the South East Plan. One forecast scenario is labelled 'constrained' and the other is labelled 'unconstrained'.

- 3.55 We understand that the assumptions behind these forecasts are the same as those used in the South East Plan. However, as they were prepared in Autumn 2005 i.e. after the ones used in the South East Plan, the figures differ slightly as more up-to-date information, such as newer Annual Business Inquiry figures, would have been included. The 'unconstrained forecasts' are the ones that fit with the EBS standard model i.e. their 'best view' of economic prospects at that time, and is modelled consistently across the region.
- 3.56 The 'constrained' forecasts are a second set that East Sussex, West Sussex and B&H asked to be worked through separately. They replaced the population growth from the original model with population growth produced by Anglia Polytechnic University in line with the housing figures from the South East Plan. In the 'constrained' forecasts, growth is constrained by the dwellings allocation. This in turn limits population growth and as population is an economic driver for public and consumer services, growth of employment is constrained. Population also determines labour supply and limited labour supply will act as a further constraint on economic growth potential. The 'constrained' forecasts have however only been produced for East Sussex, West Sussex and Brighton and Hove. Hence they do not form part of a consistently modelled regional forecast¹⁷. Thus the model does not fully reflect the relative balance of jobs and workers between districts¹⁸.
- 3.57 In the 'constrained' forecasts, total employment is forecast to decline in Brighton and Hove - by around 1,400¹⁹ jobs between 2006 and 2016 and around 2,300 jobs up to 2026. This is consistent with GVA growth of 2.3% p.a. over the period 2006-16 and 2.1% p.a. over the period 2016-26.
- 3.58 Within the overall project the employment decline, however, some sectors are predicted to grow, including²⁰:
- Other Services (5,000 jobs)
 - Education (3,600 jobs)
 - Business Services (1,800 jobs)
 - Communications (1,300 jobs)
- 3.59 Declining sectors include:
- Retailing (3,700 jobs)
 - Wholesaling (2,900 jobs)
 - Banking and Insurance (2,200 jobs)
 - Transport (1,600 jobs)
- 3.60 In the 'unconstrained' forecasts, total employment is forecast to increase in Brighton and Hove by 11,300 jobs between 2006 and 2016 and 18,200 between 2006 and 2026. This compares with an increase in employee jobs over the period 1995-2004 of 23,000. This is consistent with GVA growth of 3.1% p.a. over the period 2006-16 and 2.9% p.a. over the period 2016-26.
- 3.61 Growing sectors in the 'unconstrained' forecasts include:

¹⁷ There is thus an assumption about the level of net-commuting flows between the Sussex coast sub-region and the rest of the South East region

¹⁸ This balance will be affected by activity rates, unemployment rates and the levels of net-commuting.

¹⁹ All employment data in the forecasts are for actual job numbers. Figures include both part-time and full-time jobs.

²⁰ Figures quoted are the net change between 2006 and 2026.

- Business Services (6,600 jobs)
 - Other services (6,600 jobs)
 - Education (3,300 jobs)
 - Health (2,400 jobs)
 - Hotels and Catering (2,200) jobs.
- 3.62 The future rate of growth (per annum) in this unconstrained forecast is at a lower rate of growth than was seen in the past (0.8% per annum to 2016 compared to 2.4% per annum as in the past). In general, the individual sectors are forecast to grow more slowly in the future than they did in the past.
- 3.63 Manufacturing employment over the period 1995-2004 declined at an average of 2.7% per annum. The forecast is for this rate of loss to slow to 2.4% per annum up to 2016, then 0.7% per annum up to 2026, as manufacturing in Brighton & Hove reduces to its core activities.

Table 3.4 Employment growth rates (per annum)

	Constrained			Unconstrained	
	growth p/a 95-04	growth p/a 04-16	growth p/a 16-26	growth p/a 04-16	growth p/a 16-26
Hotels & Catering	1.0%	0.2%	0.2%	1.3%	0.8%
Banking & Insurance	3.8%	-0.4%	-2.1%	-0.1%	-0.6%
Business Services	3.8%	0.5%	0.3%	2.0%	0.7%
Education	4.5%	0.9%	1.4%	1.2%	0.9%
Health	0.3%	-0.1%	0.1%	0.7%	0.6%
Other	6.8%	1.8%	1.6%	2.5%	1.8%
Manufacturing	-2.7%	-2.4%	-0.7%	-2.5%	-1.4%
Total Employment	2.4%	-0.1%	-0.1%	0.8%	0.5%

Source: Experian, RTP

Fitting the Growth to Policy

- 3.64 We consider here whether the sectors forecast to grow are those that are identified as 'priorities' in policy.
- 3.65 The Brighton and Hove and Adur Investment Framework (2003) sets out that the City's local economy has grown strongly by growing 'knowledge businesses' such as Financial Services, New Media and Advanced Engineering Services. It also suggests that the visitor economy and cultural and creative sectors are central to the AIF.
- 3.66 This is reflected in the forecasts. 'Other Services' in which New Media is included is forecast to grow strongly, as is employment in Hotels and Catering. Business Services are also forecast to grow (although this comprises a number of different industries, including higher value sectors such as Accounting, Architectural and Engineering Services, but also lower value sectors such as Labour Recruitment and Industrial Cleaning).

Growth in Nearby Areas

- 3.67 Worthing Annual Monitoring Report (December 2005) shows the Borough had almost 46,000 sq m of employment land committed at April 2005, one third of this in offices.
- 3.68 In current stock there are seven defined trading estates, and the rest of employment space is found in stand-alone sites in the Borough. The Monitoring Report also suggests that some of these sites are out-dated and are under pressure for release to housing.

- 3.69 Lewes, according to the *Analysis of Business Growth Potential in the Lewes District*, (Step Ahead), is not forecast to have large employment growth. The study suggests that in the future there will be reduced demand for B2 and B8, and slightly positive demand for B1.

The success of the local economy is likely to depend on how it manages to diversify away from the public sector and traditional manufacturing employment and its success in retaining and attracting modern outward-looking businesses that provide higher skilled jobs and additional local income.

- 3.70 The report also suggests that growth has been suppressed by the poor quality of existing employment sites and business stock. However, the overall conclusions seem to suggest that there will be few new sites; existing sites can be retained but the occupying stock needs to be upgraded. From this, it seems unlikely that any shortages of office employment floorspace in Brighton and Hove will be provided for in Lewes. Recent work undertaken for Newhaven by Roger Tym & Partners suggests similar conclusions. However Newhaven remains a good industrial and warehousing location which could support some of the city's demand.
- 3.71 Whereas somewhere like Newhaven is best viewed as a complementary location to Brighton, Crawley can be seen as a competing location. The Crawley, Horsham and Mid Sussex Employment Land Review discusses their current provision and future requirements for employment land. Much of the development pressures in the area will be tied in with development at Gatwick within Crawley. Within Mid Sussex, Burgess Hill, Haywards Heath and East Grinstead are highlighted as showing increasing economic emphasis on high-tech industries. Burgess Hill is the fastest growing settlement in Mid Sussex and its role as an employment area has increased, particularly with regard to manufacturing. Haywards Heath has is identified as having a large number of vacant offices, with declining demand for space. Within Horsham, there is one particularly large development opportunity identified at Shoreham Cement Works, which is considered appropriate for a significant level of employment provision.
- 3.72 In terms of demand, the requirements are based on historical trend growth rates and empirical business surveys. These illustrate the increasing dominance of Crawley in the sub-region. The business surveys found there was a preference for location in the main towns on Mid Sussex relative to Horsham.

The Labour Market

- 3.73 In this section we look at the labour market. We look at the balance between out-commuting and in-commuting, the commuting means and how far people commute.

Travel to work

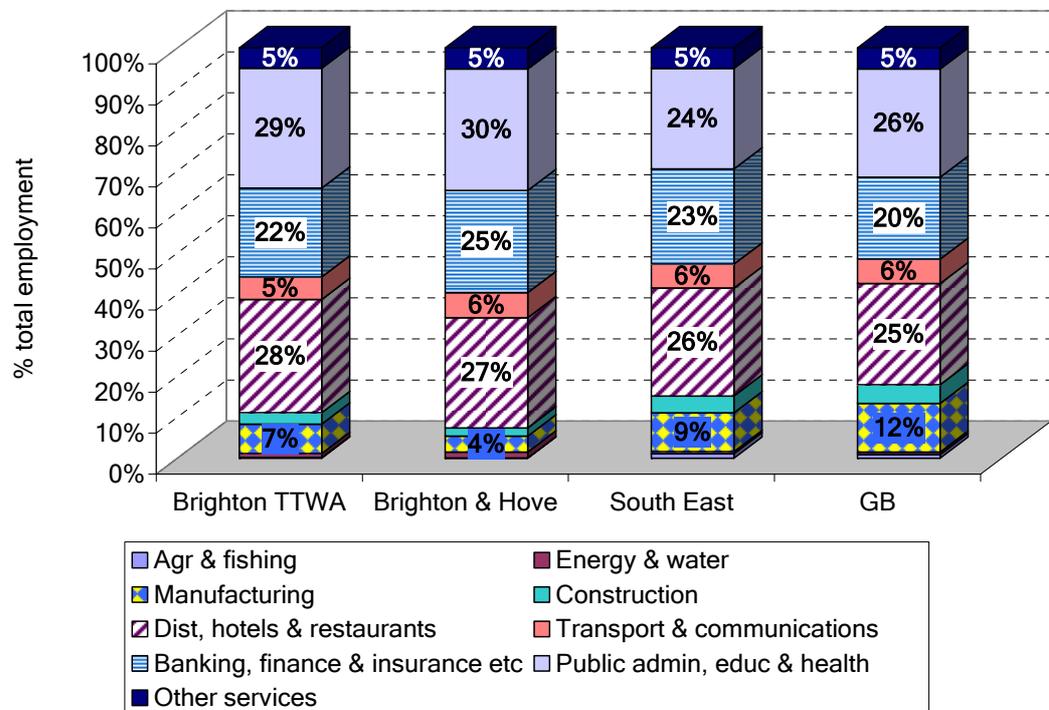
- 3.74 As we saw in the earnings section, many residents commute out of the city and obtain higher-paid employment. About a fifth of the out-commuters travel to London; half travel to West Sussex. There are no major employment draws outside the Sussex counties and London.
- 3.75 Three quarters of people who work in Brighton and Hove are residents. Most of the people who commute come from West Sussex and East Sussex. Only a marginal number commute from London.
- 3.76 In just ten years, Brighton and Hove has moved from being a place of net in-commuting to net out-commuting²¹. This mainly stems from the increased draw towards West Sussex, with a corresponding decrease in the proportion of residents who both live and work in Brighton and Hove. The number of working residents has

²¹ There are about 5,300 net out-commuters in 2001, comprising 28,170 in-commuters less 33,531 out-commuters. The net balance in 1991 was around 3,700 in-commuters, comprising 20,610 out-commuters less 24,310 in-commuters.

also increased disproportionately fast compared to the number of jobs - a 25% increase in the number of working residents compared to a 14% increase in the number of jobs.

- 3.77 This shows that the pull of Brighton and Hove as an employment centre has in fact worsened over the decade, compared to many benchmark areas, and its growth as a residential area. Brighton and Hove as a workplace has failed to keep up with its population growth. The relationship sought between workplace jobs and resident workers will be a factor in determining the quantity of employment land to be planned for.
- 3.78 Brighton TTWA has a total of 173,000 workers of which 118,000 (68%) are in the city. The TTWA has a higher proportion of employment in manufacturing compared to the City of Brighton and Hove - 7% compared to 4%. This suggests that to a certain extent, the wider hinterland provides space for some of the manufacturing that does not occur in Brighton and Hove. However, compared to the regional economy and particularly the national economy, this proportion is still low.

Figure 3.6 Employment by Broad Sector, 2004



Source: Annual Business Inquiry 2004

- 3.79 Many of the growing sectors in Brighton TTWA are fuelled by growth from the City of Brighton and Hove. For example, between 1995 and 2004, the largest growing sector (in absolute terms) was Other Business Activities. Of the 7,600 net increase in jobs, 6,400 were in Brighton and Hove.

Distance and Travel Mode

- 3.80 Brighton and Hove has a relatively large proportion of residents who travel short distances to work - around a quarter travels less than 2 kilometres and 40% travel between 2 and 20 kilometres. More people travel further than 20 kilometres compared to the national average, but this is not an exceptional proportion compared to the benchmark areas.
- 3.81 Brighton and Hove's residents' methods of commuting stand out compared to most benchmark areas by having far fewer who travel to work by car. Larger proportions

also commute to work by train or other forms of public transport. 17% of journeys to work are made by foot compared to 10% at a national level.

- 3.82 This shows that commuting at the moment appears to be undertaken in a sustainable manner, particularly compared to the benchmarks. However, at the stakeholder consultation, traffic and congestion were highlighted as major problems in the area for local businesses, which suggests that firstly, many people commute in this way because using a car is not an option, and secondly, further improvements need to be made.

Conclusions

- 3.83 Brighton & Hove is a successful city in that it is popular and people want to live there. This is reflected in the past rise in house prices. Though population growth has been slightly below the South East average for the period 1994-2004, this is more a factor of supply constraint placing strong upward pressure on prices. Recent population growth and demand on housing, whilst bringing its own problems is nevertheless an indicator of success.
- 3.84 Providing an attractive quality of life is an important competitive asset for cities that need to attract skilled workers. *“As urban success depends on attracting and retaining skilled residents, it may be important for cities to provide quality of place or amenities and public services that attract the skilled”²²*.
- 3.85 Brighton & Hove has a large pool of highly skilled workers. Of the South East comparator towns examined Brighton & Hove ranked fourth behind only Oxford, Guildford and Wokingham in terms of percentage of workforce with degree equivalent qualifications. A recent publication on urban competitiveness noted that, *“Cities with greater concentrations of highly educated individuals should become relatively more productive and increase in population”²³*. So there are the ingredients to generate a virtuous spiral of success.
- 3.86 Brighton & Hove has also been a relatively successful economy that has grown rapidly in employment terms in recent years. But in value terms Brighton & Hove still lags some way behind what might be expected of a city of its size and assets.
- 3.87 Whilst many UK cities in recent years have grown as they discover a new post-industrial role, Brighton & Hove did not have the same scale of de-industrialisation to go through. In order to transfer resources to higher value services it needs instead to shift them from the tourism sector, which is a harder task²⁴.
- 3.88 GVA per head in Brighton & Hove is below the UK average and average earnings are the lowest of the South East comparator towns we examined. It is only by shifting to a higher value composition of activities that Brighton can fulfil the policy role set out in the previous chapter as a catalyst for its city region. This is consistent with the targets set out in the 2006 Local Area Agreement.
- 3.89 We set out two forecasts for Brighton & Hove. The low scenario saw growth of just 1,400 jobs between 2006-16. The higher scenario saw growth of 11,300 jobs over the same period. If Brighton & Hove is to fulfill its role as one of the ‘*diamonds for growth*’ which should ‘*act as a catalyst to stimulate prosperity*’, then the latter scenario should be what is planned for. Even the higher growth figure is lower than the rate of growth achieved in the recent past (1995-2004). The low growth scenario would represent unfulfilled potential that would impact not just on the city but on its wider hinterland.

²² Devolving decision making: 3 - Meeting the regional economic challenge: The importance of cities to regional growth - HM Treasury, DTI, ODPM (March 2006)

²³ Urban Competitiveness - Iain Begg (Ed) (2002)

²⁴ Urban Competitiveness - Iain Begg (Ed) (2002)

4 LAND AND PROPERTY MARKET

Introduction

- 4.1 This chapter considers the current market for employment floorspace and land in Brighton & Hove. The next two sections deal with the office and industrial/warehousing sectors in turn.
- 4.2 The property market profile has been prepared by Cluttons Brighton office utilising their local market knowledge and professional expertise. It is guided by two main questions. First, continuing the analysis in the last chapter, we look at qualitative aspects of the demand for land and property, considering for what kinds of businesses Brighton & Hove is an attractive location and what kinds of land and property these businesses will require.
- 4.3 The second issue for this chapter is the balance of demand and supply. We consider the availability and cost of property and land against the requirements of occupiers and developers, both to provide a baseline for the quantitative forecasts that follow and to add the qualitative dimension, considering what kinds of property are under or over-supplied.
- 4.4 In measuring the comparative advantages of Brighton & Hove we will consider the neighbouring districts that compete for occupiers and investment, namely Crawley and Mid Sussex.

Offices

Market Geography and Competing Locations

- 4.5 With a built stock of around 487,000 sq.m (4.8 million sq.ft), Brighton & Hove is a larger office location than Crawley and Mid Sussex, which have office stocks of around 440,000 sq.m (4.7million sq.ft) and 216,000 sq.m (2.3 million sq.ft) respectively. The nature of this stock differs somewhat from the predominantly purpose built modern headquarters style accommodation offered elsewhere, especially in Crawley.
- 4.6 The office supply in Brighton & Hove is predominantly provided within the city centre, with smaller clusters centred on main arterial routes into the city. Traditionally, the office market in Brighton & Hove has been smaller than that of Crawley, but larger than that of Mid Sussex. In Crawley, the proximity of Gatwick Airport has a strong bearing on the market, with a high level of demand coming from airport related companies.
- 4.7 Crawley is a New Town which was developed from the late 1950s and therefore its office stock is predominantly purpose built, whereas in Brighton & Hove much of the stock is within converted period buildings. However, this greater variety of stock allows Brighton & Hove to cater for requirements from a wide variety of occupiers in terms of size, layout, image and budget.

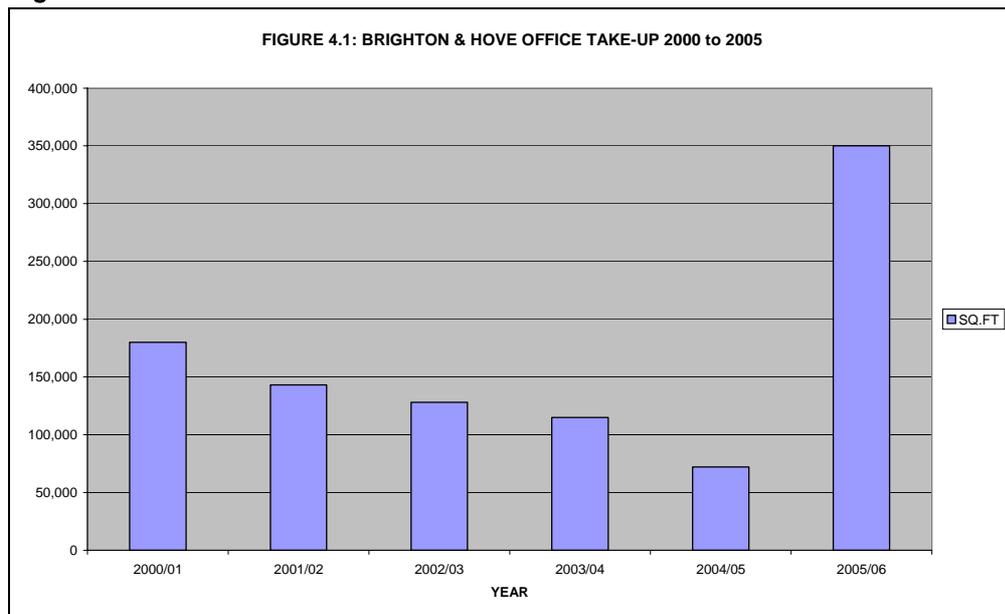
Recent Market Trends

- 4.8 The overall office market in Sussex is not as heavily reliant on any one particular sector as is the case in some other areas in the South East e.g. Thames Valley corridor and IT technology and telecoms business sectors. However, the Crawley market is closely linked to the fortunes of Gatwick Airport and the travel industry. As a consequence, take-up has been subdued since 2000 and this is partly due to a worldwide slowdown in the travel sector.
- 4.9 Many of the largest employers in the Brighton & Hove are in the financial and business services sector, which has gone through tremendous change over the last decade due to such factors as new technology, outsourcing abroad, mergers etc. This has resulted in a lot of consolidation and downsizing. Accordingly, much of the available

accommodation in the city is made up of surplus space offered by occupiers with long lease commitments, rather than empty new developments.

- 4.10 In fact there have been very few major office developments in the city since the early 1990s. Of the total stock, it is estimated that only around 7% was completed since 1999. Until the City Park development of 18,580 sq.m (200,000 sq.ft) adjacent to Hove Park was completed in 2005/06, the last major office development in the city was Trafalgar Place 2,323 sq.m (250,000 sq.ft) adjacent to Brighton station, completed in 1991/92.
- 4.11 The last few years has seen a strong increase in demand for small freehold office buildings from owner occupiers, partly fuelled by a sustained period of low interest rates and changes in pension regulations to create such vehicles as Self Invested Personal Pensions.
- 4.12 Due to its location between the South Downs and the sea, Brighton & Hove has a limited supply of land and buildings and competition from other uses has seen office buildings and sites “lost” to such uses as residential and leisure. This trend resulted in specific planning policies being introduced to protect existing office spaces and allocated sites. Continuing pressure from competing uses has resulted in many remaining major development sites now being earmarked for mix use schemes to try and satisfy demand from all sectors.

Figure 4.1



Source: Cluttons Research

Take Up

- 4.13 Gross office take up in Brighton & Hove has averaged at just under 15,328 sq.m (165,000 sq.ft) each year since 2000. As can be seen from Figure 4.1 above, take up saw a steady decline over the last six years from around 16,722 sq.m (180,000 sq.ft) in 2000 to 6,689 sq.m (72,000) sq.ft in 2004. However, 2005 saw a marked improvement with take up reaching around 32,515 sq.m (350,000 sq.ft). Whilst the letting of City Park, Hove to Legal & General made up 18,580 sq.m (200,000) sq.ft of this total (57%), the remainder was nevertheless the highest annual take up since 2000. It is estimated that over the last 5 years, the finance and business services sector accounted for approximately 55% of office take up in the city.

- 4.14 Gross take-up can be compared with past completions data available from Brighton & Hove City Council. This shows a gross completions averaging 6,000 sq m p.a. and a net gain to stock averaging 4,000 sq m p.a.

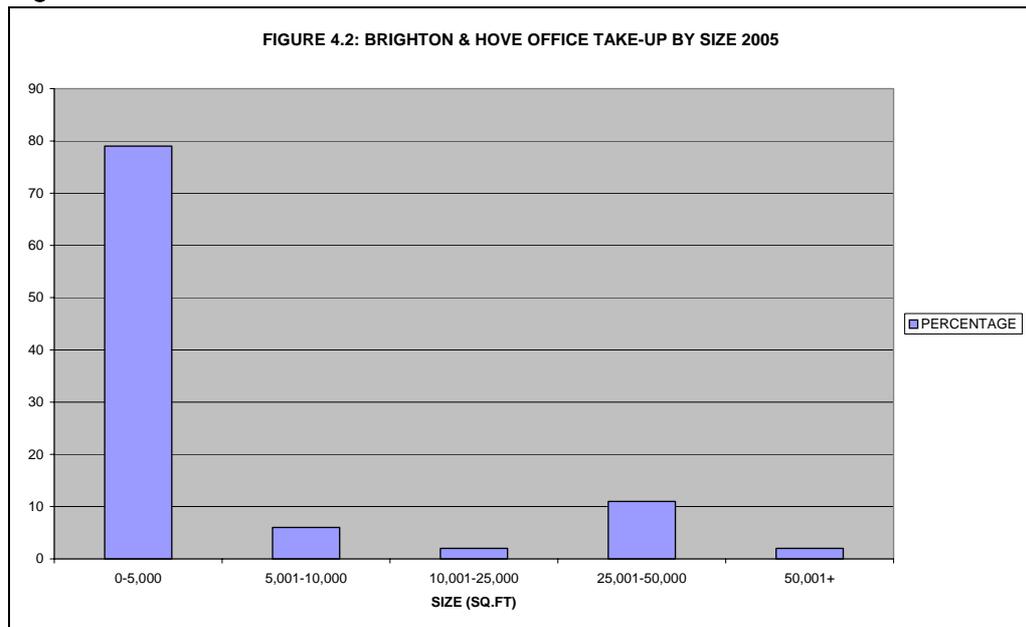
Table 4.1 B1a and b Completions, 2000-2006

	Gains	Losses	Net change
00-01	831	-4,766	-3,935
01-02	18,815	-2,539	16,276
02-03	2,464	-1,541	922
03-04	3,202	-1,605	1,597
04-05	4,808	-1,304	3,503
05-06	5,857	-1,149	4,708
Total	35,977	-12,905	23,072
per annum	5,996	-2,151	3,845

Source: Brighton and Hove City Council
 N.B. Data for 05-06 is only for April - Feb.

- 4.15 Figure 4.2 shows the number of office transactions during 2005 in different size ranges.

Figure 4.2



Source: Cluttons Research

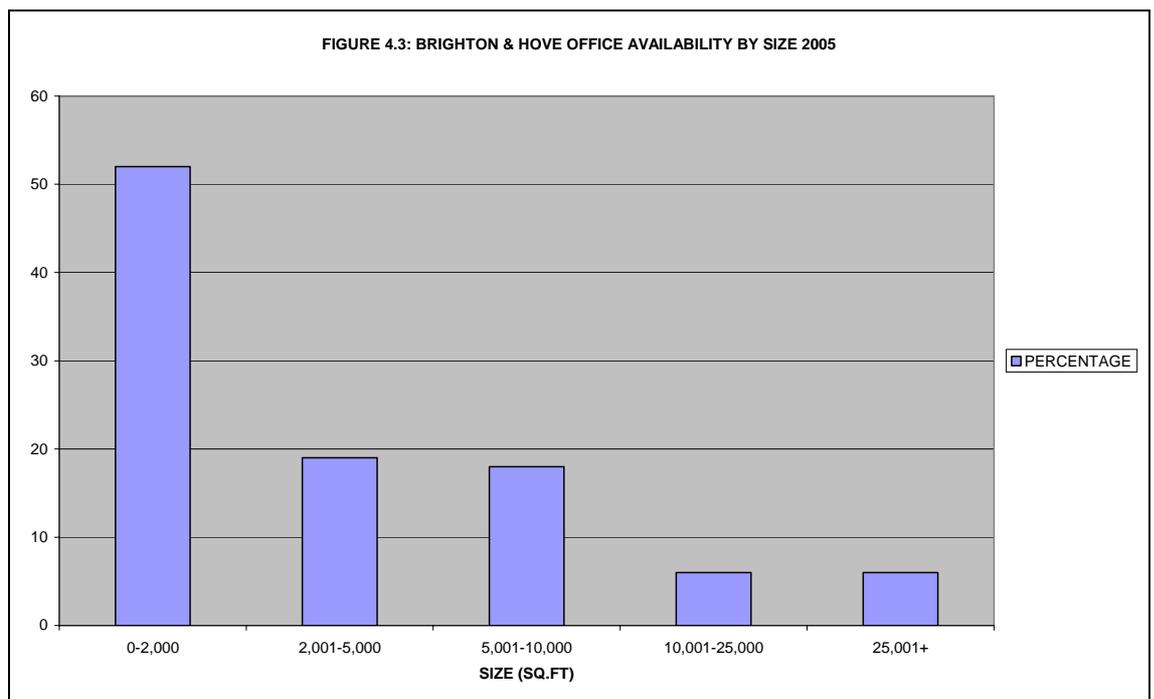
- 4.16 The total take up of offices in Brighton & Hove is generally made up of a large number of small deals and 2005 was typical of the last six years. 79% of all office transactions taking place during 2005 involved accommodation of less than 465 sq.m (5,000 sq.ft). This differs from Crawley where during the same period only 9% of transactions were in this size range. Generally, most deals were larger in Crawley with 46% being in the 5,001 to 10,000 sq.ft range, 18% in the 10,001 to 25,000 sq.ft range and 27% in the 25,001 to 50,000 sq.ft range. Haywards Heath on the other hand follows a similar pattern to Brighton & Hove with 84% of all office transactions taking place during 2005 involving accommodation of less than 465 sq.m (5,000 sq.ft).

- 4.17 During 2005, around 71% of take up in Brighton & Hove was of new or modern Grade A space. However, as 57% of the total was made up of the new City Park development, the majority of transactions involved older or period buildings.
- 4.18 Of the total number of office transactions during 2005, around 23% were for freehold sales. The majority of these (85%) involved small buildings under 465 sq.m (5,000 sq.ft) and were generally to owner occupiers. A few larger buildings were sold to developers/investors for refurbishment or conversion to other uses e.g. hotel.
- 4.20 Over the same period, gross annual office take up in Crawley averaged at around 1,654 sq.m (178,000 sq.ft) falling from 30,657 sq.m (330,000 sq.ft) in 2000 to 11,613 sq.m (125,000 sq.ft) in 2005. Haywards Heath is the main office centre in Mid Sussex and has a much smaller market than either Brighton & Hove or Crawley. Here, average annual take up over the last six years has been just over 2,230 sq.m (24,000 sq.ft), rising from 1,579 sq.m (17,000 sq.ft) in 2000 to 3,995 sq.m (43,000 sq.ft) in 2004, but falling back again to 1,579 sq.m (17,000 sq.ft) in 2005.

Available Space

- 4.19 As at December 2005, there was approximately 27,870 sq.m (300,000 sq.ft) of office floorspace available in Brighton & Hove, which represents around 5.7% of total stock. This compares favourably with Crawley both in absolute terms and in vacancy rate i.e. 64,473 sq.ft (694,000 sq.ft) and 14.7% respectively as at December 2005.
- 4.20 Only 12% of the total number of available office buildings are over 930 sq.m (10,000 sq.ft), with 71% being under 465 sq.m (5,000 sq.ft). In Crawley, 21% of the total number of available office buildings are over 930 sq.m (10,000 sq.ft), with 56% being under 465 sq.m (5,000 sq.ft). In Haywards Heath, 96% of the total number of available office buildings are under 465 sq.m (5,000 sq.ft).
- 4.21 Of the available space in Brighton & Hove, around 33% could be described as being new or modern Grade A space. The remainder is made up of a mix of converted period and older purpose built buildings.
- 4.22 Figure 4.3 shows the number of available office buildings in different size ranges.

Figure 4.3



Source: Cluttons Research

4.23 Table 4.2 shows those major sites with planning consent or a development brief for office development. Of these, the New England Quarter is the only one where construction has actually commenced.

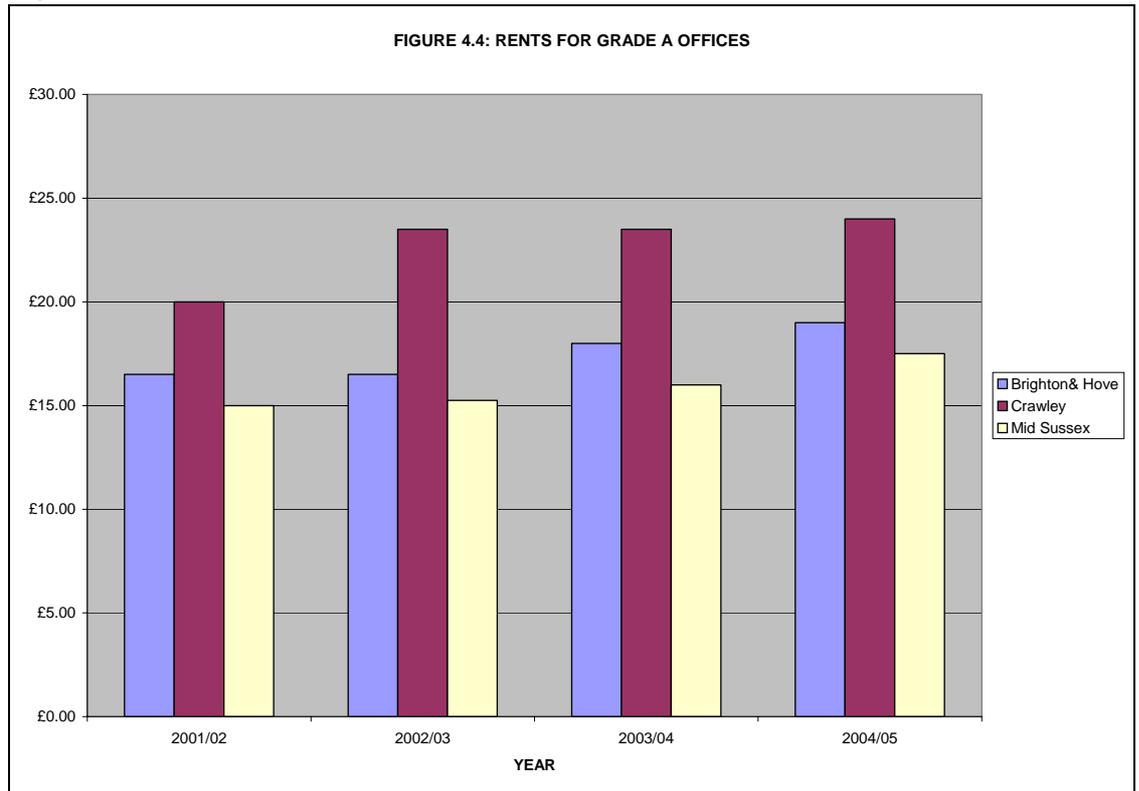
Table 4.2

ADDRESS	DEVELOPER	COMMENTS
New England Quarter, New England Street, Brighton	QED, J Sainsbury Developments, Railtrack	OP granted for mixed use scheme on 24 acre site. Speculative office element around 56,500 sq.ft. Construction started.
Preston Barracks, Lewes Road, Brighton	BHCC/SEEDA	Development Brief for mixed use scheme, including up to 200,000 sq.ft offices.
Patcham Court Farm, Brighton	BHCC	Identified in Local Plan for employment use and could accommodate around 70,000 sq.ft of offices.
Church St/Portland St, Brighton	Hargreaves	FP for 25,500 sq.ft. Cleared site.
137-147 Preston Road, Brighton	Anston Properties	OP for up to 150,000 sq.ft. Cleared site.
Circus Street, Brighton	BHCC	Development Brief for mixed use scheme, including up to 160,000 sq.ft offices.
Newtown Road, Hove	Westfield Investments	FP for 36,000 sq.ft.
Woollards Field, Lewes Road	East Sussex County Council	Planning consent has been granted for 53,800 sq ft of B1 development. No development has yet commenced.
Edward Street Quarter		A development brief for this area has just been published and a range of options are being considered.

Rental Values

4.24 Rental levels in Brighton & Hove continue to be at a discount to Crawley, but are higher than those in Mid Sussex. Headline rents for Grade A office space are around £19.00 per sq.ft in Brighton & Hove as evidenced by the letting of City Park, Hove to Legal & General, but are expected to reach £21.00 per sq.ft when agreed lettings of floors at 1 Jubilee Street are completed. Recent lettings of new Grade A space in Crawley at City Place, Gatwick to Rentokil and CP Ships have achieved headline rents of £24.00 per sq.ft, whereas the pre-letting of BH23, Burgess Hill to Roche Diagnostics achieved a headline rent of £17.50 per sq.ft.

Figure 4.4



4.25 Figure 4.4 compares office rentals along the A23 corridor in Sussex over the last four years. Rents in Brighton & Hove peaked at around £23.50 per sq.ft in the early 1990s, but fell away sharply during the following economic recession. Fifteen years later and rents are still below that level, despite having risen sharply over the last five years.

4.26 Office rental growth forecasts from Investment Property Databank (IPD) show that South East office rents will grow by an average of 3.0% per annum over the next four to five years.

Office Conclusion

4.27 The new or modern Grade A space in and around the city centre has been able to satisfy demand from larger and corporate style requirements and has commanded higher rents. Over the last 5 years the majority of lettings of such buildings have been to companies already located in the city. The most notable exception to this trend was the arrival of Kimberly-Clark who took space in Trafalgar Place in 2001. However, there has been little speculative office development since 2000. When new Grade A space has become available, it has let relatively quickly at high rents e.g. City Park, 1 Jubilee Street and Woodingdean Business Park. This would tend to indicate that there is a latent demand for more of this type of development in the city.

4.28 Period buildings and older purpose built offices across the city have been able to offer occupiers more choice in terms of smaller sized accommodation at a more competitive rental level.

4.29 Based on average take up rates since 2000, there is under two years supply of offices available in Brighton & Hove, although much of this is relatively poor quality space. Continuing pressure from competing uses such as residential and leisure is likely to eat away at the existing office stock in the future as older buildings no longer satisfy modern occupier requirements and become less viable for continued office use.

- 4.30 To provide choice for the market to operate it is important that sufficient suitable office development sites are allocated in the city centre, on main arterial routes and on the edge of town in the future, which are capable of satisfying all sectors of the market (corporate, creative industries & small businesses and owner occupiers). But such allocations will, of course, need to be deliberated in the context of other planning and land-use considerations.

Industrial and Warehousing Space

Market Geography and Competing Locations

- 4.31 Brighton & Hove has a total stock of industrial/warehouse space of 466,000 sq.m (5,020,000 sq.ft), which is relatively dispersed across the city. Traditionally, many of the city's industrial estates were developed on Council land situated in residential areas, so as to be close to the local workforce. Many others are clustered around the Old Shoreham Road, which was traditionally the main east-west route into the city.
- 4.32 The city is a smaller industrial centre than Crawley (825,000 sq.m/8,880,000 sq.ft, but is larger than Mid Sussex (416,000 sq.m/4,480,000 sq.ft). However, It does not have a single large industrial area as is the case in Crawley and Burgess Hill, with the Manor Royal and Victoria Industrial Estates respectively.
- 4.33 In line with trend across the country, manufacturing has declined in the area and now the total stock is approximately 50/50 in terms of numbers of manufacturing and warehouse premises. The city's location on the South Coast, generally precludes it from being considered for major national distribution requirements. However, Brighton nevertheless has a thriving warehousing sector which predominantly services the local and regional economy.

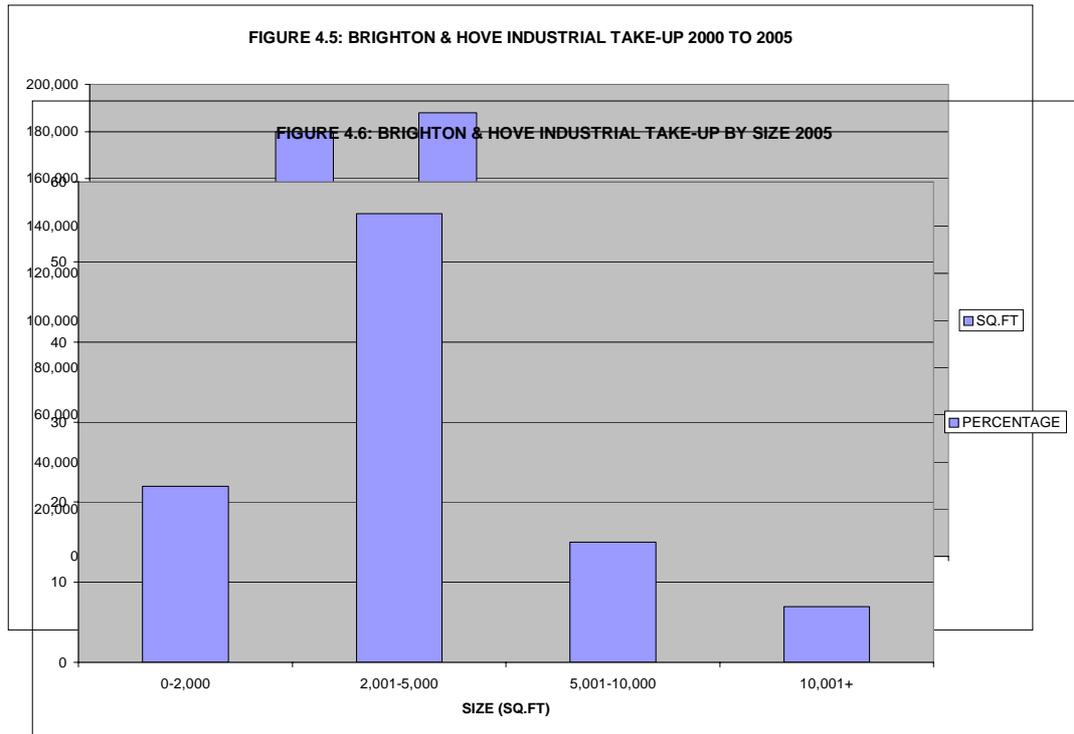
Recent Market Trends

- 4.34 The historic demand for industrial space has been considerably less dynamic than for the office market. This has resulted in a more steady supply of space rather than the "boom and bust" of the office market.
- 4.35 However, continuing competition for land in the area has resulted in many small individual industrial sites being lost for conversion/redevelopment for other more valuable uses such as residential or live/work. This has especially been the case with many older poorer quality industrial buildings in predominantly residential areas e.g. Former Polish Print Works, Coleridge Street/Shakespeare Street, Hove.
- 4.36 The local economy is heavily reliant on the service sector and this has led to the rise of a thriving warehouse and trade counter market. Restrictive planning policies in the recent past prohibiting change of use from industrial to warehousing have often resulted in premium rents being achieved where the latter uses are available.
- 4.37 The last few years has seen a strong increase in demand for small freehold office buildings from owner occupiers, partly fuelled by a sustained period of low interest rates and changes in pension regulations to create such vehicles as Self Invested Personal Pensions.

Take Up

- 4.38 As can be seen from figure 4.5, take up peaked in 2002 at 17,465 sq.m (188,000 sq.ft), but fell away sharply to 7,897 sq.m (85,000 sq.ft) in 2004. However, whilst 2005 saw an increase in activity with take up rising to 11,148 sq.m (120,000 sq.ft) this was still below the average for the last 6 years. This compares poorly with Crawley where average annual take up over the same period was 15,793 sq.m (179,000 sq.ft), with take up in 2005 being around 25,626 sq.m (276,000 sq.ft).

Figure 4.5 Brighton & Hove Industrial Take-Up to 2005



Source: Cluttons Research

4.39 The total take up of industrial space in Brighton & Hove is generally made up of a large number of small deals and as can be seen from Figure 4.6 below, 2005 was typical of the last six years. 78% of the total number of industrial transactions taking place during 2005 involved accommodation of less than 465 sq.m (5,000 sq.ft). By contrast, more deals in the Crawley market involved larger buildings, with only 47% being for buildings of less than 465 sq.m (5,000 sq.ft).

4.40 Gross take-up data can again be compared with recent completions.

Table 4.3 B1c, B2 and B8 Completions, 2000-2006

	Gains	Losses	Net change
00-01	22,802	-7,333	15,469
01-02	7,131	-5,688	1,443
02-03	1,394	-1,760	-366
03-04	7,074	-5,912	1,162
04-05	7,648	-12,969	-5,321
05-06	1,252	-1,470	-218
Total	47,302	-35,133	12,169
per annum	7,884	-5,855	2,028

Source: Brighton and Hove City Council
N.B. Data for 05-06 is only for April - Feb.

4.41 During 2005, around 41% of take up in Brighton & Hove was of new or refurbished space, predominantly at Woodingdean Business Park and Freshfield Industrial Estate. However, the remaining two thirds of transactions involved older buildings.

Figure 4.6 Brighton & Hove Industrial Take-Up by Size, 2005

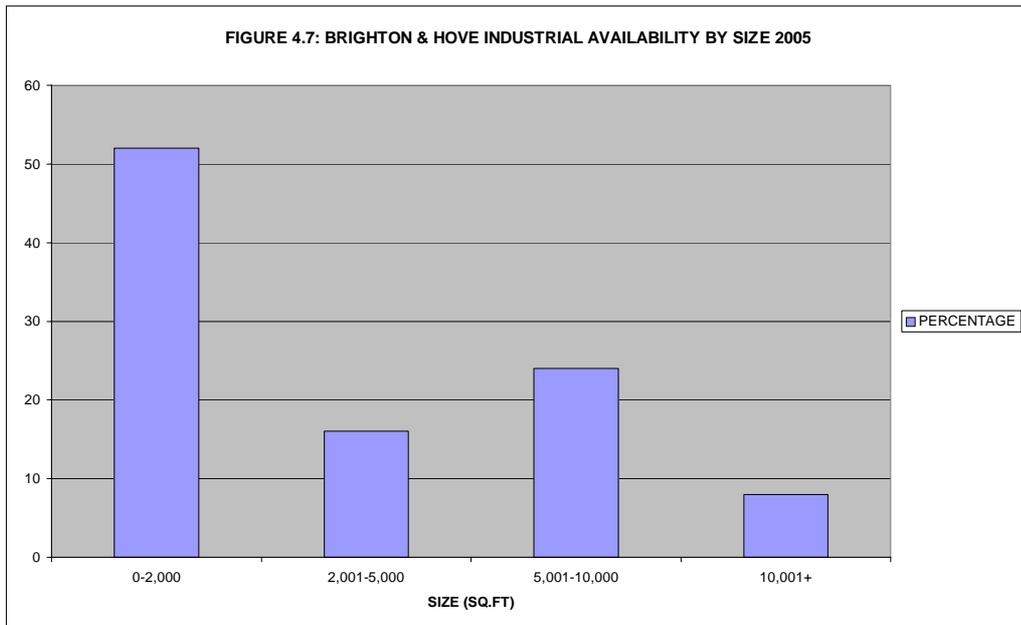
Source: Cluttons Research

4.42 Of the total number of industrial transactions during 2005, around 36% were for freehold sales. Of these 57% involved small buildings under 465 sq.m (5,000 sq.ft), but most were generally to owner occupiers.

Available Space

4.43 As at December 2005, there was approximately 15,050 sq.m (162,000 sq.ft) of industrial space on the market in Brighton & Hove, which equates to a vacancy rate of only 3.2%. This compares favourably with Crawley where availability stood at around 39,300 sq.m (423,000 sq.ft) or 4.8% at the same date.

Figure 4.7 Brighton & Hove Industrial Availability by Size, 2005



Source: Cluttons Research

4.44 However of this, the former Howden Wade premises (an older style multi-storey building with planning for self storage and serviced offices) accounted for 6,595 sq.m (71,000 sq.ft) and has recently been sold. The remainder is significantly less than one years take up at the average annual rate since 2000.

4.45 As can be seen from Figure 4.7, some 68% of the total number of available buildings are under 465 sq.m (5,000 sq.ft). Of the available space, only around 2,090 sq.m (22,500 sq.ft) is made up of modern or refurbished units.

4.46 There is currently only around 1,161 sq.m (12,500 sq.ft) of industrial space under construction at Phase 4, St Joseph's Place, Hove. The immediate development pipeline is similarly limited as is demonstrated by Table 4.2 below which details consented industrial sites.

Table 4.4 Immediate Development Pipeline

Address	Size	Developer
Victoria Trading Estate, Portslade	2,323 sq.m (25,000 sq.ft)	Threadneedle
Phase 2, Crowhurst Corner, Hollingbury	2,787 sq.m (30,000 sq.ft)	Linkwood
Phase 3, Woodingdean Business Park	4,645 sq.m (50,000 sq.ft)	St. Modwen

Source: Cluttons Research

- 4.47 There is significantly less than one years average annual take up since 2000 in the development pipeline. Of the above sites, Linkwood are believed to be at an advanced stage with detailed discussions to pre-let the whole of the remainder of the Crowhurst Corner site to a single occupier and St. Modwen are reportedly about to submit a planning application for 8 office buildings totalling about 3,250 sq.m (35,000 sq.ft) on part of the remaining land at their Woodingdean Business Park site.
- 4.48 It is likely therefore that there will be a shortage of supply of industrial accommodation in the near future.

Rental Values

- 4.49 Table 4.5 below shows best rental levels achieved for new/modern industrial units in competing centres across Sussex during 2005.

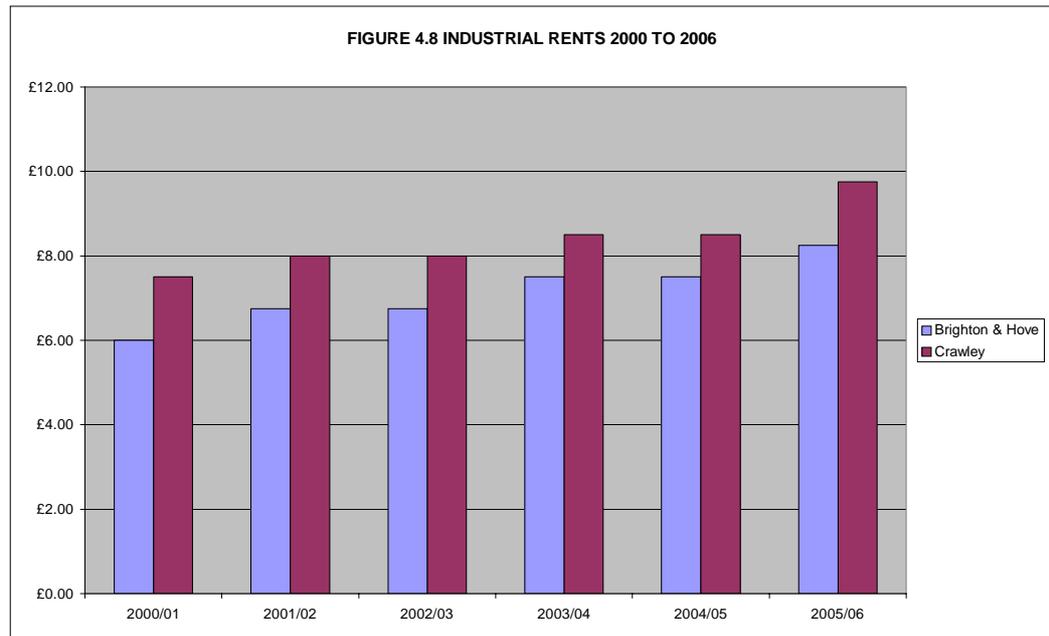
Table 4.5 Rental levels, 2005

Town	Rent (Per sq.ft)
Crawley	£9.75
Brighton	£8.25
Horsham	£7.50
Burgess Hill	£7.50
Worthing	£7.25
Haywards Heath	£7.00
Eastbourne	£6.75

Source: Cluttons Research

- 4.50 Industrial rental growth forecasts from IDP show that rents in the South East will grow by an average of around 1.6% per annum over the next four or five years. Figure 4.8 below shows comparative growth in prime industrial rents in Brighton & Hove and Crawley since 2000.

Figure 4.8 Industrial Rents, 2000 to 2006



Source: Cluttons Research

Industrial and Warehousing Conclusion

- 4.51 Traditional industrial and warehouse uses do not sit easily within mixed used developments and are generally low rise and hence relatively low site cover. The majority of the larger development sites in the city are earmarked for high density/high rise developments incorporating elements of residential use.
- 4.52 The low level of vacant industrial floorspace coupled with a limited short to medium term development pipeline indicate that there is likely to be a shortage of industrial accommodation in the near future.
- 4.53 The majority of the existing industrial estates offer few opportunities for wholesale redevelopment and therefore the situation is unlikely to improve in the foreseeable future.
- 4.54 There are few opportunities for existing larger manufacturing or warehouse occupiers to expand, or for companies to relocate to the area. It is likely therefore that unless further suitable sites are identified and allocated for traditional industrial and warehousing uses, then larger companies that are seeking to expand will move out of the city to competing areas such as Mid Sussex and Crawley resulting in a loss of jobs in the city. The latter is able to offer greater opportunities in the short to medium term due to the total amount of available stock and the larger sizes of such buildings.

Conclusions

- 4.55 There has been little speculative office development since 2000. When new Grade A space has become available, it has let relatively quickly at high rents. This would tend to indicate that there is a latent demand for more of this type of development in the city.
- 4.56 Period buildings and older purpose built offices across the city have been able to offer occupiers more choice in terms of smaller sized accommodation at a more competitive rental level.
- 4.57 Based on average take up rates since 2000, there is less than two years supply of offices available in Brighton & Hove, although much of this is relatively poor quality space. Continuing pressure from competing uses such as residential and leisure is

likely to eat away at the existing office stock in the future as older buildings no longer satisfy modern occupier requirements and become less viable for continued office use.

- 4.58 To provide choice for the market to operate it is important that sufficient suitable office development sites are allocated in the city centre, on main arterial routes and on the edge of town in the future, which are capable of satisfying all sectors of the market (corporate, creative industries & small businesses and owner occupiers). But such allocations will, of course, need to be deliberated in the context of other planning and land-use considerations.
- 4.59 The majority of the existing industrial estates offer few opportunities for wholesale redevelopment and therefore the situation is unlikely to improve in the foreseeable future. We explore this further in chapter 6.
- 4.60 There are few opportunities for existing larger manufacturing or warehouse occupiers to expand, or for companies to relocate to the area. It is likely therefore that unless further suitable sites are identified and allocated for traditional industrial and warehousing uses, then larger companies will move out of the city to competing areas such as Mid Sussex and Crawley resulting in a loss of jobs in the city. The latter is able to offer greater opportunities in the short to medium term due to the total amount of available stock and the larger sizes of such buildings.
- 4.61 Rental levels for both office and industrial space are not high enough to stimulate significant new commercial development. This again reflects on the relatively low value of economic activity in the city described in the previous chapter. The relatively low rents make Brighton a less attractive prospect for the development market than competing locations such as Crawley.

5 THE QUANTITY OF EMPLOYMENT LAND

Introduction

- 5.1 In this chapter, we forecast the *market* requirement for industrial/warehousing and office space, based on employment forecasts, and compare it with *planned supply* - comprising the land currently identified by the planning system for B class development (including redevelopment), together with any existing vacant space surplus to requirements. The analysis in this chapter focuses on the periods to 2016 and 2026.
- 5.2 The analysis in this chapter relates purely to the quantitative balance of demand and supply. Qualitative features will be considered in the next chapter.
- 5.3 The analysis is in three stages. First, we forecast the demand for employment land, based on employment forecasts. Second, we calculate planned supply and finally, we assess market balance - the relationship between forecast demand and planned supply.
- 5.4 It is important to note that our employment forecasts and hence our calculations on future demand, relate to net change. Net change in employment (the stock of jobs) is the difference between jobs lost and jobs gained. The corresponding net change in the floorspace stock is the difference between floorspace gained, mostly from new development, and floorspace lost, for example where industrial sites are cleared and redeveloped for housing and other uses. By their nature, windfalls are more difficult to forecast.

Demand

Forecasting Method

- 5.5 Having forecast jobs by sector in Brighton and Hove, the next step is to translate these jobs into demand for employment space. To this end:
- We first translate jobs by sector into jobs by type of space, using the sector-to-space mapping described in Appendix 1 and using sectors outlined in Appendix 2.
 - For each type of space, we then translate jobs into floorspace using assumed employment densities (sq m of built floorspace per head) to arrive at forecast market demand for floorspace.
 - To this market demand, we add a margin, or buffer, to produce a forecast *planning requirement* for employment land.
- 5.6 At the second step, we assume plot ratios of 40% (4,000 sq m per hectare) for all land uses and employment densities as follows:
- Offices: 18 sq m per worker;
 - Industrial and warehousing: 31 sq m per worker.
- 5.7 For offices and industry and warehousing, the densities are taken from a 1997 study by Roger Tym & Partners for SERPLAN²⁵. The government's recent Guidance Note on Employment Studies quotes these figures²⁶, noting that the RTP study 'remains one of

²⁵ Roger Tym & Partners for SERPLAN, The Use of Business Space: Employment Densities and Working Practices in South East England, 1997. Also cited in OffPAT Employment Densities Appraisal Note (September 2001) undertaken by Arup for English Partnerships

²⁶ Office of the Deputy prime Minister, Employment Land Reviews: Guidance Note, ODPM Publications, December 2004

the most comprehensive data sources for London and the South East'; there are no such studies for other regions.

- 5.8 With regard to offices, it is often asserted that employment densities are falling, due to changing working practices such as hot-desking, teleworking and homeworking, and increasing competitive pressure on corporate occupiers to use space cost-effectively. There is some evidence to support these views. Examples include IBM and BP, which are seeking ratios of 10-11 sq m per person. The Total Occupancy Cost Survey (March 2004)²⁷, suggests that the overall average for offices across the UK is now 14 sq m per person.
- 5.9 However, the view that office employment densities are rising overall - as opposed to rising in particular businesses or groups of businesses - is not supported by statistically reliable evidence so far. Indeed a recent study by DTZ Pineda for SEERA²⁸, also quoted in the ODPM Guidance, concludes that employment densities have not changed significantly from those in the SERPLAN study.
- 5.10 Certainly it is possible that the average office density will increase substantially in the future. But, on the evidence available to date, it would not be right to incorporate such an increase into our forecasts. Even if we wanted to create a contingent 'worst-case' scenario to explore the impact of a possible rise in densities, from the data currently available we would not know what size of increase we should test. Therefore, our calculations below are based on constant employment densities. We suggest later that demand forecasts should be reviewed at least every five years, and more often in case of economic shocks. If convincing evidence of changing densities emerges in future, it should of course be incorporated in these reviews.
- 5.11 At the third step, we add a safety margin to translate market demand into a planning requirement - the amount of land which the planning system should make available if demand is to be fully met in a smoothly functioning market. The main function of this margin is to allow for frictional vacancy - the land which at any one time is identified in planning terms for B Class development or redevelopment, but in practice is not yet capable of producing built floorspace because it is in the process of gaining permission or undergoing site preparation, or under construction. Logically, this 'sterilised' supply equals annual gross take-up (the amount of land developed in any one year) times the number of years required from allocation of a site to building completion on that site. In calculating the required margin, we use as a proxy for future gross take-up the average gross take-up in the complete years for which we have data²⁹, which was around 6,000 sq m per year for offices and around 9,200 sq m per year for industry and warehousing. We also assume that the average time required to achieve planning consent, site preparation and construction is two years. The resulting margins are 12,000 sq m for offices and 18,400 sq m for industry and warehousing.

The Forecast

- 5.12 We obtained two sets of forecasts from Brighton and Hove City Council. These were prepared by Experian Business Strategies for East Sussex County Council. One set is labeled 'constrained' and the other is labeled 'unconstrained'.
- 5.13 The unconstrained set was produced to incorporate the same assumptions used in the South East Plan. These are effectively Experian's 'best guess' at what the future will be. The sub-regional forecasts sit within a wider framework of forecasts for the region, and ultimately the country. They take account of commuting flows, regional strengths, etc.

²⁷ Actium Consult, Total Occupancy Cost Survey, March 2004

²⁸ DTZ Pineda for SEERA, Use of Business Space and Changing Working Practices in the South East, May 2004.

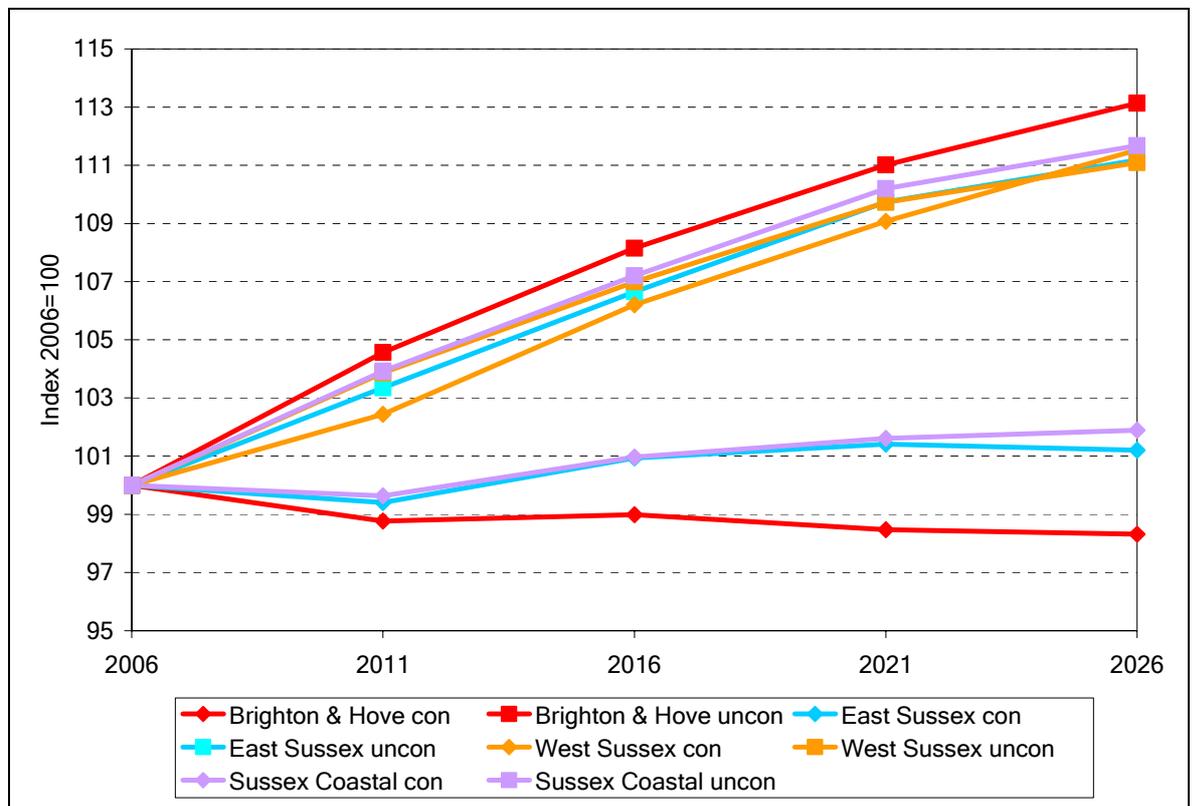
²⁹ This is the years 2000-01 - 2004-05. We have not included the data for 2005/06 here as the data we have is only for 10 months of the year.

- 5.14 As these forecasts were prepared in Autumn 2005 i.e. after the ones used in the South East Plan, the figures differ slightly as more up-to-date information, such as newer Annual Business Inquiry figures, would have been included.
- 5.15 In the 'constrained' forecasts, a different population growth is fed into the forecasts. This population growth was calculated to fit with the housing figures from the South East Plan that East Sussex, West Sussex and Brighton and Hove were consulting on at the time. In these forecasts, the model was run in isolation from the rest of the South East³⁰. Thus the model does not fully reflect the relative balance of jobs and workers between districts³¹.
- 5.16 These two forecast scenarios do not, of course, represent the only possible outcomes, but they do help illustrate different employment land demand implications.

Total Employment (B Space and Others)

- 5.17 The table below shows total forecast employment net change for the different scenarios. As comparators, we have included figures for East and West Sussex and the Sussex Coastal sub-region.

Figure 5.1 Total Forecast Employment Index



Source: Experian, RTP

- 5.18 This chart shows that within the Sussex Coastal sub-region, for the constrained forecasts, both East Sussex and West Sussex are forecast to grow more strongly than Brighton and Hove. However, within the unconstrained forecasts, Brighton is allocated a strong proportion of the growth, growing faster than the sub-region as a whole and both East and West Sussex.

³⁰ See para 3.56

³¹ This balance will be affected by activity rates, unemployment rates and the levels of net-commuting.

Draft South East Plan Forecasts

- 5.19 We outline in the table below the forecasts shown in the Draft South East Plan compared to those for the constrained and unconstrained versions we obtained from East Sussex County Council. We have had to show the Sussex Coastal region as the Draft South East Plan does not have figures for geographical areas below sub-regional level.
- 5.20 Scenarios 3 and 4 are those outlined in the Draft South East Plan³². Scenario 3 is slightly lower than Scenario 4, with 14.8% growth over the 25 years compared to 15.9%. The unconstrained forecasts appear to be in between those two scenarios, with 15.3% growth. The constrained scenario is much lower, with just 3.3% growth over the 25 years.

Table 5.1 Forecasts for Sussex Coastal Sub-Region in the South East Plan and Updated

	2001	2026	Change	% change	Change p/a
Scenario 3	443,873	509,772	65,899	14.8%	0.6%
Scenario 4	443,873	514,313	70,440	15.9%	0.6%
Constrained	450,187	464,882	14,695	3.3%	0.1%
Unconstrained	450,546	519,470	68,925	15.3%	0.6%

Source: Experian Business Strategies

Business Space Sectors

- 5.21 We have 'tested' the sectors we use to approximate business space jobs by comparing the number of jobs in the sectors we define as equating to business space, against a much broader definitions of industrial, warehousing and office jobs³³. We then calculate the implied employment density (sq m of floorspace per job) for the different sectors. RTP sectors job densities work out to be closer to the 'usual' job densities as given in SERPLAN than the broad sectors so we are confident these sectors give a good estimation of business floorspace.

Table 5.2 Jobs in Business Space, 2006

	Broad sectors jobs	RTP sectors jobs	Stock sq m	Broad sectors job density	RTP sectors job density
Industrial	5,143	7,108	218,000	42	31
Warehousing	5,791	5,780	249,000	43	43
Offices	37,251	32,577	487,000	13	15

Source: Experian, ODPM Floorspace Statistics (2005), RTP

*The Demand for Business Space**Constrained Forecasts*

- 5.22 Using the constrained forecasts, between 2006 and 2016, jobs are forecast to decrease by 1,400, or 1%, in Brighton and Hove. Between 2006 and 2026, jobs are forecast to decrease by 2,300, or 2%. Within this total:
- Industrial jobs are forecast to decline by 1,400 (06-16) or 2,000 (06-26);
 - Warehousing jobs are forecast to decline by 800 (06-16) or 1,600 (06-26); and

³² These scenarios based on short-term and long-term migration trends are set out in Technical Note 1 for the Consultation Draft of the South East Plan (SEERA)

³³ Industrial sectors comprise Manufacturing. Office sectors comprise Banking and Insurance, Business Services and Other Financial and Business Services. Warehousing sectors comprise Wholesale.

- Office jobs are forecast to increase by 800 jobs (06-16) or decline by 500 jobs (06-26).
- 5.23 The resulting employment space requirements, calculated as explained earlier, are set at Table 5.3 below. The table shows:
- Net required floorspace (demand), in square metres; and
 - The margin, which is 2 years' worth of gross take-up, based on past take-up.

Table 5.3 Floorspace Requirements, square metres

	Demand 06-16	Demand 06-26	Margin	Total requirement 06-16	Total requirement 06-26
Ind/whsg	-68,800	-109,900	18,400	-50,400	-91,500
Offices	14,200	-9,400	12,000	26,200	2,600
Total	-54,600	-119,300	30,400	-24,200	-88,900

Source: Experian, RTP

NB. Numbers are rounded to nearest 100.

Unconstrained Forecasts

- 5.24 Using the unconstrained forecasts, between 2006 and 2016, jobs are forecast to increase by 11,300, or 8%. Between 2006 and 2026, jobs are forecast to increase by 18,100, or 13%. Within this total,
- Industrial jobs are forecast to decline by 1,000 jobs (06-16) or 1,100 (06-26);
 - Warehousing jobs are forecast to increase by 200 (in both 06-16 and 06-26); and
 - Office jobs are forecast to increase by 3,500 (06-16) or 4,700 (06-26).

Table 5.4 Floorspace Requirements, square metres

	Demand 06-16	Demand 06-26	Margin	Total requirement 06-16	Total requirement 06-26
Ind/whsg	-24,700	-27,700	18,400	-6,300	-9,300
Offices	63,200	84,100	12,000	75,200	96,100
Total	38,500	56,400	30,400	68,900	86,800

Source: Experian, RTP

NB. Numbers are rounded to nearest 100.

Supply

- 5.25 Planned supply is the land identified by the planning system to accommodate change in employment space. Planned supply comprises:
- i) Outstanding net planning commitments (planning allocations and permissions) at 2006; and
 - ii) Current surplus floorspace.
- 5.26 Both of these components can be positive or negative, indicating an increase or a fall in the occupied floorspace stock.

(i) Outstanding net planning commitments

- 5.27 The table below shows outstanding net planning commitments for offices (B1a&b) in Brighton and Hove. This shows only the largest sites (gross gains and losses of more than 1,000 sq m). The 'other total' is the amalgamated total for a large number of very small sites.

Table 5.5 Outstanding Planning Commitments, 2006, B1a&b

Site	Gains	Losses	Net
137-147 Preston Road	16,690		16,690
Woolards Field, Lewes Road	5,000		5,000
Exion 27, Hollingbury Business Estate	2,666	-667	1,999
16 Bloomsbury Street	2,344		2,344
56 Newtown Road, Hove	2,074		2,074
259 Goldstone Crescent, Hove	1,963		1,963
Wellington Road, Portslade	1,400		1,400
Kemp Town Tec	1,150		1,150
Regent Arcade		-2,500	-2,500
137-139 Preston Road		-2,003	-2,003
Total other	9,281	-3,199	6,082
Total	42,568	-8,369	34,199

Source: Brighton and Hove City Council, RTP

- 5.28 The table below shows the largest gross gains and losses in B1c, B2 and B8. Again, we have amalgamated the 'total other' for sites with floorspace less than 1,000 sq m.

Table 5.6 Outstanding Planning Commitments, 2006, B1c,B2&B8

Site	Gains	Losses	Net
Falmer Road	2,517		2,517
Unit 1, Victoria Road Trading Estate	2,202		2,202
Freshfield Industrial Estate	1,610		1,610
Circus Street		-4,340	-4,340
Newtown Road		-2,074	-2,074
Total other	7,067	-6,667	400
Total	13,396	-13,081	315

Source: Brighton & Hove City Council, RTP

Note: Falmer Road (also called 'Phase 3, Woodingdean Business Park) may include some office floorspace. However, this has not been permitted so we have not included this in our figures.

(ii) Vacancies

- 5.29 Vacancy data is an input into supply. A certain level of vacant floorspace is required for the market to function efficiently, which is commonly held to be around 7.5% of the stock (source - King Sturge, *Industrial and Warehousing Land Demand in London, 2004*, which states a vacancy rate is normally between 5% and 10%). The actual level of vacant floorspace may be higher or lower than this.
- 5.30 At any point, there should be this 'natural' level of floorspace built and ready to occupy. This means there is a 'normal' allowance for choice in the market.
- A higher level than the natural rate means that there is surplus capacity and the difference between the natural level of vacancy and the actual level of vacancy can be added to the supply.
 - A lower level than the natural rate means that the market is tight and there is a shortage of capacity. The difference between the natural and actual levels needs to be subtracted from the stock as there is a requirement for more floorspace.
- 5.31 The vacancy data used was estimated by Cluttons. For offices, the floorspace vacancy is 27,800 sq m. The natural level of vacancy would be 36,500 sq m³⁴. The actual vacancy is therefore slightly lower than the natural level.

³⁴ This is 7.5% of the ODPM floorspace stock figure (2005) of 487,000 sq m.

- 5.32 For industrial and warehousing, the floorspace vacancy is 15,050 sq m. The natural level would be 35,000 sq m³⁵. The actual vacancy is therefore quite a lot lower than the natural level, suggesting the market is tight.

Table 5.7 Vacancies, 2005, sq m

	Offices	Factories & Whsg
Vacancy (sq m)	27,871	15,050
Current stock	487,000	467,000
Vacancy level	5.7%	3.2%
Surplus vacancy	-8,654	-19,975

Source: Cluttons, ODPM floorspace statistics, RTP

Supply of Employment Land

- 5.33 Table 5.8 below shows the planned supply for offices (including R&D) at 2005.
- 5.34 As noted above, there is tight supply of both offices and industrial/warehousing floorspace, as shown by the lack of surplus vacancies.
- 5.35 Outstanding commitments for B1a and b are mainly for gross gains. The outstanding commitments for B1c, B2 and B8 are quite balanced between gains and losses. Because there is such a high negative vacancy, the overall supply position is of net losses.

Table 5.8 Supply of Employment Land, 2005, sq m

	Gains	Losses	Net
B1a&b			
Vacancy surplus/shortage			-8,654
Outstanding commitments	42,568	-8,369	34,199
TOTAL SUPPLY			25,545
B1c,B2&B8			
Vacancy surplus/shortage			-19,662
Outstanding commitments	13,395	-13,082	313
TOTAL SUPPLY			-19,349

Source: Brighton & Hove City Council, Cluttons, RTP

Market Balance

Constrained Forecasts

- 5.36 Table 5.9 below shows the balance of supply against demand. To show the scale of change, all figures are expressed as a percentage of the City's estimated stocks of employment space as well in absolute terms. These stock figures are taken from ODPM floorspace statistics.
- 5.37 In interpreting the demand-supply balance, it is important to bear in mind that our forecast demand and requirement relate to net change - jobs gained less jobs lost - whereas the supply figures generally show future gross gains only, which does not take into account any employment land that may be lost to other uses in future. To estimate gross land requirements - the total floorspace that should be provided for development if market demand is to be met - we need to add to the net requirement a replacement for any floorspace that is lost.

³⁵ This is 7.5% of the ODPM floorspace stock figure (2005) of 467,000 sq m.

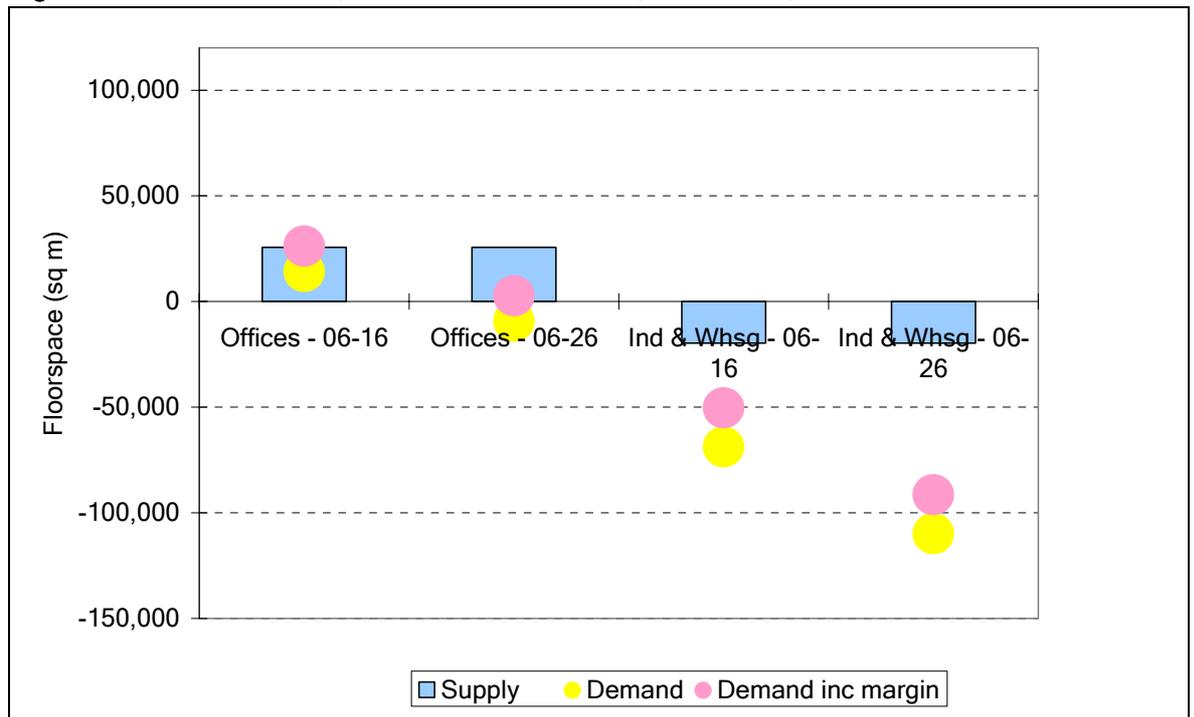
Table 5.9 Market Balance, 2006-2016, 2006-2026, Constrained Forecasts

2006-2016	Offices	% of stock	Ind & whsg	% of stock
Floorspace stock	487,000		467,000	
Forecast demand	14,200	3%	-68,800	-15%
Margin	12,000	2%	18,400	4%
Demand + margin	26,200	5%	-50,400	-11%
Total supply	25,500	5%	-19,700	-4%
Over (under) supply	-700	0%	30,700	7%
2006-2026				
Floorspace stock	487,000		467,000	
Forecast demand	-9,400	-2%	-109,900	-24%
Margin	12,000	2%	18,400	4%
Demand + margin	2,700	1%	-91,500	-20%
Total supply	25,500	5%	-19,700	-4%
Over (under) supply	22,800	5%	71,800	15%

Source: RTP, ODPM Floorspace Statistics, Brighton & Hove City Council

5.38 The chart below shows supply as the blue bar. The level of demand is shown by the yellow circle. Adding the margin to the demand gives a value depicted by the pink circle. The amount of over-supply is shown by the difference between the higher demand and lower supply. (Under-supply would be depicted by the circle being higher than the bar).

Figure 5.2 Market Balance, Constrained Forecasts, 2006-2016, 2006-2026



Source: RTP

Offices

5.39 For offices, planned floorspace supply is about 25,500 sq m, which is 5% of the City's existing stock of offices. Up to 2016, the supply and demand are roughly in balance. This is because the demand is for roughly around 14,200 sq m plus there needs to be a margin of around 12,000 sq m. As demand for offices is lower up to 2026, there is an over-supply of office floorspace - around 22,800 sq m over supply, which is 5% of stock.

Industrial and Warehousing

5.40 In the industrial and warehousing sector, supply is a net loss of 19,700 sq m. The forecast demand up to 2016 is a loss of 68,800 sq m, but a requirement for a margin of around 18,400 sq m. This means that there is over-supply of around 30,700 sq m - 7% of total stock. Up to 2026, the forecast requirement is for a loss of 109,900 sq m, which gives an even larger over-supply - of 71,700 sq m, or 15% of the stock.

Unconstrained Forecasts

5.41 Table 5.10 below shows the market balance for the unconstrained forecasts.

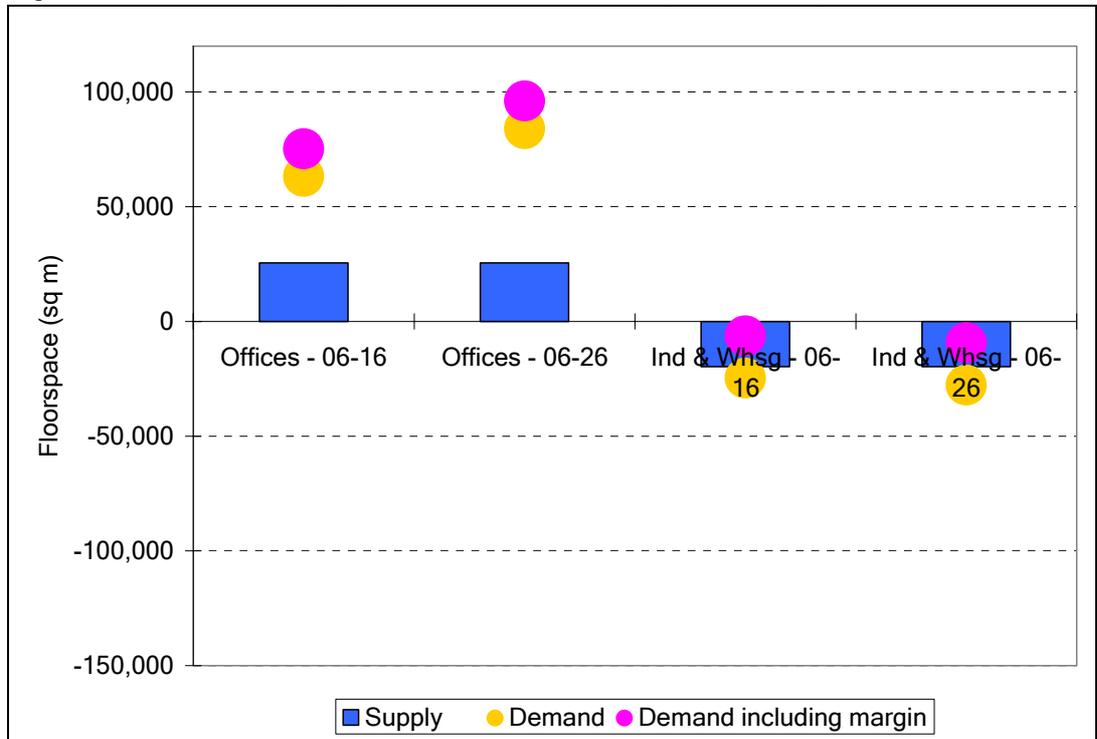
Table 5.10 Market Balance, 2006-2016, 2006-2026, Unconstrained Forecasts

2006-2016	Offices	% of stock	Ind & whsg	% of stock
Floorspace stock	487,000		467,000	
Forecast demand	63,200	13%	-24,700	-5%
Margin	12,000	2%	18,400	4%
Demand + margin	75,300	15%	-6,300	-1%
Total supply	25,500	5%	-19,700	-4%
Over (under) supply	-49,800	-10%	-13,400	-3%
2006-2026				
Floorspace stock	487,000		467,000	
Forecast demand	84,100	17%	-27,700	-6%
Margin	12,000	2%	18,400	4%
Demand + margin	96,100	20%	-9,300	-2%
Total supply	25,500	5%	-19,700	-4%
Over (under) supply	-70,600	-14%	-10,400	-2%

Source: RTP

5.42 The chart below shows market balance.

Figure 5.3 Market Balance, Unconstrained Forecasts, 2006-2016, 2006-2026



Source: RTP

Offices

- 5.43 The market balance shows an under-supply for offices - of roughly 49,700 sq m up to 2016, or 70,600 up to 2026.

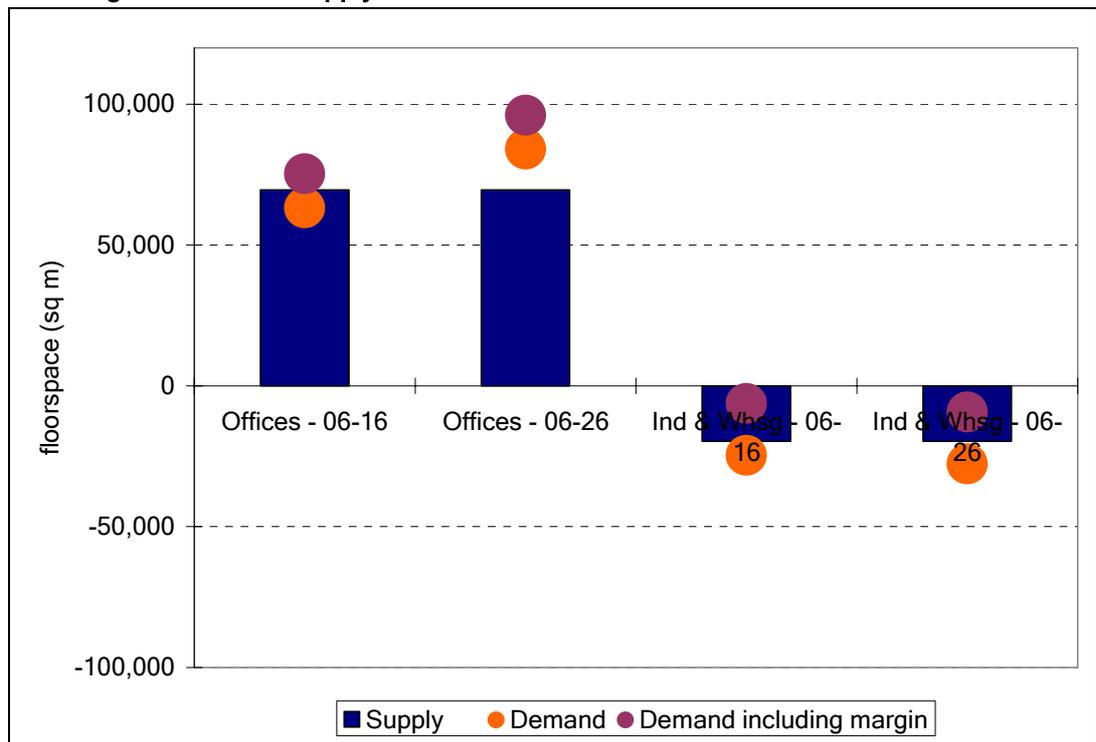
Industrial and Warehousing

- 5.44 In the industrial and warehousing sector, the balance up to 2016 shows an under-supply of around 13,400 sq m. This under-supply is around 10,400 up to 2026.

Including the Major Development Areas

- 5.45 We have not included any estimation for the major development areas that might be developed over the next few years. Firstly, it is unclear whether these sites will be developed and with what floorspace.
- 5.46 At time of preparing this study, the major developments we are aware of include:
- The **Brighton Station development**, which will include 3,519 sq m of B1 development;
 - **Brighton marina**, which was recently refused planning permission, did include 504 sq m for B1 office floorspace. We understand another application may be submitted.
 - A development brief for **Preston Barracks** which includes a mixed use scheme, including up to around 18,600 sq m of office floorspace;
 - **Patcham Court Farm**, which could accommodate around 6,500 sq m of offices. This has not yet had an application submitted; and
 - A development brief for **Circus Street, Brighton** for a mixed use scheme, including up to 14,900 sq m of offices. A SPD has now been published for this site.
- 5.47 In total, there may therefore be an additional 44,000 sq m of office floorspace in Brighton and Hove over the next few years. We cannot include this in the planned supply, as it currently is not planned. We show below an estimated supply which includes these sites as a demonstration, not an indication that we believe these sites will, or should be given permission.
- 5.48 A further possible site is Edward Street. Again an SPD has been prepared for this site. The vision for the Edward Street Quarter is: *'That the Edward Street site is developed to become an open, vibrant, quarter based on a flexible 'campus-style' format which maximises its employment potential and acts as a model for urban design and sustainability.'* One illustrative option presented shows up to 22,000 sq m of additional employment space, though other options have a stronger residential focus. At present it is not clear what might come forward on this site and we have excluded it from the calculations below. The site should be monitored for future revisions.
- 5.49 All the estimates of floorspace balance relate to stock. The calculation of floorspace needed is of net change in stock. Within this net change it is therefore important to monitor gross losses as well as any gross net additions that might emerge from the MDAs set out above.

Figure 5.4 Market Balance, Unconstrained Forecasts, 2006-2016, 2006-2026, Including MDAs in the Supply



Source: RTP

5.50 In this balance, there is still a small office supply shortfall of around 6,000 sq m (including the margin) for the period 2006-2016 and an even greater shortfall of 26,600 sq m (including the margin) for the period 2006-2026.

Comparing the Forecast Requirement to Past Take-Up

5.51 Projecting this past take-up forwards is another proxy for estimating floorspace requirements. For offices, projecting forwards the past take-up results in a net requirement for 38,450 sq m 2006-16 for offices, or 57,675 sq for 2006-26. The currently supply of 25,500 sq m would be insufficient, lasting only 6 years. If the MDAs are included, the supply would last around 18 years on this proxy.

5.52 For industrial and warehousing land, projecting forward the past take-up results in a requirement for 20,280 sq m between 2006 and 2016, or 30,420 sq m between 2006 and 2026. The current negative supply would obviously be insufficient.

Method

5.53 Using this method of projecting forward past take-up, however, is unsatisfactory. It takes no account of the structural and productivity changes that can be modeled in econometric forecasts. For example, if past industrial take-up was high, it might now be decreasing. Equally, office employment may have increased in the past, but currently be at a peak and unlikely to continue. There may also have been large developments that would skew future demand if included in the take-up figures.

5.54 Using forecasts to proxy demand for floorspace is a preferable method, however, it is useful to make this comparison to see whether the forecasts are particularly different to the past.

Table 5.11 Comparison of past completions and forecast demand, sq m p.a.

	Offices	Ind/Whsg
Past Completions	3,845	2,028
Constrained forecasts 06-16	1,418	-6,878
Constrained forecasts 06-26	-467	-5,493
Unconstrained forecasts 06-16	6,323	-2,466
Unconstrained forecasts 06-26	4,204	-1,385

Source: RTP, Brighton and Hove City Council

- 5.55 The industrial and warehousing forecasts therefore show a change in direction to past net take-up, showing net decline, rather than positive net take-up. The constrained office forecasts show lower forecast requirements, whilst the unconstrained show higher take-up, with net forecast requirement of around 6,300 sq m per annum and 4,200 sq m per annum compared to 3,800 sq m in the past.

Conclusions

- 5.56 Using the higher forecast scenario that better reflects Brighton & Hove's regional economic role, then the city has a sufficient quantity of employment land to meet its needs in the plan period to 2016. The projections suggest there is a small shortfall of some 6,000 sq m if a margin is added to allow market choice, though this could probably be accommodated through greater intensification. But the city only has sufficient employment land if development is delivered on all the allocated MDAs including Patcham Court Farm and Preston Barracks. If employment space is not delivered on these sites, and it is no means certain that it will, then alternative sites will have to be found or the city is likely to have its economic potential constrained.
- 5.57 Neither can the city afford a net loss of employment floorspace from its existing employment sites in aggregate.
- 5.58 Looking beyond the current plan for the period 2006-2026, the Brighton & Hove will need to find additional employment sites capable of generating an additional 26,000 sq m of office floorspace.
- 5.59 Industrial and warehousing employment land is roughly in balance for both the period to 2016 and beyond to 2026.
- 5.60 If Brighton & Hove's growth was to follow the lower constrained scenario then the city has sufficient employment land even without the MDA allocations. Indeed the city would have an excess of industrial and warehousing land that would then be available for allocation to other uses.
- 5.61 This section has only considered the demand and supply of land in quantitative terms. In the next section we assess the existing employment sites in qualitative terms.

6 THE QUALITY OF EMPLOYMENT LAND

Introduction

- 6.1 In this chapter, we assess how far Brighton & Hove City's, employment land supply matches the market requirements of business occupiers. The assessment deals both with existing, occupied, employment areas and with development sites allocated for employment.
- 6.2 The purpose of the analysis is to help the City Council to decide:
- Which areas and sites should be retained for employment uses;
 - Of these employment sites, which need infrastructure or other improvements to fulfil this function successfully; and
 - Which might be considered for release to other uses?
- 6.3 It is not the aim of the exercise to comment on the quality of the built stock, but rather to provide an overview on the commercial quality of employment areas as a whole. Nevertheless, in certain circumstances, it will be necessary to comment on particular elements of the stock, for example where age or condition provides an indication as to the ripeness of all or part of the area for redevelopment.
- 6.3 As recommended in the Government's guidance on Employment Land Study's (2004), we have assessed areas on the basis of the following criteria:
- Strategic accessibility - this criterion takes account of the proximity of a site to the strategic highway network, and good quality A roads, which is an important locational factor both for industrial and office occupiers.
 - Local accessibility - this criterion considers the quality of the area/site in terms of its local access characteristics, for example, whether it is located on unclassified roads, or constrained by congestion or other physical factors.
 - General location - here we consider the location of the area from a sustainability perspective, assessing its location relative to a major urban centre. For example, whether it is in an edge of centre or out of town location, its accessibility by a choice of means of transport and the proximity of facilities that would be of benefit for existing or future occupiers.
 - External environment - this criterion takes account of the nature and extent of the area's neighbouring uses and in particular, considers the likely risk of conflict arising from existing or potential future employment uses of the area.
 - Internal environment - this criterion takes account of the shape, topography, prominence and internal layout of the employment area. It also considers whether there are potential areas of risk that are likely to influence the costs of future development, such as contamination, environmental or conservation issues (eg, listed status, floodplain, area of landscape value, etc).
 - Current vacancy - this criterion looks at the level of vacancy within the area, in terms of either vacant floor space or land that is disused or derelict.
- 6.4 We assessed each area on the basis of a visual inspection together with desk research, Cluttons' local market knowledge, as commercial agents active within the city, and conversations with local agents. The valuable role of agents using their market knowledge and judgement in assessing the market attractiveness and quality of individual sites is highlighted in the Employment Land Guidance.
- 6.5 Based on the assessments, and individual factors, we have identified the best employment sites, as well as those which are less fit for purpose. But we cannot make definite recommendations on which sites, if any, should be released from employment

use because these decisions will depend on city wide and local planning considerations, and the overall quantitative balance of requirement and supply, not just the quality of individual sites.

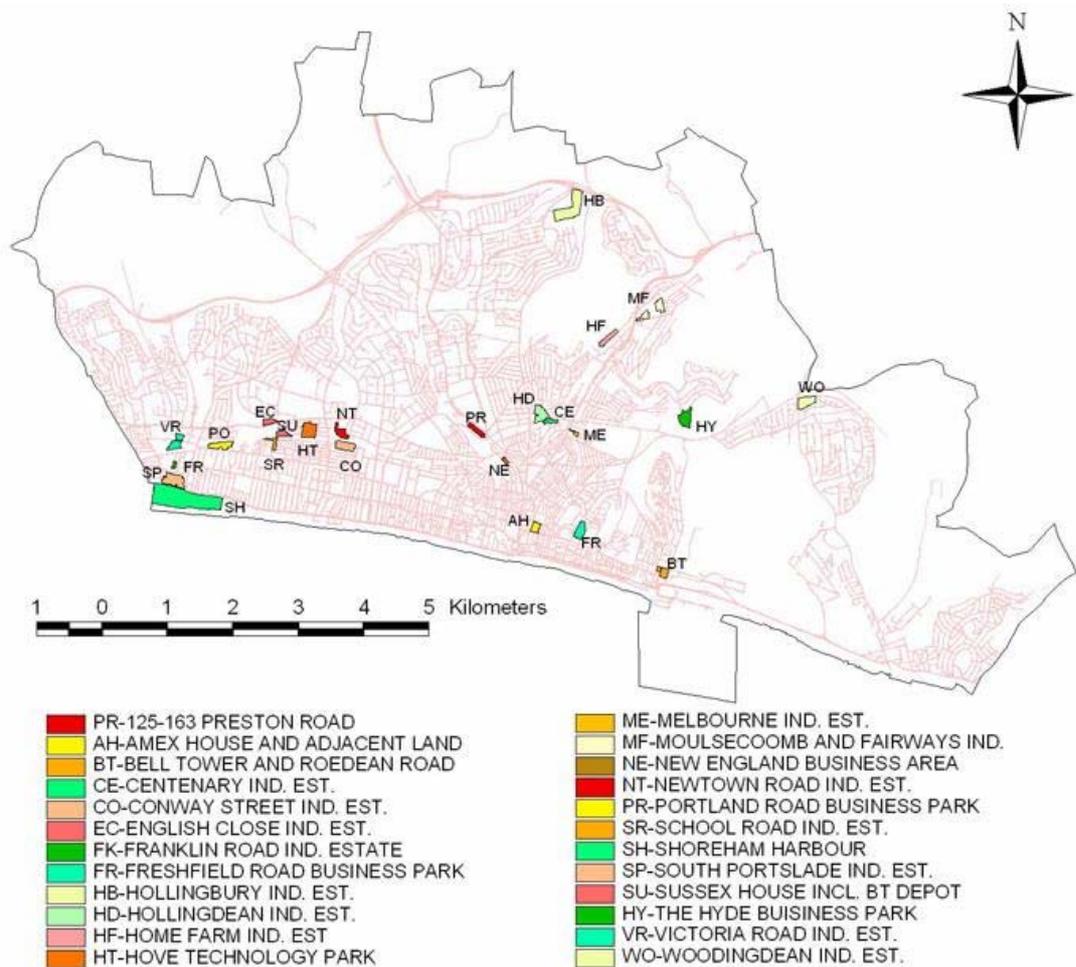
6.6 Many of the employment sites are found within the central urban area, and are in many ways are less than ideal for employment use. However, given the physical constraints of the Channel, and the South Downs, the City is not blessed with a plethora of ideal sites, and those that exist should be retained wherever possible, subject to meeting property market requirements.

6.7 Full details on each site are given in Appendix 6.

Summary of the Sites Audit

6.8 The sites are show on the map below. It is clear from this that the sites are quite dispersed across the City.

Figure 6.1 Map of Employment Areas, Brighton & Hove



6.9 In total, the sites database assessed there to be 547,000 sq m of floorspace on the EM1 and EM2 sites. Brighton has the most sites, and the rest are split between Hove and Portslade.

Table 6.1 Total Floorspace on Sites Assessed

	sq m	%
Total floorspace	547,301	100%
Brighton	310,617	57%
Hove	105,668	19%
Portslade	126,411	23%
Woodingdean	4,605	1%

Source: Sites Database

- 6.10 The database shows assessments of the floorspace of buildings which were assessed to fall into the various categories. Over 60% were 'good', 'new' or 'refurbished'. Over 30% were assessed to be 'poor' or 'very poor'.

Table 6.2 Quality of Building on Sites Assessed

	sq m	%
Good	288,656	53%
New	31,129	6%
Poor	151,041	28%
Refurbished	23,841	4%
Very Poor	25,921	5%
N/a	26,713	5%

Source: Sites Database

- 6.11 Around a quarter of the buildings are 6-15 years. Only a small amount of the total floorspace stock has been built in the past five years.

Table 6.3 Age of Buildings

	sq m	%
1-5 years	34,130	6%
6-15 years	133,290	24%
16-30 years	142,231	26%
31-60 years	152,550	28%
60+ years	58,387	11%
n/a	26,713	5%

Source: Sites Database

Site Assessments

Amex House and Adjacent Buildings/Land

- **Size:** 1.72 hectares (4.25 acres). 43,000 sq metres (163,000 sq feet) of predominantly office accommodation in six buildings.
 - **Key occupiers include:** American Express, Job Centre Plus.
 - **Owner :** Brighton & Hove City Council and American Express
- 6.12 This site is found to the east of the city centre in an area classified as a secondary office location, although there are a number of government buildings close-by, including Brighton County Court and Brighton Police Station. Whilst the site is found on a major arterial road, the city centre road infrastructure is not particularly good. Brighton main-line station is within easy walking distance, and numerous bus services pass along Edward Street and Grand Parade.
- 6.13 Surrounding uses are mainly residential, comprising period terrace properties and purpose-built council housing blocks.

- 6.14 The buildings are mainly occupied by Amex under a long lease. In the event that the building were to be vacated, it would prove difficult to let, due to its size, location and specification.
- 6.15 A Supplementary Planning Document has recently been adopted in respect of this site. This promotes its redevelopment as a mixed use campus style scheme which could provide up to 58,000 sq m of offices (an uplift on the present level of 22,000 sq. m) along with housing and restaurants and cafe's. Amex are the dominant occupier on the site, and are considering the opportunities which this site could provide for an expansion of their presence in the City.

Bell Tower and Roedean Road

- **Size:** 1.88 hectares (4.65 acres). 2,412 sq metres (36,000 sq feet) of small industrial units let to a variety of tenants ranging from car repairs to small business units.
 - **Key occupiers include:** A variety of small local business.
 - **Owner :** British Gas and others
- 6.16 This site falls into two distinct parts. Firstly, the Bell Tower Industrial Estate comprising eleven small industrial units set around a common access and forecourt area. Secondly, the former British Gas site which includes a number of small vacant units as well as a motor repair shop.
- 6.17 This estate is found in close proximity to the seafront, to the east of the city centre. Whilst it is close to arterial roads leading out of the city to the A27, the local network is suitable only for local occupiers. The surrounding area is large residential in nature, with Kemp Town to the east. Brighton Marina lies immediately to the south, and contains a mix of leisure and retail uses, along with modern purpose-built flats. Further development is planned for the Marina, to include the possibility of a further 1,000 residential units. Immediately adjacent to the Marina, the Black Rock development site is to provide an international-level ice rink with ancillary development, and these schemes will greatly assist the regeneration of East Brighton.
- 6.18 The Bell Tower Estate provides offers good modern, small industrial and business units which are eminently suitable for local businesses. Accordingly, the units serve local needs well, and this part of the site is not appropriate for redevelopment in the short or medium term.
- 6.19 The other part of the site, comprising the major section, is the former gas works. This represents a significant development opportunity, particularly having regard to the close proximity of Brighton Marina and Black Rock. However, the financial viability of an *alternative use* scheme is questionable, given the possibility of significant contamination. Thus, whilst the site could also be suitable for residential development, it retains potential and subject to the level of contamination, may be economically viable as employment land, for the development of light industrial units for small and start up businesses on the basis of freehold or long leasehold sales.

Centenary Industrial Estate

- **Size:** 1.14 hectares (2.8 acres.) 9,157 sq. m, (98,500 sq. ft).
 - **Key occupiers include:** A variety of local businesses.
 - **Owner:** Mixed ownership.
- 6.20 The Centenary Industrial Estate is found to the north of the city centre in a mainly residential area. It is a short distance from the A270 Lewes Road, which leads directly to the A27 northern by-pass. Local access to the estate is adequate, and local public transport and general amenities are reasonable along the Lewes Road.

- 6.21 The estate comprises a small industrial development of about 15 years in age, with units ranging in size from 3,000 feet up to about 10,000 feet. It has been sold off on a piece-meal basis, and thus contains a mix of owner occupiers and tenants. It is currently full and appeals to small to medium size local businesses.
- 6.22 As a relatively modern estate, with no vacancies, the site is fully used and no redevelopment or change of use could be considered appropriate in the short or medium terms.

Conway Street Industrial Area

- **Size:** 3.44 Hectares (8.5 acres) 18,700 sq metres (200,000 sq feet) of buildings incorporating office and industrial space.
 - **Key occupiers include :** Brighton and Hove Bus Company, Rentokil.
 - **Owner:** Mixed ownership, including Brighton & Hove City Council.
- 6.23 The Conway Street industrial area is found in the centre of Hove, to the south of the A270 Old Shoreham Road, originally the main east-west road traffic route. With the exception of the Agora, a brand new refurbishment providing new offices, the properties are generally secondary, if not tertiary in nature. The immediate locality includes a fair amount of housing.
- 6.24 Access is adequate for public and private transport, and Hove Station is within a short walk.
- 6.25 The site is bisected by Conway Street. The northern half of the site is mostly occupied by Brighton & Hove Bus Company a Bus Depot. The southern half includes Industrial House, a dated 3-storey industrial building let to a multitude of local companies, along with the Agora.
- 6.26 The buildings offer economical accommodation for local companies. However, a number of the buildings are nearing the end of their functional lives, and the site, as a whole offers scope for employment space redevelopment.
- 6.27 Industrial or workshop redevelopment and possibly two storey business units could be considered appropriate for the area. These could prove to be economically viable for local businesses.

English Close Industrial Area, Old Shoreham Road

- **Size:** 1.57 Hectares (3.88 acres) 11,500 sq metres (124,000 sq feet) of office and industrial floor space.
 - **Key occupiers include :** Mix of local businesses
 - **Owner :** Mixed ownerships
- 6.28 English Close is found fronting onto the northern side of Old Shoreham Road, and thus has a reasonably good road infrastructure, fast access to the A27 via the A293. Residential estates lie immediately to the north.
- 6.29 The western part of the estate has recently been redeveloped to provide three terraces of 3 storey business units, which have been either sold or let. The remainder of the site comprises a mix of trade counter operations and industrial units dating from the 1970's. These are all currently perfectly adequate for their uses, and wholesale redevelopment, or a change of use, would not be considered appropriate in the short or medium terms.

Franklin Road Industrial Area

- **Size :** 0.56 Hectares (1.40 acres) 5,700 sq. metres (61,000 sq. ft)
 - **Key occupiers include :** Infinity Foods Co-operative
 - **Owner :** Not known
- 6.30 Franklin Road is found in Portslade, in a residential area to the north of the South Portslade Industrial area, and south of the Victoria Road Industrial Estate. Whilst access to the Old Shoreham Road, and A293 to the A27 is via Boundary Road, the surrounding streets are not suitable for commercial traffic, due to their residential nature, and traffic calming measures. There is a small number of ageing scattered industrial buildings in the area, but the location is no longer suited to employment use.
- 6.31 The Franklin Road Industrial Area comprises four ageing industrial units, three of which are used by Infinity Foods; Brighton & Hove City Council have informed us that Infinity Foods are considering investing in the refurbishment of the warehousing unit. In the event the Company relocated we would not envisage the units being re-lettable.
- 6.32 The site is not suitable for employment use, and would be more suited for allocation as an affordable housing site. Indeed, former industrial premises off nearby Gordon Road are now being redeveloped by the Hyde Housing Association.

Freshfield Road Business Park

- **Size :** 3.13 Hectares (7.73 acres) 19,500 sq metres (210,000 sq feet)
 - **Key occupiers include :** Jewson, Royal Mail
 - **Owner:** The freehold is owned by Brighton & Hove City Council, subject to a long lease over the whole site held by Hargreaves Property Investments Limited.
- 6.33 The Freshfield Road Business Park is found to the east of the city centre in Kemp Town. It is located in an area largely given over to residential, but is in close proximity to Brighton & Hove College, with the Royal Sussex Hospital within a short walking distance.
- 6.34 Site access is adequate at best with access to the city's main arterial network not in the immediate vicinity, although public transport services are good.
- 6.35 The buildings date from the early 1970s, although a number of units have been extensively re-furbished over the last few years, and the estate now provides a mix of trade counter and industrial premises.
- 6.36 The location is seen as adequate for small local businesses, but it would be unlikely to be considered by larger companies moving into the city, due to its poor business transport infrastructure.
- 6.37 The northern end of the estate comprises a two-storey office building occupied by a multitude of small office users. The property is dated, and if vacant would prove difficult to let, except at economical rental levels.
- 6.38 The long leaseholder is a property company, and has entered into a rolling programme of refurbishment or redevelopment as and when units become vacant. The estate is thus set to remain as an employment site, and will continue to be modernised by the tenant over time. Given that the long leaseholder is actively improving the estate, it would seem that the estate is economically viable, although most of the upgrading has been to provide trade counter units rather than light industrial premises, where the rents would be lower, which would make the refurbishments more marginal from a profitability perspective.

Hollingbury Industrial Estate

- **Size :** 9.93 hectares (24 acres), 62,500 sq metres (673,000 sq feet)
- **Key occupiers include:** Sussex Police, British Bookshops and Sussex Stationers, Newsquest Sussex Limited.
- **Owner:** Brighton & Hove City Council own the freehold but the majority of the buildings are let on long ground-leases, either to investors or owner occupiers.

- 6.39 The Hollingbury Industrial Estate is one of the city's premier industrial locations, largely due to its close proximity to the dual carriage-way A27 by-pass which links with the A23/M23 network, leading north, a short distance away. Residential areas are found to the south, and the estate includes a number of amenities, including a large Asda store.
- 6.40 Found on a steeply sloping area, the estate has been the subject of ongoing re-development, and refurbishment over the last decade. Whilst previously some of this has been retail related, successful protectionist planning policies have resulted in the retention of industrial and workshop uses. Recent developments include the re-location of the wholesale fruit and vegetable market into new units at Crowhurst Corner, with the remainder of that site shortly to undergo re-development for St John's Ambulance, and with the balance to provide small business units in due course. Other recent activity has included the refurbishment and upgrading of the Sussex Police building, a similar exercise for Sussex Stationers, and the construction of a brand new two-storey business unit, Exion 27. However, this unit has remained empty since completion, some four years ago, although a change of use to permit use as pure offices as well as high tech may improve prospects for finding an occupier.
- 6.41 Further re-development and refurbishment on the estate is likely to be forthcoming, and in particular, a lease-extension has been granted to the long lease holders for Ingleby House, which will allow for its refurbishment.
- 6.42 Accordingly, this estate will continue to be regenerated over the next decade or so, as a function of the property market. The pressure for retail uses has subsided, although demand is probably greater for B8 uses than light industrial or manufacturing.

Hollingdean Industrial Estate

- **Size:** 3.92 Hectares (9.7 acres), 44,500 sq metres (480,000 sq feet).
- **Key occupiers include :** Brighton & Hove City Council, Onyx
- **Owner :** Brighton & Hove City Council

- 6.43 This site is found to the north of the city centre. Whilst it is in reasonable proximity to one of the main arterial routes, the A270 Lewes Road, access is poor, with a narrow pinch point through a tunnel, under an overhead railway line. The area is surrounded by residential streets and public transport links are found along Ditchling Road and Lewes Road.
- 6.44 The southern half of the site, the former abattoir premises, has been identified as the local waste plan for a waste transfer centre to be utilised by Oynx, whilst the northern half of the site is to remain in use as the City Council's cleaning contractors depot. Roadworks will be taking place to provide better access to the waste transfer station whilst the row of industrial units who are trading as the meat market is to remain.
- 6.45 As a redevelopment opportunity, the site has limited potential, unless the Cleaning depot were to be relocated. Even so, the site is not in an ideal location, but nevertheless should be retained for employment uses, even though redevelopment is unlikely, except for small and local business uses. Development should be

economically viable, but on the basis that the completed units were sold on long leases, rather than let on flexible terms.

Home Farm Industrial Estate

- **Size :** 2.50 Hectares (.2 acres), 1,840 sq metres (170,000 sq feet)
- **Key occupiers include:** Covers Timber and Builders Merchants, EDOMVM, and Forfars Bakery.
- **Owner:** The freehold is owned by Brighton & Hove City Council, subject to a long ground-lease through Cheshire County Council.

6.46 This modern estate comprising five substantial two-storey modern business units was constructed around 1990. It is reasonably well located, just off the A270 and close to the junction with the A27 by-pass.

6.47 The estate is fully occupied, and was developed to its maximum capacity, and thus offers no additional development opportunities.

Hove Technology Park, St Joseph's Close, Old Shoreham Road

- **Size :** 4.6 Hectares (11.4 acres), 19,000 sq metres (205,00 sq feet)
- **Key occupiers include :** British Red Cross, SL Group
- **Owner:** Brighton & Hove City Council own the freehold of the southern half of the site, subject to a long-lease granted to St George's Securities over part.

6.48 St Joseph's Close is found off the Old Shoreham Road, originally the main east-west traffic route, prior to the completion of the A27 city by-pass. The estate is predominantly surrounded by residential streets, with the coastal railway line to the south. Immediately to the north, fronting on to Old Shoreham Road there are retail warehouses occupied by Homebase and Comet. Access to the A27 is reasonable via the A2023 and A2038 roads. There are numerous public transport facilities along the Old Shoreham Road.

6.49 The southern half of the site has undergone extensive re-development during the last few years by St Georges, and now provides a number of modern industrial and business units. Further development includes the Hove Technology Centre which caters for small businesses, along with the recycling centre.

6.50 Much of the northern half of the site has not been redeveloped and contains a mix of older industrial buildings which offer good potential for redevelopment. Occupier demand should be good, as evidenced by the successful letting of the units built over the last five years. Redevelopment should be economically feasible, as has been demonstrated by the redevelopment of the southern half of the estate.

Melbourne Street Industrial Area

- **Size :** 0.56 hectares (1.38 acres)
- **Key occupiers include :** NACRO, Care Co-op's Community Services
- **Owner :** Altyre Investments and others

6.51 Melbourne Street is found off Lewes Road, close to the City Centre, in a largely residential and popular student accommodation area. Local public transport facilities

are good along Lewes Road, but access to the industrial units and Enterprise Point is poor.

- 6.52 The site is dominated by Enterprise Point, an ageing multi storey business building let to a multitude of users. It offers economical space, and is popular with community based groups, such as NACRO, who have several units. As the building offers economical space on flexible lease terms, it would not be economically viable to redevelop for its existing use, since yields in particular would be high to reflect the inherent investment risks. Accordingly, the building may have potential for redevelopment but only if high density, and possibly mixed use.
- 6.53 The remainder of the site comprises small aged workshops given over to local businesses. Parking is extremely limited due to high site coverage, which would cause difficulties with loading, deliveries, and such like. Future redevelopment of this strip would not be feasible for workshop or light industrial usage, and affordable housing development might be more appropriate.

Moulsecoomb and Fairways Industrial Estate

- **Size :** 3.5 Hectares (8.6 acres), 15,100 sq metres (163,000 sq feet)
 - **Key occupiers include :** Allen West Electrical
 - **Owner :** Mixed including Brighton & Hove City Council
- 6.54 These estates are found in a reasonably good location, being just off the A270 Lewes Road, close to where it joins the A27 by pass. It is surrounded by low value housing, but has reasonable public transport provision on the A270
- 6.55 This area comprises separate components. The eastern section is the Fairway Trading Estate which contains modern light industrial and warehouse units. As a modern fully occupied estate, it does not require redevelopment.
- 6.56 Further west, redevelopment has taken place around Westergate Road. A small scheme of two storey business units was built and let or sold around two years ago, and Westergate House has recently been completed to provide an eco-friendly business building aimed specifically at letting to small local businesses. The remaining buildings in this area are secondary and older, but suitable for the mixed use small occupiers. The current ground lease is currently being extended by a further 50 years to result in an 80year term, which would not be sufficient to finance redevelopment.
- 6.57 The final section, at the junction of Moulsecoomb Way and Lewes Road comprises a waste recycling unit.
- 6.58 The majority of the buildings at this location are either relatively modern, or have undergone redevelopment for employment uses. Accordingly, these sites do not require any further redevelopment consideration.

New England Street Business Area

- **Size :** 0.57 Hectares (1.4 acres) 15,100 sq metres (163,000 sq feet)
 - **Key occupiers include:** Multitude of small local businesses.
 - **Owner:** Brighton & Hove City Council subject to a long leasehold to St James' Investments Limited in the northern half of the site, *Longley Place*.
- 6.59 The New England Street Business Area is found in the city centre, and has good transport communications. The A23, one of the city's main arterial roads, is within *close proximity* and Brighton Station is found immediately to the southwest.

Immediately opposite New England House, which forms the southern half of the site, the New England Quarter/Brighton Station site is undergoing redevelopment to provide in excess of 350 homes, a new Sainsbury's food store, and a range of commercial uses.

- 6.60 The site comprises, to the north, Longley Place, which is a terrace of seven single storey industrial premises of which four are let to Lloyds TSB. These are relatively modern units each of which is around 500 sq. m.
- 6.61 The southern half of the site is occupied by New England House which is an eight storey flatted factory dating from the 1960s, with a gross internal floor area of around 12,100 sq m (130,000 sq. ft). Whilst it has been partially converted over the last ten years to provide use space for start-up businesses, with a particular focus on the fashion, media, and design sectors, the fabric of the building and in particular its cladding, is deteriorating, and requires significant capital expenditure. The City Council obtained an Options Report from Consultants approximately two years ago, which suggested that major works are required to the building to enhance its current condition.
- 6.62 The building currently has over one hundred tenants, the majority of which occupy on flexible leases. Much of the remaining unconverted space is un-lettable due to its condition, and works required, along with the nature of the accommodation which is unsuitable for today's needs. The City Council provides a range of incentives to potential tenants to encourage them to take this space, including rent-free periods of occupation to enable tenants to bring the space up to their specification.
- 6.63 Given the expenditure required, and general re-generation of the area, New England House in particular represents a substantial opportunity for future redevelopment, possibly on a mixed-use basis and falls within an area designated as being suitable for tall buildings. It could provide a mix of uses, ranging from business uses through to residential (for enabling purposes). However, any redevelopment would probably only be commercially feasible on a mixed use basis including residential, particularly if the existing types of uses were to be retained on flexible terms.

Newtown Road Industrial Area

- **Size :** 2.6 Hectares (6.4 acres) 16,000 sq metres (171,000 sq feet)
 - **Key occupiers include :** A variety of local businesses
 - **Owner :** Various
- 6.64 This estate comprises around fourteen mainly industrial buildings, the majority of which are relatively modern, and fit for their current purpose. The estate is found in the centre of Hove, close to Hove railway station and Old Shoreham Road, and directly to the south of the Goldstone Retail Park, developed in the late 1990's. Much of the area is devoted to business use, albeit much of it very secondary, and the Conway Street Estate and St Joseph's Close are reasonably close by.
- 6.65 Vacancy rates are low, and the estate will hold most appeal for local business.
- 6.66 Most of the buildings are more than adequate for their use, and activity has been low. However, a site at the eastern end has obtained planning consent for redevelopment as two terraces of office buildings over four floors and is thus currently available for sale at £1.6 million. Alternatively new units can be made available at £225 per sq. ft.
- 6.67 This building apart, the rest of the site does not require redevelopment, and is well suited to city centre employment use.

Portland Road Business Park

- **Size :** 3.268 Hectares (8 acres), 9,100 sq metres (28,000 square feet)
 - **Key occupiers include :** HM Customs & Excise, EDF Energy
 - **Owner :** Not known.
- 6.68 Portland Road runs parallel to the Old Shoreham Road. Portland Road Business Park is found at the Western End, close to Portslade Station. Access to the Old Shoreham Road is reasonable, and public transport services are provided by numerous bus routes. The area is predominantly residential.
- 6.69 The estate comprises some fifteen units, including a terrace of modern units developed around 1998, along with government offices, and a large three storey building occupied by EDF Energy as offices with a depot. There is only one vacant building, which comprises two storeys, occupying a very small part of the overall site. At least 50% of the site, namely the western half, is occupied by EDF.
- 6.70 The western half of the site could offer redevelopment opportunities in the event that vacant possession could be obtained, and would be suitable for redevelopment to provide medium sized industrial and business units. A scheme should be commercially viable, particularly if the units were to be sold off on long leases.

Preston Road (125 - 163)

- **Size :** 2.02 hectares (5 acres). 36,000 sq metres (390,000 sq feet)
 - **Key occupiers include:** British Telecom, Royal Bank of Scotland and Norwich Union.
 - **Owner :** Various institutional freeholders
- 6.71 125 - 163 Preston Road forms the A23 leading out of Brighton to the A23/M23 and A27 links. The site comprises a number of post-war office blocks dating from around 1970 onwards. Originally, regarded as a major office location, it has been overtaken by more recent schemes, including Trafalgar Place next to Brighton Station, and coupled with a fall in demand for large office space, has led to a number of vacancies in the stretch.
- 6.72 This stretch of purpose built offices is potentially facing an uncertain future, with a considerable number of vacant or available properties. 137 - 139 and 149 Preston Road have been on the market, as being suitable for redevelopment for more than ten years, with no activity having taken place. In particular, 149 Preston Road represents a bare site and the whole site, owned by Anstone Properties, has potential for 150,000 square feet of offices. In addition, 157-159 Preston Road is also available, for letting as a whole, or in suites. Telecom House, 125-135 Preston Road is also on the market offering space from 447 sq. m (4,810 sq. ft) up to 9,400 sq. m (101,000 sq. ft). The difficulties are demonstrated by the fact that in recent years there have been various changes of use in this area, although not within the overall site itself, with office use having been replaced at 165 Preston Road, now a Travelodge, and slightly further along, 175 Preston Road has been converted for Medical use.
- 6.73 The surrounding area is predominantly residential and the site overlooks Preston Park. Whilst the whole of the area could be considered suitable for office development, current demand would not support a speculative office scheme on any of the individual sites. In addition, it is marginal as to whether current office rents would support a redevelopment scheme, even though office yields are generally falling. On this basis, we consider that future redevelopment may well still remain a few years away, unless

for a specific occupier, or for a change of use or mixed use scheme. It is understood that the council are looking to prepare a comprehensive programme for the long-term regeneration of the London Road and Lewes Road Area and that this includes the Preston Road West area.

School Road Industrial Area

- **Size :** 1.22 Hectares (3 acres), 6,800 sq metres (73,000 sq feet)
- **Key occupiers include :** Local businesses
- **Owner :** *Not known*

- 6.74 School Road is found off Portland Road in Hove, and is reasonably close to the Portland Road Business Park. The area is predominantly residential, and access to the Old Shoreham Road and thence the A27 is reasonable for small businesses, but would be difficult for larger concerns.
- 6.75 The estate comprises a mix of office and light industrial/workshop units, the majority of which are more than thirty years old. There is a fundamental lack of parking for the larger units, but Rayford House, a four-storey purpose built multi-let office building, dating from the 1970s has been refurbished to provide reasonably good office accommodation.
- 6.76 Given the high site coverage on most of the site, any redevelopment would be likely to mean a reduction in floor space to allow for modern parking and loading requirements. Nevertheless, development should be viable.

Shoreham Harbour (mixed use site)

- **Size :** 27 Hectares (67 acres), 65,000 sq metres (700,000 sq feet)
- **Key occupiers include :** Sussex Port Authority, Travis Perkins
- **Owner:** Mixed ownerships including Shoreham Port Authority, Travis Perkins, and Linkwood Properties, and others.

- 6.77 Shoreham Harbour represents one of the largest brownfield sites in Sussex, and has been the subject of various master plans promoting regeneration. Only part of the Harbour area lies within the city boundaries, with the larger element falling within Adur District. It is found within a mixed use area, with the South Portslade area immediately to the north west, and large low value residential estates to the north east.
- 6.78 One of the major problems attached to the site is the poor access from the A27 and this is one of the major factors preventing its overall regeneration. Access to the harbour area is also awkward from the A259, and the master plans produced to date have recognised access improvement to be a key component of any regeneration strategy. However, costs would be prohibitive.
- 6.79 The south bank of the canal is largely used by Shoreham Port Authority as open storage facilities in connection with the Port's business. The northern side contains a number of different businesses, ranging from the Hove Enterprise Centre complex of start-up business and light industrial units, developed some eight years ago, through to larger premises dating from the 1960s, occupied by businesses such as Travis Perkins.
- 6.80 There are some vacant areas on the north side of the canal, but any employment related redevelopment would be restricted to smaller units for local businesses, and

quite possibly, port related. Thus, some redevelopment activity could be feasible, but there is likely to be some pressure for mixed use and residential waterfront schemes, albeit the outlook would be poor.

South Portslade Industrial Estate

- **Size :** 5.4 Hectares (13.3 acres). 50,000 sq metres (540,000 sq feet)
- **Key occupiers include:** A wide range of occupiers with no one dominant employers.
- **Owner:** A wide range of freehold owners, ranging from owner occupiers, small investors and property companies.

6.81 The South Portslade Industrial Estate comprises a large area of relatively, and secondary offices, workshops, light industrial and a number of other uses such as car carriages and warehousing. Whilst Shoreham harbour is immediately to the south, the area is otherwise surrounded by terraced housing estates.

6.82 The site has seen the odd parcel of land redeveloped over the last decade or two, it is extremely poorly located, although fronting on to the A259 coast road. Parking is limited for many of the buildings, and access particularly for larger lorries, is difficult, due to parking congestion.

6.83 There are at any one time, various buildings vacant and requiring re-letting. Demand for vacant units is likely to come from local businesses only, and voids can be quite lengthy. Notwithstanding this, the estate is suitable for small and local businesses seeking economical accommodation, and serves this need well.

6.84 As far as the redevelopment prospects are concerned, unless wholesale redevelopment was envisaged, which could prove difficult due to the fragmented ownerships, any schemes would in all probability, be limited to small workshop and industrial units aimed at the local *owner occupier* market. Rental levels would not be particularly strong, and nor would yields, due to the probability of poor tenant covenants and flexible or short leases.

Sussex House Industrial Area (includes BT depot)

- **Size :** 1.86 Hectares (4.6 acres), 6,700 sq metres (73,000 sq feet)
- **Key occupiers include :** BT
- **Owner :** Fragmented ownerships

6.85 This estate is found immediately off Old Shoreham Road and is in fairly close proximity to the English Business Park. It is reasonably well located, within a short distance of the A293 offering good access to the A27. Found next to a large cemetery, the surrounding area is predominantly residential in nature. The coastal railway line is found at the southern boundary.

6.86 The estate comprises a mix of modern and 20 year old buildings, all of which are perfectly adequate for current usage.

6.87 There is only one vacancy at present, and the given the ages and specifications of the existing buildings, the site does not offer much potential for significant redevelopment in the short or medium terms. The site remains eminently suitable for employment uses.

The Hyde Business Park, Bevendean

- **Size :** 4.1 Hectares (10.3 acres) 22,400 sq metres (41,sq feet)
- **Key occupiers include :** Brighton Sheet Metal Limited
- **Owner:** The freehold is owned by Brighton & Hove City Council subject to long ground leases having been granted in respect of the various buildings.

- 6.88 The Hyde Business Park is found on the fringe of the eastern side of the residential area of Bevendean, some way from the A270 Lewes Road leading to the A27. Road access is poor, being via housing estate roads, and due to its location on the far fringe of the estates, public transport facilities are also poor.
- 6.89 The industrial estate dates from the 1960s, and whilst Prospect House was recently redeveloped to provide two-storey office and business units, further redevelopment on the estate has not occurred, although Brighton Sheet Metal did refurbish their two buildings, which comprise a major part of the site, some five years ago. The estate comprises mainly larger units, and is largely occupied at the present time, with little recent market activity.
- 6.90 SRB monies have been extended to improve the appearance of the estate, but its suitability for employment purposes is open to question, given its poor location. However, it is generally let on ground leases at the present time, and thus does not present any significant redevelopment opportunities. In the event that any sites did come forward for redevelopment, small owner occupier units for local businesses might be economically feasible, but alternative uses may be more appropriate, given the difficulty of access from the main road infrastructure.

Victoria Road Industrial Estate

- **Size:** 3.31 hectares (8.2 acres). 7,700 sq.m (83,000 sq.ft)
- **Key occupiers include :**Chandlers BMW
- **Owner :** Threadneedle Investments

- 6.91 This industrial estate is bisected by Victoria Road in a mixed use area incorporating businesses and residential. The estate is in close proximity to Portslade Station, and the railway line is found immediately to the south. Access to the A27 via the A293 is good.
- 6.92 The land to the north of Victoria Road is dominated by a modern Chandlers BMW Car Sales Garage and Showroom, and thus offers no scope for redevelopment.
- 6.93 The remainder of the estate is on the southern side of Victoria Road and a planning application is to be submitted for B1 light industrial and B8 storage & distribution use, allowing comprehensive redevelopment of part of the estate, including a new access and car parking. The application will allow for 2,300sq .m (25,000 sq. ft) in 6 units, and will be made available on standard rack rented leases. The remaining existing units date from around the 1970's, and have a reasonable economic and functional life remaining.
- 6.94 Accordingly, this site is in the process of undergoing redevelopment.

Woodingdean Industrial Estate

- **Size :** 3.9 hectares (9.64 acres)
- **Key occupiers include:** The occupiers include a variety of small mainly local businesses.

- Owner: Brighton & Hove City Council own the freehold of the site, subject to a long leasehold interest owned by St Modwen Developments.
- 6.95 Woodingdean is a small village found to the north east of the City and on the South Downs. The Woodingdean Business Park is found on the northern fringe of the village, and has reasonably good access to the A27 at Falmer, across the Downs. The University of Sussex and the University of Brighton are both found at Falmer.
- 6.96 A 125 year ground lease was sold by the City Council to St Modwen Developments some five years ago to allow for the redevelopment of the site. Since that time, Phases 1 and II have now been completed, with Phase 1 being a multi tenanted purpose built office building which has been successfully let to a number of tenants on rack rented leases. Phase II comprised a number of small light industrial units which have also now been sold on long sub leases, and a planning application is to be submitted by the end of the April for a further 35,000 sq.ft of space, comprising eight 2 storey office/business buildings of 4,000 sq.ft each. These will be built speculatively, with a view to being sold off on ground under leases to owner occupiers or small investors. The remainder of the site will either be developed for the local Baptist Church, or alternatively as speculative small industrial units.
- 6.97 The rents were achieved in respect of the Phase 1 offices amounting to £16 per sq.ft, whilst the sale prices for the Phase 11 units were around £95 per sq.ft.
- 6.98 Following the completion of the outstanding Phases, the site will have been fully redeveloped.

Sites identified for hi-tech and office uses

- 6.99 Policy EM2: Sites identified for hi-tech and office uses has had considerable success although some sites have remained difficult to move on. We comment briefly on those sites not reviewed above.

SITE	COMMENTS
Falmer Business Park	The site includes Woollards Field, and is found off the A270 Lewes Road. The site is owned by East Sussex County Council, and has been identified as having potential for hi-tech and office business uses, but no development has taken place. Whilst the site is close to the A270, providing good access to the A27 by-pass, access to the site itself is extremely difficult, and it is also used by Falmer School, and safe usage by the school is an issue which needs to be taken into account before any development commences. In addition, the northern half of the site remains in use as offices.
Village Way North	This is the site currently proposed for the community stadium, subject to Brighton & Hove Albion obtaining planning consent.
Alliance House, Orchard Road	This site has now been redeveloped as City Park providing a scheme of offices and residential.
Preston Barracks	This site has been designated for mixed use redevelopment, and following a development competition, the development consortium comprising CDHA and Wilson Bowden Developments was appointed as preferred developer in March 2004. The original site has now been enlarged to include the adjacent land at the University of Brighton (Watts Site) and the Pavilion Retail Park. The current proposals comprise 18,600 sq. m of commercial space for residential units and a variety of other uses, and it is anticipated that a

SITE	COMMENTS
	planning application should be submitted next October.
Preston Road (125-163)	Comment has been provided on this site above
Amex House	Comment has been provided on this site above.
Patcham Court Farm	This site has been identified for hi-tech business uses and offices, and over the last decade a number of office and business development schemes have been considered. However, the Council has also been considering alternative uses. This site represents one of the Council's premier employment sites and would attract considerable interest in the market.
Hangleton Bottom	This site has been identified as a location for a materials recovery facility in the waste local plan. Accordingly, it has not been considered for office or industrial development.
University of Brighton Watts Site	This site is believed to now be part of the Preston Barracks regeneration proposals.
Preston Road (87)	The site comprises the Brighton College of Technology, London Gate, a vacant office building fronting Dyke Road Drive, with small businesses located to the rear, including a builders yard, and a car workshop. All uses are ongoing, with no development having taken place. The office building, London Gate, is a purpose built building on five floors of 915 sq. m (9,850 sq. ft). It is currently available to let or for sale.
Portland Street/Church Road	A small part of this site has been developed to provide town houses. However, the remainder is awaiting redevelopment to provide a new office building of 2,331 sq. m (25,085 sq. ft) with 24 car parking spaces. The office site has been bare for a considerable number of years, as the developers will not commence without a pre-let in place. Accordingly, development has not taken place due to market conditions.
Blackman Street	The site has been cleared, and is currently being used by Barratts, the developers of City Point, as a sales office. On the assumption that this use is temporary, the site would be appropriate for office development in the future.
Air Street	This site forms part of the North Street Quadrant Island site. Redevelopment has now been completed, and the new offices are being marketed.
Brighton Station Site	Development works are now proceeding apace on the majority of sites to provide a wide range of uses
Circus Street	Following the relocation of the Wholesaler Fruit and Vegetable market in January 2005, the site has been marketed, and following presentations, the Council has selected a preferred development partner. The scheme details are now being finalised and a planning application is to be submitted in due course.

Conclusions

- 6.100 Our key conclusions and recommendations with respect to employment land supply in Brighton & Hove are as follows:-
- 6.101 The supply of employment land in Brighton & Hove is constrained by its natural barriers of the Channel and the South Downs.

- 6.102 The City does not have any single dominant employment land location, but instead has a wide range of relatively small areas and estates spread across the City. Many are in central locations, and are the subject of fragmented ownerships, which will act as a constraint upon future redevelopment.
- 6.103 The City has a large number of small space and local businesses, for which the current areas are generally adequate, and whilst many buildings are secondary, they are nevertheless acceptable to smaller businesses seeking economical accommodation. These established areas often remain popular, and there are very few of those areas outlined above which can be said to be entirely unsuitable for their current purposes, as demonstrated by the fact that vacancies are generally low.
- 6.104 Just 6 of the 24 industrial estates surveyed are considered to have better than average access to the main road network. Whilst much of this is due to the nature of the road access (residential, shopping streets, restricted bridges, rail crossings), part is also due to traffic congestion - an issue that is in turn affected by the continued success of the detailed initiatives in the Local Transport Plan.
- 6.105 There are no sites that should be obviously de-allocated on the grounds that they are not fit for purpose. However two sites are worthy of further consideration. In the longer term the Franklin Road Industrial Area might be better suited as a residential location, although the case is not compelling. The New England Street Business area could provide for city centre office requirements.
- 6.106 The City generally lacks a supply of allocated larger sites, particularly for industrial development. Without a supply of such sites, attracting new medium to large businesses to the City will prove difficult. Central locations for industrial and warehousing uses are not appropriate for larger businesses, due to traffic congestion, and general land density, although office development is suitable for the centre, particularly having regard to the Tall Buildings Strategy.
- 6.107 The City has a number of office development sites allocated. A number of these are in secondary locations which might render development economically unfeasible as rental levels may not prove sufficient.
- 6.108 The owner occupier markets for smaller premises, particularly business units and light industrial /workshop premises, are stronger than the rental markets, and redevelopment to cater for this market is likely to be more appropriate, particularly whilst borrowing rates remain low.
- 6.109 As office development may be economically unviable, some flexibility in considering mixed use schemes, particularly for larger sites could be seen as encouraging regeneration.

7 CONCLUSIONS

Summary

- 7.1 Brighton & Hove is a successful city in that it is a popular place where people want to live. This is reflected in the past rise in house prices. Though population growth has been slightly below the South East average, this is more a factor of supply constraint placing strong upward pressure on prices. Recent population growth and demand on housing, whilst bringing its own problems is nevertheless an indicator of success.
- 7.2 Recent national policy emphasis promoting the role of cities and city regions is reinforced in the regional planning documents that form the core spatial policy framework to which the Brighton & Hove LDF, and hence employment land policy, must conform. Brighton & Hove's defined role in the draft RSS is as one of the '*diamonds for growth*' which should '*act as a catalyst to stimulate prosperity*' not only for itself but also for its surrounding area.
- 7.3 As a popular city to live Brighton & Hove is better able to attract the skilled workers that form the basis of the knowledge economy. *"As urban success depends on attracting and retaining skilled residents, it may be important for cities to provide quality of place or amenities and public services that attract the skilled"*³⁶.
- 7.4 Brighton & Hove has a large pool of highly skilled workers. Of the South East comparator towns examined Brighton & Hove ranked fourth behind only Oxford, Guildford and Wokingham in terms of percentage of workforce with degree equivalent qualifications. A recent publication on urban competitiveness noted that, *"Cities with greater concentrations of highly educated individuals should become relatively more productive and increase in population"*³⁷. So there are the ingredients to generate a virtuous spiral of success.
- 7.5 Brighton & Hove has also been a relatively successful economy that has grown rapidly in employment terms in recent years. But in value terms Brighton & Hove still lags some way behind what might be expected of a city of its size and assets.
- 7.6 Whilst many UK cities in recent years have grown as they discover a new post-industrial role, Brighton & Hove did not have the same scale of de-industrialisation to go through. In order to transfer resources to higher value services it needs instead to shift them from the tourism sector, which is a harder task³⁸. It has gone some way to fulfilling this task as one report noted that, *"Brighton, historically specialised in tourism has benefited from its proximity to London, becoming an important niche financial and creative industries satellite through the process of urban restructuring and regeneration."*
- 7.7 Yet GVA per head in Brighton & Hove is still below the UK average and average earnings are the lowest of the south east comparator towns we examined. It is only by shifting to a higher value composition of activities that Brighton can fulfil the policy role envisaged as a catalyst for its city region.

Future Growth Path

- 7.8 The land use decisions that Brighton and Hove should take depend on the future role that the city sees for itself:
- Does it want to grow to its maximum economic potential as a South Coast city region?

³⁶ Devolving decision making: 3 - Meeting the regional economic challenge: The importance of cities to regional growth - HM Treasury, DTI, ODPM (March 2006)

³⁷ Urban Competitiveness - Iain Begg (Ed) (2002)

³⁸ Urban Competitiveness - Iain Begg (Ed) (2002)

- Does it see itself primarily as a city for living, with its workforce being part of the London and South East economy?
 - Is it content with the current balance?
- 7.9 Our consultations³⁹ have shown us there are different views on this in the wider city community. Currently local policy emphasises the need to support and improve the competitiveness of the local economy, but does not give any quantified assessment of the desired balance between jobs and workers. The balance between jobs and workers is, of course, critical in determining the amount of employment land needed. If the City Council, for example, seeks to reverse the current pattern of out-commuting it needs to create a higher number of jobs and hence provide for more employment land. Our consultations with economic stakeholders would suggest that whilst this might be a desirable long-term objective, a more realistic objective for the plan period is for jobs and workers to grow at roughly the same rate, thus maintaining the existing balance of net-commuting.
- 7.10 In addition to the quantity of jobs there is also the issue of the type of jobs and future economy for Brighton & Hove. This was a point emphasised quite strongly during our stakeholder consultations. According to the ODPM's 'The State of the English Cities Report'⁴⁰, Brighton is a middle ranking city in terms of economic performance. But given its location in the South East economy and assets in terms of workforce, this represents under-performance. The need to grow the economic base with higher value services is a theme picked up by the Brighton & Hove Economic Strategy and should be addressed through the City Council's various economic development initiatives.
- 7.11 In forming our recommendations we have assumed that Brighton & Hove's aim in planning terms is to fulfil the role set out for it in the Regional Spatial Strategy as a '*diamond for growth*'. We have therefore been guided by the forecasts that project growth of 11,300 jobs for the period 2006-16. These are based on GVA growth of 3.1% p.a. over the period consistent with aim of the Regional Economic Strategy which seeks a growth rate in GVA of at least 3% p.a. for the South East as a whole. For the period 2006-16 the number of office jobs in Brighton & Hove is projected to increase in net terms by 3,500.

Existing Sites

- 7.12 The City has no defined industrial location as such, just a number of medium to small estates spread piecemeal across the City. Most of the existing locations, whilst in relatively central areas, are suitable for their current use by local businesses. They fulfil a function, particularly for small businesses seeking economical space. Many of these small businesses would be unlikely to be able to afford new premises arising out of redevelopment. In addition they draw upon the local populace for the workforce.
- 7.13 A reasonably substantial amount of the floorspace is relatively modern, and perfectly adequate for the use to which it is put, and much of it should have in excess of 20 years future use.
- 7.14 With the exception of the estates owned by the Council, the vast majority have fragmented ownership, which will make comprehensive redevelopment well nigh impossible to achieve, although, individual properties and sites on estates will, as a function of the market, be redeveloped over time.
- 7.15 The EM1 and EM2 sites that form the subject of this assessment do not constitute all the employment floorspace in the city. Similar conclusions apply in general terms to the non EM1 and EM2 sites with regard to the overall quantity of space, but we cannot comment on individual sites.

³⁹ See 1.6

⁴⁰ The State of the English Cities Report - ODPM (2006)

- 7.16 In practice it is often difficult to draw a rigid distinction between manufacturing and distribution. Over time an increasing proportion of activity that occurs on industrial estates is likely to be of a distributive nature as primary manufacturing is conducted in lower cost locations whilst activities with a higher tertiary content service the growing demand of the Brighton & Hove economy and its residents for consumer and producer goods and services. Employment densities ratios will not be very different between the two activities. Planning considerations are more likely to focus on the transport implications with each case being treated on its merits.

Sites to Release

- 7.17 All of the currently designated employment sites function well and serve their purpose. They are all in reasonable condition and vacancy rates are low. The forecasts do not suggest there is any significant excess of employment land that needs to be released.
- 7.18 Further we understand that the city's housing capacity study suggests Brighton & Hove is able to meet its current housing requirements without needing any of the existing employment sites.
- 7.19 We would suggest there is no need for wholesale release or de-designation of any of the existing employment sites. However this does not mean that all existing employment floorspace and activity on these sites should be automatically nor indefinitely protected.

Sites for Redevelopment

- 7.20 Whilst the existing employment sites function at least adequately there is a need to invest in these sites if they are to serve the productive needs of the future Brighton & Hove economy. Yet rental levels are not sufficient for this to occur on any significant scale.
- 7.21 We would therefore suggest a policy that signals investment in new modern employment floorspace is sought on the existing EM1 sites. The city council would be prepared to consider favourably enabling development that achieved this end provided there was no net loss of employment floorspace on the site and the employment floorspace (or at least a proportion of it) was delivered first.
- 7.22 We have not been able to establish an obvious hierarchy of the existing sites. This could therefore be applied to all sites, or if this was felt too sweeping, certain sites could be selected for application of this policy.
- 7.23 A key message that has come across from the property and development market during the course of this study is the need for greater flexibility by the city council in planning terms. There is nothing unique in this message being delivered by the development industry to the council but it is reinforced by the new planning system which is designed to make planning more responsive to the market. A flexible policy to encourage investment in existing employment sites may be one way to test the responsiveness of the market.

New Sites

- 7.24 For the plan period up to 2016 Brighton & Hove probably has sufficient employment land identified to meet its needs. The city ideally needs a higher quality of offer than it currently possesses in order to attract high quality inward investment. But to put together a product of this quality would probably take beyond the plan period in any event.
- 7.25 However post 2016 the city does need to identify a location for quality offices to serve occupier needs into the second quarter of the 21st century. In total Brighton & Hove is estimated to require a net addition of 20,000 sq m of office space over the period 2016-

26⁴¹. This needs to be planned for now. It is not possible to predict the space requirements of individual users so the development should be put together in a way that enables flexibility to respond to the different scale of individual user demand.

- 7.26 It was not part of our brief to undertake a comprehensive search for all potential new employment sites in the city. That would be a substantial undertaking in its own right. But we can identify the general locational requirements that would provide attractive employment locations and provide examples of where these might be found in the city.
- 7.27 In general businesses are seeking locations that have good transport accessibility for labour, customers, suppliers and markets.
- 7.28 We would suggest there are two alternative approaches that Brighton & Hove might follow in order to provide an additional 20,000 sq m of office space for the period 2016-26. These are:
- City Centre Office Quarter
 - Out of Town Business Park
- 7.29 The two are not mutually exclusive. There will be some segmentation of market demand. But there will also be some competition and given the relatively fragile nature of the office market for the past ten years we believe the city should send a clear message to the market and focus its attention on one product.
- 7.30 We provide one example of each of these types of locations that appear to us to be viable and from our current knowledge appear to represent the best potential locations. In doing so we acknowledge that more detailed work is required before arriving at a definitive conclusion.
- 7.31 Transport would be a key constraint to sort out before finalising any site. Whilst the City is recognised as a regional transport hub and there has been considerable investment so as to achieve good transport links to London and Gatwick, the east-west links are not so strong and the Industrial Estates Audit highlights that some of the existing estates have less successful strategic access.
- 7.32 It should go without saying that in considering sites for new employment land that there will be other land use and planning considerations. The role of this study is to consider sites in terms of their suitability for employment use.

City Centre Office Quarter

- 7.33 A city centre office quarter is perhaps more difficult in market terms but better fits with Brighton's role as a city. Previous research we have undertaken has shown the unique role of central areas of cities in producing the externalities for the knowledge based and consumer service activities that locate in cities. Urban success is based on the spatial concentration of activities in a mix and density that produces the beneficial externalities of face-to-face contact, inter-trading, competitive intensity and labour market spillovers that are uniquely achievable in the central area of a city.
- 7.34 We have not undertaken a comprehensive assessment of new sites as part of this study, but there is one site that does seem to us to have potential to be developed in that it:
- Builds on an existing office core
 - Has excellent transport links
 - Has realistic potential for site assembly and development

⁴¹ Of course gross new development will be significantly higher and will include some redevelopment of existing offices.

- 7.35 Land is limited, as it is everywhere in the city, but the New England Street area does appear to have some redevelopment potential as there is a realistic land assembly opportunity. In addition the existing office core is located around the station. A major and distinctive selling point for this site would be its central location and the fact that it offers fast rail access to London and Gatwick, thus fulfilling the criteria of good transport accessibility for labour, customers, suppliers and markets. It would also provide a good location in sustainability terms as PPG13 for example states that, "local authorities should seek to make maximum use of the most accessible sites, such as those in town centre and others which are, or will be, close to major transport interchanges"
- 7.36 If it was decided to go down this route then the city council should explore options for re-development of the New England Street area. There appears to be a window of opportunity for this location, which may not last indefinitely. Land assembly could be done either directly by the city council or through a private sector development partner. In any event a start would be to signal a clear intention through the planning process that the city council wants to see this happen.

Out of Town Business Park

- 7.37 The property agents consulted as part of this study have stated that if the City is to attract substantial inward investment, new large sites need to be identified, and in particular for a Business Park. These, ideally, need to be well positioned for strategic road access, be able to provide ample parking, and avoid city centre congestion.
- 7.38 From the consultations undertaken for this study the most favoured site from a market perspective would be Toads Hole Valley. It has both the scale and strategic location. A business park on this site would provide for the employment needs of the city and be attractive to the market.
- 7.39 However it is the view of Roger Tym & Partners that such a development, whilst raising the GVA of the city and providing quality jobs for residents of the wider city region would have less economic benefit in the long term than an equivalent city centre development as it would not achieve the level of agglomeration benefits set out above.

New Industrial Sites

- 7.40 It is also the view of the property agents that if the City is to attract substantial inward investment, new large sites need to be identified for industrial use. Again, these, ideally, need to be well positioned for road access, and therefore in edge of city locations.
- 7.41 It is our view that Brighton & Hove should not see its future as an industrial location. Existing industrial activity in the city plays an important role both in providing for local industrial and distribution needs and providing industrial jobs locally that service wider markets. It should continue to fulfil this role. But land in the city is valuable and at a premium and should be used for the types of activity that only a city can provide.
- 7.42 We do not recommend releasing existing industrial sites, except as set out above. But neither do we think there is a case for allocating any significant new sites for industrial use. Rather the city council should look to co-operate with its neighbouring authorities to ensure that there is sufficient provision of industrial and warehousing employment floorspace in the wider city region.

8 RECOMMENDATIONS

Existing Sites

8.1 We would recommend that:

- Maintain all existing EM1 and EM2 sites except as set out below.

Sites to Release

8.2 We would recommend that:

- There is no need to release any of the existing employment sites.

Sites for Redevelopment

8.3 We would recommend that:

- Existing policy shifts from its emphasis on protection of employment sites to one of encouraging investment in them.
- Any redevelopment should involve no net loss of employment floorspace and seek to provide for at least as many jobs.

New Sites

8.4 We would recommend that:

- The city council identify a site or sites to meet the long terms needs of the city that can provide an additional 20,000 sq m of office floorspace for the period up to 2026.
- In the view of Roger Tym & Partners the needs of the city could best be met by developing a city centre office quarter.

Monitoring

8.5 The above recommendations are subject to regular monitoring of development and economic circumstances. Government guidance on monitoring LDFs⁴² should help to guide future monitoring processes of employment land in the city. The city council should consider the following approach to monitoring and review of employment land polices:

- A review of employment forecasts and the resulting demand forecasts at 3-5 year intervals and when there are major step changes in the economy or strategic guidance;
- Continuous monitoring of key economic data, especially employment change by sector;
- Continuous monitoring of demand, supply and market balance, covering:
 - Development completions (land demand) and commitments (land supply), focusing on net floorspace change (both negative and positive);
 - Vacancy rates (both for land and floorspace), rentals and land values compared to competing areas, which provide a direct measure of the balance;
 - Insofar as possible, business relocations and expansions into and out of the city, together with enquiries for business space.

⁴² ODPM, Local Development Framework Monitoring: A Good Practice Guide, March 2005