

Employment Land Review

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Employment Land Review

Purpose of this paper	The Employment Land Review (ELR) provides a robust evidence base on which to base Local Plan allocations and planning policies for employment sites across Havant Borough, and will inform the development of the Havant Borough Local Plan 2036. It will also inform decisions on individual planning applications and support activity to stimulate economic growth.
Why?	The previous ELR was published in 2012 and is now out of date. The Council is developing a new Local Plan and therefore requires an up-to-date economic evidence base on which to develop new employment policies and allocations.
Objectives	<ul style="list-style-type: none">▪ To provide evidence on Havant's current and future business economy (market demand)▪ To assess the available land and premises within the Borough that could meet this demand▪ To make appropriate recommendations for employment site allocations to include in the Havant Borough Local Plan 2036▪ To highlight where any current employment sites are no longer suitable and could be released for an alternative use.

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1. Executive Summary

Background

- 1.1 This Employment Land Review (ELR) provides a robust evidence base on which to base the development of Local Plan allocations and planning policies for employment sites across Havant Borough. As well as informing the development of the Havant Borough Local Plan 2036, it will also inform decisions on individual planning applications and support activity to stimulate economic growth, building upon existing strengths in the local economy. It considers commercial property market dynamics, future need for B-class employment land and floorspace, existing employment sites in the Borough and potential future employment land allocations.
- 1.2 This ELR supersedes the 2012 Employment Land Review update and the Havant Borough Employment Land Review produced by DTZ for the Council in 2010.
- 1.3 **N.B. Site Proformas for this study are in a separate Appendix 5. These include a map, description, planning factors, constraints and overall recommendations for all of the sites considered within the ELR assessment.**

Headline Findings

- 1.4 The availability of employment land and floorspace in the borough in the short-term is inadequate to satisfy the occupational needs of local, existing businesses and failing to capture inward companies' property aspirations. Whilst long term supply is healthy in terms of quantity, quality and deliverability, immediate space availability is critical and is suppressing businesses' options for expansion, as well as maintaining a necessary level of churn in the market (see section 7).
- 1.5 The traditional strength of Havant's economy is in manufacturing, which has experienced decline locally, as well as nationally and regionally. However the borough has a large multiskilled workforce and there is considerable scope and demand for new employment in this sector. There are several employers in the advanced manufacturing and engineering sectors with a major presence in Havant, including Pfizer, Lockheed Martin UK Ltd, Seagate Technology, Dunham Bush and Kenwood Delonghi. There is also evidence of an upturn in fortunes for niche businesses in this sector, so the intent to entice and encourage UK based production and advanced engineering activity is vital to enable continued high performance in this area.
- 1.6 In the B1a office market, where typically occupier demand is less predictable, Havant is performing less well than the B2/B8 industrial sector and, with the exception of prime locations such as Langstone Technology Park; the borough has a poor track record of attracting larger office occupiers. To compound the situation, prime office rents in the borough are presently inadequate to support viable new office development. There is considerable B1a employment land available; however the locational and amenity quality of this is variable.
- 1.7 This study proposes more balanced overall net need figures for office and industrial floorspace than was proposed in the recent economic forecasts prepared for the Partnership for Urban South Hampshire (PUSH)¹ In particular, the revised figures take account of the borough's past

¹ GL Hearn Economic and Evidence Base Paper PUSH May 2016

performance and sectoral strengths, as well as levels of overall demand, which evidence shows is biased towards the manufacturing sector. Based on Lambert Smith Hampton's market insight and future demand predictions, availability of sites generate in the region of 85,000 sq m supply of B2/B8 industrial floorspace against the revised need target for B2/B8 of 55,000 sq m, whilst the B1a office sector has an available 34,500 sq m against the revised target of 27,000 sq m. This shows that, based on current forecasts, the borough has sufficient capacity to reach the floorspace and job targets identified for the next 20 years.

- 1.8 Market forces will dictate demand for both office and industrial premises; therefore flexibility is key both in terms of the amount of land provided and the uses to which it is put. This should be borne in mind in allocating new employment sites and rolling forward existing allocations.
- 1.9 The substantial part of the potential for employment floorspace is at Dunsbury Hill Business Gateway, where 61,000 sq m² of potential B1/B2/B8 floorspace remains available on land earmarked for all phases of the approved scheme³.
- 1.10 Many of the sites considered have clear and distinct employment potential, however it is considered that at locations such as the Maurepas Way (Blue Star) site, appropriate mixed use schemes should enable higher land value elements to support the lower residual value uses (such as B1a offices) and fund any significant infrastructure/site mitigation costs.
- 1.11 It is recommended to exercise caution in considering release for alternative uses of employment allocations that this study has recommended rolling forward in the new Local Plan, or of sites it recommends for future allocation. Most of these sites are of high or at least average quality in terms of their attractiveness to the market and they will help to facilitate business activity and boost local economic growth. Their viability will also improve further as property market conditions improve and encourage further new speculative development. Such schemes are already in the pipeline, for example at Harts Farm Way. In future, these developments will have the effect of increasing the confidence of developers, investors and potential occupiers, improving capital values and validating further development activity across the borough.

² This includes 50,000 sq m remaining available as part of Phases 1 and 2, plus a further 11,000 sq m on Phase 3 land as a proposed extension to the original site boundary. The new distribution centre for FatFace, which is currently under construction, was deducted from the total floorspace available on Phase 1 and 2 land. The FatFace unit will comprise at least 80,000 sq ft. (7,500 sq. m.), with an option for an additional approx. 3,700 sq. m. extension.

³ APP/12/00338

2. Aims

2.1 The four primary aims of this Employment Land Review (ELR) are to:

- Provide evidence on Havant's current and future business economy (market demand).
- Assess the available land and premises within the borough that could meet this demand
- Make appropriate recommendations for employment site allocations to include in the Havant Borough Local Plan 2036.
- Highlight where any current employment sites are no longer suitable and could be released for an alternative use.

3. Methodology

- 3.1 The approach taken in preparing this ELR accords with the Government's National Planning Practice Guidance on methodology for assessing housing and economic development needs⁴.
- 3.2 The review focuses on the need for employment space (land and buildings) for business uses under Part B of the Use Classes Order⁵. For a full definition of these uses, see:
https://www.planningportal.co.uk/info/200130/common_projects/9/change_of_use
- 3.3 The ELR does not specifically assess sites for health, education, retail or leisure purposes, however it does consider the role of mixed use development in assessing sites for B-class employment uses.
- 3.4 As mentioned in the Executive Summary, The ELR looks at the borough's local economy to identify ways to build on its existing strengths. There are several advanced manufacturing and engineering businesses in Havant whose future needs should be taken into account in reassessing and allocating employment sites. As important is knowledge of which new companies might be attracted to the area and the type, size, specification and location of employment space they might require.
- 3.5 As part of the study, consultation was undertaken with stakeholders including commercial property agents, economic development and business organisations. The study also looked at other relevant sources of information on buildings and property markets including property databases (CO-Star, MINT and EGI), local and sub-regional economic strategies, economic studies and published statistics. The study has also drawn on the local and regional market insight and knowledge of an external consultancy (Lambert Smith Hampton (LSH)) as well as in-house knowledge and expertise.
- 3.6 The Council commissioned LSH to provide input into this ELR, specifically in relation to assessing the market context for the supply of and demand for office, industrial and warehouse floorspace needed across the borough over the plan period, including highlighting any gaps in current provision.
- 3.7 As a property consultancy with extensive market insight, LSH have also critically assessed recent employment evidence base work undertaken by G L Hearn on behalf of the Partnership for Urban South Hampshire (PUSH)⁶. Following on from this, LSH have made high level recommendations for future provision of employment floorspace and site provision which take account of local factors in relation to Havant borough's commercial property market, in particular business requirements for certain sizes and types of floorspace and requirements for specific locations, as well as broader economic trends across South Hampshire. This provides a qualitative dimension and balance to the approach used by PUSH in its floorspace calculations. It also takes advantage of market insight which is a prerequisite requirement to preparing employment needs assessments under current Government guidance⁷.

⁴ NPPG paragraph: 030 Reference ID: 2a-030-20140306

⁵ The Town and Country Planning (Use Classes) Order 1987 as amended

⁶ GL Hearn Economic and Evidence Base Paper PUSH May 2016

⁷ NPPF Core Planning Principle 17 and paragraphs 22, 158 and 160

Call for Sites

- 3.8 The Council undertook a 'Call for Sites' consultation between January and February 2016, to ask landowners, agents, developers and others to submit details of sites to be considered for their potential to meet future housing and employment needs over the period of the new Local Plan. The Call for Sites considered sites for retail, leisure, community, health, renewable energy and other uses as well as housing and employment. Sites submitted for housing and employment uses have been assessed jointly as part of the Strategic Housing Land Availability Assessment (SHLAA) and the ELR.
- 3.9 The consultation was promoted through the Council's website and through sending emails and letters to landowners, agents, consultants, house builders and voluntary organisations. An article was also placed in the Council's Local Plan Newsletter, which is emailed to everyone registered for email-based communications on Local Plan consultations.
- 3.10 Sites have also been previously promoted to the Council at formal regulatory stages in plan making and these sites were reconsidered as part of the assessment. Most recently this has included the Publication and Submission stages for the Havant Borough Local Plan (Allocations) at the end of 2013.

4. Policy Context

Review of the National Policy Context

National Planning Practice Guidance (NPPG)

- 4.1 The NPPG provides guidance on how local authorities should approach both housing and employment land reviews. Two online guides have been produced – Housing and Economic Land Availability Assessment⁸ which provides a methodology of reviewing suitable land, and Housing and Economic Development Needs Assessments (HEDNA)⁹, which provides guidance on how future needs can be determined. The ELR is prepared in accordance with the advice in these two guides.
- 4.2 One particularly important piece of advice at paragraphs 30-34 of the HEDNA methodology worth highlighting is that plan makers need to consider and take account of certain factors when assessing economic development needs, for example market signals and the characteristics of market segments.
- 4.3 This requires a qualitative as well as quantitative assessment which looks at locational and premises requirements of particular types of business, recognising that existing stock may not reflect their future needs and that there may be market failure issues that prevent existing sites from being used effectively. This advice has been fully taken into account in this ELR.

Permitted Development Rights

- 4.4 New amended legislation¹⁰ came into force on 6th April 2016 which made permanent the Class O permitted development right for office to residential change of use, subject to prior approval and a new condition to consider noise impacts. It also created a new temporary permitted development right (Class PA) for the change of use of buildings in light industrial use to residential use, subject to certain limitations and conditions.
- 4.5 The continued loss of employment floorspace under permitted development rights could hamper the overall supply. However this is likely to predominantly affect older, lower grade offices. These are generally, though not exclusively, located in areas that would be less suitable for new manufacturing or warehousing uses.
- 4.6 The loss of light industrial uses to higher value residential land uses should be monitored to see if it has an adverse impact for long-term provision of this type of employment use, although at present it seems unlikely as the permitted development right is temporary and subject to a 500 sq.m. size threshold.

⁸ <http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-land-availability-assessment/>

⁹ <http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

¹⁰ The Amendment Order to the Town and Country Planning (General Permitted Development) (England) Order 2015 (GPDO).

Sub-Regional Policy

- 4.7 The Solent Local Enterprise Partnership (LEP) sets the sub-regional economic policy framework for South Hampshire and the Isle of Wight, alongside the work of the Partnership for Urban South Hampshire (PUSH) (see below). The sub-regional framework has been considered in more detail through the ELR and will be taken account of in the update of the Local Plan. The LEP geography is consistent with that of the PUSH Area.

Transforming Solent: Solent Strategic Economic Plan 2014-20¹¹

- 4.8 The LEP's Strategic Economic Plan (SEP) identifies six priority areas of work which will advance the Solent's economy. These are:
- Enterprise;
 - Infrastructure Priorities;
 - Inward Investment;
 - Skills for Growth;
 - Strategic Sectors; and
 - Innovation.
- 4.9 The SEP is based on maximising the economic assets of the area, and sectors with growth potential – with a particular focus on the marine and maritime sector, which accounts for 20.5% of the Solent's GVA, supports more than 3,000 businesses and provides 40,000 jobs locally. It is expected to grow by 5% by 2025¹².
- 4.10 The SEP is based on maximising the economic assets of the area, and sectors with growth potential – with a particular focus on the marine and maritime sector, which accounts for 20.5% of the Solent's GVA, supports more than 3,000 businesses and provides 40,000 jobs locally. It is expected to grow by 5% by 2025¹³.
- 4.11 The proportion of jobs in advanced manufacturing in the Solent is significantly higher when compared with the national and South East average¹⁴. This sector includes the defence industry and the Solent is home to a cluster of defence businesses. Of these, the Portsmouth Naval Base ranks among the major employers in this area and accounts for nearly 7% of all jobs in the Solent LEP area. A socio-economic impact assessment¹⁵ published by the LEP and PUSH in 2012 showed that the base stimulates significant downstream spending and creation of additional jobs elsewhere in the sub-region. These include supplier firms to the MoD, such as BAE Systems, Lockheed Martin, Northrop Grumman, Qinetiq, Serco Denholm Ltd and Vector Aerospace. Hence, the income

¹¹ Final submission March 2014 (http://solentlep.org.uk/uploads/documents/Solent_Strategic_Economic_Plan.pdf)

¹² Making Waves – Solent's Marine and Maritime Sector, September 2015, Solent Local Enterprise Partnership (http://solentlep.org.uk/uploads/documents/Making_Waves_-_Solents_Marine_and_Maritime_Sector_-_16.9_.2015_.pdf)

¹³ Making Waves – Solent's Marine and Maritime Sector, September 2015, Solent Local Enterprise Partnership (http://solentlep.org.uk/uploads/documents/Making_Waves_-_Solents_Marine_and_Maritime_Sector_-_16.9_.2015_.pdf)

¹⁴ http://solentlep.org.uk/strategic_priorities/strategic_sectors

¹⁵ http://solentlep.org.uk/uploads/documents/Socio-Economic_Impact_Assessment_of_Portsmouth_Naval_Base_2012.pdf

generated by employment and the purchases by military establishments and the defence industry indirectly supports firms across the local economy. There are a number of growth opportunities coming forward in this period that will strengthen this trend. These include:

- The presence of globally recognised and co-located aerospace companies.
- The area's long tradition of boat-building, with a range of marine industries as well as yachting facilities around waterfront sites. Bearing in mind competition between the major clusters for available sites, the availability (or non-availability) of coastal locations is the single most determining factor for the prospect of marine industries¹⁶.
- The arrival of the Queen Elizabeth (QE) Class aircraft carriers, which will be based at Portsmouth Naval Base from 2017, following completion of a 70,000 sq. m. Centre for Specialisation, with supporting facilities¹⁷.

4.12 Page 28 of the SEP raises a key point in relation to the continuing role of the Solent's manufacturing sector:

- *Whilst in recent times, the Solent has bucked national trends in the growth of the manufacturing sector, manufacturing is set to continue to decline... There is certainly still a role for manufacturing in the Solent LEP, but it will need to compete on quality of output rather than cost and it will require highly skilled individuals. By 2030 manufacturing will account for only 5.9% of total employment in the Solent LEP, less than half the contribution it constituted in 2000(12.8%)¹⁸.*

4.13 To drive economic growth across the Solent area, the SEP states the need for investment – in a range of areas from investing in skills to ensuring a sustainable pattern of growth. There is also a need to improve infrastructure including transport, housing, reducing flood risk and improving access to superfast broadband.

4.14 The consequences of potential further loss of manufacturing jobs to the Solent area could have a disproportionately adverse effect in Havant, as the borough has a relatively high proportion of total jobs in the area (see Table 2). This is because of the presence of large manufacturing companies within the borough, which tend to employ many staff at a single site. The closure of one of these firms is likely to result in direct job losses and have negative implications for firms in the supply chain.

4.15 Although this does create some vulnerabilities for Havant borough's economy, on the positive side, Havant has many long-established major advanced manufacturing employers which are not showing any signs or indications of decline. These businesses already benefit from a clustering effect and there are further opportunities as highlighted above from the on-going development of new forms of manufacturing –based employment in Portsmouth and elsewhere in the Solent area which businesses in Havant could tap into. The SEP specifically states the importance of continued growth of the marine, maritime and advanced manufacturing sectors, albeit manufacturing will shift from a higher labour to a more capital intensive, productive form.

4.16 The SEP also highlights the need to overcome physical constraints to growth through the assembly of public, especially MOD land and private land to support the development of an appropriate range

¹⁶ Solent Advanced Manufacturing SME Fund Guidance Document, Solent LEP, November 2014

¹⁷ <http://www.baesystems.com/en-uk/article/specialist-centre-to-support-aircraft-carriers-takes-shape>

¹⁸ Final submission March 2014 (http://solentlep.org.uk/uploads/documents/Solent_Strategic_Economic_Plan.pdf)

of housing and employment that will attract and retain a skilled workforce, whilst also protecting the natural environment and protecting infrastructure from flood risk.

PUSH Employment Evidence Base

- 4.17 At a sub-regional level a large amount of work has been done by PUSH in promoting sustainable economic growth across South Hampshire.
- 4.18 PUSH has recently prepared an Economic and Employment Land Evidence Base Paper (March 2016, GL Hearn). This apportions future floorspace requirements to 2036 for the 11 local authorities which together make up both the PUSH sub-region and the Solent LEP area.
- 4.19 The overall net need totals for employment floorspace in Havant Borough are set out below:

Sq. m.	Office (B1a)	Mixed B-class	Total B-class
Havant	65,126	337	65,463

Table 1: PUSH new floorspace requirements for Havant Borough to 2011-2036.

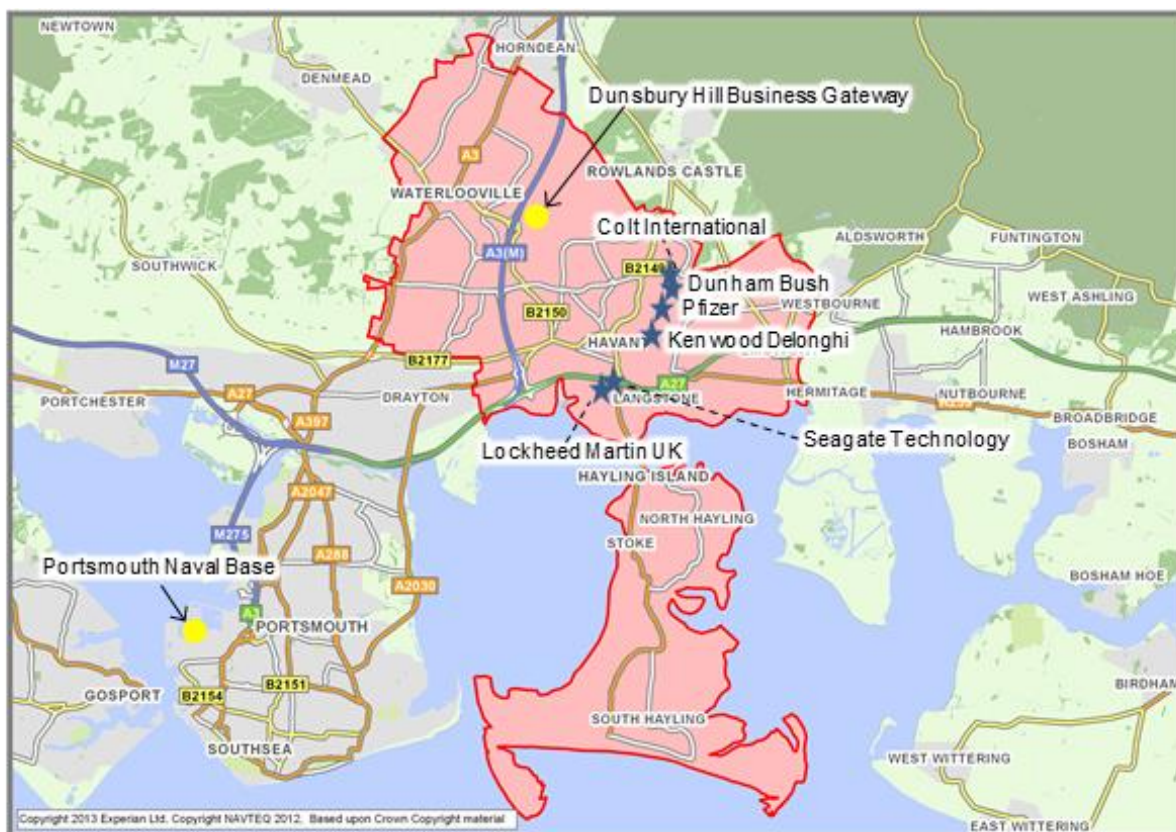
Source: Economic and Employment Land Evidence Base Paper (March 2016, GL Hearn).

**Includes a five-year margin.*

- 4.20 The figures above provide a broad basis for this ELR to feed into the development of the Local Plan. As referred to in section 3, however, the figures in the PUSH evidence paper are high level and do not take into account circumstances in relation to local employment markets. The Council commissioned LSH to critically assess the figures for the borough in the light of broader considerations than were taken into account in preparing the PUSH paper, in particular the local market demand for particular employment uses, which will have a significant effect on land supply and take-up rates. The outcome of their work is reflected in the recommendations within this document.

5. Economic Context

- 5.1 This section considers the economic context of Havant Borough by assessing the economic and socioeconomic characteristics of the local area, including recent trends, relative to the South East and national economy.
- 5.2 This assessment is important in identifying the local economy’s existing strengths and weaknesses, which are factors likely to influence future demand for employment space.



- ★ Major employer
- Proposed employment site or site undergoing expansion

Source: EGI Town Report, June 2013

Figure 1: Major employers and proposed sites/sites undergoing expansion* in or near Havant.

*Sample of businesses represented only

5.3 Havant is part of the Solent Local Enterprise Partnership (LEP) area, an internationally-recognised economic hub anchored around the Isle of Wight, the two cities of Portsmouth and Southampton, the M27 corridor and the Solent waterway. Solent also has immense natural advantages supported by strengths in key economic sectors, world-class universities, a strong base of high quality Further Education (FE) colleges, renowned heritage, countryside and coastline¹⁹. It has ready access to

¹⁹ http://solentlep.org.uk/uploads/documents/Solent_Strategic_Economic_Plan.pdf

both the major South Coast trunk route the A27/M27 and two miles west of the town centre, to Junction 1 of the A3(M) route to Guildford, the M25 and London, with much improved journey times via the Hindhead Tunnel.

- 5.4 In market terms Havant Borough is part of the Greater Portsmouth area along with Portsmouth itself, Gosport and Fareham. The faster journey times²⁰ resulting from the Hindhead Tunnel opening in 2011 have enhanced the attractiveness of this area to potential occupiers and investors.
- 5.5 The Dunsbury Hill Business Gateway site (section 10), next to junction 3 of the A3(M) between Havant and Waterlooville (see map at Figure 1), is well placed to benefit from the reduced journey times and congestion. Comprising a 20 hectare site (having outline planning consent for up to 62,000 sq m B1/B2 and B8) and owned by Portsmouth City Council, the highway access and infrastructure works for Phases 1 and 2 are now complete. The first pre-letting for a new FatFace distribution centre is also under construction on the site.
- 5.6 There is a Major Development Area (MDA) to the west of Waterlooville which will be a source of new housing and potential workspace within the borough however the majority of the new development will be in the near vicinity (located within Winchester City Council boundary). There are some 3,500 new homes currently under construction in the MDA in phases.
- 5.7 The resident population of Havant Borough is approximately 120,700 (ONS, 2011) of which some 44,600 reside in the Havant and Leigh Park wards and supplies 30% of the employment within the borough, however the catchment is much greater, drawing on nearby settlements such as Waterlooville, Hayling Island, Emsworth and Rowlands Castle. The town has grown significantly during and since the 1960s, particularly the housing stock, largely acting as a dormitory town to the greater Portsmouth conurbation in addition to out-commuting to the wider South East England region. It provides a typical range of urban services (shopping, educational, leisure and recreational amenities) commensurate with a town of its size.
- 5.8 Havant is home to one of the UK's four locations for the world's largest research-based pharmaceutical company Pfizer. Colt International Ltd also has its UK head office in New Lane, Havant, where it undergoes research and development, testing and manufacturing operations on its products, which include fire safety, climate control, natural and industrial ventilation and cooling equipment and solar shading. It is Havant's largest B-use class employer, with 998 staff based at its UK head office in 2014²¹.
- 5.9 With the decline in UK manufacturing since the 1980s, Havant has suffered disproportionately to other neighbouring authorities, however there are still a number of longstanding, traditional occupiers who remain (such as Colt International, Dunham Bush Eaton Aerospace and Lewmar Marine) as well as the influx of more IT/office based and advanced industries including Lockheed Martin, Seagate, SSE, Pfizer, Apollo Fire Detectors and office HQ/distribution hubs for major brand leaders such as FatFace and Kenwood Delonghi.

²⁰ Use of the A3 increased in the year following the opening of the tunnel by 27% compared with before the start of construction. Source: http://assets.highways.gov.uk/our-road-network/pope/major-schemes/A3-Hindhead/POPE___A3_HindheadOYA_Final_web_version.pdf

²¹ Source: MINT

Deprivation and Skill Levels

- 5.10 The English Indices of Deprivation 2015 measure relative deprivation at a localised level by ranking all Lower Super Output Areas²² (LSOAs) in England across a range of deprivation indices. These comprise Income, Living Environment, Health, Housing, Education, Employment and Crime. There is also an Index of Multiple Deprivation (IMD) which is a combined score total for all of the other indices.
- 5.11 Using the IMD, six of the 78 LSOAs in Havant are within the 10% most deprived in England. Much of Havant has slightly above average deprivation. There is a large pocket of deprivation in the north of the borough focussed on Leigh Park, where five LSOAs are among the 10% most deprived. The other LSOA in this category is Hart Plain ward, to the west of Cowplain. The most affluent areas are located in the south and east of the borough, at Hayling Island and Emsworth.
- 5.12 To help counteract local deprivation and unemployment, there will be a need in future for companies, in particular manufacturing firms, to invest in training and skills, as mentioned in the Solent Strategic Economic Plan 2014-20 (see section 4). This will be important, firstly to enable these companies to operate in a more advanced way and secondly for unskilled borough residents (who may be unemployed or may already be employed in the manufacturing sector) to acquire the skills required to do the more highly skilled jobs that will be needed in this area in the future to advance the local economy. In doing so they will be building on the area's existing strengths in relation to business sectors.

Employment Base

- 5.13 The table below shows the breakdown of employee jobs in the borough compared to corresponding national figures and figures for the South East. The largest employment sectors in 2014 were Services (82.5%), Public Administration, Education & Health (28.6%), Financial and Other Business Services (19.7%) and Wholesale and Retail, including Motor Trades (17.2%).

	Havant (employee jobs)	Havant (%)	South East (%)	Great Britain (%)	Location quotient
Total employee jobs	41,800	-	-	-	-
Full-time	25,700	61.5	67.8	68.3	0.90
Part-time	16,100	38.5	32.2	31.7	1.21
Primary Services (A-B: agriculture and mining)	0	0.1	0.2	0.4	0.25
Energy and Water (D-E)	600	1.5	1.1	1.1	1.36
Manufacturing (C)	4,500	10.7	6.2	8.5	1.26
Construction (F)	2,200	5.3	4.8	4.5	1.18
Services (G-S)	34,500	82.5	87.6	85.6	0.96
Wholesale and retail, including motor trades (G)	7,200	17.2	17.0	15.9	1.08

²² <https://neighbourhood.statistics.gov.uk/HTMLDocs/nessgeography/superoutputareasexplained/output-areas-explained.htm>

	Havant (employee jobs)	Havant (%)	South East (%)	Great Britain (%)	Location quotient
Transport storage (H)	900	2.2	4.6	4.5	0.49
Accommodation and food services(I)	2,900	6.8	7.4	7.1	0.96
Information and communication (J)	1,700	4.0	5.8	4.1	0.98
Financial and other business services(K-N)	8,200	19.7	22.5	22.2	0.89
Public admin, education and health (O-Q)	11,900	28.6	25.6	27.4	1.04
Other Services (R-S)	1,600	3.9	4.8	4.4	0.89

Table 2: Employee* Jobs in Havant compared to South east and Great Britain (2014)

Source: ONS Business Register and Employment Survey (2016)

Notes: % as a proportion of total employee jobs

*Employee jobs excludes self-employment, government-supported trainees and HM Forces

Data excludes farm-based agriculture

- Data unavailable

5.14 The location quotient indicates specialisations in the local economy, with a figure above 1.0 indicating that the proportion of jobs in a sector is above the proportion of jobs in that sector nationally. The highest location quotient is in the Energy and Water sector reflecting the importance of local infrastructure providers such as Portsmouth Water, Southern Water and Scottish and Southern Energy. Manufacturing and Construction also have high location quotients indicating the importance of these sectors for Havant Borough's economy.

Sectors with the highest % employment growth

	Havant	GB
Financial and other business services	4.2%	1.6%
Public admin, education and health	2.1%	-0.6%

Sectors with the highest % employment decline

	Havant	GB
Energy and Water	-3.2%	0.1%
Construction	-2%	0.5%
Manufacturing	-1%	-0.5%

Table 3: Sectors with the highest percentage employment growth and decline, 2009-2014

Source: ONS Business Register and Employment Survey (2016)

5.15 Financial and Other Business Services and Public Administration, Education and Health have seen the greatest percentage employment growth over the period 2009 to 2014, of 4.2% and 2.1% respectively.

5.16 The sectors that declined the most over this period are all ones in which Havant has a high location quotient, i.e. above national average employment. The manufacturing sector in 2014 comprised 10.7% employment in Havant compared with 6.2% in the South East and 8.5% in GB.

- 5.17 Havant's manufacturing and construction sectors contracted at a slightly faster rate during the recession than the rest of the South East. The reason is unclear but may be partially due to the loss of the BAe System facility at Elletra Avenue, Waterlooville, along with supplier firms. Although the gap between Havant and the South East/GB for manufacturing-based employment has reduced since 2008, manufacturing remains an important sector for Havant's economy. It is also one in which there is a high demand for employment premises, as explored further in sections 7-9.
- 5.18 The planned Dunsbury Hill Business Gateway development (see section 10) is projected to have a positive impact on these figures by providing a significant amount of additional manufacturing and warehousing, as well as office-based employment floorspace and jobs.

Business Base

- 5.19 Table 4 below shows the number and percentage²³ of businesses in Havant Borough by size band, compared to the average for the South East region:

	Havant (nos.)	Havant (%)	South East (nos.)	South East (%)
Enterprises				
Micro (0 to 9)	3,510	89.7	337,385	89.4
Small (10 to 49)	325	8.3	32,885	8.7
Medium (50 to 249)	100	s	5,725	1.5
Large (250+)	Less than 50	s	1,450	0.4
Total	3,915		377,445	
Local Units				
Micro (0 to 9)	3,905	84.3	372,205	84.8
Small (10 to 49)	580	12.5	54,185	12.3
Medium (50 to 249)	130	2.8	10,915	2.5
Large (250+)	Less than 50	s	1,585	0.4
Total	4,630		438,890	

Table 4: Business by Size Band, 2015

Note: % is as a proportion of total (enterprises or local units)

S = Data suppressed for reasons of confidentiality

Source: Inter Departmental Business Register (ONS)

²³ Numbers below 100 have been rounded to the nearest hundred whilst those below 50 have been suppressed to adhere to confidentiality agreements.

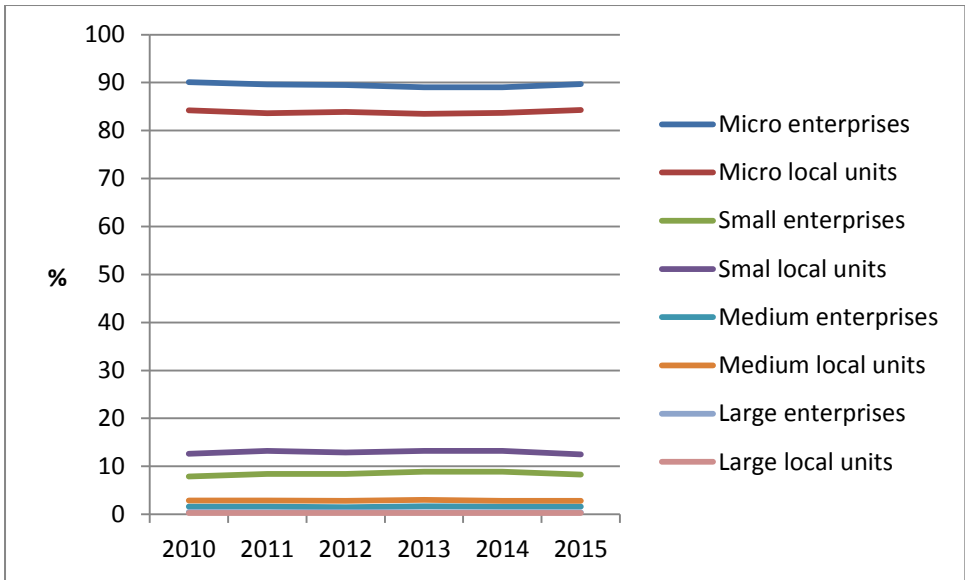


Figure 2: Change in % of Business Sizes in Havant 2010-2015

Source: Inter Departmental Business Register (ONS)

5.20 The majority of businesses in Havant are micro-businesses, with between 0-9 employees. These comprise 89% of enterprises and 84% of local units²⁴. The proportion of businesses in each category has remained similar to that of the South East and Great Britain between 2010 and 2015, and virtually unchanged. The data shows that the majority of all units in Havant are of a size to accommodate businesses employing less than ten workers. This does not necessarily reflect a bias of market demand towards small units, as demand across the borough for employment floorspace exists across all size ranges as shown in Section 7 of this report.

²⁴ An **enterprise** can be thought of as the overall business, made up of all the individual sites or workplace. A **local unit** is an individual site (for example a factory or shop) associated with an enterprise. It can also be referred to as *workplace*. <https://www.nomisweb.co.uk/articles/913.aspx>

6. Overview of Employment Space/Property Market Context

- 6.1 This section provides an insight into the quantity and characteristics of the borough’s existing employment premises. As of April 2016 the borough contained some 428,000 sq m²⁵ of B-use class employment floorspace.
- 6.2 Commercial, excluding retail, businesses fall into fundamentally three categories – industrial, light industrial and office. Within the borough’s industrial and office sectors, the floorspace is broken down approximately as follows:

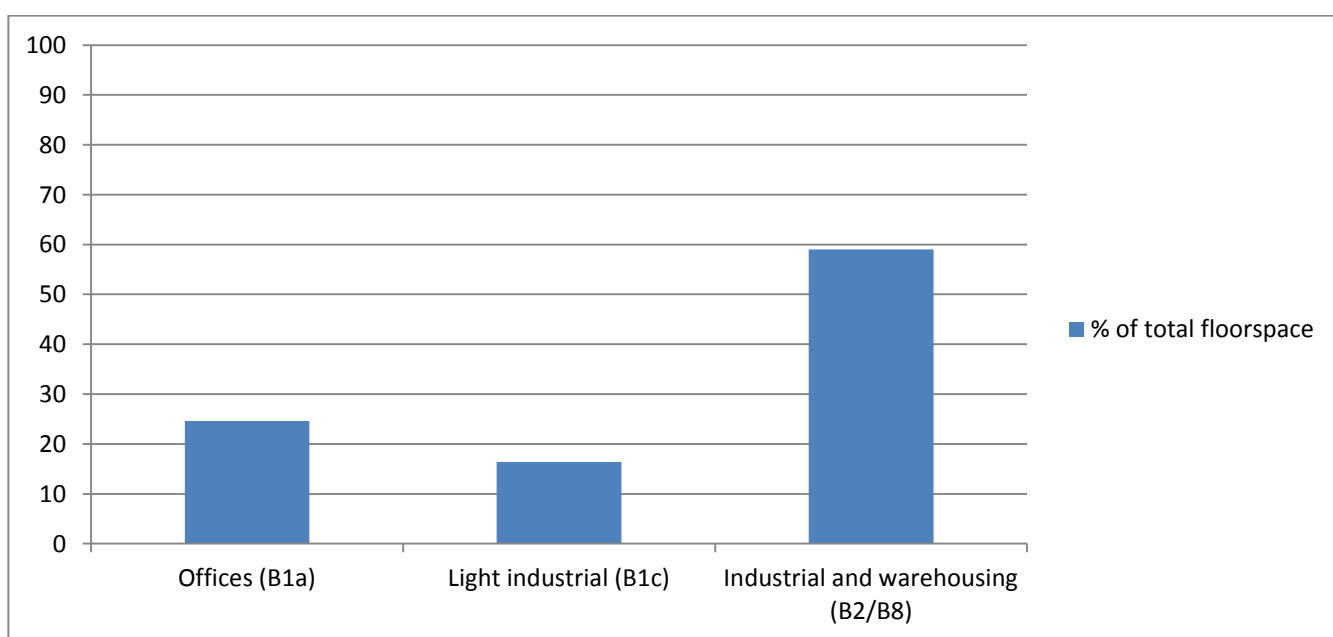


Table 5: Percentage of Total Floorspace in each Employment Use Class

Source: Co-Star

- 6.3 In floorspace terms the largest percentage is categorised as B2 and B8. This is anticipated, given the high number of premises in industrial use and the fact that the employment density of manufacturing and warehousing floorspace is generally less than for office, due to B2 and B8 units occupying larger floorplates and more floorspace per employee. B1b (laboratories/research and development) is not defined as a primary use within the Co-Star data, however there are many major companies and sites in the borough that include research and development elements, for example Colt International.
- 6.4 The maps below and on the following pages show the location and geographical spread of office, industrial and light industrial properties in the borough. These units may include a smaller element of other uses mixed within the site, for example retail floorspace, however the units are

²⁵ Source: Co-Star

predominantly B-use. The dark blue symbols on the maps denote available units that are on the market and the lighter blue symbols denote floorspace that is fully let.

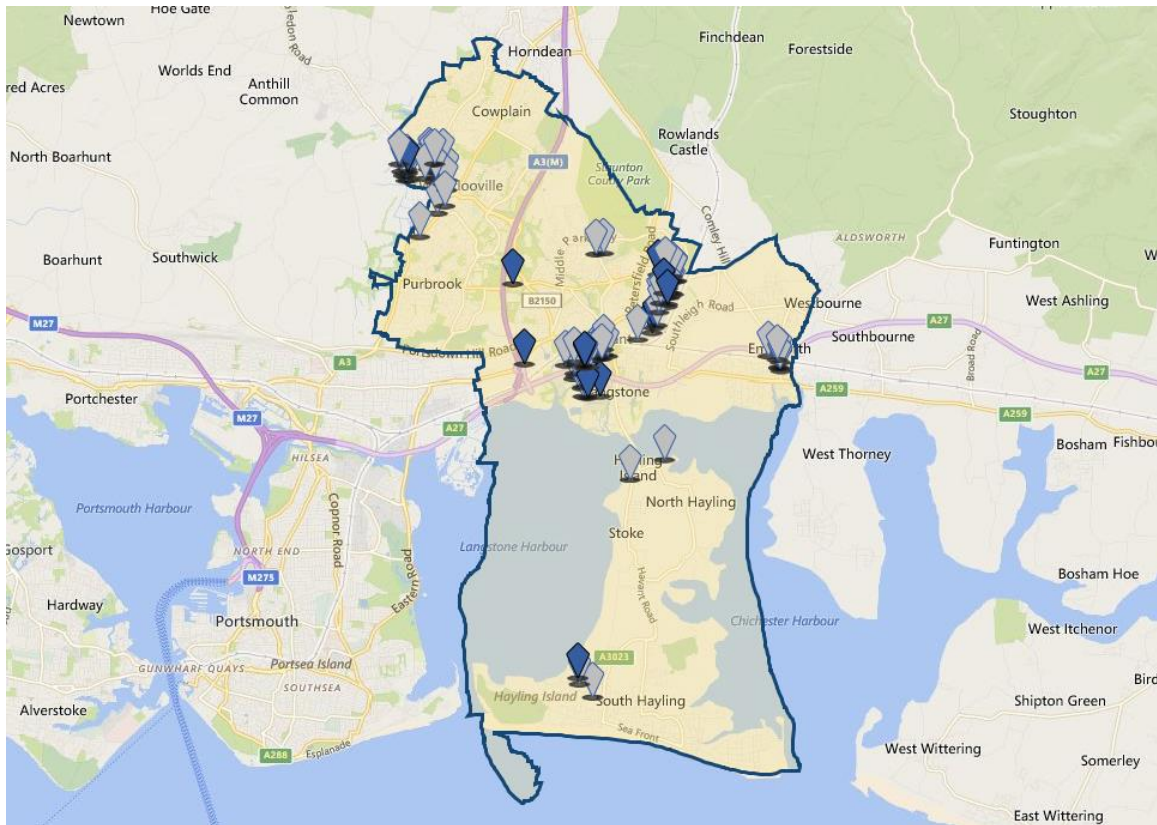


Figure 3: Map of Industrial (B2/B8) Premises

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6.5 The key industrial locations in the borough are:

- Southmoor Lane/Penner Road
- New Lane/Downley Road/Dakota Business Park
- Harts Farm Way/Broadmarsh Business Centre
- Marples Way/Kingscroft Court
- Dunsbury Hill Business Park
- Solent Trade Park
- The Tanneries/Brockhampton Lane
- Aston Road/Aysgarth Road/Arnside Road
- Brambles Business Park/Elletra Avenue
- Palmers Road Emsworth
- Northney Marina/Hayling Billy Business Centre, Hayling Island.

- 6.6 There are principally two main industrial employment areas in Havant. The first is to the south of the A27 (Southmoor Lane/Penner Road and Langstone Technology Park), which has been the principal location for new industrial development over the last 10 to 15 years. The second concentration of predominantly industrial floorspace is to the north of the town centre, running up and down New Lane, which was mainly developed in the 1960s, to provide employment for the large Leigh Park residential estate. There has been isolated redevelopment here of the older stock and, on balance, a location south of the town centre is preferred by many occupiers.
- 6.7 The other notable employment concentration lies to the west of Havant town centre where a good proportion of the estate, built during the 1950s and 1960s, has been replaced with successful new retail and industrial developments along Solent Road. This has included the Solent Retail Park (Next, M&S, Sports Direct, Halfords, Mothercare etc.) opposite the Tesco Superstore and, recently, Solent Trade Park (Jewsons, Screwfix, HSS, Topps Tiles, Toolstation). Solent Road is close to the town centre and Havant Railway station and within 1km of Southmoor Lane and Harts Farm Way industrial areas.
- 6.8 The Broadmarsh industrial area includes the Havant Business and Innovation Centre on Harts Farm Way. This is located conveniently just off the A27 and comprises a range of flexible business accommodation up to 900 sq ft. light industrial workshops. The centre is co-located near to the allocated employment sites on Harts Farm Way, SiteFour (BD9), which has planning permission for around 16,000 sq. m. of B2-B8 industrial uses.
- 6.9 The remaining stock such as The Tanneries offers secondary and lower grade accommodation and has proved more difficult to attract occupiers. There is a busy and constant traffic flow along Solent Road throughout the day, which can become heavy and congested at peak times and so compromises the access to premises in Brockhampton Lane and The Tanneries behind.
- 6.10 The major employment opportunity for the delivery of B1, B2 and B8 floor space is at the Dunsbury Hill Business Gateway site which sits alongside the A3(M) between Leigh Park and Junction 3 of the motorway. Waterlooville to the west is a MDA in its own right and is now a significant source of new housing and potential workspace directly within the borough and in the near vicinity (located within Winchester City Council boundary). The Dunsbury Hill site is assessed in detail in Section 10.

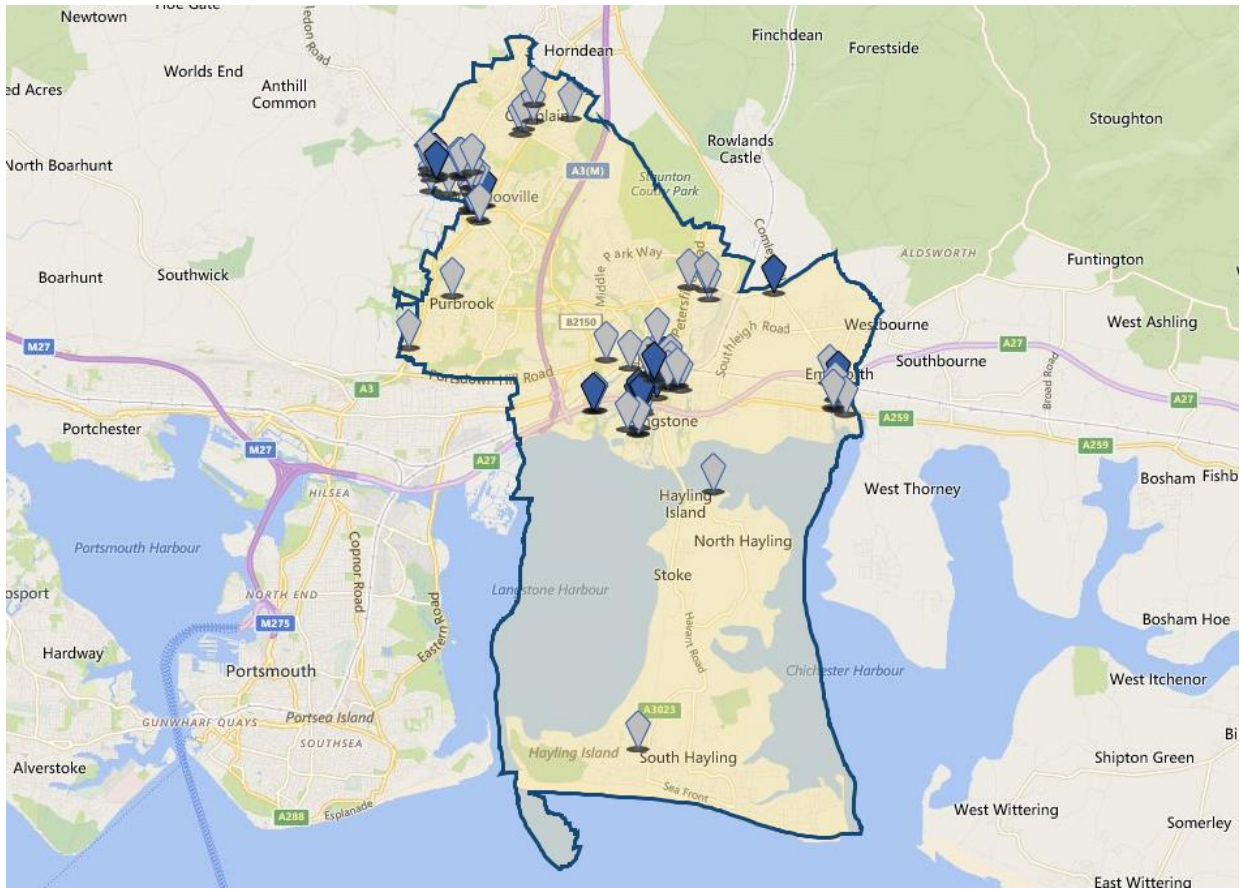


Figure 4: Map of Office (B1a) Premises

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6.11 The spatial distribution of B1a office floorspace follows a similar pattern to the industrial floorspace, with clusters around the industrial areas of Broadmarsh, New Lane and Brambles Business Park. There are also offices in and around Havant town centre, on Hayling Island and in Emsworth, Cowplain and Purbrook.

6.12 Key office locations across the borough are:

- Langstone Technology Park
- Endeavour Business Park
- Langstone Gate
- London Road, Waterloo
- The Briars/Hussar Court/Wellington Gate, Waterloo
- The Plaza, Havant.

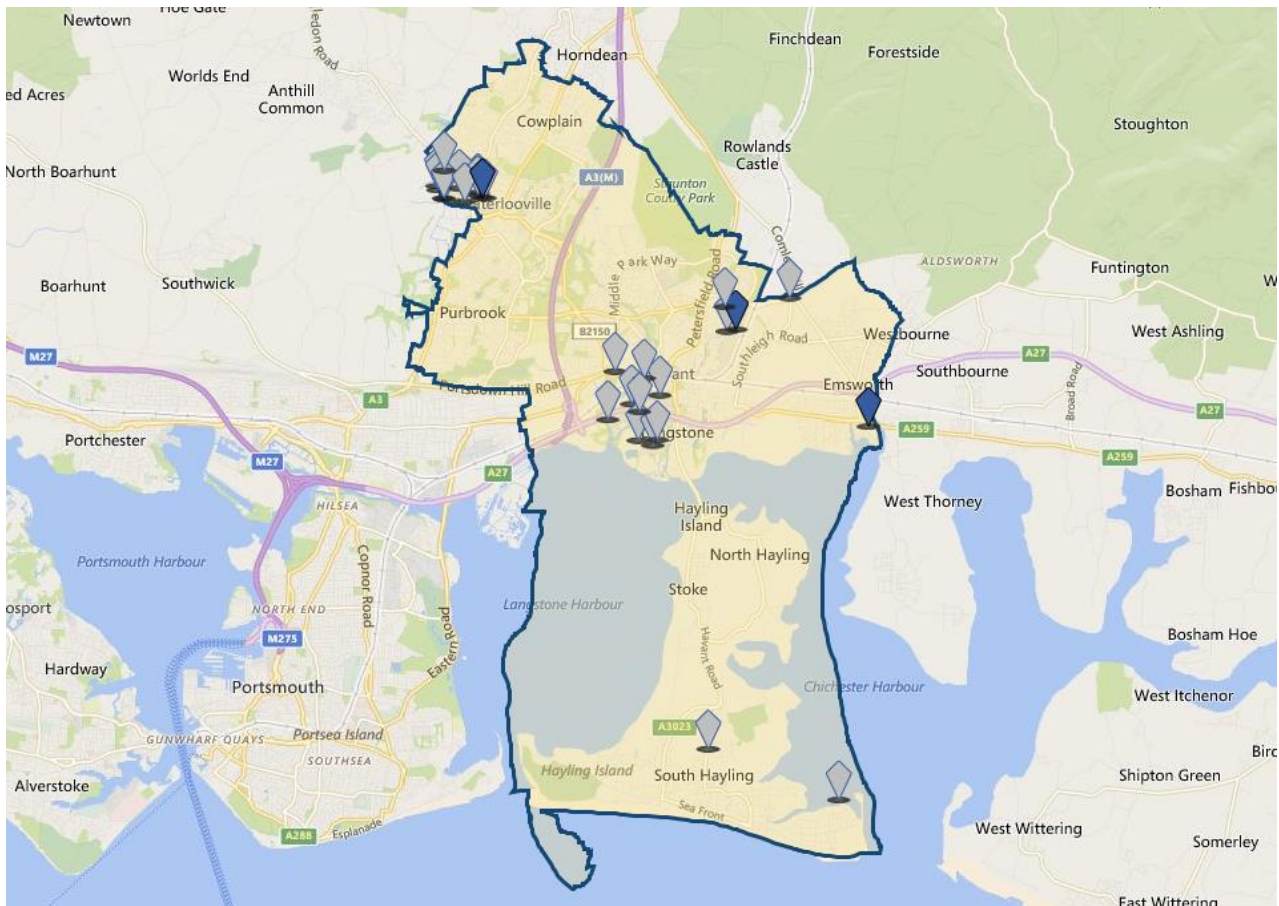


Figure 5: Map of Light Industrial(B1c) Premises

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- 6.13 The spatial distribution of B1c light industrial floorspace across the borough follows a similar pattern to the office floorspace, with main concentrations close to the town and district centres and around the industrial and business areas. The most noteworthy difference between the pattern for office and industrial uses is that there are a greater number of workshops and industrial units than offices on Hayling Island. Some of the light industrial space on Hayling Island is linked to the local presence of marine businesses at Northney and Sparkes Marina. These marinas are operating successfully with low vacancies and provide employment opportunities in one of the Solent LEP's strategic sectors (see Section 4). The marine businesses on Hayling Island include both international and local family-run businesses such as Wilsons Boatyard and are sustainable as they provide local employment on the island.
- 6.14 There are also identified concentrations of workshop space in Emsworth and more rural areas around Havant. This is largely attributed to the conversion of former agricultural out-buildings into employment uses. There are a number of sites around the area that comprise converted farm buildings and provide modern and attractive workshop style accommodation.

Stock Levels, Availability and Rents

- 6.15 The overall industrial stock in the borough has marginally decreased in the past five years to some 323,000 sq m, mainly due to the loss of the BAe Systems facility at Elettra Avenue, Waterlooville, the former Pfizer warehouse in Stanbridge Road and older industrial stock along Solent Road and Brockhampton Lane. Lambert Smith-Hampton estimate that the decrease in industrial stock availability since the beginning of 2013 has been in the order of 34%²⁶.
- 6.16 LSH have also calculated approximate availability of 18,580 sq. m. of built industrial and warehouse premises stock (i.e. on the market) which is very low. In contrast there is a significant amount of employment land available for new development.
- 6.17 This mirrors the recent trend across South Hampshire, where the industrial market, including B1(c) light industrial uses, has experienced a rise in occupier demand and diminishing supply of employment floorspace over the last three years or so. Havant borough's office market, by comparison, has remained relatively static with only a slight increase in stock, displaying moderate take-up and therefore surplus suites and buildings have remained available for relatively longer void periods. The modest level of office market activity is therefore an issue both in regard to insufficient availability of high quality premises and unpredictable demand, with activity and take up generally confined to the highest quality locations at Langstone Technology Park, Langstone Gate and The Briars.
- 6.18 Data from Co-Star shows a fall in availability and vacancies²⁷ for both office and industrial uses in the borough in the last five years whilst asking rent per sq. ft. for both types of uses has increased.
- 6.19 Whilst increased take-up and falling vacancies are indicators of an improving occupational market, the reduced floorspace availability has pushed up rents in prime locations for both office and industrial units. This is partly due to a lack of new development, as no new offices have been built in the borough in the last five years. However it is also the case that premises that are available are not the right size, location or specification to meet demand and this factor has contributed to the supply shortfall and pushed up the prices for new or modern second hand units. LSH have noted that there is at present a critical lack of supply to meet the demand of occupiers and investors for both offices and industrial uses across all size ranges in South Hampshire²⁸. In particular there is a shortage of good quality, modern, detached industrial and logistics units across the sub-region, as development of new B8 units over the last five to ten years has been negligible.
- 6.20 The reduction in supply of high quality industrial units has enabled landlords to promote and achieve higher rents, particularly on good quality second hand units with self-contained yards and this will have a positive effect on prime and pre-let rental levels. LSH have projected that, in more desirable locations across the sub-region, prime rents on modern industrial units below 5,000 sq ft will increase during 2016 to circa £9.50 - £10.00 per sq ft as supply tightens further. At the same time competition has increased and there has been an increase in the number of occupiers willing to sign up to longer leases in excess of ten years to secure space.

²⁶ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

²⁷ Available floorspace indicates floorspace that is on the market, and not necessarily currently vacant

²⁸ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

6.21 In order to understand the property cost confronting a business in acquiring industrial and office accommodation in Havant Borough, the range of rents and capital values applicable to the size range and quality which typically would be applicable at present are tabled below (headline rents exclude business rates, service charges etc²⁹).

	Quality of Stock					
	New/Prime (£psf)		Secondary (£psf)		Tertiary (£psf)	
Location	Capital Value	Headline Rent	Capital Value	Headline Rent	Capital Value	Headline Rent
Under 5,000 sq ft						
Primary	130	10	100	8.50	75	7
Secondary	120	9	90	7.50	60	6.25
5,000 – 20,000 sq ft						
Primary	125	8.50	90	7	75	6.25
Secondary	115	8	80	6.50	65	5.25
Over 20,000 sq ft						
Primary	120	8	85	6.75	65	5.75
Secondary	110	7.50	70	6.25	50	5

Table 6: Typical Industrial Rents and Capital Values

	Quality of Stock			
	New/Prime (£psf)		Secondary (£psf)	
Location	Capital Value	Headline	Capital Value	Headline
Under 5,000 sq ft				
Primary	250	19	175	15
Secondary	220	16	150	13
Over 5,000 sq ft				
Primary	220	18	160	14

²⁹ LSH estimate this element of the overhead will have increased by 10-15% over the last two years.

Secondary	200	15	140	11
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Table 7: Typical Office Rents and Capital Values

NB: New/Prime values are anticipated as there is little or no recent evidence of this category of office stock in the Havant market.

- 6.22 LSH have indicated that office pre-lets where headline rents are nearer to £25 per sq. ft. are currently required in order to justify development and make new builds viable.
- 6.23 Prime headline rents for offices in Havant are therefore too low at present, which is due to lack of high quality stock in good locations. The low price though has prompted occupiers to renew their leases within their current buildings, again tying up these premises and restricting their availability for a further period of time. Elsewhere along the M27 corridor prime office rents have increased by circa 5-10% over the past 12 months, where supply is particularly constrained and where there is evidence of good location, high quality specification, generous parking ratios and access to amenities.

Recent Market Activity

- 6.24 The table below identifies office transactions which have completed in Havant in the last 18 months, with the approximate size and lease/freehold amount achieved. There were no sales of office premises during this time period.

ADDRESS	SQ FT	£ PER SQ FT
Nest Business Park	4,000	£10.15
The Briars, Waterlooville	3,000	£12
Langstone Technology Park	10,000	£12
Wellington Gate, Waterlooville	24,000	Undisclosed
Langstone Gate	1,400	£15
Langstone Gate	1,600	£15
West Street	1,800	£12

Table 8: Office Occupational Transactions in past 18 month period to May 2016

- 6.25 The table below provides details of significant occupier transactions in the industrial market in Havant during the course of the last 18 months.
- 6.26 Although the tables are only an indication of the level of activity in the office and industrial sectors, recent industrial activity has exceeded that in the office market with more deals and of greater significance. The improved economy has played a part in this by generating increased demand across all sectors, but demand in the industrial sector has increased particularly among existing B2/B8 occupiers frustrated at a lack of space in which to expand.

ADDRESS	SQ FT	TENURE	£ PER SQ FT
Plot 2 Dunsbury Hill Farm	80,000 with extension option 40,000	New 15 year lease	£8
Kenwood Business Park	8,643	New 10 year lease	£6.25
Arnside Rd Waterlooville	9,406	New lease	£6
Part of Buttericks New Lane	6,831	New lease	£5.50
Solent Trade Park	26,300	New leases	£12.50
The Meadows	12,000	Sale of long ground lease	Undisclosed
Hayward Business Centre	4,151	New 10 year lease	£7.75
Site at Fulflood Road	32,614	Freehold land	Circa £4,000 per ha
Plot 3 Site 4 Harts Farm Way	0.2 ha	Freehold land	£4,75k per ha
Luxor Court Penner Road	11,000	New 10 year lease, option to buy	£6.50

Table 9: Industrial Occupational Transactions in past 18 month period to May 2016.

6.27 Key investment and developer sales transactions are shown in the table below. Investment transactions in the borough in the last 18 months have been limited in number compared to lease transactions, because headline rents are too low to generate sufficient investor confidence, as outlined above. Property owners (private and institutional) have generally no motive at present to dispose of assets and instead are seeking to retain rental income which, although still on the low side, are relatively high in comparison to capital values, particularly for industrial units.

ADDRESS	TENANT DESCRIPTION	SQ FT	PRICE	YIELD
Elettra Avenue	Site under development for mixed retail/ roadside/ industrial use scheme	5 ha	Circa £7m	N/A
Bramble House Waterberry Drive	Industrial	55,000	£3.435m	8.3%
Kingscroft Court	Industrial	39,000	£3m	7.5%
Langstone Technology Park	Offices - Various corporate and local tenants	470,000	Part of portfolio disposal	N/A
Southmoor Lane Havant	Industrial	36,000	£3.26m	6.7%

Table 10: Investment/Development Transactions in past 18 month period to May 2016.

6.28 There has been sustained growth in occupier demand over the last three years in both the Solent office and industrial markets. This economic resurgence has generated an increase in headline rents and falling tenant incentives, and is facilitating the potential for new development. Institutions are becoming increasingly confident in the South Coast market and are beginning to initiate speculative development of industrial and logistics schemes.

- 6.29 In the industrial and logistics sector, e-tailers, particularly in the non-food sectors, have been a major demand driver. This, combined with a lack of development, has seen availability reach an all-time low, and particularly in key motorway locations this shortage will increasingly frustrate business expansion and relocation.
- 6.30 In prime office locations along the M27 corridor, major new-build schemes are either on the horizon or underway and these include the continued expansion of Lakeside North Harbour, the Royal Pier Waterfront and Station Quarter developments in Southampton, Solent Business Park at Whiteley and the Chilcomb Innovation Centre proposal in Winchester. Although at present, risk adverse pre-lets will be required to stimulate new development at these locations. At Southampton Science Park however, offices are being speculatively built owing to the confidence and justification that full occupancy generates.
- 6.31 In more secondary office locations (within Havant and Gosport for instance) there will continue to be resistance to attracting new B1a development in the short to medium term as residual land values struggle to support such new build schemes. Attracting office occupiers to new locations without an existing critical building mass and a deficiency of staff amenity is difficult. The crucial factors to stimulate and access development funding are the supporting evidence that viable rental levels can be achieved and that there is a credible level of occupier demand, which can afford new office space.

7. Commercial and Industrial Property Markets

South Hampshire Industrial Market

- 7.1 The South Coast is continuing to experience impressive and steady occupier and investor activity; however this demand is beginning to be hampered by the lack of supply, referred to in section 6, which is now impacting across all building size ranges due to a lack of new office and industrial development over the last five to ten years. This is resulting in a shortage of good quality, modern, detached industrial and logistics units.
- 7.2 Demand has virtually outstripped supply of both prime and modern secondary units in the region and this is prompting developers and institutions with the confidence to action speculative development, particularly for schemes aimed at the sub 5,000 sq ft market and larger units ranging from 20,000 sq ft to 100,000 sq ft.
- 7.3 Lambert Smith-Hampton predict that the churn in the industrial market will continue to slow down throughout the remainder of 2016 as occupiers struggle to identify suitable premises to move to and this will continue until the construction of new development schemes is complete. As a result, opportunities for new start-ups and businesses to expand will be restricted, particularly in terms of small freehold unit schemes in good, strategic locations. The expected take-up of pre-let opportunities by larger companies should release a stock of new buildings into the market which will help soak up this latent demand to some extent but not enough to satisfy the overall quantity of occupier requirements³⁰.
- 7.4 In certain locations (for example mixed use areas located on the fringe of areas of commercial activity), existing older industrial stock will increasingly be under pressure to be redeveloped for higher land value residential or non-B Class employment uses. This tension between delivery of housing growth in the borough and safeguarding employment space must be carefully adjudicated and each individual site evaluated on its own merits.
- 7.5 A number of the multi-let industrial estates are achieving higher occupancy rates and accompanied rental growth. It is anticipated that the 'knock-on' effect of this will be, as previously stated, an increase in speculative development across the region.
- 7.6 Availability across the Solent LEP area at the end of Q4 2015 was some 2.15m sq ft, which LSH has estimated represents around only 14 months' supply based on average annual take up over the last five years. This lack of stock has been evident in the medium and larger unit categories for the last 18 to 24 months and this is not set to improve in the near future. Without a steady market churn, occupier demand tails off with the recognition that a search for new premises will be frustrated. Additionally, smaller businesses are struggling to identify suitable alternative premises as the shortage of supply is impacting across all size ranges, with most estates experiencing very low void rates.

³⁰ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

- 7.7 During 2016, LSH anticipate heightened speculative activity in terms of pre-lets, particularly at the eastern end of the M27 corridor, where there are a limited number of larger second hand units available plus fewer speculative developments coming on stream in the Portsmouth and Havant area³¹.
- 7.8 It is worth noting that labour and build costs have markedly increased which has impacted on development appraisal viability and reflected in higher rents being required to support a profitable outcome. This factor has been mitigated to a degree by yield compression raising resultant capital values (i.e. a lower investment yield generates a higher multiplier of the rent to produce greater capital value). LSH predict that owner-occupiers will now be expected to pay significantly higher property values than those seen post recession, particularly on smaller unit schemes.
- 7.9 In the past 12 months to May 2016 there has been unprecedented investment activity in the South East Hampshire industrial market with notable transactions being completed, for example, the sale of Voyager Park to Cornerstone, DTZi acquiring Railway Triangle, BAe Broadoak Works sale and leaseback to Columbia Threadneedle in Portsmouth. Notable transactions in Havant are shown in Tables 8-10 and have included the £3.26m acquisition of Lewmar Marine by Mayfair Capital.
- 7.10 LSH have noted that the investment market is unlikely to maintain the record level of transactions seen in 2015. However with on-going low inflation and minimal interest rates, current prime investment yields of circa 5.5% will continue to bolster capital values and underpin new development on either a pre-letting or speculative basis.

South Coast Office Market

- 7.11 The South Hampshire region benefitted from an improving occupational market during 2015, with a notable increase in take-up figures and a falling supply. The reduction in supply is influenced mainly by:
1. Conversion of offices to residential (and also other uses) under permitted development rights
 2. Improving occupancy rates and demand for better quality space
 3. No meaningful, new speculative office developments in the last eight years.
- 7.12 With office availability along the M27 corridor standing at just over 1.3 million sq ft at the end of 2015, there is currently less than three years' supply, based on the current rate of take-up, which has improved steadily since 2012, passing the 500,000 sq ft. mark in 2015, for the first time since 2007. Grade A stock represents 24% of availability and is under pressure. Similar levels of take up are anticipated during 2016, although take up is likely to fall below the 2015 peak as supply constraints emerge.
- 7.13 The trend of falling supply of premises is expected to continue and, in the short to medium term, prime rents along the M27 corridor are therefore anticipated to rise. Concurrently, tenant incentives for open market lettings have reduced and are predicted to fall further. Where previously an 18 month rent-free period was typically required for a five-year term certain this has now fallen to circa six to 12 months in the current market.

³¹ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

7.14 New office development in Havant borough has been very limited in the last few years and development activity has been limited and largely confined to the best quality locations and premises, as indicated earlier in this report. With availability continuing to fall, relocation options for businesses are narrowing. Much of the occupier demand across Havant and the rest of the South Coast, in particular from corporate occupiers, has been due to business expansion and a preference to upgrade to higher quality office space. This tends more often to be found in prime locations, which may be out of town/motorway accessible or in prime city centre destinations, close to public transport networks or part of a mixed use scheme – as evident with current developer and occupier interest at Southampton Science Park and at Solent Business Park in Whiteley.

8. Occupier Requirements

- 8.1 Discussions with local businesses within Havant Borough have confirmed that there is a high demand for industrial use buildings in the B2/B8 classes. The B8 is integral to the manufacturing capabilities and thus linked directly to B2 in many instances. It is also evident that available properties are in excess of 20 years old and many date back to the 1950s to 1970s and are therefore no longer fit for modern working practices. A number of the smaller units of up to approximately 10,000 sq ft are owner-occupied although there are exceptions which are significantly larger.
- 8.2 The nature of the age and ownership of premises affects the mobility of businesses as they expand. The key factors affecting this are the rental price of newer units being significantly higher than existing buildings and the comparatively limited availability of properties for sale rather than lease. A number of businesses that need to expand are therefore effectively trapped in their current locations, or are forced to branch into multiple smaller-sized sites.
- 8.3 Evidence from discussions with local business occupiers has indicated a shortage of good quality buildings available within the borough for B2 use within a reasonable price in the size range of 10,000 – 30,000 sq ft in different configurations. There is also a need for land available for B1, B2 and B8 use properties within this size range for ownership by occupiers as well as for rent. Recent new developments of this use and size that have taken place have primarily been let as trade counters. Although these occupiers clearly play a beneficial role in the local economy, this trend has removed some floor space from the market otherwise available to general B1c, B2 and non trade B8 occupiers, who often are not able or willing to pay the higher rents which trade use will command.
- 8.4 Regional market analysis supports the view that smaller-size range industrial units have the most market imbalance, with demand outstripping supply. However whilst medium-sized (10-50,000 sq. ft) and larger logistics (>100,000 sq. ft) businesses are at present relatively balanced across the UK as whole, the South East continues to show a severe supply shortage of premises in this market segment³².
- 8.5 Discussion with existing occupiers has also highlighted that new sites are approximately 20-30% more per sq ft than their existing rental costs, making it uneconomical for them to take a new build. Rebuilding the existing older building stock could create space for expanding businesses to move into, thereby freeing up better quality stock for other businesses to move into, however this would be a more expensive option than building on an undeveloped or previously cleared site.

³² Source: Industrial and Logistics Market 2016 – Tracking Developments, Lambert Smith-Hampton

Office Market

- 8.6 Evidence in regard to demand for employment floorspace in Havant Borough is supported at the South East regional level, particularly in the office sector, with supply falling, whilst businesses demand higher quality office space to accommodate changing modern working practices and a move towards a more agile working environment. Modern workplace environments that are now sought by occupiers typically include large open plan floorplates to enable single floor occupation, good breakout space and access to amenity areas to attract and retain the best staff³³. Other criteria include high availability of parking for staff and visitors (with the best ratios considered to be 1:200 per sq. ft.), high speed broadband availability, connectivity of site location and availability of on site and surrounding amenities (e.g. staff restaurant and leisure facilities)³⁴.
- 8.7 In a Solent market place context, a Grade A (highest quality) office specification can be defined as having the following features³⁵.
- Open plan footplates
 - Floorspace densities of 8-13 m² per person with a NIA (net) to GIA (gross) efficiency of 80-85%
 - Floor to ceiling heights minimum of 2.6m
 - BREEAM Very Good or Excellent rating
 - Raised floors
 - Air conditioned space
 - Prestigious reception/lobbies
 - Prime location close to a motorway or transport hub
 - A high quality environment and design to reflect company image
 - Superfast broadband
 - Good parking ratios.
- 8.8 The most progressive workplaces are those which provide a multiplicity of work settings and have ample connectivity, with an increasing emphasis on informal spaces. This includes both collaborative and quiet areas which are suited to different types of work and can cater to different personality types. Also, beyond the immediate work environment, access to a range of amenities offering refreshment, exercise and relaxation are other important ways that a building can support wellbeing. Businesses are increasingly using their workspace as a means to communicate the values and culture of the organisation.

³³ Source: South Coast Office Market Briefing 2016, Lambert Smith-Hampton

³⁴ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

³⁵ These features relate to buildings of the highest quality, rather than those sought after in a wider sense, however most of them would attract occupiers looking for high quality office space.

8.9 In today's world, businesses have to work ever harder to differentiate themselves from their competitors, leading to careful consideration on fit-out design to give a sense of kudos to their staff and visiting clients. As working practices become more agile, the office is likely to serve increasingly as a focal point for the face to face interaction between staff and clients, intensifying this trend further still.

Industrial Market

8.10 In the industrial sector, there is an acute lack of Grade A space in Havant Borough, where apart from new build opportunities on development sites, such as FatFace's new distribution centre which is under construction at Dunsbury Hill, there is virtually no standing stock of this quality. The situation is similar, although not as acute, across the rest of the Solent LEP area where LSH consider that only 310,000 sq ft (14.5%) of average annual take-up over the last five years can be regarded as prime space. A large element of this would not conform to the property industry's definition of Grade A industrial space.

8.11 The property industry's definition of Grade A industrial space is:

- Plot densities up to 45/50% depending on the size and nature of use;
- environmentally compliant and energy efficient buildings;
- minimum eaves heights for units up to 20 000 sq ft of 6.5m, rising to 7.5m for buildings between 20,000 and 50,000 sq ft and higher (10 to 12m plus) for units over 50 000 sq ft;
- typical office content of 10/15% with raised floors and cooling;
- secure site;
- adequate dock and/or grade level loading with larger occupiers requiring separate office parking to yard and loading areas;
- attractive and modern design;
- defined service capacities inc sufficient kVa power supply;
- accessible location for staff and commercial vehicles.

8.12 Recent research by LSH³⁶ has shown that the logistics sector within the industrial market is growing strongly and new premises are in demand, with their records revealing on average 30% higher occupier enquiries for larger B8 units compared to B1c and B2. The skills requirements within this sector encompass all grades of the workforce from managerial and administrative to unskilled. In addition, over the last few years, actual take up has been 50% higher for premises marketed for specific logistics use.

³⁶ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

8.13 In future businesses will predominantly require Grade A to B quality space, where units offer modern, adaptable and efficient layouts on well managed business estates with, importantly, good access and parking and compatible neighbouring uses. There will, however, be a distinction between larger occupiers seeking light and general industrial, and those seeking warehouse and distribution uses. For the latter, a motorway orientated location will be important and it is therefore unlikely that estates where there is conflict with retail and urban traffic will be acceptable in B8 logistics terms.

9. Employment Land Supply and Demand

- 9.1 Turning to the future supply of employment land within the borough, there are three key considerations in terms of the rate and amount of delivery. These are:
- Location;
 - Viability of sites; and
 - the stated timing of the land coming forward for development.
- 9.2 The sub-regional perspective of how the PUSH land policies will influence the availability and take-up of major new (potentially competing) employment sites in South Hampshire, such as Welborne, off Junction 10 of the M27, is also very relevant in predicting future take-up in Havant Borough. The degree of competition in attracting new occupiers should not be underestimated and allocated sites within Havant will be tested against sites allocated by other local authorities such as Daedalus Solent Enterprise Zone, or the former Ford site at Eastleigh adjacent to Southampton Airport.
- 9.3 To rationalise the overall net need for B Class floorspace from 2016 – 2036, Lambert Smith-Hampton (LSH) have undertaken a third party demand assessment which considered and balanced a number of factors as follows:
- Historic take up in the borough;
 - land supply pipeline and the affordability/viability assessment by both occupiers and developers to deliver new space;
 - the regional competition which will impact on ability to reach targets; economic cycles over the 20 year period;
 - and the evolving nature of employment sectors and the type of floorspace likely to be required.
- 9.4 Although floorspace analysis is generally categorised by the Use Classes Order to differentiate between B1a and B2/B8 uses, in practice many businesses combine office and manufacturing/warehousing operations and therefore deriving floorspace quotas from employment densities can be unreliable and inconsistent with occupiers' needs.
- 9.5 Taking account of historic patterns of floorspace take up in both B1a and B2/B8 sectors, the employment modelling undertaken by PUSH and how this may be translated into Havant's future job prospects and the suitability of the employment land supply, LSH have modelled a realistic forecast for the net future employment space needed in the borough 2016-2036 as follows:

MEASURE	USE B1a	MIXED USE B2/B8
Annual Average Take Up (sq m)	3,825	14,167
Employment Land Supply (sq m) Deliverable	34,500	85,000
Viability and Marketability	Weak/May Improve	Strong
Residual Land Values	Negative	Positive
Projected Additional Annual Demand (sq m)	1,393	2,750
Overall Net Need (sq m)	27,870	55,000

Table 11: Floorspace Net Supply and Need Forecasts

- 9.6 LSH have calculated that these overall net floor space forecasts could produce between 3,000 and 3,500 new jobs (applying the employment densities referred to by PUSH and allowing for 20% office content within the B2/B8 category).
- 9.7 The Council's assessment of site availability (see Table 14 and Appendix 3) indicates that the borough will have a significant excess land supply to accommodate the anticipated industrial employment land requirements identified by PUSH up to 2036³⁷, assuming that sufficient floorspace on the larger and longer phased sites will come forward, which appears realistic. However the B1 office provision and projected pipeline required is problematic due to the fact that Havant's economy will continue to have a broadly B2/B8 bias and the evidence and occupier demand does not suggest any change in this. Office demand is unpredictable and in South East Hampshire occupiers tend to be drawn towards prestigious, accessible and visible locations such as Lakeside or Solent Business Park. Moreover, past underperformance and inadequate current rental levels across the sub region do not presently support new office development on a larger scale.
- 9.8 The Council has identified approximately 50 hectares of land for future development within the borough, excluding sites under construction or subject to a purchase deal. Notably this also excludes the MDA land west of Waterlooville (being outside HBC boundary), which could provide an additional 25 hectares (20 hectares on business parks/industrial estates with the remainder in mixed use schemes). This will have a clear effect on market behaviour in Havant Borough.
- 9.9 Similarly, the 5.75ha site E2 within the MDA, accessed off the B2150 Hambledon Road towards Denmead, sits within Winchester City Council administrative boundary but will directly service the Waterlooville market. This has remained available for five years and in a further attempt to secure a commercial buyer for the land, the agents have marketed the site for sale by tender.
- 9.10 The major land supply allocation in the borough is concentrated at Dunsbury Hill which will draw heavily on the nearby labour pool of Leigh Park and following the recent enabling infrastructure /highway and spine road works, the development is progressing and has secured the first pre-letting agreement (with FatFace).
- 9.11 Having identified 16 suitable employment sites, including a number of additional sites to enhance the allocated supply from 2016 onwards, there is a potential 63,000 sq m industrial floorspace over the suggested PUSH floorspace target for Havant Borough of only 337 sq m. Put in this context, the PUSH analysis of the need for employment floorspace in Havant seems very implausible.

³⁷ GL Hearn Economic and Evidence Base Paper PUSH May 2016

- 9.12 However in the office sector where significant employment growth is projected and encouraged by PUSH, the net need proves far less achievable in contrast to the targets for B2/B8 employment uses. The majority of the industrial sites proposed through the Havant Allocations Plan and Call for Sites public engagement process represent serious and realistic opportunities to deliver the required employment gains. Indeed in the opinion of LSH, some of the Call for Sites opportunities may have greater market appeal than those already allocated.
- 9.13 As stated earlier in this study, confidence in occupier activity and rental performance will greatly influence the rate of developer's acquisition and funding of viable sites, however from a strategic perspective, the important fact is that employment land is allocated for development in the first place and in the right locations. Optimal locations for site development are described in more detail in section 8 and include:
- Motorway junctions/transport hubs – providing ready made infrastructure
 - An aesthetic environment, without conflicting neighbouring uses
 - Near to retail/financial/food & drink/leisure and health amenities
 - Visibility and prominence to enhance company image and prestige.

10. Dunsbury Hill Site Delivery

- 10.1 Dunsbury Hill Business Gateway is a major strategic employment development opportunity on land between Havant and Waterlooville, which is anticipated to deliver a significant number of jobs next to Leigh Park, a priority area for regeneration and an area of deprivation as set out earlier in the study. The Sub-Regional Strategy for South Hampshire formulated by PUSH and reinforced by the Solent LEP (Transferring Solent: Growth Strategy Oct 2014) identifies Dunsbury Hill as a key site to improve the sub-region's economic performance.
- 10.2 On 19th February 2014, HBC granted a comprehensive outline planning consent (APP/12/00338) for a total of 61,779 sq m employment uses and hotel with conference facilities, together with landscaping, infrastructure and associated works. The outline consent was granted for a period of seven years, with an expiration date of 19th February 2021³⁸. At the same time full planning permission was granted for a new access link road with bus gate to Woolston Road (from Hulbert Road). This link road is in its final stages of construction.
- 10.3 Since the original consent was granted, Portsmouth City Council, which own the land within the site, have considered the possibility of extending the boundary of the approved planning application to include a 6.55ha area of adjacent land to the north. This would form a phase 3 to the development, to be completed after phases 1 and 2 are complete or access to this land is enabled. This could provide a further 11,000 sq m of employment floorspace and it has been included within the site assessment analysis in section 13.
- 10.4 With its size, high accessibility in transport terms, and high overall score in the employment site assessment in this study (section 12 and Appendix 2), Dunsbury Hill has not only the potential to provide for the majority of the overall employment floorspace need in the borough over the next 20 years but will also be able to provide for a wide range of business and employment opportunities. These will include knowledge based businesses in the manufacturing sector. It would also provide opportunities for training initiatives in these areas, tackling skills shortages and development of skills in emerging growth sectors and is particularly relevant being located adjacent to Leigh Park. These are important aspects of the Council's approach to raising skills and employability across the borough, as highlighted in policy CS3 of the Adopted Local Plan (Core Strategy).
- 10.5 In master planning the development scheme for the site, the primary consideration must be the profile of the likely occupier demand for the end product, otherwise the target market will be constrained, and the delivery timescales compromised and the economic benefit will be restricted.

³⁸ A reserved matters consent APP/15/01156 was granted in December 2015 in respect of Plot 2, Phase 1 of this application, which includes construction of a 18,000 sq m B8 warehouse and distribution building.

Business Occupier Flexibility

- 10.6 In order to most effectively attract an occupier or a developer partner/investor, the Local Plan policy to enable and influence the development needs to be as flexible and market orientated as possible and adaptable towards as wider range of businesses within B1, B2 and B8 uses.
- 10.7 The National Planning Policy Framework (NPPF) states that planning policies should be flexible and responsive and seek to remove potential barriers to investment in business. Paragraph 21 states that:
- “local planning authorities should...support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances”.*
- 10.8 However, whilst the industrial sector is showing strong demand, particularly in logistics, in practice, many businesses undertake a range of activities within the B1/B2/B8 use classes and occupy space for combined office, manufacturing and assembly, material and finished goods storage/distribution. As a result they often will require a variable office content (typically between 10 and 20% of the total footprint but could be higher). This can only come with policy flexibility.
- 10.9 The ambition is to extensively promote Dunsbury Hill Business Gateway to the national and regional marketplace to attract occupiers from all B Class sectors including companies wishing to relocate to Havant – a limitation on B8 floorspace will be an impediment in marketing the site as predominantly, employment sites elsewhere will offer complete flexibility to accommodate either B1, B2 or B8 uses. It is considered unlikely that in view of the site’s ‘coastal belt’ location, that ‘Super Big Box’ logistics occupiers will be attracted here, as they would be better placed in a central hub to service the whole UK³⁹.
- 10.10 LSH has published the outcomes of their research with a sample of Hampshire based companies which tested the commonly held past perception that B8 occupiers do not provide enough quality jobs. Their findings, set out in a Market Perspective Report⁴⁰ on the planning consent for the Dunsbury Hill site, discredit this view with figures indicating that employment densities vary widely between occupiers and use types and that, on average, densities for B8 premises are no better or worse than for other B class activities.
- 10.11 These indicators suggest that active promotion of B8 operations at the Dunsbury Hill site would also provide for a range of ancillary uses, including B1 offices. The original outline planning consent included a condition to allow no more than 20% of the overall scheme to be used for B8 uses. The purpose of this condition was to encourage more labour intensive occupiers which would better serve the local community in terms of providing more jobs and jobs suited to the right skill levels of the local workforce.

³⁹ Havant Borough Business Needs, Site Assessments and Employment Land Study, Lambert Smith-Hampton, May 2016

⁴⁰ Dunsbury Hill Farm: Market Perspective on Planning Consent APP/12/00338 to support proposed S73 application by Portsmouth City Council, March 2015, Lambert Smith-Hampton:
<http://www5.havant.gov.uk/AcolaidIntegration/GetDocumentContent.aspx?documentId=1097987>

10.12 The original application has since been varied under application APP/15/00732 to increase the maximum permitted proportion of B8 floorspace to 30%. This is likely to make the site easier to let without reducing its propensity to employ high numbers of local residents, including the unskilled and long-term unemployed. As the site continues to progress and expand, the Council will give due consideration to further proposals to increase the flexibility of approved uses in response to market demand.

11. Sites with Extant Planning Permission

- 11.1 There were eight sites in the borough with extant (unimplemented) planning permission for B1-B8 employment development as of February 2016, as set out in Table 12 below. These provide a potential total of circa. 89,000 square metres of new employment floorspace. The most significant of these sites is Dunsbury Hill (Section 9). This has outline permission for 61,779 sq m of employment uses and a hotel and a detailed application for a new access link road.
- 11.2 The B8 element of the Dunsbury Hill scheme was increased under a revised application to form approximately 20-30% of the total development. This part of the scheme has now been approved under reserved matters⁴¹, with a 15-year lease having been agreed with Fat Face on Plot 2 of the site.
- 11.3 Site Four, on Harts Farm Way, is the next largest of these applications, providing a potential 16,275 sq m. All four plots on this site are being progressed, with Plot 3 under construction for occupation by P&I Generators and Plots 1, 2 and 4 under offer as pre-let build to order opportunities for B1-B8 uses.

<u>ELR ref</u>	<u>Local Plan Allocation ref.</u>	<u>Site name</u>	<u>Planning application no.</u>	<u>Planning status</u>	<u>Area (ha)</u>	<u>Use class</u>	<u>Net sq.m. approved</u>
BD9	HB2 (BD9)	SiteFour, Harts Farm Way, Havant	APP/13/00911	NS	4.19	B2-B8	16,275*
BD10	HB2 (BD10)	Land North of Regional Business Centre, Havant (Site 3, former HBC depot)	APP/14/01296	NS	1.48	B2-B8	3,500
BD39	EM2 (BD39)	Interbridges East	APP/07/54901/007	NS	0.81	B2-B8	2,200
BD63	Core Strategy Strategic Site 3	Dunsbury Hill Farm, Park Lane, Waterlooville	APP/12/00338	UC – Link road and Phase 1 /2 B8 unit	20.2	B2-B8	61,779
BD65	LP3 (BD65)	Land south of Fulflood Road, Dunsbury Way, Havant (former Proctor & Gamble site)	APP/15/01233	NS**	0.75	B1-B8	2,810
BD73/BD75	HY2 (BD73)	58-64 Station Road, East of	APP/15/00919	NS	2.81	B1-B8	1,000

⁴¹ APP/15/01156

<u>ELR ref</u>	<u>Local Plan Allocation ref.</u>	<u>Site name</u>	<u>Planning application no.</u>	<u>Planning status</u>	<u>Area (ha)</u>	<u>Use class</u>	<u>Net sq.m. approved</u>
		Furniss Way, Hayling Island					
N/A	N/A	ICTS Ltd, Solent Road, Havant	APP/16/00161	NS	0.21	B1-B8	948
N/A	N/A	Old Manor Farm, Lower Road, Havant	APP/14/01019	NS	0.3	B1/B8 (or A1- A3/D2, flexible use under prior approval)	403
						Total	88,915

Table 12: Sites with Extant Planning Permission for B1-B8 Development as of February 2016.

*Circa. 11,500 sq m available after deduction of Plot 3, this is now under construction.

**Site now subject to purchase deal

12. Loss/Gain of Employment from Housing Sites

- 12.1 Policy CS2 of the Adopted Local Plan (Core Strategy) safeguards fit for purpose existing B-use employment sites and allocations from development for non-employment uses, however the Council recognises the need for flexibility to respond to changing business requirements.
- 12.2 Any loss of existing employment floorspace of a particular B-use class will necessitate an increase in the amount of new floorspace for that use class over the plan period in order to maintain the supply of high quality floorspace and stabilise prices.
- 12.3 Since publication of the last ELR in 2012, some sites previously in employment use have been redeveloped or converted to residential uses or have been identified within the Strategic Housing Land Availability Assessment (SHLAA) as being suitable for residential use. This complies with paragraph 161 of the National Planning Policy Framework (NPPF), which states that reviews of land for housing and economic development should be combined. Conversely, two other sites that were former housing allocations in the Local Plan (Allocations) (H19 – Palk Road and H72 – Town End House) have now been developed or reoccupied for employment use.
- 12.4 Table 13 shows the sites in the 2012 Employment Land Review that have been redeveloped or reallocated for other uses, or otherwise discarded as potential employment sites.

Site ref. / Local Plan ref	Site Name	Address	Category	Reasons for removal
HAVANT				
HB3 (BD8)	Bosmere Field	Langstone Road, Havant PO9 1SA	N/a	Site developed as Premier Inn and Langbrook Farm restaurant.
BD18	Land at Marples Way	Marples Way	N/a	Has permission for housing (APP/12/00772). Previous employment allocation superseded by Local Plan (Allocations) 2014.
HB2 (H19)	Land at Palk Road	Palk Road	Housing allocation/ COU	Allocated for housing in Local Plan (Allocations) 2014. Planning permission (APP/15/00447) in July 2015 for change of use to B8 and addition of 2 portacabins.
BD22	New Lane Allotments	New Lane	N/a	Removed as allocation in Local Plan (Allocations) 2014.
H10 (BD30)	Market Parade & North Street	Market Parade and adjacent car park	N/a	Part of site has permission for a redevelopment of flats and ground floor retail uses.
BD32	Public Services Village	Civic Centre Road	Existing	Refurbishment and extension of the Civic Offices (Public Service Plaza) was completed in 2012. Existing JobCentre Plus site allocated for 22 dwellings under Local Plan (Allocations) policy H79.
H69	Hampshire South East Divisional Education Offices (former Oak Park School)	River Way	Existing	Former building demolished. Site allocated for housing in Local Plan (Allocations) and Identified in 2016 SHLAA as suitable for residential use.
BD36	Southleigh Farm/Estate	Southleigh Road	Existing	Being considered for residential uses in 2016 SHLAA.
EMSWORTH				
BD37	Station Approach, North Street	North Street	Existing	Site has been developed.
BD38	Interbridges West	North Street	N/a	Site not included in Local Plan (Allocations) due to overriding access and ownership constraints.
WATERLOOVILLE				
BD44	West of Waterlooville MDA	Land to the west of the Waterlooville MDA area	Proposed	Mixed use development currently under construction.
BD49	Hambledon Road	Hambledon Road	N/a	Former Caetono coachworks site, redeveloped as Sainsbury's (opened 2014)
WA2 (BD54)	BAE/Systems Technology Park	Elettra Avenue	Existing	Industrial park now largely demolished to make way for new retail and leisure development but two buildings under lease to BAE Systems until 2017 and remain in operational use (total of 7,653 sq. m.).
BD58	Raeburn House	Hulbert Road	Existing	Former vacant office block converted into residential uses (APP/10/00631).
LEIGH PARK (N/a)				
HAYLING ISLAND (N/a)				

Table 13: Employment sites discarded since publication of the 2012 Employment Land Review

13. Site Assessment Analysis

Explanation of Assessment Criteria

- 13.1 Each employment site in the borough (allocated, existing unallocated, and proposed) has been individually assessed by Lambert Smith-Hampton using a five category A-E grading system to identify high to low quality ranking against eight categories of assessment criteria under the following headings:
- Strategic Location/accessibility;
 - Estate Layout/prominence;
 - Character of area/neighbouring uses;
 - Local amenities/public transport;
 - Planning status;
 - Occupier perception/property values;
 - Age and suitability of built stock (fit for purpose); and
 - Redevelopment prospects (taking into account market demand and constraints).
- 13.2 A full list of the detailed assessment criteria is included at Appendix 1 and the site scoring matrix listing scores for all sites is included at Appendix 2.
- 13.3 By formulating a list of criteria and a method of assessing the market appeal and suitability of existing industrial estates, offices and employment sites, a consistent and objective measurement of the quality as well as the quantity can be established.
- 13.4 There is an inherent simplicity in scoring sites and premises against a uniformed set of criteria but the Council and LSH have applied a consistent approach to identify those sites which are either 'fit for purpose' now, have longevity in providing employment space and will continue to meet the needs of businesses in the borough or conversely those sites which, in the short to medium term, will become obsolete or should warrant redevelopment. Clearly there are specific factors to satisfy the individual company's requirements which are reflected in LSH's judgement of the market's perception (Category 6 of the assessment criteria), such as car parking ratios, security, building image and affordability.
- 13.5 To streamline the analysis the criteria have not been weighted, as in practice, an occupier's selection will consider all of these factors depending on the priority for their specific business needs; however location, building specification/state of repair and occupational cost are considered likely to be the principal determinants.
- 13.6 There are individual premises that may not, due to their untidy or 'scruffy' nature, perform well in terms of quality and receive a low overall assessment, but are still fit for that purpose. From the ranking system it is evident that the older, tertiary estates such as those at The Tanneries score poorly as they have failings in several categories. Nevertheless they have a rightful and important

place in the market and unless the conditions of the buildings have exceeded their economic life or a whole scale redevelopment is justified, they need to be allowed and protected to satisfy demand.

13.7 The most popular industrial locations are at Southmoor Lane and New Lane. It is believed that these sites will continue to remain popular with existing, out dated buildings coming forward sporadically to be redeveloped in timescales subject to lease events, owners' motives and the economic climate. A number of the estates, even those with average ratings, contain varying proportions of old style buildings in need of refurbishment and often suffer from a higher level of site coverage than would be proposed or desired now.

Recommendations for Potential Employment Sites

13.8 The table below lists all the sites assessed in the ELR which could go towards meeting the revised employment floorspace target for the borough and which are considered highly suitable for future employment use and could warrant potential allocation in the new Havant Borough Local Plan. These sites were identified from three sources.

13.9 Sites with planning permission are included in this list but those that are currently subject to a purchase deal or under construction have been excluded as they are not considered to be part of the future available supply.

13.10 Where sites or buildings are identified which may become available for redevelopment within a certain timescale, this is based on well informed market knowledge (supplied by LSH) at the time of this study's preparation. However circumstances or assumptions are liable to change.

LOCATION	SIZE (Max Floorspace Sq M)	POSSIBLE TIMESCALE (year range)	USE	COMMENTS
Dunsbury Hill Farm	50,600	0 - 5	B1 B2 B8	Phases 1 and 2 infrastructure complete, development ready for delivery – FatFace new 80,000 sq ft B8 unit under construction (Extension option of 40,000 sq ft inc. in supply total)
Velocity	11,150	0 - 5	B2 B8	Cleared site available for pre let of 120,000 sq ft
Site 4	11,500	0 - 5	B2 B8	3 plots – Trident pre let of 70 000 sq ft. Chancerygate spec scheme and rear plot for owner occupier development
Brockhampton West	8,500	5 - 10	B1a B2 B8	2012 feasibility study recommended Option 2 hence 8,500 sq m – LSH consider 50% may be B1a
Kingscroft Farm	12,000	0 – 10	B2 B8	Known dev constraints to overcome but market strong enough to achieve this
Former BAe Systems Elettra Park	9,000	0 - 5	B1a B2 B8	Part of comprehensive masterplan for whole site
Land North of Solent	6,600	0 – 10	B1a	Owned by Portsmouth Water, adjacent to

LOCATION	SIZE (Max Floorspace Sq M)	POSSIBLE TIMESCALE (year range)	USE	COMMENTS
Road				recently built medical centre
Site A3M East	5,500	5 – 15	B1a B2 B8	Land to rear of B&Q DIY, landowner suggested mixed use inc housing
Leigh Park Gasometer	3,500	0 – 5	B2 B8	Now disused, site will come to market shortly subject remediation works required
Blue Star, Maurepas Way	4,500	5 – 10	B1a	Close to Waterlooville Town Centre, owned by Grainger Trust, could suit mix B1a/residential
Interbridges West	2,200	0 – 10	B1a B2 B8	Planning consent for small unit scheme, not commenced
Station Road (Land East of Furniss Way)	1,000	0 – 5	B1/B8	Planning consent for residential/industrial scheme – industrial element not commenced
Dunsbury Hill Phase 3	11,000	5 – 15	B2 B8	Additional land to north of site, potential to follow Phases 1 and 2 once completed
Bartons Rd/New Lane	6,000	0 – 5	B2 B8	Likely to become available in 2017, suit mixed use development inc roadside, B class and possibly residential
Northney Marina	1,000	0 - 5	B1a	Employment use proposed alongside extending the residential on site, subject flood risk assessment, Harbour side constraints etc

Table 14: Key Allocated/Potential New Employment Sites/Redevelopment Opportunity

14. Conclusions

- 14.1 The analysis within this study demonstrates that the borough's employment market is in a state of flux. The built available stock is presently inadequate to satisfy the occupational needs of local, existing businesses and failing to capture inward companies' property aspirations.
- 14.2 Whilst the supply pipeline of B2/B8 employment land is healthy in terms of quantity, quality and deliverability, the immediate availability is critically low and suppressing the necessary churn in the market.
- 14.3 The B1a office market is performing less well, where typically occupier demand is less predictable and with the exception of Langstone Technology Park, the borough has a poor track record of attracting larger office occupiers. This predicament is compounded by the fact that prime office rents are presently inadequate to support viable new office development. There is a considerable amount of B1a employment land in the borough; however the locational and amenity quality of this is variable.
- 14.4 It is recommended to exercise caution in considering release for alternative uses of employment allocations that this study has recommended rolling forward in the new Local Plan, or of sites it recommends for future allocation. Most of these sites are of high or at least average quality in terms of their attractiveness to the market and they will help to facilitate business activity and boost local economic growth. Their viability will also improve further as property market conditions improve and encourage further new speculative development. Such schemes are already in the pipeline, for example at Harts Farm Way. In future, these developments will have the effect of increasing the confidence of developers, investors and potential occupiers, improving capital values and validating further development activity across the borough.
- 14.5 If allocated sites are to be released, it could reduce the borough's attractiveness as an employment location. This could limit the opportunities for local economic growth and potentially even lead to loss of jobs in the borough, as businesses based here may decide to relocate elsewhere to seek suitable space to meet their expansion needs. It is therefore vital to facilitate the development of these sites for employment uses to encourage business activity and high rates of employment, as well as to maintain reasonable market churn and a good balance between housing and jobs in the borough.
- 14.6 Many of the allocated sites are, for reasons indicated in the site proformas (in Appendix 5), less suitable for housing and are well located for employment use due to their accessibility and proximity to other employment uses (clustering effect). In the case of sites to be allocated for industrial uses, they are located further away from residential uses, to avoid potential amenity conflicts.
- 14.7 In a regional context, there are a significant number of competing employment sites available or on the horizon near Portsmouth and Fareham to attract occupiers. Havant, unlike Portsmouth, does not benefit from the release of large tracts of MOD land and therefore relies on smaller individual sites alongside the substantial potential being developed at Dunsbury Hill. The borough benefits from a large multi-skilled workforce in close proximity to employment sites; however the occupier catchment is somewhat restricted, being principally the greater Portsmouth conurbation along the M27 corridor to the west of the A3.
- 14.8 LSH contend that although the PUSH forecasts may be logical in theory, the ability to significantly accelerate the office sector in the borough is untenable given the reality of its occupier profile,

which is heavily biased towards the B2/B8 sectors. Taking account of past performance and recognising that enhancing skill levels and attracting more office employment to the borough is highly ambitious, LSH have proposed a more balanced forecast local net need for office space of 27,870 sq m of over the plan period.

- 14.9 The traditional strength of Havant's economy is in manufacturing and, whilst there will continue to be vulnerability and a marginal decline in this sector, there is evidence of an upturn in fortunes for niche businesses, so the intent to entice and encourage UK based production and advanced engineering activity is also vital to enable continued high performance in this area.
- 14.10 The assessment of the borough's employment stock and how this relates to local business needs should not ignore or underestimate the property requirements of smaller, typically B2 uses. Whilst the quality of some older premises may in some cases fall short against institutional criteria, they still perform a customer function and are fit for purpose.
- 14.11 Relative to other authorities, Havant Borough has a higher proportion of local SME businesses which will continue to require modern accommodation. Accordingly provision of a new serviced Enterprise/Innovation Centre would be a positive addition to fulfil this demand. This would be achievable on a new site and should be encouraged and supported in planning policy terms.
- 14.12 Section 12, Table 14 identifies and quantifies the potential redevelopment site opportunities which may arise over the short to medium term, based on market judgement and intelligence. The most likely sites could introduce some 85 000 ha of new industrial floor space provision against the robust forecast of 55 000 sq m that LSH have proposed, based on future demand predictions. The shift in headline rents and improved capital values that development of these sites will generate would inspire confidence and validate new development activity or kick start refurbishment of existing stock, for example that may be vacated by businesses moving into the new sites.
- 14.13 Market conditions to support new B2/B8 speculative development are improving, with Chancerygate intending to build a new scheme at Harts Farm Way by spring 2017. The turn-key opportunities which are primed for development at Dunsbury Hill, Velocity in New Lane and Trident in Harts Farm Way are timely and will assist the release of second-hand stock into the market – there is a strong argument for speculative activity on these sites to generate interest as often companies have short lead in times and so discount design and build options themselves.
- 14.14 LSH have emphasised the importance of the role of logistics to the local, regional and national economy. In particular they have highlighted the e-commerce logistics model as requiring greater recognition and understanding, as this sector continues to grow. LSH also refer to studies that qualify that B8 uses can generate an equivalent or greater number of employment and GVA as comparable sized B1c or B2 occupiers⁴².
- 14.15 Ultimately market forces dictate demand for employment uses; therefore flexibility is key both in terms of the amount of land to be provided and the uses to which it is put. This should be borne in mind in allocating new employment sites and rolling forward existing allocated sites.
- 14.16 There is generally a clear distinction between sites allocated or potentially to be allocated for employment use and those sites suited to housing and thus no potential use conflict should arise. Mixed use schemes where appropriate, such as the proposed Blue Star site at Maurepas Way,

⁴² British Property Federation: Delivering the Goods, December 2015
<http://www.bpf.org.uk/sites/default/files/resources/BPF-Delivering-the-Goods-Dec-15-web.pdf>

should enable higher land value elements to support the lower residual value uses (such as B1a offices) and fund any significant infrastructure or site mitigation costs.

- 14.17 Provided that sites allocated for employment use continue to be promoted and taken up, the borough's employment land supply is more than capable of reaching the floorspace and job targets identified in section 8. However the importance of B2/B8 activity should not be overlooked and a realistic expectation of the future development performance of the B1a office market is merited.

Appendix 1

Site Assessment Criteria and Guide to Scoring System for Site Classification (Grade A-E)

1. Strategic location/accessibility		
Score		Possible Indicators
5	High	Adjoining major trunk road or motorway junction; easy access for all vehicles; access to rail, air or sea networks.
4	Above Average	Close to major road network; easy access for all vehicles.
3	Average	Reasonable site access for all vehicles; indirect or restricted access to major road network.
2	Below Average	Restricted access for HGV's; restricted access to major road networks.
1	Low	Restricted access for all commercial vehicles; severely limited access to major road networks.

2. Estate layout/prominence		
Score		Possible Indicators
5	High	Designed to modern standard; attractive landscaping and environment; very easy manoeuvring; no obstructions; Gateway site; visible from major road network.
4	Above Average	Acceptable design; adequate landscaping and environment; easy manoeuvring; no obstructions; visible site; on a main road or prominent site.
3	Average	Acceptable design with some limitations; inadequate landscaping; manoeuvring compromised; obstructions; on a main road or prominent estate but tucked away from view.
2	Below Average	Poor design, old standard with limitations; inadequate landscaping and manoeuvring restricted; obstructions; visible on a minor road or estate.
1	Low	Historic design and unacceptable layout; no landscaping and manoeuvring severely restricted; obstructions; on a minor road or estate tucked away from view.

3. Character of area/neighbouring uses		
Score		Possible Indicators
5	High	Well established commercial area; compatibility and uniformity of uses.
4	Above Average	Established commercial area; mainly compatible and uniformity of uses.
3	Average	Mixed commercial area with residential nearby; mainly compatible uses.
2	Below Average	Mainly residential with few commercial uses; incompatible uses.
1	Low	Mainly residential with very few commercial uses; non conforming uses.

4. Local amenities/public transport		
Score		Possible Indicators
5	High	Close to a wide range of employment related services (e.g. shops, leisure/recreation, pubs/restaurants, banks); close to a station, peak time bus route and cycle route, on a pedestrian route. NB: 'Close' = within about 10 minutes walk.
4	Above Average	Close to a reasonable range of employment related services; close to a station, peak time bus route and cycle route, on a pedestrian route.
3	Average	Close to a limited range of basic services; close to either a station, bus route or cycle route, on a pedestrian route.
2	Below Average	Near to one or two basic services; not near a station, bus route nor cycle route, not on a pedestrian route.
1	Low	No services in close proximity; not on a pedestrian route, not near a station, bus route nor cycle route.

5. Planning status		
Score		Possible Indicators
5	Good	Detailed or outline permission; use flexibility; compliant.
3	Satisfactory	Local Plan allocation or protected site; mainly compliant but some un-neighbourly uses.
1	Poor	No allocation; non conforming uses; suit change of use to non B class employment.

6. Occupier perception/property values		
Score		Possible Indicators
5	High	Highly regarded; very good market appeal; attracts and achieves prime values.
4	Above Average	Well regarded; good market appeal; attracts close to prime values.
3	Average	Displays market appeal; day to day churn; attracts secondary values.
2	Below Average	Occupier resistance; limited market appeal; longer void rates; command below secondary values.
1	Low	Virtually no market appeal; occupiers highly reluctant; longest void periods; tertiary values.

7. Age & suitability of built stock (fit for purpose)		
Score		Possible Indicators
5	High	Built 2000 onwards; quality as 'Grade A' specification to attract national/corporate occupiers; FRI or close to condition: Industrial - 6.5m plus eaves; adequate loading and parking Offices – open plan accommodation on single floor plates, air-conditioning, excellent car parking ratio and fibre optic connectivity.
4	Above Average	Mainly built 1990's onwards; modern specification may attract national occupiers; FRI or 75% condition. Industrial - 6m plus eaves; adequate parking and loading; Office – mainly open plan accommodation, air-conditioning, good car parking ratio and broadband connectivity.
3	Median	Mainly built 1980's onwards; adequate specification, more suitable to local businesses. Industrial - 5m to eaves upwards; adequate loading and parking. Office - mainly open plan accommodation, air-conditioning, adequate car parking ratio and broadband connectivity.
2	Below Average	Built before 1980; inadequate specification compared to modern units, suitable to local businesses and un-neighbourly uses. Industrial - 5m eaves or below; poor loading and parking; Office – cellular offices, minimal parking and basic fitout.
1	Low	Built before 1980; inadequate specification suitable for refurbishment or redevelopment; only attract smaller, local businesses with un-neighbourly uses.

8. Re-development prospects & constraints		
Score		Possible Indicators
5	Very High	Redevelopment highly likely within next 5 years; limited constraints; site value equal or exceeds OMV of existing buildings.
4	Short Term	Redevelopment likely within 5-10 year period; OMV marginally above site value.
3	Medium Term	Potential to redevelop within 10-20 year timescale; OMV closer to site value.
2	Long Term	Unlikely within next 20 years; OMV exceeds site value.
1	Very Low	Building too modern to redevelop; OMV (Open Market Value) far exceeds site value.

SCORING – OVERALL CLASSIFICATION		
	QUALITY	TOTAL SCORE
Grade A	High	35 and over
Grade B	Above Average	30-34
Grade C	Average	25-29
Grade D	Below Average	20-24
Grade E	Low	19 and under

Appendix 2

Site Scoring Matrix

Existing sites (unallocated)

REFERENCE	SITE NAME / ADDRESS	Strategic Location	Layout / Prominence	Area Character	Local Amenities	Planning Status	Occupier Perception	Age / Suitability	Redevelopment Prospects	TOTAL SCORE	GRADE A-E
	HAVANT										
BD1	Langstone Technology Park, Langstone Road	4	5	5	4	5	4	4	3	34	B
BD2	Southmoor Lane Industrial Estate, Southmoor Lane	3	3	4	3	5	3	3	3	27	C
BD3	Penner Road	3	4	5	3	5	4	4	4	32	B
BD4	Endeavour Business Park, Penner Road	3	4	5	3	5	4	4	4	32	B
BD5	Broadmarsh Business and Innovation Centre, Harts Farm Way	4	4	4	3	5	4	4	4	32	B
BD7	Havant Business Centre, Harts Farm Way	4	2	4	3	3	2	2	2	22	D
BD12	The Tanneries, Brockhampton Lane	2	2	3	4	3	2	1	1	18	E
BD13	Brockhampton Lane Industrial Area	2	3	3	4	3	2	2	2	21	D
BD15	Langstone Gate, Solent Road East	4	4	5	5	5	4	4	4	35	B
BD16	Solent Trade Park, Solent Road	4	4	5	4	5	5	5	5	37	A
BD17	Marples Way Industrial Estate	3	3	4	3	5	3	4	4	29	C
BD21	Dakota Business Park, Downley Road	3	4	5	3	5	4	4	4	32	B
BD23	New Lane North	3	4	4	3	5	3	3	3	28	C
BD24	New Lane South - Haywood Business Centre and Kenwood Business Park	3	4	4	3	5	3	3	3	28	C
BD25	Oakwood Centre, Downley Road	3	3	4	3	5	3	3	4	28	C
BD28	Larchwood Business Park, Larchwood Avenue	4	4	4	4	5	4	4	4	33	B
BD31	Station House, North Street	3	4	3	5	5	3	3	3	29	C
BD33	Portsmouth Water Site, West Street	2	3	3	4	3	3	3	2	23	D

REFERENCE	SITE NAME / ADDRESS	Strategic Location	Layout / Prominence	Area Character	Local Amenities	Planning Status	Occupier Perception	Age / Suitability	Redevelopment Prospects	TOTAL SCORE	GRADE A-E
	EMSWORTH										
BD40	North Street Industrial Estate Including Palmers Road	2	3	2	4	3	3	2	3	22	D
BD41	Queen Street	3	3	2	4	3	3	2	2	22	D
BD42	The Wren Centre, Westbourne Road	2	3	2	3	3	2	1	1	17	E
	WATERLOOVILLE										
BD45	Aston Road	3	2	3	3	3	3	2	3	22	D
BD46	Arnside Road	3	3	4	4	5	3	3	3	28	C
BD47	Parkwood Centre, Aston Road	3	2	4	4	5	4	4	4	30	B
BD48	Churchill Yard, Jubilee Road	3	2	3	3	3	3	2	3	22	D
BD50	Elettra Avenue	4	4	4	3	5	4	4	4	32	B
BD51/ BD52/ BD53	Brambles Industrial Estate, Waterberry Drive	4	4	5	3	5	4	4	4	33	B
BD59/BD62	London Road (including CIA, 212-218 and 252a London Road and Wellsley House)	3	3	3	4	5	3	3	2	26	C
	LEIGH PARK										
BD66	Colt International, New Lane	3	2	3	3	5	3	1	4*	24	D
BD67	Nest Business Centre, Martins Road	3	4	3	3	5	3	4	4	29	C
BD68	Former Scottish and Southern Energy site, Bartons Road	3	4	4	4	5	4	4	4	32	B
	HAYLING ISLAND										
BD69	Northney Marina	3	3	3	3	5	4	3	3	27	C
BD70	Sparks Marina, Wittering Road	2	2	3	2	3	3	3	3	21	D
BD71	Wilson's Boatyard, Marine Walk	2	2	2	3	3	3	2	3	20	D
BD74	Hayling Billy Business Centre (Old Station Site), Furniss Road	2	3	3	3	5	3	3	3	25	C
BD76	5-7 Station Road and Station Road East	2	3	2	3	3	3	2	2	20	D

Local Plan Employment Allocations

REFEREN CE	SITE NAME / ADDRESS	Strategic Location	Layout / Prominence	Area Character	Local Amenities	Planning Status	Occupier Perception	Age / Suitability	Redevelopment Prospects	TOTAL SCORE	GRADE A-E
LOCAL PLAN EMPLOYMENT ALLOCATIONS AND NEW POTENTIAL EMPLOYMENT SITES											
HB2 (BD9)	SiteFour, Harts Farm Way, Havant	4	5	4	3	5	4	5	5*	35	A
HB2 (BD10)	Land North of Regional Business Centre, Havant (Site 3, former HBC depot)	4	4	4	3	3	4	4	5*	31	B
HB2 (BD11)	Brockhampton West, Havant (HBC-owned)	4	5	4	3	3	5	5	4*	33	B
HB2 (BD14)	Land North of Solent Road, Havant	3	4	4	4	3	4	4	4*	30	B
HB2 (BD19)	Kingscroft Farm, Havant	3	3	4	3	5	3	3	4*	28	C
EM2 (BD39)	Interbridges East	2	3	3	3	3	2	3	3*	22	D
WA2 (BD54)	BAE Systems Technology Park, Waterlooville (Car parks to west side of site only bounded by Elletra Avenue and Silverthorne Way)	3	4	4	3	5	4	5	5*	33	B
WA2 (W135/BD57)	Land to the west of Maurepas Way (Blue Star site)	4	4	4	4	3	4	5	5*	33	B
BD63 / Core Strategy Site 3	Dunsbury Hill Farm, Park Lane, Waterlooville - Phases 1 & 2	5	5	5	3	5	5	5	5*	38	A
LP3 (BD65)	Land south of Fulflood Road, Dunsbury Way, Havant (former Proctor & Gamble site)	2	2	2	4	5	2	3	4*	24	D
HY2 (BD73/BD75)	Station Road, East of Furniss Way, Hayling Island	2	3	3	4	5	3	5	4*	29	C
-	Velocity, Stanbridge Road off New Lane, Havant	3	4	4	3	5	5	5	5*	34	B

Potential Sites Identified in 'Call for Sites' Invitation

REFERENCE	SITE NAME / ADDRESS	Strategic Location	Layout / Prominence	Area Character	Local Amenities	Planning Status	Occupier Perception	Age / Suitability	Redevelopment Prospects	TOTAL SCORE	GRADE A-E
	Land West of A3M Purbrook	4	4	3	2	1	3	5	2*	24	D
	Land East of A3M Purbrook	4	4	5	3	1	5	5	4*	31	B
	Southmere Field Langstone	3	5	2	3	1	4	5	2*	25	C
	Mill Rythe Hayling Island	2	3	2	3	1	2	3	2*	18	E
	Interbridges East	2	3	3	2	1	2	3	1*	17	E
	North Street Gasometer Site	2	4	2	3	1	2	3	1*	18	E
	New Lane Gasometer Site	3	4	3	3	1	4	5	4*	27	B
BD63 / Core Strategy Site 3	Dunsbury Hill Farm, Park Lane, Waterlooville - Phase 3	5	4	4	3	1	4	5	5*	31	B
	Northney Marina	3	3	3	3	3	4	5	4	28	C

* denotes a potential development opportunity which is or will become vacant (as opposed to an existing building)

Appendix 3

List of all potential sites considered, with suitability and planning comments

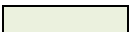




<u>ELR ref</u>	<u>Site name</u>	<u>Allocated</u>	<u>Planning ref.</u>	<u>Planning Status Feb '16</u>	<u>Site area (ha)</u>	<u>Use class</u>	<u>Sq.m.</u>	<u>Allocate/retain</u>	<u>Planning comments</u>
BD9	SiteFour, Harts Farm Way, Havant	<input type="checkbox"/>	APP/13/00911	Plots 1, 2 and 4 NS	4.19	B1b/B2/B8	11,500	<input type="checkbox"/>	Reserved matters application for plot 1 indicates c.4000 sq m of B1(b)/B2 on that plot but not B1a due to lack of space for car parking. Plot 3 not included as available as UC for an owner occupier.
BD10	Land North of Regional Business Centre, Havant	<input type="checkbox"/>	APP/14/01296	NS	1.48	B2/B8	3,500	x	Reserved matters application approved July 2015. Not included as available as under offer to owner occupier (being sold by HCA).
BD11	Brockhampton West, Havant	<input type="checkbox"/>	-	-	9.41	B1a/B2/B8	8,500	<input type="checkbox"/>	Retain as allocated site. Floorspace estimate revised by LSH
BD14	Land North of Solent Road, Havant	<input type="checkbox"/>	-	-	1.68	B1a	6,600	<input type="checkbox"/>	Retain as allocated site
BD19	Kingscroft Farm, Havant	<input type="checkbox"/>	-	-	2.71	B2/B8	12,000	<input type="checkbox"/>	
BD39	Interbridges East	<input type="checkbox"/>	APP/07/54901/007	Extended 2010, now lapsed	0.81	B1a/B2/B8	2,200	<input type="checkbox"/>	Proposal (lapsed) for 12 industrial units (1822.6sqm) within B1 (b & c), 3 office units (395sqm), open storage and commuter car park with new access to New Brighton Road.
BD54	BAE Systems Technology Park, Waterlooville	<input type="checkbox"/>	-	-	5.38	B1a/B2/B8	8,500	<input type="checkbox"/>	Car parks to west side of site only. Put forward in Call For Sites for B1c, B2 and B8 uses on western part of site in next 5 years if leisure uses not forthcoming. Permission on east side of site for mixed A1/A3/leisure uses.
BD57	Land to the west of Maurepas Way (Blue Star site)	<input type="checkbox"/>	-	-	1.91	B1a/C3	4,500	<input type="checkbox"/>	Could accommodate offices (main town centre uses) as well as housing
BD63	Dunsbury Hill Farm, Park Lane, Waterlooville	<input type="checkbox"/>	APP/12/00338	UC - Link road and Phase 1/ 2 B8 unit	20.2	B1/B2/B8	50,000*	<input type="checkbox"/>	Core Strategic Site 3 in Local Plan (Core Strategy). Phase 1 and 2 infrastructure complete - to be occupied by new B8 unit (FatFace).

<u>ELR ref</u>	<u>Site name</u>	<u>Allocated</u>	<u>Planning ref.</u>	<u>Planning Status Feb '16</u>	<u>Site area (ha)</u>	<u>Use class</u>	<u>Sq.m.</u>	<u>Allocate/retain</u>	<u>Planning comments</u>
BD65	Land south of Fulflood Road, Dunsbury Way, Havant (former Proctor & Gamble site)	<input type="checkbox"/>	APP/15/01233	NS	0.74	B2/B8	2,810	x	APP/15/01233 proposes 1925 sq m warehouse, 890 sqm office space and 220 sqm training school facility (approved Feb 2016). Not included as currently subject to purchase deal.
BD73/ BD75	Station Road, East of Furniss Way, Hayling Island	<input type="checkbox"/>	APP/15/00919	NS	2.81	B1/B8	1,000	<input type="checkbox"/>	BD73 includes commercial area fronting Station Road and BD75 includes agricultural land to the rear. Granted PP in Dec 2015. Includes 76 residential units and 1,000 sqm of light industrial (B1) floorspace.
-	41 Brockhampton Lane, Havant	x	APP/11/00913	Lapsed		B1/B8	-	x	Proposed new workshop and offices (186 sq m net). Not included in overall supply as below 500 sq m floorspace threshold.
-	Northney Marina, Hayling Island	x	-	-	4	B1a/C3	1,000	<input type="checkbox"/>	Suitable for mixed uses including marina employment.
-	Land west of A3(M), Purbrook	x	-	-	7.5	B1a/C2/C3	-	x	SINC designation across whole of site, so likely to require mitigation. Part of site at southern end potentially suitable for offices, however this would entail a new access across third party land and unknown infrastructure cost. C3 residential use would generate recreational pressures on the rest of the SINC.
-	Land east of A3(M), Purbrook	x	-	-	16.8	A3/B1a/B2/B8	14,000	<input type="checkbox"/>	SINC designation across part of site. No designations on southernmost parcel. Northernmost parcel has been cleared and has existing access from Hulbert Road. More suitable for offices than residential as close to main road and A3(M) and away from other residential uses.
-	Southmere Field, Langstone Road	x	-	-	2.83	B1a/C2/C3	-	x	Restrictive covenants on site restricting residential uses, but would also consider office development. Situated close to Langstone Technology Park. Uncertain site for Brent Geese & Waders.
-	Mill Rythe Holiday Resort, Havant Road, Hayling Island	x	-	-	13.5	C3/D2	-	x	Flood risk (site in zones 2 and 3). Highly visible from AONB. Likely to be only suitable for leisure uses.
-	North Street gas station, Emsworth	x	-	-	0.43	C3	-	x	Disused. More suitable for residential uses.

ELR ref	Site name	Allocated	Planning ref.	Planning Status Feb '16	Site area (ha)	Use class	Sq.m.	Allocate/retain	Planning comments
-	Leigh park gas station (New Lane)	x	-	-	0.94	B2/B8	3,500	☐	Disused. Proposed for residential as higher value to offset remediation cost, however B2 surrounding uses makes less suitable than B2/B8.
-	Dunsbury Hill Phase 3	x	-	-	6.55	B1/B2/B8	11,000	☐	Site has no constraints, is in single (PCC) ownership and is a logical extension to the allocated Dunsbury Hill site boundary.
-	Velocity, Stanbridge Road	x				B2/B8	11,150	☐	Cleared site available for pre-let of 120,000sq ft.
-	Bartons Road/New Lane	x	-	-		B2/B8	6,000	☐	Likely to become available in 2017.

*Total floorspace remaining on Phase 1 and 2 land out of 61,779 sq. m. approved under APP/12/00338, not including FatFace ace unit, currently under construction

Key

	Site in ELR
	New site proposed 2016
	Lapsed planning permission
	Suitable for allocation / reallocation for employment
	Unsuitable for allocation for employment uses

Appendix 4

Glossary of Property/Planning Terms

Term	Description
Amenities	Availability of one or more nearby shopping, food and drink establishments (including bars, restaurants and coffee shops), supermarkets and leisure activities such as gyms and cinema. The term also relates to availability of amenities within a building, which add benefit to it and therefore, increase its value or occupier appeal. In this respect, amenities could include lifts, cycle storage, showers, gym/fitness centre facilities, café/coffee shop, parking, high-speed internet etc
Availability	The amount of built space currently being marketed as available to purchase or lease to another occupier (vacant and occupied stock) expressed in sq. m. or sq. ft.
Brownfield	Previously built on or developed land, may require remediation.
Capital value	The open market value of a property asset, freehold or leasehold, as distinct from its annual Rental value .
Floor plate	An open area of contiguous space on one floor of a building (usually applied to an office building).
Freehold	The most superior legal title to the ownership of premises - legally referred to as 'fee simple absolute in possession' - as opposed to a long leasehold (or ground lease) which will often run for 100 years or more, and leasehold (usually the occupational lease interest).
Grade A	Used to categorise the quality of office or industrial space. Grade A space is the best quality with a high standard of specification, usually new construction or recently extensively renovated. Offices are often categorised further into Grade B or Grade C.
Headline rent	This is the gross payable rent payable by a tenant after all incentives (rent free periods typically) have ended. Headline rent is most commonly associated with open market lettings but increasingly at lease renewal and lease re-gearing/restructuring.
Incentive	An incentive is a payment that is used to encourage a tenant to take on a new lease when a new lease is granted or existing lease assigned. A common example is where a landlord pays a tenant a sum of money to contribute to the cost of a tenant's fit-out or allows a rent free period. The level of incentive will vary according to market conditions.
Leasehold	Where a Landlord and Tenant relationship is formed for a fixed number of years paying a market "rack" rent annually.
Long leasehold	See Freehold
M27 corridor	The cities and towns located adjacent to the M27 motorway, including Portsmouth, Southampton, Eastleigh, Fareham and Havant.
Mid-box unit	A term used in respect of industrial and logistics properties to define the size. A mid-box unit is a property of between 50,000 sq. ft. and 99,999 sq. ft.
Mixed-use development	A form of development which blends commercial, residential, retail, cultural and/or leisure uses together, often to produce a viable outcome.
Multi-let	A property or estate that is owned by a single entity and leased to multiple occupants.
Occupancy rates	The amount of built floorspace which is occupied by a tenant or an owner-occupier. Occupancy rates do not include properties to purchase for investment purposes.
Parking ratios	The number of car parking spaces available per 1,000 sq. ft. and dedicated to a particular property
Permitted development rights	Permission to carry out certain limited forms of development without the need to make an application to a local planning authority, as granted under the terms of the Town and Country Planning (General Permitted Development) Order.
Pre-let	The letting of a property which is agreed and committed to prior to the commencement of the building's construction and therefore constitutes virtually no risk
Prime capital value	The price a purchaser can expect to pay for a 'best-in-class' property. A property with a low yield is considered to be 'prime'.
Prime headline rent	The rent expected to be agreed for a prime property in the prevailing market conditions, excluding unusual landlord/tenant motivation.

Rental values	The amount of rent a prospective tenant is justified in paying for a set period of time for the right to occupy and trade from the premises.
Speculative development	A development which has commenced without having secured tenant(s) or purchaser(s) in place.
Take-up	The measurement of the amount of space leased or sold within a given timeframe, normally per annum.
Use class	The category of Town Planning Use to which the current or intended use of a property is allocated, as defined in the Town and Country Planning (Use Classes) Order 1987. This is a Statutory Instrument and is subject to periodic variation and updating.
Vacancy rate	The percentage of built space in the market that is currently unoccupied or available for rent.
Voids	A term used to describe the length of time that properties have remained empty before a letting has been secured.
Yield	A measure of the return on a capital investment. A yield is the reciprocal of the multiplier that converts an income stream into a capital value, often expressed as the net initial yield having taken off purchaser's costs.
Yield compression	Yield compression occurs when the net equivalent yield of a property decreases, measured in base points and signifies an increase in capital value and higher return to the investor.

