

Local Development Framework

Employment Land Study Update Final Report



LDF
Evidence Base

CONTENTS

1. INTRODUCTION	2
2. POLICY REVIEW	5
3. COMMERCIAL PROPERTY MARKET ANALYSIS	13
4. EMPLOYMENT LAND SUPPLY	17
5. EMPLOYMENT LAND DEMAND	23
6. CONCLUSIONS	28

TABLE OF TABLES

Table 1 – JAAP additional job proposals	11
Table 2– Office/Industrial Deals and average rental values (£ psm)	15
Table 3 – JAAP employment Sites to Strategic Road Network	19
Table 4 – Available employment floorspace in Rochford District (m ²)	20
Table 5 – Available employment floorspace at Southend	21
Table 6 – Available employment floorspace at Southend Airport and Environs	21
Table 7 – Total Available employment floorspace Rochford and Southend on Sea	22
Table 8 –Employment Floorspace Requirements of Rochford District 2006-2021	23
Table 9- Employment Floorspace Requirements of Southend District 2006-2026	24
Table 10- Employment Floorspace Requirements of Southend & Rochford District 2006-2021/26	25
Table 11- Location Quotient of Potential Office Based Growth Sectors	26
Table 12- Balance of Employment Land Supply and Demand in Rochford and Southend	28

EXECUTIVE SUMMARY

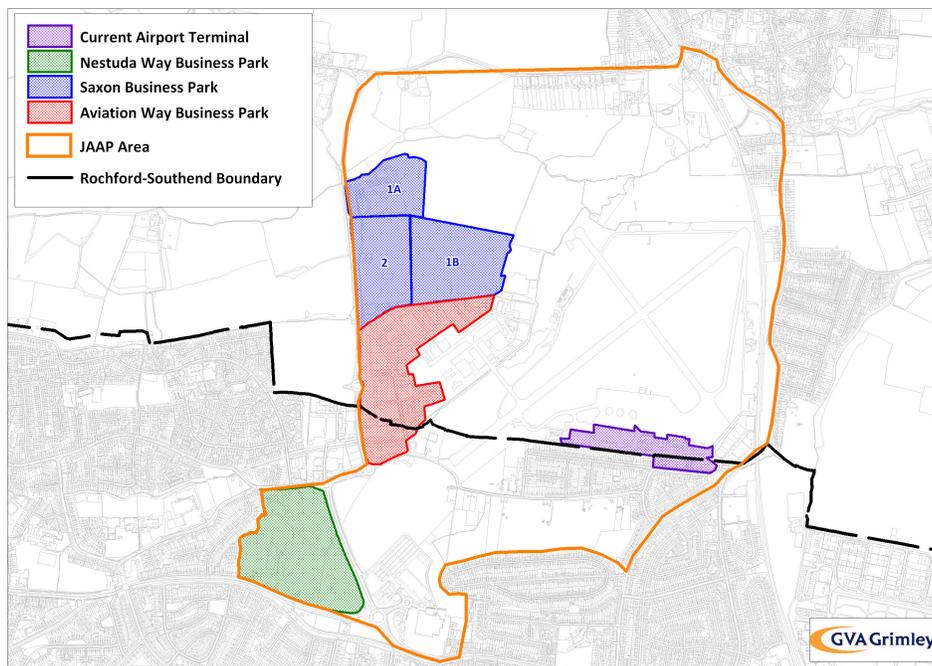
- Policy at a regional and local level supports the increase in employment land and capacity at Southend Airport with the goal to create a regional economic hub.
- Our commercial market review suggests that there is little in the way for demand from aviation related employment at Southend Airport and that the majority of demand is for office and general industrial uses which reflects the high quality of the existing stock
- The supply of employment land within Rochford and Southend local authority areas (38.8 Ha) is likely to outstrip the combined demand (9.8 Ha) leading to an oversupply of employment land across the two local authorities (29 Ha).
- The capacity growth at Southend Airport is likely to be a catalyst for increased employment land demand within its surrounding area. Taking Bournemouth Airport as a benchmark, employment within the JAAP area may increase demand for B Class employment space by around 100,000 m²
- Our analysis shows that the JAAP area is well placed to serve the likely increase in demand for B Class employment land arising from the expansion of Southend Airport. This is due to its strong strategic characteristics including links to the major road networks and the current high quality office stock.

1. INTRODUCTION

BACKGROUND

- 1.1 This report has been commissioned by Rochford District Council in order to update the Employment Land study produced by GVA Grimley in August 2008. The 2008 report was an EEDA compliant study which established the balance of supply and demand for B Class employment land within the District. A number of strategic and site recommendations were also made for the development of employment land policy within Rochford.
- 1.2 However the original report did not incorporate the employment areas around Southend Airport which at the time were subject to a continuing joint area action plan (JAAP) along with Southend on Sea Borough Council. The JAAP study published its findings in February 2009 which had potentially significant implications for both supply and demand for B Class employment land within Rochford District and Southend Borough.
- 1.3 Figure 1 illustrates the main B class development areas in the Southend Airport JAAP area shown on the map as an orange outline. The JAAP area straddles the Local Authority Boundary (thick black line) between Rochford and Southend on Sea with the majority of the development sites located in Rochford.

Figure 1 - Southend Airport JAAP Area with B Class Employment sites



Source-GVA Grimley

THE BRIEF

- 1.4 Rochford District Council and Southend Borough Council require a consideration of the potential impact of London Southend Airport upon employment land needs within the area. The potential for airport related employment is significant and a thorough consideration of this is now required as part of both authorities Local Development Frameworks.
- 1.5 Specifically, the objectives of the study are:
- Having regard to the draft Employment Land Study for Southend Borough and the Rochford District Employment Land Study (2008), determine the supply / demand for the two areas as a whole;
 - To Determine the impact that growth at London Southend Airport as set out in the Joint Area Action Plan would have on employment land demand in Rochford and Southend;
 - To determine how well placed, strategically, land adjacent to London Southend Airport is to meet employment land demand, and assess the requirement for a business park in proximity to London Southend Airport;
- 1.6 It was not part of the brief assess the level of direct aviation related employment, as this assessed within the JAAP. It is the B-Class employment that may be created by the expansion of London Southend Airport that is considered.

METHODOLOGY

- 1.7 The study focuses, in accordance with the EEDA guidance on employment land reviews, on 'B-use-class' employment land, i.e. B1, B2 and B8. Final employment land requirements are then produced for office (B1a and B1b) and Other Business Space and Warehousing are combined to give employment land requirements for industrial (B1c/B2/B8) uses.
- 1.8 The methods applied were desk based research, consultation with local agents active within the Southend Airport market, and a field survey to assess the employment sites around Southend Airport.
- 1.9 In order to estimate future B Class employment land demand that may arise from developments at London Southend Airport a suitable comparator was used in Bournemouth Airport. This allowed the current situation at London Southend Airport to be benchmarked against Bournemouth Airport so future potential can be measured.

- 1.10 The current property market downturn has a noticeable effect on the short term demand for employment land, with a reduction in investment and therefore demand for employment land. However, within the timeframe of this study – which is up to 2021 – we expect the overall demand for employment land to remain relatively steady. There might be a shift in demand in the short term but with overall demand not being reduced significantly. Therefore, this study incorporates a longer term view of employment land development within the Southend Airport area.

STRUCTURE OF THE REPORT

- 1.11 The remainder of this document is structured as follows:
- Chapter 2 provides the policy context
 - Chapter 3 provides a commercial property market analysis
 - Chapter 4 identifies the future employment land demand
 - Chapter 5 assesses the current employment land supply
 - Chapter 6 analyses the balance between employment land supply and demand and gives policy recommendations.

2. POLICY REVIEW

INTRODUCTION

- 2.1 A full policy review was undertaken within the original Employment Land Study however it is necessary to assess changes that have occurred since then and to assess the potential impact on developments at London Southend Airport and on employment land in Rochford and Southend in general.
- 2.2 This section provides an update of any new policies relevant to employment and employment land in Rochford as well as policies relating directly to Southend Airport. The national, regional and local policies have been updated and provide the context within which this employment land update is set.

NATIONAL

- 2.3 **Planning Policy Statement 1 (PPS1, ODPM 2005)** sets out the Government's overarching objective for the planning system to deliver sustainable development.
- 2.4 In this context it there is recognition of the importance of delivering employment opportunities that are accessible (in location and skills terms) to local populations; and to limit the movement of goods, to reduce the impact of such movement on the environment.
- 2.5 This emphasises the importance of promoting development for uses associated with Southend Airport within the local area, rather than the wider area. This can minimise the impact of movement of goods, and provide local employment opportunities.
- 2.6 **Draft Planning Policy Statement 4 (Draft)** sets out the Government's overarching planning policies on how, in the wider context of delivering sustainable development, Local Planning Authorities should positively plan for sustainable economic growth and respond to the challenges of the global economy, in their planning policies and planning decisions.
- 2.7 It is the intention of the guidance, and therefore approach to economic development, to increase competition and enterprise, enhance skills and innovation, increase job opportunities and increase investment in the UK economy.
- 2.8 PPS4 also requires LPA's to provide for and promote economic development in a way which is sensitive to the challenges of climate change. In this context, development associated with Southend Airport should be promoted in close proximity to the airport itself rather than in the wider area, minimising the movement of goods.

- 2.9 **Air Transport White Paper Progress Report (2006)** sets out the importance of the aviation industry in terms of its contribution to employment and investment throughout the UK economy. Although not making explicit reference to Southend Airport it is recognised that aviation brings benefits to people and businesses and currently in the UK directly contributes 200,000 jobs with many more indirectly.
- 2.10 The White Paper prioritises the South East of England as an area to consolidate and expand its existing airports and runways. Southend Airport is considered as a facility with considerable scope for meeting demand for air services into the future and implies a need to deliver sufficient supporting floorspace to facilitate growth at the airport.

REGIONAL

THE EAST OF ENGLAND PLAN

- 2.11 The **Regional Spatial Strategy for the East of England (RSS)** (May 2008) seeks to achieve sustainable development and build sustainable communities, directing most strategically significant growth to the region's major urban areas to maximise use of the existing public transport network and existing physical and social infrastructure; and to maximise re-use of previously developed land (set against a regional target for 60% of development to be on PDL).
- 2.12 *Policy SS3* indicates that Southend On Sea is one of the locations where sustainable new developments should be concentrated. This makes the best use out of infrastructure that is already in place at Southend and increases the opportunity to expand and improve the existing infrastructure.
- 2.13 *Policy E2* stresses that an adequate range of employment sites should be provided. Efficient use will be made of existing employment land resources and new sites for industry and commerce will be provided in: urban areas, key market towns, locations to minimise commuting and maximise sustainable transport and minimise damage to environmental and social capital and locations which meet the needs of the region's significant clusters.
- 2.14 *Policy E3* states that Local Development Documents should identify strategic employment sites in line with Policy E2. The Thames Gateway is identified as one of these strategic locations where sites should be provided, with Southend-On-Sea highlighted as a key centre within this locality.
- 2.15 *Policy E7* reiterates the findings of the 2003 Air Transport White Paper, within which the expansion of Southend Airport is fully supported so that local demand can be met and the

airport can further contribute to local economic development. Southend Airport is identified as providing a range of employment opportunities from businesses that are attracted to the proximity to the airport. It is noted within the East of England Plan that the importance of these airports is crucial for regeneration of the nearby towns which include Southend (and in this context Rochford) but also Harlow (Stansted), Luton (Luton Airport), Norwich (Norwich Airport) and consequently the Local Authorities need to provide adequate provisions for the employment generated from them.

- 2.16 *Policy ETG4* sets out that Local Development Documents should facilitate a minimum of 55,000 jobs in the Essex Thames Gateway sub-region. Southend is allocated 13,000 jobs and Rochford 3,000 with Thurrock, Basildon and Castle Point making up the remainder of the employment growth target. Clearly the expansion of London Southend Airport can play a strong role in realising this target.
- 2.17 A catalyst for this provision is the promotion of competitive sub-regional business environments by both Local Authorities and Thurrock Thames Gateway Development Corporation, methods to encourage this include:-
- Providing sites suitable for the needs of current and future businesses
 - Improving opportunities for small and medium sized businesses, particularly in the transport and logistics, environmental technologies, healthcare and tourism and leisure sectors.

EAST OF ENGLAND REGIONAL ECONOMIC STRATEGY

- 2.18 A Shared Vision, the **Regional Economic Strategy for the East of England**, is structured around the ambition to deliver

“a leading economy, founded on our world-class knowledge base and the creativity of [the region’s] people, in order to improve the quality of life for all who live and work [in the region].”

- 2.19 The Strategy identifies four key themes: building on strengths; improving areas of average or poor performance; capitalising on distinctive opportunities and challenges (in particular proximity to London as a world city); and embedding underlying principles of sustainable development.
- 2.20 It is within this context that Rochford’s economic development is set with an emphasis on the global economy and taking advantage of its close links to London. To improve upon its international competitiveness the strategy highlights transport as being crucial to sustainable

economic growth. Improved access to London and a more reliable service to ports and airports such as Southend are fundamental to this aim.

- 2.21 The strategy recognises that the East of England is not just one economy; it is made up of various key overlapping economies that need to have their own specific targets for future economic growth. One of those sub-regional economies is South Essex, with Southend (the largest urban area in the region) being identified as an important service and cultural centre. Southend Airport is identified as a major asset as well as an opportunity to enhance its maintenance and engineering activities and for passenger growth.
- 2.22 Regarding transport, Southend Airport is seen as part of a key strategic ambition to realise its potential as a hub for the Thames Gateway. This would be encouraged through improved operational capacity of the airport and supporting development of businesses in the engineering and maintenance sectors.

LOCAL

ROCHFORD LOCAL PLAN (2006)

- 2.23 The Rochford District Replacement Local Plan sets out the planning policies for the District. It demonstrates Rochford District Council's approach towards economic regeneration and employment land. The policies set a positive environment for employment land allocation in Rochford, particularly in the sectors that are expected to bring employment growth.
- 2.24 London Southend Airport is included within the Plan as having site specific policies, indicating that Rochford District Council realises the employment benefits the airport provides to South Essex in terms of freight and passenger traffic.
- 2.25 *Policy TP9* dictates that the Council will encourage developments that support Southend Airport as a 'regional air transport and air maintenance facility' and take into account the potential growth of the airports freight and passenger traffic.
- 2.26 The other policies that relate directly to Southend Airport are *TP10* and *TP11*, these address development applications that are likely to be affected by 'aviation and noise' and those that are within an 'area of special restraint, respectively. The latter of these policies restricts the use of Purdey's industrial estate, a 4 hectare site within the public safety zone for the airport, to open storage and low employment generating uses.

ROCHFORD ECONOMIC DEVELOPMENT STRATEGY (2009-2014)

- 2.27 The 2009 – 2014 Economic Development Strategy is currently being recommended by the Council for adoption. Part of the reason for the recommendation is the state of the UK economy and its dip into a recession in late 2008. Rochford District Council believe a new, clear strategy is required to support businesses who have suffered as a consequence of the downturn and to develop a longer term strategy that will address a number of economic challenges facing the area.
- 2.28 One of the key requirements in the proposed new strategy is ‘the development of London Southend Airport as a driver for economic development’. A clear theme throughout the strategy is the Council’s intentions to support the Maintenance, Repair and Overhaul (MRO) sectors that provide high value jobs, through expansion of the Airport.
- 2.29 *Action 7.1* within the action plan reiterates the previous Strategy by recommending the construction of aviation related vocational training centre, aiming to be complete by March 2011. *Action 7.2* adds to the vision of training local workers by introducing a ‘Group Training Apprenticeship Scheme’, this due to be integrated by March 2011.
- 2.30 In ensuring the delivery of these action points the Council vows to work closely with local partners in order to ensure the full potential of Southend Airport is met and its role as a key economic driver within the region is realised.

ROCHFORD EMPLOYMENT LAND STUDY (2008)

- 2.31 GVA Grimley completed the Rochford District Employment Land Review in 2008 and found that Rochford is characterised by a much stronger industrial than office market. Its links to the A127 in Rayleigh make it a desirable location for industrial employers and is a strength which can be developed in future years.
- 2.32 It also found that the West of the District’s proximity to the A127 also represents a good strategic office location within which office development could be placed to meet future need.
- 2.33 The study found that the quality of the current employment land supply in Rochford is mixed. Employment sites in the East of the District tend to have poor strategic access while those in town centres and the Western parts of the District have much better strategic access, and achieve a higher “fitness for purpose” rating.
- 2.34 Balancing employment demand and supply highlights a requirement for Rochford District until 2021 of around 2ha of B Class employment space.

- 2.35 Given the need for additional employment land in the District recommendations included that Rochford District Council adopts strong policies to protect existing employment land.
- 2.36 On a strategic level it was recommended that land to the West of Rayleigh is considered as viable to be developed as employment land. It is strategically best placed to house such uses due to its relatively good connectivity to Southend and London.
- 2.37 The Eastern parts of the District, on the other hand, are not strategically good locations for employment land. It was therefore recommended that Rochford District Council consider the East as a more appropriate location for housing and other uses when planning for future land use requirements.

DRAFT SOUTHEND – ON – SEA EMPLOYMENT LAND STUDY (2009)

- 2.38 Baker Associates submitted a draft Employment Land Study in May 2009 for Southend Borough Council. The aim of the review was to assess Southend's requirement for employment floorspace from 2001-2021, the time period covered by the Local Development Framework.
- 2.39 The study describes the expansion of Southend Airport as "one of the most significant economic developments in Southend" given the number of industrial estates, including high-tech manufacturing and engineering companies that it supports.
- 2.40 More than 1,000 jobs in the MRO sector are supported by Southend Airport and the study maintains that it is critical these jobs are safeguarded and encouraged to develop, especially as many of the jobs are held by highly skilled workers, unique to the Southend area. The study states that any additional jobs created by the Airport (potentially 1,180 according to the Joint Area Action Plan) would not need to be supported by additional land outside the JAAP area.
- 2.41 Within the study particular emphasis is placed on the JAAP in delivering suitable employment opportunities that benefit both central Southend and existing employment areas in more peripheral areas. It is important that these areas compliment each other rather than undermine the employment opportunities on offer, and consequently strive towards making Southend a substantial employment destination.

SOUTHEND AIRPORT AND ENVIRONS JOINT AREA ACTION PLAN: PREFERRED OPTIONS (2009)

- 2.42 In February 2009 Southend-On-Sea Borough Council and Rochford District Council published their preferred options for the JAAP (Joint Area Action Plan). The main focus of the report is to establish opportunities available at the Airport as well as providing an airport related employment hub that would aid the economic development of Southend and Rochford.
- 2.43 Five issues are outlined in the JAAP in order to bring forward the future development of Southend Airport and its surrounding Environs. These issues relate to:
- The future development role of the airport
 - The future of the JAAP as an employment area
 - Balancing development with environmental enhancement
 - Transport and movement
 - Areas for change
- 2.44 Each of these issues is addressed by provision of a range of development options, aiming to create high scale employment growth in line with the sub-regional employment targets. In addressing the employment issue identified, eight policies have been drawn up that propose land allocation totalling 109,000 m² of additional B class use employment land, including the development of Saxon Business Park that could provide up to 4,950 extra jobs alone. A revamp of Aviation Way is also written into the policy which will create a further 750 jobs (15,000 m² of floor space). Table 1 indicates the breakdown of jobs that will be available, including directly related airport employment.

Table 1 – JAAP additional job proposals

Location	Proposed Use	Type of space	Floorspace (M ²)	Additional Jobs provided
Saxon Business Park	B1/B2	New development	99,000	4950
Nestuda Way	B1	New development	10,000	500
Aviation Way	B1/B2	Redevelopment	15,000	750
Within airport boundary	Airport Related	MRO & Airport Terminal	N/A	1,180
Total				7,380

Source: Southend Airport Joint Area Action Plan

- 2.45 The over-arching development considerations across the JAAP area are covered by Policy E1 of the JAAP. The policy states that the area should be treated as a strategic employment

- area that can support 7,380 additional jobs, including jobs directly related to the airport, up until 2021 and beyond (East of England Plan's time frame).
- 2.46 *Policy E2* is directly focussed on the expansion of Aviation Way industrial estate. The estate will be allocated for B1 and B2 class uses only, which is expected to produce a further 750 jobs. Stringent contributions will also be required from new developments at the site in order to facilitate the improvement of infrastructure within the JAAP area.
- 2.47 *Policies E3-E7* relate to the consolidation and redevelopment of Saxon Business Park. Land at the Business Park will be released in three separate phases; the first two will be released up until 2021 with phase three available for development beyond this.
- 2.48 *Policy E8* is relevant for the new business park proposed at Nestuda Way. The Business Park will be allocated for B1 use only and has the potential to provide 10,000 m² of floorspace and 500 jobs.
- 2.49 One of the functions of Southend Airport that is expected to grow significantly are the maintenance, repair and overhaul facilities (MRO). This sector currently provides high skilled jobs in the area and the JAAP is in full support of consolidating and expanding this role. Policy ADZ1 is specific to development occurring within the Airport Development Zone and supports development that enhances the MRO offer and potentially a hotel development. It is noted that retail development is unlikely to be accepted within the entire airport zone incorporating all locations noted in Table 1.

SUMMARY

- 2.50 The policy context that Rochford and Southend Airport lies within indicates that the agenda for economic growth is established throughout the national, regional and local policy documents. At a national level the Air Transport White Paper in particular, endorses the benefits of airport expansion throughout the U.K and more specifically within the south east. The importance of this growth is mirrored in regional policy and recognised as playing a major role in boosting employment opportunities within the south east.
- 2.51 At a local level, policy is more specific to actual development changes that would realise employment benefits, for example, policy within the Rochford Local Plan encourages the Council's endorsement of development that supports Southend Airport as a regional air transport facility. The JAAP draws up eight separate policies that indicate how many jobs could be provided by the development of a new business park at Saxon Way and Nestuda Way as well as a revamp of the existing Aviation Way Park. The overarching policy is to promote the JAAP area as a strategic employment area that will, over the lifetime of the East of England Plan, provide 7,380 additional jobs.

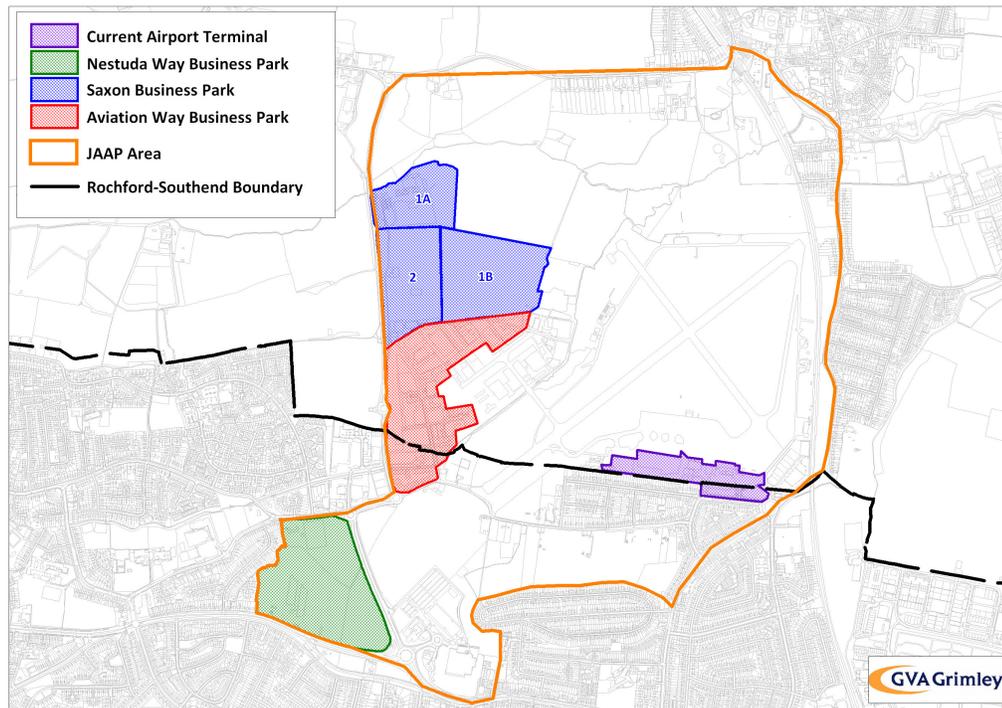
3. COMMERCIAL PROPERTY MARKET ANALYSIS

INTRODUCTION

- 3.1 GVA Grimley's Employment Land Study, produced in August 2008 provides a full commercial market analysis for Rochford District. However, as the JAAP was in development, the employment areas surrounding Southend Airport were not included. This section therefore provides an overview of the commercial market at Aviation Way Industrial Estate, highlighting the current and potential future demand for commercial floorspace related to airport expansion. Current employment floorspace provision at Aviation Way is around 80,000 m².
- 3.2 In order to put the potential increase in B Class employment demand from airport expansion into context Bournemouth Airport is used as a comparator. Bournemouth Airport currently handles around 1 million passengers per year which is in line with the plans for London Southend Airport by 2012, which has ambitions to increase passenger numbers to 1 million by 2012 and 2 million by 2030. B Class employment floorspace provision in the area adjacent to Bournemouth Airport is around 190,000 m²

SUMMARY

- 3.3 Figure 2 outlines the main b class employment sites within the JAAP area. The majority of the current employment land is found at Aviation Way Business Park which is illustrated as the red area on the map.
- 3.4 The majority of the proposed employment land will be delivered in three stages at Saxon Business Park (blue). The remaining major employment land site is Nestuda Way (green) the plans for which include 10,000 m² of employment land as well as a new Park and Ride facility.

Figure 2 - Southend Airport Within Rochford Employment Clusters

Source-GVA Grimley

- 3.5 Aviation Way is located to the North West of the airport and offers a range of both office and industrial premises. Agents highlight there is little demand for high-tech industries on the estate and aviation related businesses make up a very small number of the current occupiers at Aviation Way (one agent mentioned less than 10% of the existing tenants are related to the airport). It was noted that the majority of demand is made up of businesses with 10 employees or less.
- 3.6 As a comparable, commercial property around Bournemouth airport has a similarly low proportion of aviation industries, making up 15-20% of the tenants at Aviation Park according to the airports in-house commercial surveyor. In terms of floorspace however, there is a much larger proportion given the need for larger units, including large hangers for accommodating planes. High-tech industries such as AS Engineering Ltd, who occupy a unit of approximately 3,900 sq m (42,000 sq f) unit at 402 Target Way, make up a larger proportion of occupiers at the estate but according to local agents this, like the aviation related industries, is still a relatively small number, with a wide range of other business sectors including accountants, environmental waste companies and solicitors taking up space on the estate. Although currently much larger, the commercial market trends seen at Bournemouth Airport may well be a good indicator of the changes in demand expected if Southend Airport were to expand.

- 3.7 Sentiment from local agents in Rochford and Southend suggests the commercial market is performing relatively well, within close proximity to the airport. Over the last 12 months there have been a number of office and industrial lettings recorded. The latest transaction took place in late November and was for a 113 m² (1,216 sq ft) office building at 18-19 Aviation Way. EGi data suggests this deal achieved a rent of £93 psm (£8.60 psft) for second hand office accommodation. Generally offices are achieving slightly higher rents than this with high specification offices at Aviation Way currently being marketed for approximately £130 psm (£12 psft).
- 3.8 Current demand for industrial units at Aviation Way is in line with Rochford's characteristically strong industrial market. Local agents suggest popularity for industrial units are not directly linked to the proximity to the airport and more to do with the quality of units on offer, good access and close proximity to the A127. Typical rental values for industrial units are achieving £5.50 - £6.50 for 150–250 m² units (1,600 – 2,700). These values are similar to those seen at estates spread along the A127 such as Progress Road Industrial Estate and Airbourne Industrial Estate to the west of Aviation Way Industrial Estate.
- 3.9 Table 2 indicates the average rental values achieved and deals recorded over the last 24 months in transactions within Rochford, Southend and Bournemouth. The figures indicate that Southend's office and industrial market has been the most active with 37 office deals recorded in the last 24 months and 29 industrial deals¹. Bournemouth has been the second most active with average rental values very similar to that of Southend in both employment sectors. It is apparent that Rochford's market is the least well established with only 3 and 2 deals recorded in the last 24 months for offices and industrial lettings respectively.
- 3.10 As so few transactions have taken place it is difficult to assess current rental levels in Rochford with the industrial average heavily skewed by 2 above average deals (according to agent sentiment current average rents are circa £65 psm (£6 psf), similar to those seen in Bournemouth and Rochford).

Table 2– Office/Industrial Deals and average rental values (£ psm)

Location	Office Deals Recorded	Avg Office Rents (£ psm)	Industrial Deals Recorded	Avg Industrial Rents (£psm)
Southend	37	125	29	66
Bournemouth	22	117	7	66
Rochford	3	83	2	98

Source: EGi

¹ Included in the deals recorded figures are lettings over the last 24 months with reported rental values, those without this information have been excluded from the figures.

CONCLUSION

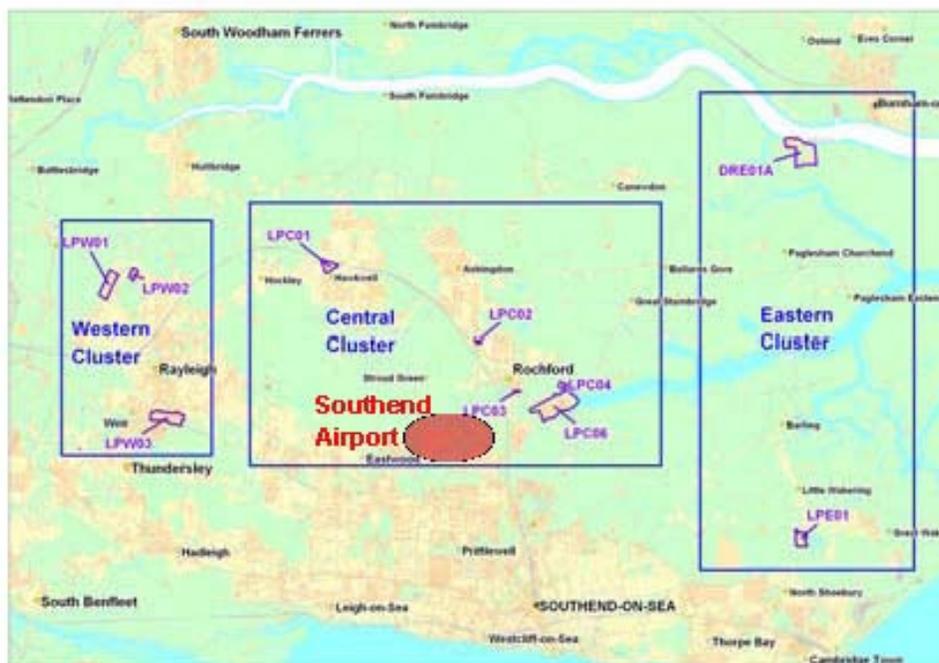
- 3.11 Aviation Way, the principal business park in proximity to London Southend Airport, is a popular commercial location for both industrial and office occupiers at present. Rochford and Southend agent sentiment suggests current demand is high but that it does not warrant a significant increase in supply on the estate.
- 3.12 Evidence suggests that a significant growth in the size of Southend Airport would be required to drive up demand for additional B Class commercial floorspace. The nature of this is likely to be more office based rather than high technology clustering related to the Airport, according to local agents. Currently commercial floorspace within the locality of Southend Airport equates to approximately 84,000 sq m (904,176 sq f) in comparison to 186,000 sq m (circa 2 million sq f) of commercial floorspace in the locality of Bournemouth Airport. This is an indication of the potential increase in commercial floorspace demand that may result should Southend Airport expand to a size similar to Bournemouth Airport.

4. EMPLOYMENT LAND SUPPLY

INTRODUCTION

- 4.1 This chapter analyses the appropriateness of the B Class employment land at London Southend Airport using the same assessment criteria as the 2008 GVA Grimley Employment Land Study.
- 4.2 GVA Grimley visited Southend Airport and its Environs in October 2009 and assessed the sites identified for non-airport related employment within the current JAAP preferred options report. The factors assessed included:
- Age/quality of buildings
 - Access to amenities/facilities
 - Strategic access
 - Adequacy of servicing
- 4.3 We indicate the location of London Southend Airport in Figure 3 below in the context of the other employment sites within Rochford

Figure 3 - Southend Airport within Rochford



- 4.4 The specific focus of this assessment is the existing B Class stock contained within Aviation Way; this includes Lawrence Way Industrial Estate and consists of approximately 80,000 m² of B Class floorspace.

QUALITY OF STOCK

- 4.5 Aviation Way Business Park offers a varying degree of employment stock from small “lockup” establishments to purpose built office accommodation. Generally over 75%-100% of the employment stock was in a good or very good condition. This is in line with Ashington Road Industrial Estate in Rochford the only other central employment area which has over 75% of its stock in good or very good condition.
- 4.6 Large parts of the area are in non B-class use, most notably at the Athenium Club and spa and there is some vacant land identified. This offers the site the opportunity to increase employment floorspace through re-structuring and intensification.

ACCESS TO AMENITIES

- 4.7 Access to amenities is poor as employees have little access to shops, restaurants and/or cafes within a 10-15 min walk. This is different from sites in Central Rochford which have good access to amenities, which reflect their location within existing settlements. As Aviation Way is largely detached from the settlement hierarchy there is little opportunity or choice for employees without travelling outside of the employment area.

ADEQUACY OF SERVICING

- 4.8 The adequacy of servicing is an assessment of the sites ability to load and unload goods. Aviation Way has very good servicing provision with loading bays present throughout. The Laurence Way section of Aviation Way is capable of loading and unloading from Heavy Goods Vehicles although circulation does seem problematic given the tight layout of the area.

DISTANCE FROM ROAD NETWORKS AND ROAD ACCESS

- 4.9 As with all of the sites within Rochford there is no direct access to the Motorway network. The Airport sites are comparable to the other Central Rochford sites in terms of distance to the motorway network (27.3km against 27.1km); however, it is better placed in terms of proximity to A-Roads than most other employment sites within Rochford. Table 3 outlines the measured distance from the JAAP employment sites to Motorway and A-roads.

Table 3 – JAAP employment Sites to Strategic Road Network

Name	Nearest Motorway Junction ²	Distance (km)	Nearest A road	Distance (km)
Saxon Business Park Phase 1A	J29 M25	27.3	A1015	1.5
Saxon Business Park Phase 1B	J29 M25	27.6	A1159	1.0
Saxon Business Park Phase 2	J29 M25	27.3	A127	1.2
Aviation Way	J29 M25	27.3	A127	0.6
Nestuda Way	J29 M25	26.8	A127	0.0
Average		27.3		0.8

Source-GVA Grimley

- 4.10 When compared to the Eastern allocated employment sites the sites earmarked for employment land within the JAAP area have considerably better access to the strategic road network. However, the JAAP area sites have slightly poorer access to the strategic road network than those in the West of the Borough.
- 4.11 The site assessment does not however include Cherry Orchard Way (B1013) which is a major dual-carriageway and an A-road in all but name, and runs along the western edge of the sites and provides direct access to the A127.

PUBLIC TRANSPORT PROVISION

- 4.12 As well as the road infrastructure, the public transport infrastructure is an important part of assessing the adequacy of employment sites in an area. As a strategic assessment of each employment sites public transport provision we calculate the distance from the nearest local bus stop.
- 4.13 The employment sites around the airport have no direct access to bus services with the nearest bus stop in Rochford measured to be on average 1.2 Km away. However the site borders Southend District where measurable data is unavailable. We believe however that there is access to bus services at the southern sites which would significantly reduce the distance to a working bus stop.
- 4.14 All the sites have poor access to rail transport with the nearest railway station in Rochford over 1.2 Km away. This is likely to improve with the proposed new station to serve the Airport. In both cases the operational areas of the airport will continue to provide a barrier to rail access from these sites.

² The nearest Motorway junction is actually are across the Thames in Kent, however these have been discounted as no direct road access is applicable

EMPLOYMENT FLOORSPACE AVAILABILITY

4.15 For the purposes of this report employment floorspace availability is sourced from following three reports;

- Rochford District Council Employment Land Review,
- Southend Airport and Environs Joint Area Action Plan and;
- Southend on Sea Employment Land Review.

ROCHFORD DISTRICT

4.16 The original Employment Land Study calculated available employment land within Rochford District at an equivalent of 15,760 m². As shown in Table 4 the largest supply of this floorspace is in Central Rochford including Rochford Town itself.

Table 4 – Available employment floorspace in Rochford District (m²)

Land Use Type	Floorspace Total (m ²)	Total Area (Ha)
Central	7,360	1.8
East	3,200	0.8
West	5,200	1.3
Total	15,760	3.9

4.17 The identified supply of land is most likely to be split between “Other Business Space” use. It is not part of this commission to update the availability of employment land within Rochford District over and above that which was previously identified from the allocated employment sites, therefore the above table provides a snapshot of availability from 2008.

SOUTHEND ON SEA BOROUGH

4.18 No site specific data on vacant land or buildings was available for B-Class employment land in Southend on Sea Borough therefore we have taken the emerging findings of the 2009 Employment Land Review as a proxy.

4.19 As Table 5 indicates the report identifies two major sources of employment land within Southend Borough. The largest supply comes from the Renaissance Southend redevelopment of the town’s central area which will generate almost 100,000 m² of additional employment floorspace, though it is unclear as to how much of this will be for B Class employment uses.

- 4.20 The remaining source of potential employment land in the Borough is the comprehensive redevelopment and intensification of existing employment land which in total will generate 82,000 m² of additional employment land. This is shown in Table 5 below:

Table 5 – Available employment floorspace at Southend

Location	Floorspace (m ²)	Land Area (Ha)
Progress Road and Priory Crescent	17,000	2.4
Priory Crescent	25,000	0.3
Terminal Close	4,000	0.7
Garrison Site	19,000	3.2
Grainger Road	17,000	1.0
Town Centre Masterplan Area	95,050	11.9*
Total	177,050	19.4

Source: Southend-on-Sea Borough Council 2009

- 4.21 Site specific vacancy data is unavailable for the Southend Town Centre Masterplan Area therefore the land equivalent has been calculated using a plot ratio of 0.8. This reflects the plot ratios used in the Southend Employment Land Review.
- 4.22 The Southend Employment Land Review also identified available employment land at Southend Airport however this has been removed from our analysis to avoid double counting.

SOUTHEND AIRPORT

- 4.23 Supply of land suitable for B-Class employment was identified in the Southend Airport Joint Area Action Plan. As shown in Table 6 this report identified three distinct zones which could provide around 4,950 jobs across 124,000 m² of additional B Class floorspace.

Table 6 – Available employment floorspace at Southend Airport and Environs

Location	Proposed Use	Type of space	Floorspace (m ²)	Land (Ha)
Saxon Business Park	B1/B2	New development	99,000	12.4
Nestuda Way	B1	New development	10,000	1.3
Aviation Way Business Park	B1/B2	Redevelopment	15,000	1.9
Total			124,000	15.5

Source: GVA Grimley and Southend Airport JAAP

- 4.24 The JAAP also identifies a number of additional sites suitable for employment within the aviation industry, including maintenance repair and overhaul (MRO) zones, including the current terminal area. This terminal area will become available for employment once the new terminal is built however any land which becomes available for non MRO use within this zone

will have to support the expansion of the airport such as hotels therefore it is unlikely to provide any B-class use.

SUMMARY

- 4.25 There are no issues with regards to the quality of the sites at Southend Airport, indeed for most of our assessment the sites fair well in comparison to the other allocated employment sites.
- 4.26 In those criteria where performance is poor there are mitigating circumstances i.e. major B roads adjacent to the sites not taken into account and bus stops just over the local authority border in Southend which have not been assessed.
- 4.27 Some sites do have local services issues e.g. a lack of shops and local amenities although this could be mitigated by including non B Class development in plans for London Southend Airport.
- 4.28 Table 7 outlines the total potential available B Class employment land supply at 38.8 Ha across both Southend and Rochford. As identified the vast majority of potential employment land within Rochford is sited around the airport. In Southend it is spread across the Borough but it is difficult to define exactly how much is appropriate for B Class use. Given these factors we assess the level of employment land supply would have a floorspace equivalent of 316,810 m².

Table 7 – Total Available employment floorspace Rochford and Southend on Sea

Source	Supply (m ²)	Supply (Ha)
Rochford District	15,760	3.9
Southend Airport JAAP Area	124,000	15.5
Southend-on-Sea Borough	177,050	19.4
Total	316,810	38.8

Source: GVA Grimley and Southend Airport JAAP

5. EMPLOYMENT LAND DEMAND

- 5.1 This section of the report outlines the future demand for employment land within Rochford District and Southend Borough using the demand calculated in the Employment Land Study for Rochford District from 2008 and the latest employment projections from the East of England Forecasting Model (EEFM) released by the East of England Development Agency to calculate demand in Southend.

ROCHFORD DEMAND

- 5.2 The original Employment Land Study for Rochford calculated a change in floorspace demand of 33,517 m² which equates to 4.2 Ha. Table 8 outlines the projected floorspace demand from the Employment Land Study for Rochford by use type.

Table 8 –Employment Floorspace Requirements of Rochford District 2006-2021

	Floorspace Demand 2006 - 2021	Allowance for windfall losses	Allowance for Churn	Change in floorspace	Change in Land
	m ²	m ²	m ²	m ²	Ha
Office	15,887	1,969	305	18,161	2.3
Other Business Space	-2,368	7,860	1219	6,711	0.8
Warehouse	3,400	4,541	704	8,645	1.1
Total	16,919	14,370	2,228	33,517	4.2

Source: GVA Grimley

SOUTHEND-ON-SEA DEMAND

- 5.3 Our methodology for calculating demand in Southend on Sea Borough uses the same methodology as that used in the original Employment Land Study for Rochford District. That report provides a full methodology explanation to calculate floorspace demand. To summarise we calculate economic growth using the latest East of England Forecasting Model produced by Oxford Economics which projects the change in employment by sector. The employment change by sectors is then translated into broad use class (B1, B2, B8 & Non B Use Class).
- 5.4 Additional factors included in our assessment include allowance for windfall and churn, however this is not been calculated in Southend due to a lack of available data.
- 5.5 The final step is to translate the floorspace demand into land requirements based on plot ratios for specific premises which are in line with the ODPM Guidance.

- 5.6 The only significant changes to the methodology was the use of an EEDA model to calculate the employment change by sector instead of EBS data and the forecasts projected were to 2026 instead of 2021.
- 5.7 Total employment in Southend on Sea Borough is expected to increase by 3.7% in the period to 2026. This results in floorspace demands increasing by 30,074 m². No analysis on windfall and churn has been made for Southend District therefore the calculated change in demand is also the calculated change in floorspace.
- 5.8 As Table 9 illustrates the total land demand for the borough is 3.8 Ha which is largely made up by demand for office space.

Table 9- Employment Floorspace Requirements of Southend District 2006-2026

	Floorspace Demand 2006 – 2026	Allowance for windfall losses	Allowance for Churn	Change in floorspace	Change in Land
	m ²	m ²	m ²	m ²	Ha
Office	15,791	0	0	15,791	2.0
Other Business Space	8,672	0	0	8,672	2.2
Warehouse	5,611	0	0	5,611	1.4
Total	30,074	0	0	30,074	5.6

Source: GVA Grimley / Oxford Economics

- 5.9 The calculated floorspace demand in office floorspace is similar to that expected in Rochford although the final change in floorspace and land demand is increased in Rochford by taking into consideration windfall and churn.

COMBINED

- 5.10 The combined demand for employment land across the two local authority areas totals 9.8Ha. As Table 10 illustrates despite economic growth being significantly higher for office based employment the demand for land for offices (4.3 Ha) is lower than for Industrial land (5.5 Ha) due to plot ratio differences (0.8 for office and 0.4 for industrial).
- 5.11 The requirements for Other Business Space and Warehouse land have similar characteristics therefore the total requirement for B Class employment land is outlined in Table 10 .

Table 10- Employment Floorspace Requirements of Southend & Rochford District 2006-2021/26

Combined	Floorspace Demand 2006 - 2026 M²	Allowance for windfall losses M²	Allowance for Churn M²	Change in floorspace M²	Change in Land Ha
Office	31,678	1,969	305	33,952	4.3
Industrial	15,314.5	12,401.0	1,923.0	29,638.5	5.5
Total	46,993	14,370	2,228	63,591	9.8

Source: GVA Grimley

AIRPORT EXPANSIONS

- 5.12 The above demand calculations represents a non-interventionist approach, however, the aspirations of Southend Airport to increase passenger numbers 20 fold to 1,000,000 by 2012 and double that again by 2030. This is likely to have a significant effect on employment land in the area as businesses seek to locate and relocate close to the airport.
- 5.13 In order to quantify any increased level of employment activity generated by Southend Airport's ambitions we have benchmarked the employment characteristics of the London Southend Airport area against that of Bournemouth Airport.
- 5.14 This comparison has been chosen due to similar passenger numbers to which Southend Airport is aspiring (942,167) as well as serving a similar sized seaside town. Furthermore Bournemouth Airport has doubled passenger numbers since 2003 indicating major growth in the last 6 years.
- 5.15 Since 2003 business numbers at Bournemouth Airport (St Catherine's and Hurn Ward) have grown by 25%. The largest sectors of growth include:
- Business and Management consultancy Services
 - Architectural and Engineering Activities,
 - Advertising,
 - Software Consultancy
 - Legal Activities
- 5.16 The nature of these sectors would suggest growth in good quality office space.
- 5.17 The remaining sectors of growth predominantly required a mixture of small scale industrial & service sector units or retail storage and warehousing units as opposed to high specification office space. Only one of the major sectors of growth at Bournemouth Airport could be described as hi-tech (Transmitter manufacturing).

- 5.18 To establish whether Southend Airport and its environs have any inherent strength or weakness in the identified areas of growth we have conducted a location quotient analysis between Southend Airport (St Laurence and Rochford Wards) and Bournemouth Airport.
- 5.19 Location quotients compare the relative size of a sector in one area against relevant comparator areas. A location quotient above 1 indicates that the sector contributes more to the total employment in Southend Airport than in the comparator areas. This is an indicator that the area might provide a locational advantage for this specific sector. A quotient of below 1 indicates a relatively lower contribution to the total employment of a sector in the area.
- 5.20 Table 11 illustrates that Southend Airport already has comparatively strong representation in three of the eight office based sectors which have seen growth around Bournemouth Airport since 2003.

Table 11- Location Quotient of Potential Office Based Growth Sectors

Sector	Location Quotient
Advertising	0.00
Business and management consultancy activities	0.02
Other computer related activities	0.36
Other software consultancy and supply	0.82
Other business activities not elsewhere classified	0.86
Legal activities	4.26
Architectural & engineering activities & related technical consultancy	4.95
Management activities of holding companies	14.53

Source: GVA Grimley

- 5.21 Table 11 shows that in three office based sectors (legal activities, architectural & engineering activities and Management activities of holding companies) Southend Airport has the potential to attract employment of this nature building on its current strengths.

SUMMARY

- 5.22 Economic models show that demand for employment land within Rochford and Southend is likely to grow relating to office based industries, excluding growth at Southend Airport. Our calculations suggest that a minimum of 9.8 hectares of employment land will be required across the two local authority areas, 4.2 ha of which would be required in Rochford District.
- 5.23 The ambitious plans for Southend Airport is likely to herald further demand in employment land in the local authority areas particularly within its environs. Evidence from Bournemouth Airport suggests that a significant growth in airport capacity increases demand and uptake for

office accommodation triggered perhaps by a desire for easy access to air transport and the flexibility this brings. In the case of Bournemouth Airport this was as high as 25%.

- 5.24 Specifically the sectors with high growth tend to be those that are accommodated in higher end office stock such as legal and architectural practices. By tailoring to this need it would provide a specific area of focus for new high spec office development which at present is in low supply within the District.

6. CONCLUSIONS

- 6.1 The culmination of this Employment Land Study is to balance employment land demand and supply in order to assess the overall requirement for employment land in the District. It also assesses the potential increase in B Class employment land demand relating to the expansion of London Southend Airport.

INTRODUCTION

- 6.2 As Table 12 outlines the supply of B-class employment land outstrips the calculated demand, however this does not take into account increased demand from the planned increase in capacity at Southend Airport.

Table 12- Balance of Employment Land Supply and Demand in Rochford and Southend

Location	Demand	Demand	Supply	Land Surplus /Deficit
	Floorspace (m ²)	Land (Ha)	Land (Ha)	Ha
Rochford	16,919	4.2	19.4	15.2
Southend	30,074	5.6	19.4	13.8
Total	46,993	9.8	38.8	29.0

Source: GVA Grimley

POTENTIAL DEMAND INCREASE FROM SOUTHEND AIRPORT EXPANSION

- 6.3 Our analysis shows that growth in business numbers at Bournemouth Airport was 25% between 2003 and 2007 which coincided with exponential growth in passenger numbers. This gives an indication of the potential for a similar increase in employment demand relating to the expansion of Southend Airport.
- 6.4 Further analysis of the B Class commercial floorspace provision at Bournemouth Airport shows that around 180,000 m² is provided within its environs. This compares to the current provision of 84,000 m² of B Class employment floorspace at Southend Airport.
- 6.5 Considering these two factors we estimate that an expansion of Southend Airport may provide additional demand for B Class floorspace of 100,000 m² which can be met by the JAAP proposed provision at Saxon Business Park and Aviation Way Business Park.

SUPPLY OPTIONS FOR ROCHFORD DISTRICT

- 6.6 Our analysis shows that the potential increase in demand from Southend Airport expansion is around 100,000 m² of B Class employment space which can be provided for by the proposals within the JAAP for 124,000 m² of additional supply. This supports the case for a business park associated with Southend Airport expansion.
- 6.7 Given this we maintain that the broad conclusions from the Rochford Employment Land Review remain with a continued policy to protect existing employment land allocations and considering the potential of Land West of Rayleigh to satisfy future B Class employment land requirements.

RECOMMENDATIONS

- 6.8 Regional and local policy supports development at London Southend Airport. The commercial market does not necessarily support a large increase in high tech related development; rather it is the extension of existing industrial and office development with the opportunity to include higher end office stock.
- 6.9 The combined employment land supply of 38.8 Ha in Southend Borough and Rochford District is sufficient to meet the areas forecast demand of 9.8 Ha.
- 6.10 The growth of Southend Airport to 1 million passengers per annum is likely to be a catalyst for further employment land demand in the area according to our analysis of commercial market trends and business number increases of Bournemouth Airport. Our analysis of similar growth at Bournemouth Airport shows an increase in business numbers by 25% between 2003 and 2007. It also showed that Bournemouth Airport has around 100,000 m² more B Class floorspace than Southend Airport currently has. These two factors combined suggest that the provision of additional B Class supply within the JAAP area is sufficient to meet this increased demand.
- 6.11 The current employment land supply at Aviation Way is in good condition and has particularly strong links to the strategic road network with dual carriageways linking the site to the A127. Servicing and Public transport appear to be adequate with the only negative stemming from the areas access to amenities. This suggests that is well placed to serve the likely increase in demand for B Class employment land arising from the expansion of Southend Airport.
- 6.12 Current demand at Southend Airport can in part be attributed to the areas high quality office supply. Coupled with our analysis which showed growth at Bournemouth Airport had a particular focus in sectors requiring high quality offices, Southend Airport and its environs would seem like an appropriate location for a high quality business park. Given this we

maintain that the broad conclusions from the Rochford Employment Land Review in 2008 remain with a continued policy to protect existing employment land allocations and considering the potential of Land West of Rayleigh to satisfy future B Class employment land requirements



Rochford District Council
Council Offices South Street
Rochford Essex SS4 1BW
Phone: 01702 546366
customerservices@rochford.gov.uk
Website: www.rochford.gov.uk



**INVESTORS
IN PEOPLE** | Gold